



尚舜化工  
SUN SINE

CHINA SUNSINE CHEMICAL HOLDINGS LTD.

# INNOVATION TRUST GROWTH

ANNUAL REPORT 2023



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## CORPORATE Profile



China Sunsine Chemical Holdings Ltd. (“**China Sunsine**”) is a leading specialty chemical producer. It is the largest producer of rubber accelerators in the world and the largest rubber chemicals enterprise in the People’s Republic of China (“**PRC**”). Our production facilities are located at Shanxian, Weifang and Dingtao in Shandong Province, the PRC. Our total production capacity is 254,000 tonnes per annum, comprising 117,000 tonnes of rubber accelerators, 60,000 tonnes of insoluble sulphur and 77,000 tonnes of anti-oxidants. We also have a centralised heating plant at Shanxian which generates steam and electricity. Our products are sold under the “Sunsine” brand (accredited as “**Shandong Province Famous Brand**”). Our customers are mainly the tyre companies which rely on the automobile industry. We have over 1,000 customers around the world and continue to serve more than 3/4 of the Global Top 75 tyre makers, such as Bridgestone, Michelin, Goodyear, Pirelli, Sumitomo, Yokohama, Hankook, Cooper, Kumho Tires, as well as PRC tyre giants such as Hangzhou Zhongce, Sailun Tires, GITI Tire, Shanghai Double Coin Tyre etc.

As a chemical producer serving its global customers, China Sunsine continuously improves its manufacturing and environmental protection capabilities. We have achieved GB/T19001-2016/ ISO9001:2015 standard for quality, GB/T24001- 2016/ISO14001:2015 standard for environment, and GB/T45001-2020/ISO45001:2018 standard for occupational health and safety management system. China Sunsine’s wholly-owned subsidiary, Shandong Sunsine Chemical was listed in the first batch of Champion Manufacturing Enterprise by the Ministry of Industry and Information Technology of China in January 2017.

China Sunsine was listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST) on 5 July 2007.

# FINANCIAL Highlights

## Revenue

(RMB' million)



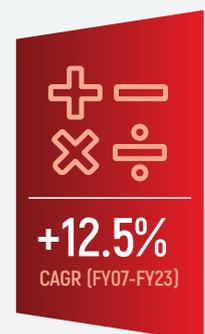
## Net Profit

(RMB' million)



## Sales Volume

(Tonnes)



## Net Assets

(RMB' million)



## FINANCIAL Highlights

	2023	2022	2021	2020	2019
<b>As At 31 December (RMB' million)</b>					
Total Assets	<b>4,385.8</b>	4,224.5	3,923.4	3,172.1	2,918.2
Total Liabilities	<b>459.3</b>	532.7	747.2	451.4	356.6
Shareholders' Equity	<b>3,926.5</b>	3,691.8	3,176.2	2,720.7	2,561.6
Cash and Cash Equivalents	<b>1,687.9</b>	1,364.9	1,377.3	1,326.2	1,279.9
Bank Borrowings	-	-	-	-	-
Treasury Shares	<b>54.5</b>	40.8	30.2	29.3	21.7
<b>No of Shares ('million)</b>					
No of Ordinary Shares	<b>959.3</b>	965.7	970.4	970.7	975.7
No of Treasury Shares	<b>24.1</b>	17.7	13.0	12.7	7.7
<b>For the Financial Year ended 31 December (RMB'million)</b>					
Revenue	<b>3,490.5</b>	3,825.1	3,725.2	2,333.7	2,691.7
Gross Profit	<b>798.9</b>	1,163.9	1,046.5	600.3	780.8
Net Profit	<b>372.5</b>	642.4	506.3	218.8	388.9
Earnings before interest, tax, depreciation & amortisation (EBITDA)	<b>567.9</b>	880.9	805.1	402.1	554.1
<b>Sales Volume (tonnes)</b>					
Total Volume	<b>206,996</b>	186,153	195,405	169,876	167,455
Accelerator	<b>99,809</b>	89,434	101,970	90,950	88,262
Insoluble sulphur	<b>40,655</b>	37,599	37,274	30,655	29,916
Antioxidants	<b>65,127</b>	58,058	54,566	46,035	47,283
Others	<b>1,405</b>	1,062	1,595	2,236	1,994
<b>Financial Analysis</b>					
Gross Profit Margin (%)	<b>22.9%</b>	30.4%	28.1%	25.7%	29.0%
Net Profit Margin (%)	<b>10.7%</b>	16.8%	13.4%	9.4%	14.4%
EBITDA Margin (%)	<b>16.3%</b>	23.0%	21.6%	17.2%	20.6%
Current Ratio	<b>7.2</b>	5.9	3.8	5.0	6.4
Average YTD Trade Receivables Turnover (Days)	<b>75</b>	70	56	59	55
Average YTD Trade Payables Turnover (Days)	<b>7</b>	10	9	13	12
Average YTD Inventory Turnover (Days)	<b>50</b>	52	38	47	44
Return on Equity (%)	<b>9.5%</b>	17.4%	15.9%	8.0%	15.2%
Return on Asset (%)	<b>8.5%</b>	15.2%	12.9%	6.9%	13.3%
Gearing Ratio	-	-	-	-	-
<b>Per Share Data</b>					
NAV per Share (RMB cents)	<b>409.34</b>	382.3	327.3	280.3	262.6
EPS (RMB cents)	<b>38.67</b>	66.29	52.17	22.50	39.72
Dividend Per Share (SGD cents)	<b>2.5</b>	3.0	2.0	1.0	1.0

## CHAIRMAN'S Message



The Group has significantly enlarged its production capacity in a calibrated manner in recent years, enabling us to effectively meet the growing demand for our products. Our robust financial strength enables us to implement expansion and operational plans with ease. The high-quality products and services we offer uphold strong and favorable customer relationships.



## CHAIRMAN'S Message

### Dear Shareholders,

On behalf of the Board of Directors of China Sunsine Chemical Holdings Ltd. (“**China Sunsine**” or the “**Company**”, together with its subsidiaries, collectively the “**Group**”), I am pleased to present the annual report for the financial year ended 31 December 2023 (“**FY2023**”).

Despite grappling with significant headwinds, the global economy in 2023 surpassed expectations with a growth rate of 2.7%<sup>1</sup>. However, it still faced numerous challenges, including weakening international trade, sluggish investment, a high-interest-rate environment, the Russia-Ukraine conflict, the war in Gaza, and escalating geopolitical tensions. In China, the economy grew 5.2%, hindered by weak domestic demand, reduced external demand, and international trade tensions.

In recent years, competition within the Chinese rubber chemicals industry has been intensifying, placing significant pressure on our selling prices. Nevertheless, the Group’s consistent strategy of “Higher sales volume leads to higher production, which in turn stimulates even higher sales” (also called “Sales and Production Equilibrium”) has proven effective. On the back of our increased capacity, our production and sales volume reached record highs in FY2023. Furthermore, the Group’s market share expanded in both domestic and international markets, while various competitive advantages were further enhanced. In 2023, the Group maintained its position as the world’s largest rubber accelerators producer and China’s largest rubber chemicals enterprise.

### THE YEAR UNDER REVIEW

The Group’s revenue in FY2023 decreased by 9% from the year before to RMB 3,490.5 million. This was mainly due to the decrease in average selling price (“ASP”), partially offset by the increase in sales volume. ASP decreased by 18%, from RMB 20,237 per tonne in FY2022 to RMB 16,633 per tonne. This was mainly due to the decrease in raw material prices, as well as the Group’s adoption of more flexible pricing strategy in response to the intensified market competition.

However, sales volume grew 11% from 186,153 tonnes in FY2022 to 206,996 tonnes, reaching a historical high. This was attributed to the Group’s ability to satisfy the increased demand from our customers, supported by the capacity expansion over the years.

The Group’s net profit in FY2023 decreased by 42% year-on-year, from RMB 642.4 million in FY2022 to RMB 372.5 million.

The Group’s earnings per share for FY2023 was RMB 38.67 cents. As at 31 December 2023, its net assets per share stood at RMB 409.34 cents. The Group’s financial position was further strengthened with cash and bank deposits amounting to RMB 1,687.9 million, with no bank loans.

### CAPACITY EXPANSION PLAN

Equipped with land, technology and funds, the Group has been implementing expansion plans orderly throughout the years to meet market demand for our products and further strengthening the Group’s overall competitive advantage, as we

strive to further expand our market share. The progress of the Group’s expansion projects in 2023 is as follows:

- The Group has re-started the construction of Phase II of the 30,000-tonne insoluble sulphur project, with some equipment relocated from Shengtao. The management expects this project to be completed by the end of 2024.
- The Phase 1, 20,000-tonne per annum Continuous Production of High Quality MBT project is currently undergoing trial run. The management expects the trial run to be completed in 1H2024 and commercial production to commence in 2H2024.

MBT serves as an intermediate material in the production of various types of accelerators. The entire project aims to build a total annual capacity of 60,000 tonnes in two phases. This undertaking is designed not only to meet our production requirements but also to provide cost-saving benefits.

Throughout the years, the Group has continuously upgraded and renovated its production processes and equipment through research and development, process improvements, and technological innovations. Significant progress has been achieved, particularly in the areas of automation, continuous, and green production. These efforts have greatly enhanced production efficiency, reduced production costs, lowered pollution and waste emissions, and ensured production safety. The Group has made positive contributions to promoting green production and achieving sustainable development in the rubber chemicals industry.

<sup>1</sup> United Nations’ World Economic Situation and Prospects 2024 made on 4 January 2024.

## CHAIRMAN'S Message

### OUTLOOK AND PROSPECTS

According to the International Monetary Fund (“IMF”), with disinflation and steady growth, the likelihood of a hard landing for the global economy has receded, and risks to global growth are broadly balanced. However, risks remain, including geopolitical shocks, supply disruptions, and underlying inflationary pressures. As the world’s second-largest economy, China has set its economic growth target at around 5% this year, serving as a critical pillar of global economic development.

China, as the world’s largest automobile market, is witnessing a notable uptick in per capita car ownership alongside improvements in living standards and increased consumer spending. According to the China Association of Automobile Manufacturers (“CAAM”), new car sales in 2023 saw a respectable 12% increase compared to the previous year. Particularly noteworthy is the surge in sales of new energy vehicles, which skyrocketed by 38%, now constituting 32% of total new car sales.

The automotive industry is showing signs of improvement, and the utilisation rate of the tyre industry has also increased. Replacement tyres constitute approximately 70% of tyre consumption, while tyres for new vehicles make up the remaining 30%. We anticipate that the initiative “Encouraging a new wave of extensive equipment upgrades and consumer goods exchange” implemented by the Chinese government will further drive the growth of the tyre industry.

However, the situation in the rubber chemicals industry where we operate remains challenging, with the industry moving toward polarization and consolidation. The gradual introduction of expansion projects by major players continues to lead to an overcapacity situation, placing significant pressure on the selling prices of our products. This, in turn, poses higher demands and greater challenges to an enterprise’s development.

Our approach to addressing these challenges is to leverage the Group’s competitive advantages, continuously expand and strengthen our presence, and maintain a market leadership position in both the Chinese and international rubber chemicals industry. The Group has significantly enlarged its production capacity in a calibrated manner in recent years, enabling us to effectively meet the growing demand for our products. Our robust financial strength enables us to implement expansion and operational plans with ease. The high-quality products and services we offer uphold strong and favorable customer relationships. Additionally, our outstanding research and innovation capabilities keep us at the forefront of the industry. Moreover, with four decades of dedication to the rubber chemicals industry, the Group’s achievements and industry reputation speak for themselves. The Group’s pragmatic spirit of cautious development and relentless progress is key to our success. We have great confidence in the future development of the Group.



## CHAIRMAN'S Message

### PROPOSED DIVIDEND

To express our gratitude for the long-standing support of our shareholders and taking into account the Company's performance for the current financial year and future expansion plans, the Board of Directors recommends distributing a final tax-exempt dividend of SGD 0.015 per ordinary share and a final special dividend of SGD 0.01 per ordinary share for FY2023. This proposal will be discussed and approved at the upcoming Annual General Meeting.

### ACKNOWLEDGEMENTS

In the face of intensifying market competition, the Group has no fear or nor will it retreat; rather, we have resolutely pursued our established strategies and achieved commendable results. This success is attributed to the collective efforts of the Group's Board of Directors, management, and all staff. Their professionalism, dedication, and enthusiasm for their work are truly admirable. I extend my sincerest gratitude to each of them for their invaluable contributions.

At the same time, I also wish to thank our valued customers, business partners, suppliers, and the supportive community for their enduring commitment to the Group. Their trust propels us to continuously strive for excellence, deliver more valuable services, and undertake greater social responsibilities.

Last but not least, on behalf of the Board of Directors, I would like to express my sincere appreciation to our shareholders for their enduring trust, understanding, and support of the Group over the years. Striving for the long-term and sustainable development of the Group, and increasing shareholder value, have always been our ultimate goal. We will not waver in our commitment to this mission.

Thank you again!

### XU CHENGQIU

Executive Chairman  
March 2024



## 主席致辞

集团通过近年来有序地扩大生产规模，能够很好地满足市场对我们产品的增长的需求；集团强大的资金实力，使得我们无论在扩产或者经营中都游刃有余；集团提供的高质量的产品和服务，维系着牢固和良好的客户关系；集团突出的研发和创新能力，让我们走在行业的前沿。

### 尊敬的股东们：

我代表中国尚舜化工控股有限公司（“**中国尚舜**”，连同其子公司合称“**集团**”）董事会，很高兴向大家呈上集团截至2023年12月31日的财政年度（“**2023财年**”）的年度报告。

2023年全球在努力地争取经济复苏，经济增长率为2.7%<sup>1</sup>。经济表现虽然超出预期，但仍然面临着全球贸易疲软、投资低迷、高利率环境、俄乌冲突、加沙地区战争，以及地缘政治紧张局势加剧等诸多挑战。而中国经济虽然取得了5.2%的增长，但国内需求疲软、外部需求减弱以及国际贸易紧张局势也限制了经济发展的步伐。

中国橡胶助剂行业这几年竞争局势一直在加剧，对我们的平均销售价格造成很大压力。然而，集团一直贯彻执行的“以销促产，以产促销”的策略取得了成效，在规模产能的支持下，2023财年产销量再创新高。集团在中国以及国际市场上的份额进一步扩大，各项竞争优势也进一步加强。

### 年度业绩回顾

集团2023财年的营业收入同比下降了9%，至34.905亿元人民币，这主要是由于平均销售价格的降低，并部分被提高的销售数量冲抵。集团的平均销售价格与前一年相比降低了18%，从2022财年的20,237元/吨降至16,633元/吨。这主要是由于原材料价格下跌，以及集团采取了更为灵活的价格策略以应对激烈的市场竞争。

然而，销售量同比则取得了11%的增长，从2022财年的186,153吨增至2023财年的206,996吨，创下了历史新高。这主要归功于集团近年扩充产能，有能力满足市场对集团产品的增长的需求。

集团2023财年净利润同比减少了42%，从2022财年的6.424亿元人民币降至3.725亿元人民币。

集团在2023财年的每股盈利为38.67分人民币。截至2023年12月31日，每股净资产为409.34分人民币。集团的财务状况更加稳健，净现金及银行存款达16.879亿元人民币，无任何贷款。

### 扩产项目

凭借着在土地、技术、资金等优势，集团今年来一直在有步骤地实施扩产计划，以满足市场对集团产品的需求，进一步加强集团的整体竞争优势，并争取进一步扩大市场份额。2023年集团扩产项目的进展如下：

- 二期3万吨不溶硫项目已经开始建设（部分设备从原盛陶工厂引入），预计2024年底建成。
- 一期2万吨连续性生产高质量MBT项目目前正在进行试运行，集团预计在2024年上半年完成试运行，下半年正式投产。

MBT是生产各种促进剂的中间产品。整个项目总产能6万吨、分两期建设；旨在为满足集团自身生产需要并给集团带来成本节省效益。

一直以来，集团通过研发、工艺改进和技术创新等，不断地对生产工艺和设备进行升级改造，特别在连续化、自动化以及绿色化生产方面取得了重大进展、大大提高生产效率、降低生产成本、减低污废排放、保障安全生产，为推动橡胶助剂行业绿色、可持续发展做出了积极的贡献。

1 2024年1月4日联合国发布的《2024年世界经济形势与展望》报告

## 主席致辞

### 今后展望

根据国际货币基金组织(“IMF”)的预测, 2024年的通胀会有所缓解, 增长稳步, 硬着陆的可能性已经减少, 全球增长的风险基本平衡。然而, 风险依然存在, 包括地缘政治冲击、供应链中断, 以及基本的通胀压力等。作为全球第二大经济体, 中国将今年的经济增长目标定在5%左右, 仍然是世界经济发展的重要支柱。

中国是全球最大的汽车市场, 随着人民生活水平的提高和消费水平的提高, 人均汽车的保有量有很大的上升空间。根据中国汽车工业协会(“CAAM”)的数据, 中国2023年的新车销量比前一年增加了12%, 其中新能源汽车的销量则飙升了38%, 占新车销量的32%。

汽车行业形势向好, 轮胎产业的开工率也有所提升。轮胎行业中替代轮胎约占轮胎消耗的70%, 新车配套轮胎则占约30%。我们相信, “推动新一轮大规模设备更新和消费品以旧换新”政策将会进一步促进轮胎行业的发展。

但是, 我们所在地的橡胶助剂行业形势依然严峻, 行业呈两级化发展, 集中度进一步提高。一些大企业的扩产项目逐渐投放市场, 产能过剩的局面仍将持续, 对我们产品的销售价格带来很大的压力。这反过来对企业的发展就提出更高的要求 and 更大的挑战。

我们应对挑战的方法就是发挥集团的竞争优势, 不断地做大做强, 在中国和国际橡胶助剂市场保持领先地位。集团通过近年来有序地扩大生产规模, 能够很好地满足市场对我们产品的增长的需求; 集团强大的资金实力, 使得我们无论在扩产或者经营中都游刃有余; 集团提供的高质量的产品和服务, 维系着牢固和良好的客户关系; 集团突出的研发和创新能力, 让我们走在行业的前沿。更为主要的是, 集团深耕橡胶助剂行业四十余年, 所取得的成就和行业口碑大家都有目共睹。集团谨慎发展、砥砺前行的实干精神, 是我们取得成功的关键。我们对今后集团的发展深具信心。

### 股息建议

为了回馈股东长期以来的支持, 综合考虑公司本年度的盈利状况和今后的扩产计划, 董事会建议在2023财年派发每股1.5分新币的终期免税普通股股息和每股1.0分新币的终期免税特别股息。此建议将在来临的股东大会上讨论通过。

### 衷心感谢

面对日益激烈的市场竞争, 集团没有惧怕、没有退缩, 反而更坚定地执行我们的既定战略, 并取得了令人满意的成绩。这一切归功于集团董事会、管理层和所有员工齐心协力共同实现的。他们专业的态度、敬业的精神、乐业的热诚值得敬佩。在此, 我向他们表达最由衷的感谢。

与此同时, 我要感谢我们的客户、商业伙伴、供应商和社会各界长期以来对集团的支持。他们的信任推动着我们不断进取、提供更有价值的服务、承担更多的社会责任。

最后, 我代表公司董事会, 感谢股东们长期以来对集团的信任、理解和支持。争取集团的长久和可持续发展, 增加股东价值, 是我们一直以来不懈追求的目标。受股东们的委托, 我们从未懈怠。

再次感谢!

徐承秋

执行主席

2024年3月



## OPERATIONS AND FINANCIAL Review

### OUR FINANCIAL PERFORMANCE IN FY2023

In FY2023, the global economy continued to face significant challenges and uncertainties due to a high interest rate environment, the Ukraine-Russia conflict, the conflict in Gaza, escalating geopolitical tensions between the US and China, and the weakening international trade landscape, alongside fluctuations in raw material prices, among others. Additionally, the rubber chemicals industry in China experienced intense competition, placing pressure on the average selling price (“ASP”). These factors collectively led to a modest performance in China Sunsine Chemical Holdings Ltd’s (the “Company”, collectively with its subsidiaries, the “Group”) FY2023 results, compared to the exceptionally high profit recorded in FY2022.

The Group’s revenue in FY2023 decreased by 9% to RMB 3,490.5 million from RMB 3,825.1 million in FY2022, mainly due to the decrease in the ASP but partially offset by higher sales volume.

Overall ASP for rubber chemicals decreased by 18% to RMB 16,633 per tonne in FY2023 as compared to RMB 20,237 per tonne in FY2022. The decrease in ASP was mainly due to the decrease in the prices of raw materials, and the adoption of a flexible pricing strategy.

However, the sales volume for FY2023 increased by 11% to 206,996 tonnes compared to the peak of 186,153 tonnes in FY2022, hitting a new record high. This was mainly due to the adoption of a more flexible pricing strategy mentioned above and the Group’s ability to satisfy the increased demand from our customers

supported by the capacity expansion over the years.

The Group’s **sales volume** for Accelerators, Insoluble Sulphur (“IS”) and Anti-oxidants products increased by 12%, 8% and 12%, respectively. Domestic sales volume increased by 9%. Meanwhile, the international sales volume surged by 16% year on year, primarily due to many Chinese tyre manufacturers establishing plants in Southeast Asia, leading to an increase in orders from the Southeast Asian market. The utilisation rate of these three categories of products were at a satisfactory level.

Building upon its capacity expansion efforts over the years, the Company has bolstered its market leadership position in the rubber chemicals industry. It continues to hold the title of the world’s largest producer of Accelerators, China’s foremost

### ANALYSIS OF SALES AND VOLUME

	SALES VOLUME (TONNES)			SALES (RMB’ MILLION)		
	FY2023	FY2022	Change	FY2023	FY2022	Change
<b>Rubber Chemicals</b>						
Accelerators	<b>99,809</b>	89,434	12%	<b>1,961.1</b>	2,043.3	(4%)
Insoluble Sulphur	<b>40,655</b>	37,599	8%	<b>265.7</b>	297.7	(11%)
Anti-oxidants	<b>65,127</b>	58,058	12%	<b>1,192.8</b>	1,405.2	(15%)
Others	<b>1,405</b>	1,062	32%	<b>23.5</b>	21.1	11%
	<b>206,996</b>	186,153	11%	<b>3,443.1</b>	3,767.3	(9%)
Domestic Sales	<b>130,547</b>	120,062	9%	<b>2,052.6</b>	2,290.9	(10%)
International Sales	<b>76,449</b>	66,091	16%	<b>1,390.5</b>	1,476.4	(6%)
Heating Power	<b>70,761</b>	75,429	(6%)	<b>17.9</b>	21.3	(16%)
Waste Treatment	<b>14,924</b>	15,368	(3%)	<b>29.5</b>	35.2	(16%)
Hotel & Restaurant	-	-	-	-	1.3	(100%)
<b>Total Sales</b>	<b>3,490.5</b>	3,825.1	(9%)			

## OPERATIONS AND FINANCIAL Review

producer of IS, and a significant player in the Anti-oxidants products market.

**Gross profit** decreased by 31% from RMB 1,163.9 million in FY2022 to RMB 798.9 million in FY2023, while the Average Gross Profit Margin (“GPM”) also decreased by 7.5 percentage points from 30.4% to 22.9%, mainly due to lower ASP.

**Other income** amounted to RMB 66.8 million, consisting of mainly interest income of RMB 36.0 million, government grants of RMB 8.5 million and sales of scrap materials of RMB 19.0 million.

**Other gains, net** amounted to RMB 16.9 million, mainly consisting of foreign exchange gains arising from the appreciation of USD against RMB.

**Distribution and marketing expenses** decreased slightly by 1% to RMB 102.7 million, as compared to RMB 104.3 million in FY2022. This was mainly due to lower incentives payable to sales personnel as a result of lower revenue and GPM, partially offset by higher freight cost and port expenses caused by higher sales volume.

**Administrative expenses** for FY2023 decreased by 24%, from RMB 271.0 million in FY2022 to RMB 207.3 million.

This was mainly due to the lower amount of depreciation allocated to administrative expenses as a result of lesser down time during Chinese New Year 2023, as well as a decrease in staff costs as a result of lower revenue and GPM.

**Research and development (“R&D”) expenses** also decreased by 16% to RMB 119.4 million in FY2023 from RMB 142.4 million in FY2022, mainly due to the completion of some of the R&D activities.

**Profit before income tax (“PBIT”)** decreased by 38%, from RMB 733.8 million in FY2022 to RMB 453.2 million, mainly due to lower gross profit.

For the reasons set above, **Net profit attributable to shareholders** in FY2023 decreased by 42% to RMB 372.5 million from RMB 642.4 million in FY2022.

### FINANCIAL POSITION REVIEW

**Property, plant and equipment (“PPE”)** increased by RMB 2.1 million from RMB 861.7 million to RMB 863.8 million, mainly due to additions to construction in progress and PPE, offset by depreciation charged.

**Intangible assets** decreased by RMB 5.8 million from RMB 213.0 million to RMB 207.2 million, mainly due to amortisation charged.

**Inventories** decreased by RMB 61.5 million from RMB 402.8 million to RMB 341.3 million, mainly due to the combined effect of decrease in the quantity of finished goods at year end and decrease in the prices of raw materials.

**Trade and other receivables** decreased by RMB 116.8 million from RMB 1,382.1 million to RMB 1,265.3 million, mainly due to increased efforts in the collection of receivables during the year, thereby leading to a decrease in notes receivables which matured at year end. Notes receivables are promissory notes issued by local banks with low risks of non-recoverability. Notes receivables decreased by RMB 91.6 million from RMB 530.2 million to RMB 438.6 million.

**Trade and other payables** decreased by RMB 20.8 million from RMB 379.9 million to RMB 359.1 million mainly due to decrease in accrued expenses.

**Net cash generated from operating activities** increased by RMB 385.9 million from RMB 207.5 million in FY2022 to RMB 593.4 million in FY2023 mainly due to greater efforts in the collection of our receivables and better control of our inventories, despite the decline in the profit generated compared to FY2022.



TMQ Plant

## OPERATIONS AND FINANCIAL Review



Hengshun Insoluble Sulphur Facility



### Net cash used in investing activities

decreased by RMB 3.4 million from RMB 140.9 million in FY2022 to RMB 137.5 million in FY2023 mainly due to higher interest income received.

### Net cash used in financing activities

increased by RMB 19.5 million from RMB 121.6 million in FY2022 to RMB 141.1 million in FY2023, mainly due to the acquisition of more treasury shares and payment of dividends by the Group during the financial year.

### Expansion Projects

#### 1. Phase 2 30,000-tonne per annum IS project

The Group has re-started the construction of its Phase 2 30,000-tonne per annum IS project. The management expects the IS project to be completed by the end of 2024.

#### 2. Phase 1 20,000-tonne per annum Continuous Production of High Quality MBT project

The project is now under trial run. The management expects the trial run will be successfully completed in 1H2024, and commercial production to commence in 2H2024.

### CASH FLOW REVIEW

	FY2023 RMB' million	FY2022 RMB' million	Change RMB' million
<b>Cash generated from operating activities</b>	<b>593.4</b>	207.5	385.9
Cash used in investing activities	(137.5)	(140.9)	3.4
Cash used in financing activities	(141.1)	(121.6)	(19.5)
Net increase/(decrease) in cash and cash equivalents	<b>314.8</b>	(55.0)	369.8
Cash and cash equivalents at end of financial year per consolidated statement of cash flows	<b>1,686.3</b>	1,364.3	322.0

## OPERATIONS AND FINANCIAL Review



Below is a summary of our estimated Annual Capacity<sup>1</sup> at the end of each financial year:

Tonnes	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024e
Accelerators	87,000	97,000	117,000	117,000	117,000	117,000	117,000
Insoluble Sulphur	30,000	30,000	30,000	30,000	60,000	60,000	60,000
Anti-oxidant	45,000	45,000	45,000	45,000	77,000	77,000	77,000
<b>Total</b>	<b>162,000</b>	<b>172,000</b>	<b>192,000</b>	<b>192,000</b>	<b>254,000</b>	<b>254,000</b>	<b>254,000</b>

<sup>1</sup> Annual Capacity excludes capacity of intermediary materials such as 4ADPA and MBT.







# INNOVATION

## BRINGING US FURTHER

At China Sunsine, the relentless pursuit of excellence is ingrained in our ethos. We are dedicated to drive the transformation of China's rubber chemicals industry towards cleaner, automated, and continuous production processes.

## BOARD of Directors



**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 obtained his degree in Rubber Chemical Engineering from Shandong Chemical College in 1966 and became a qualified senior engineer in 1989.



**XU JUN**  
Executive Director

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



**LIU DE MING**  
Executive Director & General  
Manager of Shandong Sunsine

LIU DE MING was appointed as Executive Director of the Company with effect from 30 April 2021. He was also appointed as the General Manager (“GM”) of the Company’s subsidiary-Shandong Sunsine in October 2020. Mr Liu De Ming is responsible for the overall management and operations of our China’s subsidiaries. Prior to that, he was the GM of the Group’s another subsidiary Weifang Sunsine. Mr Liu joined the Group in 1995 since his graduation from Beijing Chemical University. Mr Liu has more than 30 years of working experiences in production, technology and management.

Mr Liu De Ming is also a member of the Company’s Risk Management Advisory Committee (“RMAC”).

**BOARD** of Directors

**TONG YIPING**  
Executive Director cum  
Chief Financial Officer

TONG YIPING was appointed as our Executive Director cum Chief Financial Officer in March 2023. He joined the Group as Group's Financial Controller in October 2013 and was promoted to Chief Financial Officer in March 2016. Mr Tong is responsible for overseeing the financial operations of the Group. He has more than 20 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.

Mr Tong is also a member of the Company's Risk Management Advisory Committee ("RMAC").



**LIM HENG CHONG BENNY**  
Lead Independent Director

LIM HENG CHONG BENNY is our Lead Independent Director. Mr Lim has been in legal practice for more than 20 years, and is presently a partner at Chris Chong & C T Ho LLP, where he focuses his practice on fund management and investment advisory matters, financial services regulatory compliance, and the structuring and establishment of Singapore and offshore funds. His other main areas of practice include corporate finance, mergers and acquisitions, cross-border joint ventures and investments, and regulatory compliance for listed companies and registered charities. Mr Lim holds a Bachelor of Laws and a Master of Laws, both from the National University of Singapore. Mr Lim has been accredited by the Singapore Institute of Directors (SID) as a Senior Accredited Director (SID-SRAD).



**XU CHUN HUA**  
Independent Director

XU CHUN HUA is our Independent Director. She has more than 40 years of experience in the rubber and rubber chemical industry. Ms Xu was the Principal of Qingdao Rubber Tyre 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 President of the China Rubber Industry Association Rubber Chemical Commission. 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.

## BOARD of Directors



### KOH CHOON KONG

**Independent Director**

KOH CHOON KONG was appointed as our Non-Executive Director in November 2009, and redesignated as Independent Director in December 2012. He has more than 20 years of audit, accounting, corporate finance and business experience, and currently is part of the management team of the largest independent power producer (IPP) in Bangladesh, Summit Power International Limited. Mr Koh served as Group CFO of several SGX listed corporations and worked in diverse organisations including Citicorp Investment Bank (Singapore) Limited, EtonHouse International, ICH Capital and Price Waterhouse. He graduated from the Nanyang Technological University with a Bachelor of Accountancy and later obtained his Master of Business Administration degree from the University of Manchester. He is a member of the Singapore Institute of Director, a fellow Chartered Accountant of Singapore, as well as a CFA charter holder.



### YAN TANG FENG

**Independent Director**

YAN TANG FENG is our Independent Director. He was appointed on 26 September 2019. Mr Yan has more than 15 years of experience in corporate finance and investment management. He is currently the President of Sinolion Holdings Pte. Ltd., responsible for the overall management of investment management and business operations. He was the Vice President of ICH Capital Group and was later promoted to Senior Vice President, responsible for investment management. Mr Yan was the Non-Executive Chairman of Shengli Oil & Gas Pipe Holdings Ltd and Non-Executive Director of Starrise Media Holdings Ltd, both companies are listed in the main board of Hong Kong Stock Exchange. Mr Yan graduated from Shandong University in July 1994 with a bachelor's degree in engineering.



### LIANG CHENG

**Independent Director**

LIANG CHENG was appointed as our Independent Director in March 2023. He graduated with a major in Chemical Engineering from Nanjing Tech University in 1992 and holds a certificate of Senior Chemical Process Engineer. With over 40 years of experience in research, development and information work in fine chemicals, such as rubber chemicals and polymer materials, Mr Liang excels in designing and planning blueprints for chemical parks and enterprise development. Currently, Mr Liang serves as the Secretary-General of the Technical Committee of the Jiangsu Chemical Industry Association. He is a member of the Expert Committee of the Rubber Chemicals Committee of the China Rubber Industry Association and is also a member of several expert committees in some government departments in Jiangsu Province and the Expert Committees of Science and Technology Industries in provinces such as Shandong, Jiangxi, Chongqing, and Guangdong. Additionally, he is the Chief Expert of the fine chemical industry chain in Xuzhou City. Mr Liang is also an editorial board member of several major Chinese journals, including "Plastics Science and Technology", "Polymer and Additives", "World Rubber Industry", "Chlor-alkali Industry", and "Rubber Technology". He has published over 260 papers in domestic and foreign journals and has given over 80 keynote speeches at domestic and foreign fine chemical conferences. Mr Liang worked at Sinopec Nanjing Chemical Industry Co., Ltd from 1992 until December 2022.

## KEY Executives



**MA YUE BIN**  
**First Deputy General  
 Manager**

MA YUE BIN was appointed as the Group's First Deputy General Manager and Director of Shandong Sunsine in October 2020. He oversees the whole Group's production. Mr Ma joined the Group in 1986 and has over 30 years of experience in production, operation and management. From September 1995 to June 1998, he took the correspondence course of Shandong Economic Management Institute.



**ZHANG SONG**  
**Chief Engineer**

ZHANG SONG was appointed as the Group's Chief Engineer, Director cum Deputy General Manager of Shandong Sunsine in October 2020. He is in charge of the Group's technology and R&D activities. Mr Zhang joined the Group in 2008 since obtained his master degree in inorganic chemistry. He has more than 12 years' experience in research and development activities, technology upgrading and management. He has joined and led several technological projects organised by China national or provincial authorities, and won numerous rewards. He is also one of the drafters to the Chinese Standards for Insoluble Sulphur.



**YUAN JIALE**  
**Deputy General Manager  
 (Sales and Marketing)**

YUAN JIALE was appointed as the Group's Deputy General Manager in August 2023, where he oversees the Group's Sales and Marketing activities. Previously, he served as the General Manager Assistant, collaborating closely with the Head of Sales Department to manage sales, pricing, and market analysis. With over 15 years of experience in sales and marketing, he possesses a deep understanding of the market and customer dynamics. Mr. Yuan joined the Group in 2008, initially working in the international sales department until 2019. Subsequently, he was promoted to Deputy Head of the Sales and Marketing Department from 2019 to 2021. He obtained his Bachelor's degree in International Economy and Trading from Shandong Weifang University in 2008.



**XU CHI**  
**General Manager  
 Assistant**

XU CHI was appointed as the Group General Manager Assistant and Director of Shandong Sunsine. He is in charge of the Group's procurement, as well as the market information departments of Shandong Sunsine. Mr Xu has more than 26 years' experience in the sales, procurement, marketing as well as administration.



# TRUST

## STRENGTHENING OUR POSITION

We serve over 1,000 customers, encompassing three-quarters of the Global Top 75 tyre manufacturers, and we fortify our success by unwaveringly ensuring the delivery of quality products, services, and solutions.



## OUR GLOBAL Presence

### OUR DISTINGUISHED CUSTOMERS:

- Bridgestone
- Goodyear Tire
- Sumitomo
- Yokohama
- Michelin
- Cooper
- Hankook
- CST Tire

**World's  
largest**  
producer  
of rubber  
accelerators

Accelerators'  
market share of

**35%**  
in the PRC and

**23%**  
globally

Catering to over

**1,000**  
customers  
globally



## OUR GLOBAL Presence

- Toyo Tire
- Tire Pirelli
- GITI Tire
- Hangzhou Zhongce
- Double Coin
- Guizhou Tire
- Sailun Tires
- Linglong Tire



Serving more than  
**3/4**  
of the Global Top  
75 tyre makers

China's  
**largest**  
rubber chemicals  
enterprise



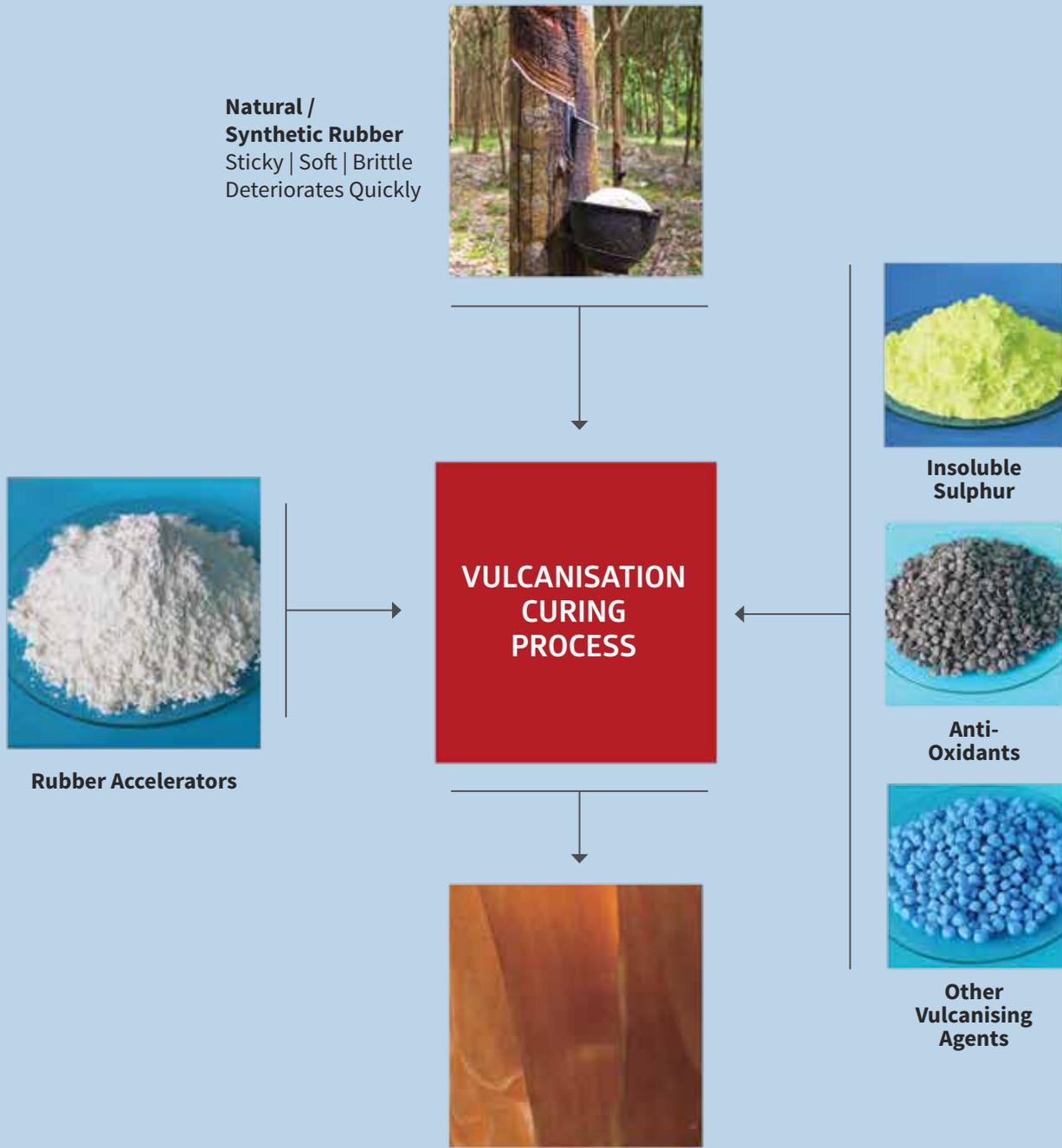


# GROWTH

## FOCUSING OUR DRIVE

In a rapidly evolving world filled with both opportunities and challenges, our objective is to enhance our sales volume and market competitiveness, unlocking value for our shareholders while also advancing our sustainability efforts.

# SUPERIOR PRODUCTS We Offer



**Cured Rubber**  
Harder | More Durable | Resistant To Chemicals | Smoother Surface Material

## RUBBER PRODUCTS



## GROUP Structure



**CHINA SUNSINE CHEMICAL HOLDINGS LTD.**  
(Singapore)



## CORPORATE Information

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

#### Singapore Office

16 Raffles Quay  
#15-08 Hong Leong Building  
Singapore 048581  
Tel: +65 6220 6686  
Fax: +65 6223 0605  
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

#### Xu Jun

Executive Director

#### Liu De Ming

Executive Director

#### Tong Yiping

Executive Director cum  
Chief Financial Officer

#### Lim Heng Chong Benny

Lead Independent Director

#### Xu Chun Hua

Independent Director

#### Koh Choon Kong

Independent Director

#### Yan Tang Feng

Independent Director

#### Liang Cheng

Independent Director

### AUDIT COMMITTEE

**Koh Choon Kong** Chairman

**Xu Chun Hua**

**Yan Tang Feng**

### NOMINATING COMMITTEE

**Lim Heng Chong Benny** Chairman

**Xu Cheng Qiu**

**Xu Chun Hua**

### REMUNERATION COMMITTEE

**Xu Chun Hua** Chairman

**Koh Choon Kong**

**Yan Tang Feng**

### COMPANY SECRETARY

**Jacqueline Anne Low**

### BANKERS

China Construction Bank Corporation Heze/Shanxian/  
Weifang Branch

Agricultural Bank of China Shanxian/Weifang Branch

Bank of China Heze Branch

Industrial and Commercial Bank of China Shanxian  
Branch

Postal Savings Bank of China Shanxian Branch

DBS Bank Ltd

### SHARE REGISTRAR

Tricor Barbinder Share Registration Services

(A division of Tricor Singapore Pte Ltd)

9 Raffles Place

#26-01 Republic Plaza

Singapore 048619

### INDEPENDENT AUDITOR

CLA Global TS Public Accounting Corporation

80 Robinson Road, #25-00

Singapore 068898

Tel: +65 6534 5700

Fax: +65 6534 5766

Director-in-charge:

**Meriana Ang Mei Ling**

(Appointed since financial year ended 31 December 2021)





## FINANCIAL CONTENTS

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# 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 complied with the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”) and the accompanying Practice Guidance to the Code, where they are applicable and practical to the Group. Where there is any variation from the provisions of the Code, explanations on how the Group’s practices are consistent with the aim and philosophy of the principle in question, have been provided within this report.

This report sets out the Company’s corporate governance processes, practices and structures that were in place throughout the financial year ended 31 December 2023 (“**FY2023**”), with specific reference to the principles and provisions of the Code. 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

### The Board’s Conduct of Affairs

**Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.**

#### *Role of the Board*

The Board assumes responsibility for stewardship of the Group, and puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company.

The Board’s primary role is to protect and enhance long-term value and returns for shareholders. It provides entrepreneurial leadership, oversees the business and affairs of the Group, and approves the Group’s financial and strategic plans, key business initiatives, major investments and divestments proposals, and funding decisions.

Additionally, the Board has direct responsibility for decision-making in respect of the following corporate events and actions:

- (a) ensure that necessary financial and human resources are in place for the Group to meet its objectives;
- (b) oversee the processes of risk management, financial reporting and compliance, and evaluate the adequacy of internal controls;
- (c) establish, together with Management, the strategies and financial objectives to be implemented by Management;
- (d) review the performance of Management, approve the nominations of the Board of Directors and appointment of key management personnel, as may be recommended by the Nominating Committee;
- (e) review and endorse the framework of remuneration for the Board and key management personnel as may be recommended by the Remuneration Committee;
- (f) assume responsibility for corporate governance; and
- (g) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

## CORPORATE Governance Report

The Company has adopted internal guidelines setting forth matters which require Board approval. Matters which are specifically reserved to the full Board for decision include those involving interested person transactions (such as conflict of interest issues in relation to substantial shareholders and directors of the Company), material acquisitions and disposal of assets, annual budgets, corporate or financial restructuring, share issuance and dividends, and financial results and corporate strategies.

Each Director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as is practicable after the relevant facts have come to his/her knowledge. Where a director faces a conflict of interest issue, he/she will disclose and declare his/her conflict of interest, and recuse himself/herself from discussions and decisions involving the issues of conflict. Each Board member makes decisions objectively and discharges his/her duties and responsibilities at all times as fiduciaries in the interests of the Group.

### *Board and Board Committees*

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 setting out their compositions, authorities and duties, and operating procedures (including reporting back to the Board) which are reviewed on a regular basis to ensure continued relevance and consistency with the Code. 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 the Board and Board committee meetings are allowed under the Constitution of the Company. In between the scheduled meetings, the Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing.

The number of the Board and Board committee meetings held for the period from 1 January 2023 to 31 December 2023, as well as the attendance of each member of the Board and Board committees at the respective meetings, are set out below:-

NAME OF DIRECTORS	Board	AC	NC	RC
	Number of Meetings Held: 4	Number of Meetings Held: 4	Number of Meetings Held: 1	Number of Meetings Held: 1
	Meetings Attended As Member			
Xu Cheng Qiu	4 out of 4	N.A.	1 out of 1	N.A.
Xu Jun	4 out of 4	N.A.	N.A.	N.A.
Liu De Ming	4 out of 4	N.A.	N.A.	N.A.
Tong Yiping <sup>(1)</sup>	3 out of 4	N.A.	N.A.	N.A.
Lim Heng Chong Benny	4 out of 4	N.A.	1 out of 1	N.A.
Xu Chun Hua	4 out of 4	4 out of 4	1 out of 1	1 out of 1
Koh Choon Kong	4 out of 4	4 out of 4	N.A.	1 out of 1
Yan Tang Feng	4 out of 4	4 out of 4	N.A.	1 out of 1
Liang Cheng <sup>(1)</sup>	3 out of 4	N.A.	N.A.	N.A.

### **Note:**

<sup>(1)</sup> On 30 March 2023, Mr Tong Yiping and Mr Liang Cheng were appointed as Executive Director, and as Independent Director, respectively of the Company.

## CORPORATE Governance Report

### *Directors' Orientation and Development*

The Company has an orientation program for all new Directors, and the Directors also have the opportunity to visit the Group's operating facilities in the People's Republic of China and meet with Management to gain a better understanding of the Group's business operations. Directors who are first-time directors, or who have no prior experience as directors of a listed company will undergo the Listed Entity Director Programme conducted by the Singapore Institute of Directors ("**SID**"), and will also undergo briefings on the roles and responsibilities as directors of a listed company.

All newly appointed Directors will receive a formal letter from the Company setting out the duties and responsibilities as a Director, along with an information pack containing the Company's annual report, Constitution, respective Board committees' terms of reference (where applicable), as well as a template director's disclosure form pertaining to his/her obligations in relation to disclosure of interests in securities and conflict of interests.

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 Companies Act 1967 of Singapore ("**Companies Act**") and listing rules of the Singapore Exchange Securities Trading Limited (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. They are also informed of and are encouraged to attend relevant seminars such as those organised by the SGX-ST, SID and other external professional organisations to keep abreast of developments relevant to their roles. All Directors have attended sustainability training courses mandated by Singapore Exchange Regulation (SGX RegCo) in FY2023.

### *Access to Information*

To assist the Board in fulfilling its responsibilities, Management provides the Board with complete and adequate information in a timely manner prior to meetings and on an on-going basis. 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.

### *Access to Management and Company Secretary*

The Directors have separate and independent access to the Management and the Joint Company Secretaries at all times.

At least one Joint Company Secretary attends all Board meetings. The Joint Company Secretaries are responsible for preparing minutes of Board proceedings, and are responsible to the Board for advising on corporate and administrative matters, as well as facilitating orientation and assisting with professional development as required.

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

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

# CORPORATE Governance Report

## **Board Composition and Guidance**

**Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.**

### *Board Composition*

The Board, through the NC, examines and reviews its structure, size and composition annually, taking into account the scope and nature of the Company's operations. The nature of the directors' appointments and membership on the Board committees for FY2023 are as follows:-

Name of Directors	Position held on the Board	Board Committee Membership		
		AC	NC	RC
Xu Cheng Qiu	Executive Chairman	-	Member	-
Xu Jun	Executive Director	-	-	-
Liu De Ming	Executive Director	-	-	-
Tong Yiping <sup>(1)</sup>	Executive Director cum Chief Financial Officer	-	-	-
Lim Heng Chong Benny	Lead Independent Director	-	Chairman	-
Xu Chun Hua	Independent Director	Member	Member	Chairman
Koh Choon Kong	Independent Director	Chairman	-	Member
Yan Tang Feng	Independent Director	Member	-	Member
Liang Cheng <sup>(1)</sup>	Independent Director	-	-	-

### **Note:**

<sup>(1)</sup> Appointed on 30 March 2023.

The Board presently comprises 9 directors, of whom 5 are independent non-executive directors. The present composition of the Board complies with Rule 210(5)(c) of the Listing Manual of the SGX-ST ("**Listing Manual**") that the Board must have at least two non-executive directors who are independent and free of any material business or financial connection with the Company, Provision 2.2 of the Code that the independent directors should make up a majority of the Board where the Executive Chairman is part of the management team and not an independent director, and with Provision 2.3 of the Code that the majority of the Board comprises non-executive directors. Given that the Independent Directors make up a majority of the Board, the Board is thus able to exercise objective judgment on corporate affairs independently.

### *Board Diversity*

The Board recognises that board diversity is an essential element contributing to a well-functioning and effective Board, as well as the sustainable development of the Group. As such, the Board has in place a Board Diversity Policy, the objectives of which are to promote and enhance the decision-making process of the Board through the perspectives derived from the professional expertise, business experience, industry discipline, skills, knowledge, gender, age, educational background, ethnicity and culture, length of service, and other diverse qualities of the Board members. When reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of its members, the NC will consider the various aspects of board diversity, and set practical timelines to implement the policy. It will also report to the Board on an annual basis on the progress made in promoting and achieving its board diversity objectives. The Board will, on a continuing basis, review the relevant aspects of diversity of its members to ensure they serve the needs and plans of the Company and the Group.

## CORPORATE Governance Report

The Board is of the view that its current structure, size and composition is appropriate for effective decision-making, provides balance and diversity of expertise, gender and knowledge of the Group's business, foster constructive debate, and avoid groupthink. The NC is also satisfied that the Board comprises directors who as a group provide core competencies such as accounting or finance, legal, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, which are required for the Board to function effectively.

In addition, the Board recognises the importance and value of gender diversity, and has set a target in its Board Diversity Policy to appoint at least one female director on the Board. The NC has noted that the Board currently comprises one female director out of a total of nine directors, hence has met its gender diversity target for FY2023. The Board also consists of directors of different age groups who have served on the Board for different tenures and who provide different perspectives for the matters to be discussed and decided at the Board level. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process. As such, based on the above, the Board is of the view that it has achieved its Board diversity targets for FY2023.

The three Independent Directors (namely, Mr Lim Heng Chong Benny, Mdm Xu Chun Hua and Mr Koh Choon Kong) have served on the Board for an aggregate period of 9 years (whether before or after listing) and will not be considered independent upon the conclusion of the forthcoming Annual General Meeting to be held on 26 April 2024 ("**AGM**"). They will have to resign from the Board or be designated as a non-independent director no later than at the forthcoming AGM. In the circumstances, Mr Lim Heng Chong Benny and Mdm Xu Chun Hua will step down as Directors of the Company upon the conclusion of the AGM, while Mr Koh Choon Kong will seek minority shareholders' approval to remain on the Board and be re-designated as a Non-Executive Non-Independent Director of the Company (as elaborated below).

As such, the objective identified by the NC for Board diversity in FY2024 is to appoint three new independent directors with diverse skills, qualifications and experience to complement the Directors remaining on the Board, so as to refresh the Board and enhance its diversity. In addition, to drive and improve gender and age diversity on the Board, the NC has also recommended that the Board appoint two female directors out of the three proposed new independent directors, and a younger director, with the timeline of achieving these targets to be as soon as practicable upon the conclusion of the forthcoming AGM.

### *Board Independence*

The NC conducts a review annually to determine whether or not a director is independent, adopting the Code's definition of an "independent director" and guidance as to relationships, including those provided in the Code, the Listing Manual and the Practice Guidance to the Code, that are relevant in its determination. Each Independent Director is required to complete an annual declaration to confirm his/her independence, and in particular, that he/she does not have any relationship with the Company and its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interest of the Group. The independent directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code.

In assessing the independence of each Independent Director for FY2023, the NC noted that Mr Lim Heng Chong Benny, Mdm Xu Chun Hua and Mr Koh Choon Kong, who are the Independent Directors of the Company, has each served on the Board for an aggregate period of more than 9 years from the respective dates of their first appointment. As such, the Board has subjected their independence to a particularly rigorous review.

The NC carried out the aforesaid review on the independence of Mr Lim Heng Chong Benny, Mdm Xu Chun Hua and Mr Koh Choon Kong in February 2024 (with Mr Lim and Mdm Xu as members of the NC abstaining from deliberation in respect of the review of his/her independence) based on their respective self-declaration of his/her relationship with the Company and its related corporations, its substantial shareholders or its officers, and his/her confirmation of independence and non-conflict of interest. In particular, the NC also took into account the actual performance of Mr Lim Heng Chong Benny, Mdm Xu

## CORPORATE Governance Report

Chun Hua and Mr Koh Choon Kong on the Board and Board committees, and their Individual Director Self-assessment of their contributions to the effectiveness of the Board, and was of the view that each of them has at all times exercised independent judgment in the best interests of the Company in the discharge of his/her director's duties and should therefore continue to be deemed an Independent Director, notwithstanding that they have served more than 9 years on the Board.

After due consideration and with the concurrence of the NC (with Mr Lim Heng Chong Benny, Mdm Xu Chun Hua and Mr Koh Choon Kong abstaining from the discussion and decision-making process with respect to the assessment of his/her independence), the Board has determined that each of the Independent Directors has continued to demonstrate strong independence in character and judgment in the manner in which he/she has discharged his/her responsibilities as a director of the Company. Each of them has continued to express his/her viewpoints, debated issues, sought clarifications where necessary, objectively scrutinised and challenged Management, and ask tough strategic and operational questions. Each of the above-mentioned Independent Directors has constructively challenged Management's assumptions, helped develop proposals on strategy, and assessed performance of Management, in the best interest of the Group.

Taking into account the views of the NC and the annual confirmation from each of these Independent Directors of his/her independence, the Board considers each of these Independent Directors to be independent and will be able to exercise independent judgment in the best interest of the Company in discharging their duties as independent directors.

As stated above, Mr Lim Heng Chong Benny, Mdm Xu Chun Hua and Mr Koh Choon Kong, each of whom has served on the Board for an aggregate period of 9 years, will not be considered independent upon the conclusion of the forthcoming AGM. Mr Lim and Mdm Xu will step down as Directors of the Company upon the conclusion of the AGM. Mr Koh will voluntarily subject himself to approval by shareholders to be re-designated as a Non-Executive Non-Independent Director of the Company ("**Re-designation**"). In the interest of transparency and to allow minority shareholders of the Company to have the final say on the Re-designation, shareholders who are the Directors (including the Executive Chairman) of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST), will abstain from voting on the resolution in respect of the Re-designation. If the Re-designation is not approved by shareholders entitled to vote at the AGM, Mr Koh will step down as a Director of the Company upon the conclusion of the forthcoming AGM.

**Shareholders should note that if Mr Koh's Re-designation is approved at the forthcoming AGM, and upon the proposed appointment of three new independent directors of the Company as stated above, the reconstituted board of directors of the Company will comprise 10 directors, of whom 5 will be independent non-executive directors, 4 will be executive directors, and there will be 1 non-executive non-independent director ("**Reconstituted Board**"). The Reconstituted Board will continue to comply with Rule 210(5)(c) of the Listing Manual which requires the Board to have at least two independent non-executive directors, and that independent directors must comprise at least one-third of the board of directors, as well as with Provision 2.3 of the Code that the majority of the Board comprises non-executive directors. However, the recommendation in Provision 2.2 of the Code that independent directors should make up a majority of the Board where the Executive Chairman is part of the management team and not an independent director, will not be met.**

The NC is of the view that the Reconstituted Board has an appropriate level of independence given that half the Reconstituted Board will comprise independent directors, and a majority of the Reconstituted Board will be non-executive directors, whereas the Listing Manual only requires one-third of the board, and at least 2 directors, to be independent. As of the date of this Annual Report, Mr Koh has satisfied the requirements of independence under the relevant provisions of the Listing Manual and the Code, and is deemed independent notwithstanding that he has served more than 9 years on the current Board.

## CORPORATE Governance Report

As an Independent Director, Mr Koh has demonstrated strong independence in character and judgment, and expressed views and made decisions in the best interest of the Company and the Group. The NC has observed that the length of his service has not in any way impaired his ability to act independently. It is confident that Mr Koh will not lose his independent character simply because of a change of title, and that he will continue to exercise independent judgment and engage Management on issues objectively and constructively, and therefore recommends the Re-designation. Based on the above, the NC is of the view that the proposed composition of the Reconstituted Board is consistent with the intent of Principle 2.2 of the Code. The current Board (except Mr Koh) concurs with the NC and proposes the Re-designation, subject to shareholders' approval at the forthcoming AGM.

Following the conclusion of the forthcoming AGM, 3 new independent directors will be appointed to the Board, while another Independent Director, Mr Liang Cheng, was only appointed last year. Given Mr Koh's familiarity with the Group (first acting as the Group Chief Financial Officer at the time of the Company's initial public offering, and subsequently, the Company's Non-executive Director (2009 – 2012), through to his appointment as Independent Director from December 2012), the current Board (except Mr Koh) is of the view that his continued Board membership will provide continuity and invaluable knowledge and experience to the Reconstituted Board in the upcoming refreshment of the Board.

Led by the Lead Independent Director, the Independent Directors meet regularly without the presence of Management to discuss matters such as the changes that they would like to see in the Board processes, corporate governance initiatives, and matters which they wish to discuss during the Board meetings. After such meetings, the Lead Independent Director will provide feedback to the Executive Chairman and the Board. During FY2023, the Independent Non-Executive Directors met regularly without the presence of Management.

### **Chairman and Chief Executive Officer**

***Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.***

#### *Roles of Executive Chairman and CEO*

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

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

There is no CEO of the Company appointed following the retirement of the former CEO. Mr Xu assumed the role of CEO to oversee the whole Group's operations, in addition to his role as Executive Chairman of the Company.

#### *Role of Lead Independent Director*

In line with the recommendations in the Code, Mr Lim Heng Chong Benny has been appointed as the Lead Independent Director of the Company to lead and coordinate the activities of the independent directors and to address the concerns, if any, of the Company's shareholders for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

## CORPORATE Governance Report

### **Board Membership**

***Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of 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, with the Lead Independent Director being the Chairman of the NC:

Lim Heng Chong Benny	-	Chairman
Xu Cheng Qiu	-	Member
Xu Chun Hua	-	Member

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, and re-appointment of directors or alternate directors (if any), having regard to that director's contribution and performance (such as attendance, preparedness, participation and candour) where applicable;
- (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 review succession plans for directors, in particular, the appointment and/or replacement of the Executive Chairman, the CEO and key management personnel according to different time horizons so as to identify competencies needed for the Group's long-term strategy and objectives;
- (g) to review and make recommendations to the Board regarding the orderly replacement of Board members and key management personnel in the medium term, where necessary, as well as contingency planning and preparedness against sudden and unforeseen changes or circumstances;
- (h) to make recommendations to the Board relating to the review of training and professional development programs for the Board and its directors;
- (i) to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval; and
- (j) 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 for FY2023 based on the Code's criteria for independence and is of the view that Mr Lim Heng Chong Benny, Mr Koh Choon Kong, Mdm Xu Chun Hua, Mr Yan Tang Feng and Mr Liang Cheng are independent. More details of the Board and NC's determination of the independence of the Independent Directors are set out under Principle 2 of this report in the section headed "*Board Independence*".

## CORPORATE Governance Report

### *Other Principal Commitments and Board Representations*

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 Board has also adopted an internal guideline that each director should hold not more than 5 listed company board representations to address competing time commitments when directors serve on multiple boards. The NC believes a director's commitment and contributions to the Company, and his/her 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.

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

- (a) pages 16 to 18 - Academic and professional qualifications;
- (b) page 54 - Key information (including each of the Director's board representations on other listed companies and other principal commitments (if any)); and
- (c) pages 55, 56 and 121 - Shareholding in the Company and its related corporations.

The Company currently has no alternate directors on its Board. The Board is of the view that the appointment of alternate directors should only be appointed for limited periods in exceptional cases such as when a director has a medical emergency. An alternate director, when appointed, should be subject to the same criteria and process for selection of directors, and be appropriately qualified.

The NC has in place a formal process for the selection and appointment of new directors, and re-appointment of directors to increase transparency of the nominating process in identifying and evaluating nominees or candidates for appointment or re-appointment, as well as to advance the Company's objective of promoting board diversity.

### *Process for selection 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 SID, search consultants, advertisements) to source for potential candidates;
- (c) The NC assesses suitability of short-listed candidates, meets 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.

## CORPORATE Governance Report

### *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.

### *Process for re-appointment of directors*

Pursuant to Rule 720(5) of the Listing Manual and the Company's Constitution, all directors must submit themselves for re-nomination and re-appointment at least once every 3 years. Under the Company's existing Constitution, one-third of the directors (except for the managing director, if any) for the time being (or if their number is not a multiple of 3, the number nearest to but not less than one-third) shall retire from office by rotation at each AGM of the Company. In addition, a newly appointed director must also submit himself or herself for re-election at the AGM immediately following his or her appointment.

### *Other considerations*

Apart from the above-stated formal process for the selection and appointment of new directors, as well as re-appointment of directors, the NC and the Board will also take into consideration whether a candidate or director had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators, and seek clarity on the candidate or director's involvement therein. The Board and NC will also assess whether a director's resignation from the board of any such company casts any doubt on the director's qualification and ability to act as a director of the Company.

Mr Koh Choon Kong was an independent director and a member of the audit committee of Oriental Group Ltd, and was amongst the parties issued a reprimand by SGX on 29 June 2018, including Oriental Group Ltd and its former board of directors and former audit committee members.

The NC and the Board at the time (with Mr Koh abstaining from the deliberation process) had carefully considered the matters giving rise to the reprimand, and had fully addressed the issue of Mr Koh's suitability to continue as an Independent Director and Chairman of the Audit Committee of the Company (amongst other Board committee appointments) when the matter arose in 2018. The Company's reasons for the continued appointment of Mr Koh Choon Kong were set out in its announcements dated 5 July 2018 and 22 April 2021. The current NC and Board (excluding Mr Koh) also continue to have full confidence in Mr Koh's integrity, professionalism and ability to discharge his duties as a director of the Company.

### *Re-election of Directors at the forthcoming AGM*

At the forthcoming AGM, Mr Xu Jun, Mr Liu Deming and Mr Yan Tangfeng are due for retirement by rotation under Regulation 104(2) of the Constitution of the Company, and they had submitted themselves for re-nomination and re-election. The NC has reviewed and recommended the re-election of Mr Xu Jun, Mr Liu Deming and Mr Yan Tangfeng (collectively, the "**Retiring Directors**") as Directors of the Company.

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Mr Yan Tangfeng has no relationship, whether familial, business, financial, employment or otherwise, with the Company, its related corporations, substantial shareholders, or any officers, which could interfere or be perceived to interfere with his/her independent judgment.

The Board (save for the Retiring Directors who had abstained from the deliberation process in respect of their own re-election) has accepted the NC's recommendation and proposes that the Retiring Directors be re-elected at the forthcoming AGM.

Please refer to the explanatory notes to the Notice of the AGM dated 11 April 2024 and pages 120 to 125 of this Annual Report for the additional information in respect of the Retiring Directors seeking re-election at the forthcoming AGM pursuant to Rule 720(6) of the Listing Manual read with Appendix 7.4.1 of the Listing Manual.

### **Board Performance**

***Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.***

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/her to discharge his/her 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/her own performance on the Board and Board committees so that the overall quality of the board members may be improved upon and enhanced. It also assisted the NC in determining whether to re-nominate directors who are due for retirement by rotation at the next AGM, and in determining whether directors with multiple board representations are nevertheless able to and have adequately discharged their duties as directors of the Company. More details of the Board and NC's assessment and determination exercise are set out under Principle 4 of this report in the sections headed "*Other Principal Commitments and Board Representation*" and "*Re-appointment of Directors*".

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

#### *Evaluation processes*

##### *(a) Board and Board committees*

For FY2023, 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 an individual director's assessment form by way of a self-assessment of his/her contribution to the effectiveness of the Board and Board committees for FY2023. 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 and Board committee performance of each director, with a view to improving their respective performance on the Board and the Board committees.

## 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 categorised into (1) attendance at Board and Board committees, and related activities, (2) adequacy of preparation for Board and Board committee meetings, (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.

### **(B) REMUNERATION MATTERS**

#### **Procedures for Developing Remuneration Policies**

***Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.***

#### *Composition and Role of the RC*

The RC currently comprises entirely independent directors as follows:

Xu Chun Hua	-	Chairman
Koh Choon Kong	-	Member
Yan Tang Feng	-	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 each individual director, the CEO and key management personnel (who are not directors or the CEO).

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 Board and key management personnel, and the specific remuneration packages for each director as well as for the 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, benefits-in-kind, and termination terms to ensure they are fair;
- (b) to review the remuneration packages of all managerial staff who are related to any of the executive directors;
- (c) to review and approve the annual increments and/or variable bonus to be granted to the executive directors and key management personnel of the Company;
- (d) in the case of directors' service agreements, to consider what compensation or commitments the directors' service agreements, if any, would entail in the event of early termination; and
- (e) 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.

## CORPORATE Governance Report

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/her remuneration. No director will be involved in determining his/her 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. The RC should ensure that existing relationships, if any, between any of its directors or the Company and its appointed remuneration consultants, will not affect the independence and objectivity of the remuneration consultants. In FY2023, the Company did not seek any expert advice outside the Company on remuneration of its Directors.

### **Level and Mix of Remuneration**

***Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.***

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. The RC reviews and recommends to the Board the remuneration package, determines the overall annual increment and bonus for each of the Executive Directors and key management personnel, and ensures that they are appropriate and proportionate to the sustained performance and value creation of the Group.

In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies, as well as the costs of living in the cities in which the Company operates. 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, taking into account industry benchmarks.

The RC also reviews all matters concerning the remuneration of independent directors by ensuring that the remuneration is commensurate with the level of contribution, taking into account factors such as effort and time, and responsibilities of these 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 and recommends to the Board 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. The terms of the executive directors' service agreements were approved by the Board.

Pursuant to the terms thereof, the service agreements may be terminated by either party giving not less than six (6) months' notice in writing. Each of the key management personnel were issued a letter of appointment, the terms of which were reviewed by the RC, and approved by the Board. The RC is satisfied that the termination clauses set out in the service agreements and the letters of appointment are fair and reasonable to the parties, and are not overly generous.

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

## CORPORATE Governance Report

### Disclosure on Remuneration

**Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

#### *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 Lead Independent Director and the Chairman of each Board committee are paid a higher fee as compared to members of the committee in view of the greater responsibility carried by that office. The amount of directors' fees payable to independent directors is subject to shareholders' approval at the Company's AGM.

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

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

For the purpose of assessing the performance of Executive Directors and other key management personnel, key performance targets are clearly set out at the beginning of each financial year. These targets include, where applicable, revenue, gross profit margin, net profit after tax, return on shareholders' equity, total shareholders return (i.e. dividend plus share price movement over the year), and safety production and environmental protection related targets.

#### *Disclosure on Remuneration*

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 FY2023, are set out as follows:

Name of Directors	Salary	Bonus	Director's fees	Other benefits	Total Remuneration	
	%	%	%	%	%	S\$'000
Xu Cheng Qiu	18	82	-	-	100	2,188
Xu Jun	50	46	-	4	100	85
Liu De Ming	44	54	-	2	100	179
Tong Yiping	68	22	-	10	100	204
Lim Heng Chong Benny	-	-	100	-	100	50
Xu Chun Hua	-	-	100	-	100	45
Koh Choon Kong	-	-	100	-	100	45
Yan Tang Feng	-	-	100	-	100	40
Liang Cheng <sup>(1)</sup>	-	-	100	-	100	30

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Remuneration Band & Name of Key Management Personnel	Salary	Bonus	Other benefits	Total
	%	%	%	%
<b>S\$250,000 and below S\$500,000</b>				
Nil				
<b>Below S\$250,000</b>				
Wang Bao Li <sup>(2)</sup>	29	66	5	100
Ma Yue Bin	21	77	2	100
Zhang Song	22	75	3	100
Xu Chi	28	67	5	100
Yuan Jiale <sup>(3)</sup>	17	81	2	100

**Notes:**

- <sup>(1)</sup> Mr Liang Cheng was appointed as an Independent Director on 30 March 2023. His director's fees are pro-rated for FY2023.
- <sup>(2)</sup> Mr Wang Bao Li resigned as Group Deputy General Manager (Sales) on 15 August 2023.
- <sup>(3)</sup> Mr Yuan Jiale was appointed as Group Deputy General Manager (Sales and Marketing) on 15 August 2023.

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 FY2023 is S\$458,000.

There was no employee of the Company or its subsidiaries who is a substantial shareholder, or an immediate family member of any director or a substantial shareholder of the Company and whose remuneration exceeded S\$100,000 for FY2023. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister or parent.

The Company has no share option plans for FY2023. Accordingly, no share option has been granted to the above directors or key management personnel. The Company may consider having such a scheme to align the interests of key executives with that of shareholders, improving performance and achieving sustainable growth for the Company.

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

**(C) ACCOUNTABILITY AND AUDIT****Risk Management and Internal Controls**

***Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.***

*Risk Governance Structure*

The Board is overall responsible for the governance of risk. The Board oversees the Group's risk management framework and policies, reviews the Group's business, financial and operational risks, and formulates strategies and measures to manage and mitigate these risks with the assistance of internal and independent auditors.

## CORPORATE Governance Report

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

### *Enterprise Risk Management*

The Company has 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 6 executives (including two directors), whose names are set out below:

Xu Cheng Qiu	-	Chairman
Liu De Ming	-	Member
Tong Yiping	-	Member
Ma Yue Bin	-	Member
Wang Bao Li <sup>(1)</sup>	-	Member
Liu Kun	-	Member
Zheng Huai Yu	-	Member

#### **Note:**

<sup>(1)</sup> Mr Wang Bao Li ceased to be a member of the RMAC following his resignation on 15 August 2023.

In order to ensure and maintain a sound system of risk management and internal controls to safeguard shareholders’ interests and the Company’s assets, an Enterprise Risk Management (“**ERM**”) programme was developed with the assistance of the Company’s previous internal auditor, Messrs MS Risk Management Pte Ltd, and has been implemented to identify, prioritise, assess, manage and monitor key risks faced by the Group. In 2015, the Company appointed a new internal auditor, Messrs Baker Tilly Consultancy (Singapore) Pte. Ltd., which refreshed the ERM programme. In 2019, the Company undertook a fresh round of review of its ERM programme with the assistance of a new ERM consultant, Messrs BDO LLP. 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 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 AC and the Board at least once a year or as and when new significant risks are identified.

### *Internal Control and Risk Management Systems*

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

## CORPORATE Governance Report

Based on the internal control and risk management systems established and maintained by the Group, the work conducted by the internal and independent auditors as set out in their respective reports, the review by the AC of the implementation of the recommendations of the internal and independent auditors as aforesaid, and the report of the RMAC to the Board, the Board, with the concurrence of AC, is of the opinion that the system of internal control and risk management procedures maintained by Management are adequate and effective to meet the needs of the Company in addressing the financial, operational, compliance and information technology risks to the Company and the Group as at 31 December 2023.

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

- (a) the financial records of the Company have been properly maintained, and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) the Company's risk management and internal control systems are adequate and 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 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.***

##### *Composition and Role of AC*

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

Koh Choon Kong	-	Chairman
Yan Tang Feng	-	Member
Xu Chun Hua	-	Member

All the members of the AC bring with them invaluable industry knowledge and professional expertise in the financial or 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 discuss and review at least annually any significant financial reporting issues and judgments in relation to the financial statements and how the issues are addressed so as to ensure the integrity of the financial statements;
- (b) to discuss and review at least annually the adequacy and effectiveness of the internal controls and risk management system of the Group with respect to financial, operational, compliance and information technology risks;
- (c) to review any announcements relating to the Group's financial performance before submission to the Board for approval;
- (d) to receive and review the assurance from the Executive Chairman and the CFO who are responsible for the financial records and financial statements;

## CORPORATE Governance Report

- (e) to assess and review at least annually the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit functions;
- (f) to discuss and review with auditors regarding, *inter alia*, the assistance given by Management to the auditors;
- (g) to assess and review at least annually the independence and objectivity of the independent auditors, taking into consideration the aggregate fees paid for audit and non-audit services provided by the independent auditors;
- (h) to recommend to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the independent auditor, and the terms of engagement and remuneration payable to the independent auditor taking into consideration the quality of work carried out by the independent auditors and the basis of such assessment;
- (i) 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);
- (j) to review the internal audit plan and findings of the internal auditor;
- (k) 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
- (l) 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 independent and internal auditors, who report independently their findings and recommendations to the AC. The AC met with the internal and external auditors, without the presence of Management, at least once during the financial year.

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

In the review of the financial statements for FY2023, the AC had discussed with Management and the independent auditors on changes to accounting standards and significant issues and assumptions that impact the Group's financial statements. The most significant matters were also included in the Independent Auditor's Report to the members of the Company under "Key Audit Matters". In assessing the Key Audit Matters, the AC took into consideration the approach and the key assumptions applied in the review of the Key Audit Matters as provided in the Independent Auditor's Report. The AC concluded that management's accounting treatment and estimates in the Key Audit Matters were appropriate.

### *Independent Auditor*

In evaluating the quality of the work carried out by the independent auditor, Messrs CLA Global TS Public Accounting Corporation ("**CLA Global TS**"), the AC's assessment of the performance of CLA Global TS was based on CLA Global TS's firm-wide audit quality framework, which is in line with the requirements of

## CORPORATE Governance Report

the Singapore Standards on Quality Management 1 (Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Service Engagements) ("**CLA Global TS AQI Framework**"). The key elements of the CLA Global TS Audit Quality Framework include assessment on the experience and involvement of senior audit team members, training programmes and independence requirements of the team members, regular inspections by both internal and external parties (e.g. the Accounting and Corporate Regulatory Authority Practice Monitoring Programme inspections), human resources (e.g. attrition rates of the audit team).

In evaluating the nomination of CLA Global TS for re-appointment for the financial year ending 31 December 2024, the AC has considered the adequacy of the resources, experience and competence of CLA Global TS. The AC also undertook a review of the independence and objectivity of the independent auditor through discussions with the independent auditor. It is noted that the aggregate amount of fees paid to the independent auditor for FY2023 is S\$252,000. No non-audit fees were paid to the independent auditor for financial year ended 31 December 2023 which may affect their independence. None of the members of the AC were partners of CLA Global TS within the last 2 years or has any financial interest in CLA Global TS.

Upon such evaluation, the AC recommended to the Board that CLA Global TS be nominated for re-appointment as independent auditor of the Company at the forthcoming AGM of the Company. The Company has complied with the requirements of Rules 712 and 715 of the SGX-ST Listing Manual in relation to the appointment of auditing firms.

### *Internal Auditor*

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

The Company's internal audit functions are outsourced to Messrs Baker Tilly Consultancy (Singapore) Pte. Ltd. (the "**Internal Auditor**"), which is staffed with professionals with relevant qualifications and experience. They carry out their internal audit works in accordance with the Standards for the Professional Practice of Internal Auditing that are set by the Institute of Internal Auditors. The Internal Auditor has unrestricted direct access to the AC without the presence of the Executive Chairman or senior management, at least annually. The AC approves the hiring, removal, evaluation and compensation of the outsourced Internal Auditor, to ensure that they meet the professional standards set out in the Code, and that such outsourcing will not compromise the Group's quality of internal audit work. The AC ensures that the Management provides adequate support to the Internal Auditor which include, amongst others, access to documents, records, properties and personnel of the Group.

The Internal Auditor's primary line of reporting on any risks or control issues is to the Chairman of the AC, although the Internal Auditor also liaise with the Executive Chairman and the CFO on administrative matters.

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

The AC also reviews annually the adequacy, effectiveness and independence of the internal audit function, and is satisfied that it is independent, effective, adequately resourced and has appropriate authority and standing to discharge its responsibilities.

### *Whistle-Blowing Policy*

The Group has established and implemented a whistle-blowing policy which sets out the procedures by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting and on misconduct or wrongdoing relating to the Group and its officers.

## CORPORATE Governance Report

The Company's whistle-blowing policy allows employees to raise concerns and offer reassurance that the whistleblower will be protected against detrimental or unfair treatment for whistle-blowing in good faith. All the information in the whistleblowing report, including the identity of the employee, will be treated with strict confidentiality.

The AC is responsible for oversight and monitoring of whistle-blowing. The AC is tasked with investigating whistle-blowing reports made in good faith and in confidence, and will address any issues/concerns that are raised and follow up with the necessary investigations and/or other appropriate actions.

Following the launch of the whistle-blowing 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 whistle-blowing policy, so that investigations may be carried out in an appropriate and timely manner, and disciplinary or civil actions that may be initiated following completion of investigations, are appropriate, balanced, and fair. The Company publicly discloses, and clearly communicates to employees, the existence of the whistle-blowing policy and procedures for raising such concerns.

### (D) SHAREHOLDER RIGHTS AND ENGAGEMENT

#### **Shareholder Rights and Conduct of General Meeting**

***Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

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.

#### *Conduct of General Meetings*

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

To encourage more shareholder participation, the Company's general meetings are usually held in the city centre of Singapore, which is easily accessible to most shareholders. Notices of general meetings are published through the SGXNet, and in the newspapers, as well as despatched to shareholders, together with the Letter to Shareholders (in relation to the proposed renewal of the share purchase mandate), Annual Report and Sustainability Report within the prescribed time period. Any shareholder who is not a relevant intermediary (as defined in the Companies Act) and who is unable to attend any general meeting is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance. Pursuant to the Companies Act, the Central Provident Fund Board and relevant intermediaries may appoint more than two proxies. At shareholders' meetings, each distinct issue is proposed as a separate resolution. Shareholders are invited to put forth any questions they may have on the motions tabled and to be decided upon.

All directors, in particular the chairman of each Board committee, are required to be present at general meetings of shareholders to address shareholders' questions. The Independent Auditors are also present to address shareholders' queries (if any) about the conduct of audit and the preparation and content of the auditors' report.

## CORPORATE Governance 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 general meetings, all resolutions are put to vote by poll so as to better reflect shareholders' interest and ensure greater transparency. An independent scrutineer will be appointed to explain to the shareholders the rules, including the poll voting procedures that govern such general meetings, and to validate the votes cast at the general meetings. Votes cast for or against each resolution, and the respective percentages, are tallied and informed to shareholders immediately at the general meetings. The total number of votes cast for or against the resolutions and the respective percentages are also announced on SGXNet after the general meetings.

The results of general meetings are disclosed by way of Company announcement on the SGX-ST. The Company Secretary prepares minutes of general meetings, which incorporate substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, if any, and responses from the Board and Management. These minutes are published on the Company's corporate website and on the SGXNet.

The AGM of the Company for financial year ended 31 December 2022 had returned to physical mode and was held on 27 April 2023. The Company's AGM for FY2023 will likewise be held in person a wholly physical format. Therefore, shareholders will be able to attend the AGM in person. Shareholders may ask questions relating to the resolutions to be tabled for approval at the AGM, or submit questions relating to the resolutions in advance of the AGM by 18 April 2024, and the Company will endeavour to address the substantial and relevant questions prior to or at the AGM. The responses to questions from members will be posted on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at the URL <https://www.chinasunsine.com> by 23 April 2024 (if questions are submitted in advance by 18 April 2024 and answered prior to the AGM), or (if questions are answered during the AGM), will be included in the minutes of the AGM and published on SGX website and the Company's corporate website within one month from the date of the AGM. Please refer to the notice of the FY2023 AGM and announcement dated 11 April 2024 for more information on the forthcoming AGM. In line with the Company's environmental sustainability efforts, printed copies of the Annual Report, Letter to Shareholders (in relation to the proposed renewal of the share purchase mandate) and Sustainability Report will not be sent to shareholders. Shareholders who wish to receive hard copies of the Annual Report, Letter to Shareholders (in relation to the proposed renewal of the share purchase mandate) and Sustainability Report are required to complete and submit a request form which can be found in a letter to shareholders on AGM procedures dated 11 April 2024. Printed copies of the Notice of AGM and Proxy Form, together with the letter to shareholders on AGM procedures (enclosing the request form) will be mailed to shareholders. All of the above-mentioned documents will be published on the Company's website at the URL <http://www.chinasunsine.com/>, and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

### *Dividend Policy*

The Company declared dividends every year since its IPO in 2007. However, in view of the uncertain and challenging economic conditions, and the ongoing capital expenditure for the Group's expansion plans, it is difficult for the Company to commit to a fixed dividend policy. Nevertheless, the Board will discuss recommendations for dividend payments, whether in the form of final dividends or interim dividends, during Board meetings, taking into consideration the availability of the Company's retained earnings, the Group's profitability and financial position, capital expenditure requirements, future expansion or investment plans, and other relevant factors as may be determined by the Board.

At the forthcoming AGM, the Board had recommended for shareholders' approval a one-tier tax exempt final dividend of S\$0.025 per ordinary share, comprising an ordinary dividend of S\$0.015 per ordinary share, and a special dividend of S\$0.010 per ordinary share. In total, the dividend declared for FY2023 amounted to S\$0.025 per ordinary share.

## CORPORATE Governance Report

### **Engagement with Shareholders**

***Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.***

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.

The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company.

Material information is communicated to shareholders in a timely manner through:

- (a) announcements of full year and half year 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 on SGXNet and the Company's corporate website;
- (d) press releases on major developments of the Group; and
- (e) the Company's website at [www.ChinaSunsine.com](http://www.ChinaSunsine.com) at which shareholders can access information on the Group.

The Company has an investor relations policy which provides for a mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions. The Company has an investor relations ("IR") manager who communicates with its shareholders, analysts and potential investors regularly and attends to their queries. Together with the CFO, the IR manager also manages the dissemination of corporate information to the public as well as institutional investors, and promotes relations with and act as liaison for such parties. The contact details of the CFO and IR manager are provided in the Company's website and in its press releases.

The Board establishes and maintains regular dialogue with its shareholders through analyst briefings and at general meetings. The AGM of the Company is the principal forum for dialogue and interaction with all shareholders. During FY2023, the Company held half-yearly briefings for shareholders via electronic means on its financial results after each release of its results announcement, and it was noted that many shareholders participated in these briefings.

## **(E) MANAGING STAKEHOLDER RELATIONSHIPS**

### **Engagement with Stakeholders**

***Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.***

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Group's key focus areas during FY2023 are ensuring sales and production equilibrium, ensuring environment friendly and safe production, ensuring the expansion projects were carried out smoothly and within the targeted timeline, enhancing customer satisfaction and employees' well-being, and contributing to community development.

## CORPORATE Governance Report

The Group engages and manages its relationship with the key stakeholders through various means. Full details of the Group's strategy, areas of focus, methods of engagement can be found in the Company's Sustainability Report 2023.

In line with SGX's implementation of the Task Force on Climate-related Financial Disclosures framework, all Directors have attended sustainability training through courses certified by the SGX.

The Company maintains and updates its corporate website regularly with various information on the Group and the Company which serves as an important resource for investors and all stakeholders. The CFO and IR manager are the contact persons with whom the stakeholders may directly communicate, and their contact details are provided in the Company's corporate website and in its press releases.

### (F) OTHER CORPORATE GOVERNANCE MATTERS

#### **Dealings in Securities**

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

The Group and its officers and employees are prohibited from trading in the Company's securities, during the period beginning (a) two weeks prior to the announcement of the interim business updates of the first and third quarters of the financial year, and (b) one month before the date of the announcement of the full year or half year results and ending on the date of such announcements ("**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.

#### **Interested Person Transactions**

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions ("**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. On a quarterly basis, Management reports findings of IPTs, if any, during AC meetings.

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

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

There were no IPTs of aggregate value exceeding S\$100,000 conducted during FY2023.

#### **Material Contracts**

Pursuant to Rule 1207(8) of the Listing Manual, save for the Service Agreements entered into with the executive directors, 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 each director or controlling shareholder, which are either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

## CORPORATE Governance Report

## PARTICULARS OF DIRECTORS

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 (five years) Directorship in other Listed Companies & Other Principal Commitments
Xu Cheng Qiu	80	Executive Chairman	11 October 2006	29 April 2022	None	None
Xu Jun	53	Executive Director	18 May 2007	29 April 2022	None	None
Liu De Ming	52	Executive Director	30 April 2021	29 April 2022	None	None
Tong Yiping	45	Executive Director	30 March 2023	27 April 2023	None	None
Lim Heng Chong Benny	53	Lead Independent Director	18 May 2007	27 April 2023	<u>Directorship in other Listed Companies</u> - Alliance Healthcare Group Limited  <u>Other Principal Commitments</u> - Chris Chong & C T Ho LLP	None
Xu Chun Hua	81	Independent Director	18 May 2007	27 April 2023	<u>Other Principal Commitments</u> - China Rubber Industry Association Rubber Chemical Commission	None
Koh Choon Kong	53	Independent Director	15 November 2009	27 April 2023	<u>Other Principal Commitments</u> - Summit Power International Limited	None
Yan Tang Feng	54	Independent Director	26 September 2019	29 April 2022	<u>Other Principal Commitments</u> - Sinolion Holdings Pte. Ltd.	None
Liang Cheng	55	Independent Director	30 March 2023	27 April 2023	<u>Other Principal Commitments</u> - Jiangsu Chemical Industry Association Technical Committee	<u>Other Principal Commitments</u> - Director of the Department of Science and Technology Development of Sinopec Nanjing Chemical Industries Co., Ltd.

## DIRECTORS' Statement

For the financial year ended 31 December 2023

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 63 to 110 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### Directors

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

Xu Chengqiu  
 Xu Jun  
 Liu Deming  
 Lim Heng Chong Benny  
 Xu Chunhua  
 Koh Choon Kong  
 Yan Tangfeng  
 Liang Cheng (appointed on 30 March 2023)  
 Tong Yiping (appointed on 30 March 2023)

### 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		Holdings in which a director is deemed to have an interest	
	At 31.12.2023	At 1.1.2023 or date of appointment, whichever is later	At 31.12.2023	At 1.1.2023 or date of appointment, whichever is later
<b>China Sunsine Chemical Holdings Ltd.</b>				
(No. of ordinary shares)				
Xu Chengqiu <sup>(a),(b)</sup>	-	-	<b>593,023,100</b>	593,023,100
Tong Yiping <sup>(c)</sup>	-	-	<b>120,000</b>	40,000
Lim Heng Chong Benny	<b>200,000</b>	200,000	-	-
Koh Choon Kong <sup>(d)</sup>	-	-	<b>8,492,000</b>	8,452,000
Yan Tangfeng <sup>(e)</sup>	-	-	<b>1,692,000</b>	1,692,000

## DIRECTORS' Statement

For the financial year ended 31 December 2023

### Directors' interests in shares or debentures (continued)

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2023	At 1.1.2023	At 31.12.2023	At 1.1.2023
<b>Immediate and Ultimate Holding Corporation - Success More Group Ltd</b>				
<u>(No. of ordinary shares)</u>				
Xu Chengqiu <sup>(a)</sup>	<b>7,427</b>	7,427	-	-
Xu Jun	<b>812</b>	812	-	-

<sup>(a)</sup> Xu Chengqiu owns 74.27% of the issued share capital of Success More Group Ltd which owns 587,285,100 shares in the Company, and as such, by virtue of Section 7 of the Companies Act 1967 of Singapore, is deemed to have an interest in the Company and its subsidiary corporations.

<sup>(b)</sup> 5,738,000 shares in the deemed interests of Xu Chengqiu arises from shares held by the nominee, UOB Kay Hian Pte. Ltd.

<sup>(c)</sup> 120,000 shares in the deemed interests of Tong Yiping arises from shares held by the nominee, Maybank Securities Pte Ltd.

<sup>(d)</sup> The deemed interests of Koh Choon Kong arises from 6,592,000 shares held by the nominee, DBS Nominee (Private) Limited, and 1,900,000 shares held by the nominee, Maybank Securities Pte Ltd.

<sup>(e)</sup> The deemed interests of Yan Tangfeng arises from 1,692,000 shares held by the nominee, DBS Nominee (Private) Limited.

The directors' interests in the ordinary shares of the Company as at 21 January 2024 were the same as those as at 31 December 2023.

### Share options

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

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

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

## DIRECTORS' Statement

For the financial year ended 31 December 2023

### Audit committee

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

Koh Choon Kong (Chairman)  
Xu Chunhua  
Yan Tangfeng

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 Companies Act 1967 of Singapore. In performing those functions, the Audit Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan and audit findings of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the statement of financial position of the Company as at 31 December 2023 and the consolidated financial statements of the Group for the financial year ended 31 December 2023 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board of Directors that the independent auditor, CLA Global TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

### Independent auditor

The independent auditor, CLA Global TS Public Accounting Corporation, has expressed its willingness to accept reappointment.

On behalf of the Board of Directors

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Xu Chengqiu  
Director

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Xu Jun  
Director

# INDEPENDENT Auditor's Report

To the Members of China Sunsine Chemical Holdings Ltd.

## Report on the Audit of the Financial Statements

### *Our opinion*

We have audited the accompanying consolidated financial statements of China Sunsine Chemical Holdings Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including material accounting policies information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 of Singapore (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### *Basis for Opinion*

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

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **Revenue recognition**

Refer to Note 2.2 and Note 4 to the financial statements.

### **Area of focus**

The Group derives revenue primarily from sales of rubber chemicals which are recognised at a point in time, i.e. when the control of the products has been transferred to the customers, being when the products are delivered to the customer and are accepted by the customer. For export sales, revenue are recognised at a point in time when the products are loaded on board, based on the incoterms, namely free on board ("FOB") and cost, insurance and freight ("CIF"). The Group's other revenue includes provision of heating power, waste treatment and hospitality income which are also recognised at a point in time when the services or the goods are consumed by or delivered to the customer. During the financial year ended 31 December 2023, the Group recognised total revenue of RMB3,490,465,000.

# INDEPENDENT Auditor's Report

To the Members of China Sunsine Chemical Holdings Ltd.

*Key Audit Matters* (continued)

## **Revenue recognition** (continued)

Refer to Note 2.2 and Note 4 to the financial statements.

## **Area of focus** (continued)

We focus on this area as a key audit matter as there is presumed fraud risk with regards to revenue recognition and revenue being one of the key performance indicators of the Group, represents the most significant item on the Group's financial statements. The potential existence of management override controls and large volume of transactions also increase the inherent risk of material misstatement in the amount of revenue reported.

## **How our audit addressed the area of focus**

In obtaining sufficient audit evidence, the following procedures have been performed:

- Reviewed and assessed that the Group's revenue recognition policies are in accordance with SFRS(I) 15 *Revenue from Contracts with Customers* and have been consistently applied within the Group;
- Evaluated the design and implementation of internal controls relating to revenue and receivables and tested the operating effectiveness;
- Performed analytical procedures to identify unusual fluctuations or trends and areas where there is a higher risk of misstatement;
- Performed substantive test of details of revenue transactions throughout the financial year on a sampling basis through verification of supporting documents;
- Performed cut-off test to ascertain that sales have been properly taken up in the correct financial year;
- Reviewed credit notes issued subsequent to the end of the financial year and ascertained that revenue is adjusted accordingly, if any; and
- Reviewed management journal entries to detect any unusual transactions in relation to revenue for evidence of fraud.

## **Expected credit loss ("ECL") allowance on trade receivables**

Refer to Note 2.9(b), Note 3, Note 11 and Note 25(b) to the financial statements.

## **Area of focus**

As at 31 December 2023, the Group has trade receivables from non-related parties of RMB712,066,000, net of loss allowance of RMB7,432,000. These trade receivables represent approximately 16% of the Group's total assets.

In accordance with SFRS(I) 9 *Financial Instruments*, the Group is required to recognise a loss allowance for ECL on financial assets that are measured at amortised cost. For trade receivables, the Group uses a provision matrix to measure the lifetime ECL allowance and trade receivables are grouped based on shared credit risk characteristics and days past due for the purpose of the ECL assessment. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjustments are made to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

## INDEPENDENT Auditor's Report

To the Members of China Sunsine Chemical Holdings Ltd.

*Key Audit Matters* (continued)

### **Expected credit loss ("ECL") allowance on trade receivables** (continued)

Refer to Note 2.9(b), Note 3, Note 11 and Note 25(b) to the financial statements.

### **Area of focus** (continued)

The assessment of ECL allowance on trade receivables is considered to be a key audit matter because of the significant judgements applied, subjective assumptions used by management and the related estimation uncertainty involved in determining the adequacy of the loss allowance provided.

The significance of this is further elevated by the current overall economic outlook in the People's Republic of China and in the countries where the Group's customers operate, which could increase the risk of default of the Group's customers.

### **How our audit addressed the area of focus**

In obtaining sufficient audit evidence, the following procedures have been performed:

- Obtained an understanding and evaluated the Group's processes and ECL assessment for trade receivables;
- Evaluated management's assumptions and inputs used in the computation of expected credit loss and assessed the reasonableness of management's assumptions used by considering the Group's historical credit loss experience, ageing analysis of outstanding receivables and the forward-looking adjustments established based on their assessment of future market conditions;
- Verified the mathematical accuracy of the credit loss allowance of trade receivables and assessed the reasonableness of the credit loss rates for the respective aging brackets of trade receivables, in assessing the adequacy of impairment required;
- Requested for confirmations and checked for evidence of receipts subsequent to the financial year end for selected significant debtors and discussed with management the status of long overdue trade receivables balances and their consideration of debtors' specific profiles and risks;
- Reviewed the aging analysis of trade receivables and tested the accuracy of aging report; and
- Reviewed and considered the adequacy of disclosures made in the financial statements in respect of the credit risk of trade receivables.

### *Other Information*

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

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

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

# INDEPENDENT Auditor's Report

To the Members of China Sunshin Chemical Holdings Ltd.

## *Responsibilities of Management and Directors for the Financial Statements*

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

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

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

## *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## INDEPENDENT Auditor's Report

To the Members of China Sunsine Chemical Holdings Ltd.

### *Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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

The engagement director on the audit resulting in this independent auditor's report is Meriana Ang Mei Ling.

**CLA Global TS Public Accounting Corporation  
Public Accountants and Chartered Accountants**

**Singapore  
28 March 2024**

# CONSOLIDATED STATEMENT OF Comprehensive Income

For the financial year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Revenue	4	3,490,465	3,825,061
Cost of sales		(2,691,547)	(2,661,130)
Gross profit		798,918	1,163,931
Other income - net			
- Interest	7	36,021	16,152
- Others	7	30,819	40,130
Other (losses)/gains - net			
- (Loss allowance)/reversal of loss allowance on trade receivables	25(b)	(575)	3,581
- Currency exchange gains - net		17,427	27,690
Expenses			
- Distribution and marketing		(102,740)	(104,289)
- Administrative		(207,279)	(271,010)
- Research and development		(119,362)	(142,413)
Profit before income tax		453,229	733,772
Income tax expense	8(a)	(80,764)	(91,328)
<b>Net profit</b>		<b>372,465</b>	<b>642,444</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation gains arising from consolidation	21(b)(v)	2,367	2,500
Other comprehensive income, net of tax		2,367	2,500
<b>Total comprehensive income</b>		<b>374,832</b>	<b>644,944</b>
<b>Net profit attributable to:</b>			
Equity holders of the Company		372,465	642,444
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		374,832	644,944
<b>Earnings per share for net profit attributable to equity holders of the Company (RMB cents per share)</b>			
Basic and diluted earnings per share	9	38.67	66.29

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

# STATEMENTS OF Financial Position

As at 31 December 2023

	Note	Group		Company	
		2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	10	<b>1,687,916</b>	1,364,911	<b>17,000</b>	7,463
Trade and other receivables	11	<b>1,265,269</b>	1,382,057	<b>191,675</b>	210,712
Inventories	12	<b>341,289</b>	402,827	-	-
		<b>3,294,474</b>	3,149,795	<b>208,675</b>	218,175
Assets held-for-sale	13	<b>20,343</b>	-	-	-
		<b>3,314,817</b>	3,149,795	<b>208,675</b>	218,175
<b>Non-current assets</b>					
Investments in subsidiary corporations	14	-	-	<b>350,010</b>	350,010
Property, plant and equipment	15	<b>863,750</b>	861,651	<b>341</b>	-
Intangible assets	16	<b>207,247</b>	213,038	-	-
		<b>1,070,997</b>	1,074,689	<b>350,351</b>	350,010
<b>Total assets</b>		<b>4,385,814</b>	4,224,484	<b>559,026</b>	568,185
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	18	<b>359,149</b>	379,893	<b>13,980</b>	39,669
Deferred grants	19	<b>5,280</b>	5,658	-	-
Current income tax liabilities	8(b)	<b>94,829</b>	147,107	<b>4,632</b>	4,434
		<b>459,258</b>	532,658	<b>18,612</b>	44,103
<b>Total liabilities</b>		<b>459,258</b>	532,658	<b>18,612</b>	44,103
<b>NET ASSETS</b>		<b>3,926,556</b>	3,691,826	<b>540,414</b>	524,082
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	20(a)	<b>313,471</b>	313,471	<b>313,471</b>	313,471
Treasury shares	20(b)	<b>(54,526)</b>	(40,790)	<b>(54,526)</b>	(40,790)
Other reserves	21	<b>811,944</b>	735,165	<b>53,435</b>	51,068
Retained profits	22	<b>2,855,667</b>	2,683,980	<b>228,034</b>	200,333
<b>Total equity</b>		<b>3,926,556</b>	3,691,826	<b>540,414</b>	524,082

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

# CONSOLIDATED STATEMENT OF Changes in Equity

For the financial year ended 31 December 2023

Note	Share capital RMB'000	Treasury shares RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Statutory common reserve RMB'000	Voluntary common reserve RMB'000	Currency translation reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
<b>2023</b>									
<b>Beginning of financial year</b>	313,471	(40,790)	305	54,627	342,054	342,053	(3,874)	2,683,980	3,691,826
Total comprehensive income for the financial year	-	-	-	-	-	-	2,367	372,465	374,832
Transfer to statutory and voluntary reserves	-	-	-	-	37,206	37,206	-	(74,412)	-
Purchase of treasury shares	-	(13,736)	-	-	-	-	-	-	(13,736)
Dividends paid	-	-	-	-	-	-	-	(126,366)	(126,366)
<b>End of financial year</b>	<b>313,471</b>	<b>(54,526)</b>	<b>305</b>	<b>54,627</b>	<b>379,260</b>	<b>379,259</b>	<b>(1,507)</b>	<b>2,855,667</b>	<b>3,926,556</b>
<b>2022</b>									
<b>Beginning of financial year</b>	313,471	(30,155)	305	54,627	298,831	298,830	(6,374)	2,246,615	3,176,150
Total comprehensive income for the financial year	-	-	-	-	-	-	2,500	642,444	644,944
Transfer to statutory and voluntary reserves	-	-	-	-	43,223	43,223	-	(86,446)	-
Purchase of treasury shares	-	(10,635)	-	-	-	-	-	-	(10,635)
Dividends paid	-	-	-	-	-	-	-	(118,633)	(118,633)
<b>End of financial year</b>	<b>313,471</b>	<b>(40,790)</b>	<b>305</b>	<b>54,627</b>	<b>342,054</b>	<b>342,053</b>	<b>(3,874)</b>	<b>2,683,980</b>	<b>3,691,826</b>

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

## CONSOLIDATED STATEMENT OF Cash Flows

For the financial year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
<b>Cash flows from operating activities</b>			
Net profit		372,465	642,444
Adjustments for:			
- Income tax expense	8(a)	80,764	91,328
- Amortisation and depreciation	5	150,737	163,309
- Written off of property, plant and equipment	5	6,107	3,035
- Gain on disposal of property, plant and equipment	5	-	(75)
- Interest income	7	(36,021)	(16,152)
- Loss allowance/(reversal of loss allowance) on trade receivables	25(b)	575	(3,581)
- Unrealised currency exchange gains		(4,625)	(47,178)
		<b>570,002</b>	<b>833,130</b>
<b>Changes in working capital</b>			
- Inventories		61,538	(45,506)
- Trade and other receivables		116,213	(273,606)
- Trade and other payables		(20,744)	(244,531)
- Deferred grants		(378)	(7,735)
Cash generated from operations		<b>726,631</b>	<b>261,752</b>
Income tax paid	8(b)	(133,208)	(54,261)
<b>Net cash generated from operating activities</b>		<b>593,423</b>	<b>207,491</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	15	(171,204)	(86,461)
Additions to intangible assets	16	(2,723)	(72,062)
Disposal of property, plant and equipment		432	1,448
Interest received		36,021	16,152
<b>Net cash used in investing activities</b>		<b>(137,474)</b>	<b>(140,923)</b>
<b>Cash flows from financing activities</b>			
(Increase)/decrease in bank deposits pledged		(973)	7,675
Purchase of treasury shares	20(b)	(13,736)	(10,635)
Dividends paid to equity holders of the Company	23	(126,366)	(118,633)
<b>Net cash used in financing activities</b>		<b>(141,075)</b>	<b>(121,593)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>314,874</b>	<b>(55,025)</b>
<b>Cash and cash equivalents</b>			
Beginning of financial year		1,364,284	1,368,991
Effects of currency translation on cash and cash equivalents		7,158	50,318
<b>End of financial year</b>	10	<b>1,686,316</b>	<b>1,364,284</b>

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

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

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

## 1 General information

China Sunsine Chemical Holdings Ltd. (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The registered office and the principal place of business is located at 16 Raffles Quay #15-08 Hong Leong Building, Singapore 048581.

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

The principal activity of the Company is investment holding. The principal activities of its subsidiary corporations are set out in Note 14 to the financial statements.

## 2 Material accounting policies

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the material 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 SFRS(I)s requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

On 1 January 2023, the Group has adopted the new or amended SFRS(I)s and Interpretations of SFRS(I) ("INT SFRS(I)") 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 SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I)s and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

### 2.2 Revenue

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

Revenue from sales of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 2 Material accounting policies (continued)

### 2.2 Revenue (continued)

#### (a) Sales of rubber chemicals

Local sales revenue are recognised at a point in time when the products are delivered to the customer and are accepted by the customer.

Export sales revenue are recognised at a point in time when the products are loaded on board, based on the incoterms, namely free on board ("FOB") and cost, insurance and freight ("CIF").

#### (b) Provision of heating power

Revenue is recognised at a point in time when the steam has been supplied and utilised by the customer. The consumption of steam is measured by meters installed.

#### (c) Waste treatment

Revenue is recognised at a point in time when the chemical waste has been treated.

#### (d) Hospitality income

Revenue is recognised at a point in time when goods and services has been delivered and consumed by the customer.

#### (e) Interest income

Interest income is recognised using the effective interest rate method.

#### (f) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

### 2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

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

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 2 Material accounting policies (continued)

### 2.4 Group accounting

#### *Subsidiary corporations*

##### *(a) Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

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

##### *(b) Acquisitions*

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

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 2 Material accounting policies (continued)

### 2.4 Group accounting (continued)

#### Subsidiary corporations (continued)

##### (b) Acquisitions (continued)

Acquisitions of entities under common control have been accounted for using the pooling-of-interest method. Under this method:

- The consolidated financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control;
- The assets and liabilities are brought into the consolidated financial statements at their existing carrying amounts from the perspective of the controlling party;
- The consolidated statement of comprehensive income includes the results of the acquired entities since the earliest date the entities are under common control;
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration; and
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged entity is taken to merger reserve.

##### (c) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific SFRS(I).

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 2 Material accounting policies (continued)

### 2.5 Property, plant and equipment

#### (a) Measurement

##### (i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

##### (ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Grants received or receivable for the acquisition of property, plant and equipment are deducted from the cost of the asset.

#### (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:

	<u>Useful lives</u>
Plant and machinery	10 years
Buildings	12 to 20 years
Motor vehicles	5 to 8 years
Office equipment	5 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

#### (c) Subsequent expenditure

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

#### (d) Disposal

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

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 2 Material accounting policies (continued)

### 2.6 Intangible assets

#### Land use rights

Land use rights are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 35 years and 50 years respectively, which is the shorter of their estimated useful lives and periods of contractual rights.

### 2.7 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.8 Impairment of non-financial assets

#### *Property, plant and equipment*

#### *Intangible assets*

#### *Investments in subsidiary corporations*

Property, plant and equipment, intangible assets and investments in subsidiary corporations are tested for impairment annually for 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.

For an asset, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 2 Material accounting policies (continued)

### 2.9 Financial assets

#### (a) Classification and measurement

The Group classifies its financial assets at amortised cost. The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

#### At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial assets.

#### At subsequent measurement

##### *Debt instruments*

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest rate method.

#### (b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 25(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### (c) 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 debt instrument, 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.

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 2 Material accounting policies (continued)

### 2.10 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.11 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 Leases

*When the Group is the lessee:*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

#### Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

### 2.13 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the 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). 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.

### 2.14 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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 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.

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 2 Material accounting policies (continued)

### 2.14 Income taxes (continued)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

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

The Group accounts for investment tax credits 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.

### 2.15 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### (a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

#### (b) Defined contribution plans – retirement benefits

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

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 2 Material accounting policies (continued)

### 2.15 Employee compensation (continued)

#### (c) Bonus plan

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration net profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

### 2.16 Currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The Company's functional currency is Singapore Dollar ("SGD"). The financial statements are presented in Chinese Renminbi ("RMB") as the functional currency of the Group's operating subsidiary corporations is Chinese Renminbi.

#### (b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Monetary items include primarily financial assets and financial liabilities.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented within "Other (losses)/gains - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

#### (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 with loss of control of the foreign operation.

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 2 Material accounting policies (continued)

### 2.17 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.

### 2.18 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

### 2.19 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, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

### 2.20 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

### 2.21 Assets held-for-sale

Assets which were previously classified as property, plant and equipment and intangible assets are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 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.

### **Expected credit loss allowance on trade receivables**

Expected credit losses (ECL) on trade receivables are probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward-looking information, including significant changes in external market indicators which involved significant estimates and judgements.

In determining the ECL of trade receivables, the Group has used four years of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the default rate to reflect the current and forward-looking information. At the end of each financial year, historical default rates are updated and changes in the forward-looking estimates are analysed.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately.

As at 31 December 2023, the Group's gross trade receivables amounted to RMB719,498,000 (2022: RMB726,276,000) which arose from the Group's different revenue segments - sales of rubber chemicals, provision of heating power and waste treatment. The loss allowance provided for trade receivables as at 31 December 2023 amounted to RMB7,432,000 (2022: RMB6,857,000).

The carrying amounts of the Group's trade receivables at the end of each financial year are disclosed in Note 11.

The Group's credit risk exposure for trade receivables are set out in Note 25(b).

### ***Impairment of property, plant and equipment and intangible assets***

Property, plant and equipment and intangible assets are tested for impairment annually for any objective evidence or indication that these assets may be impaired.

During the financial year, the Group carried out impairment test for certain property, plant and equipment and intangible assets due to presence of impairment indicators. Based on the impairment assessment, there is no impairment loss required for the financial years ended 31 December 2023 and 2022 respectively as disclosed in Note 15 and 16.

The recoverable amount of the property, plant and equipment and intangible asset with impairment indicators were derived based on fair value less cost to sell as determined by an independent external valuer. For the purpose of impairment assessment, the fair value of property, plant and equipment is determined using depreciation replacement cost, taking into consideration economic useful life and physical/functional deterioration and applying adjustment of 40% and 60% (2022: 40% and 60%) respectively and the fair value of intangible asset is determined using cost approach which relies on the sum of various expenses incurred in acquiring and developing land, plus the profit expected from basic cost investments to determine land prices (2022: market approach, which is the comparison of similar nature such as location, approved usage and useful life, adjusted using the coefficient approach). Actual results may ultimately differ from the estimates and key assumptions utilised in the calculations. Accordingly, there may be adjustments to the carrying amounts of the respective assets.

The carrying amounts of the Group's property, plant and equipment and intangible assets as at 31 December 2023 amounted to RMB863,750,000 (2022: RMB861,651,000) and RMB207,247,000 (2022: RMB213,038,000) respectively.

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 4 Revenue

#### (a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time for the following operating segments and geographical regions. Revenue is attributed to countries by location of customers.

	Group	
	2023	2022
	RMB'000	RMB'000
Sales of rubber chemicals		
- People's Republic of China	2,052,495	2,290,872
- Rest of Asia	996,386	1,070,572
- America	75,931	88,198
- Europe	199,642	282,670
- Others	118,578	34,947
	<u>3,443,032</u>	<u>3,767,259</u>
Provision of heating power		
- People's Republic of China	17,938	21,360
Waste treatment		
- People's Republic of China	29,495	35,246
Hospitality income		
- People's Republic of China	-	1,196
Total	<u>3,490,465</u>	<u>3,825,061</u>

#### (b) Contract liabilities

	Group		
	31 December	1 January	
	2023	2022	2022
	RMB'000	RMB'000	RMB'000
Waste treatment (Note 18)	<u>33,679</u>	30,576	29,745

Contract liabilities relates to considerations from customers for the unsatisfied obligation in providing treatment of waste services. Revenue will be recognised when the waste treatment service is provided to the customers.

#### (c) Revenue recognised in relation to contract liabilities

	Group	
	2023	2022
	RMB'000	RMB'000
Revenue recognised in current period that was included in contract liabilities balance at the beginning of the financial year	<u>30,576</u>	29,745

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 4 Revenue (continued)

#### (d) Unsatisfied performance obligations

Management expects that the transaction price allocated to unsatisfied performance obligations as at 31 December 2023 and 2022 may be recognised as revenue in the next financial year.

### 5 Expenses by nature

	Group	
	2023 RMB'000	2022 RMB'000
Purchases of inventories	2,039,680	2,095,661
Amortisation of intangible assets (Note 16)	5,279	3,668
Depreciation of property, plant and equipment (Note 15)	145,458	159,641
Total amortisation and depreciation	150,737	163,309
Directors' fees	1,105	879
Employee compensation (Note 6)	256,848	306,413
Auditor's remuneration paid/payable to:		
- Auditor of the Company	1,325	1,178
- Other auditors	181	127
Total audit fees	1,506	1,305
Freight charges	56,491	54,693
Port charges	21,058	19,621
Research expense (excluding salaries and depreciation)	94,153	117,349
Utilities	333,810	353,446
Written off of property, plant and equipment	6,107	3,035
Gain on disposal of property, plant and equipment	-	(75)
Lease expense – Short-term leases (Note 17(a))	380	293
Other expenses	97,515	108,418
Changes in inventories	61,538	(45,505)
Total cost of sales, distribution and marketing, administrative and research and development expenses	3,120,928	3,178,842

### 6 Employee compensation

	Group	
	2023 RMB'000	2022 RMB'000
Wages and salaries	226,139	273,422
Employer's contribution to defined contribution plans including Central Provident Fund	30,709	32,991
	256,848	306,413

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 7 Other income - net

	Group	
	2023 RMB'000	2022 RMB'000
Interest income on financial assets measured at amortised cost - bank deposits	<b>36,021</b>	16,152
Gain on sales of scrap materials	<b>19,048</b>	27,418
Deferred grants income (Note 19)	<b>8,455</b>	13,042
Government grants – Jobs Growth Incentive (“JGI”) <sup>(1)</sup>	<b>26</b>	149
Others	<b>3,290</b>	(479)
	<b>30,819</b>	40,130
	<b>66,840</b>	56,282

<sup>(1)</sup> The JGI is a temporary scheme introduced in the Singapore Budget 2022 to help enterprises retain local employees and to increase their overall Singaporean workforce. Under the JGI, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

### 8 Income taxes

#### (a) Income tax expense

	Group	
	2023 RMB'000	2022 RMB'000
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
Current income tax		
- Singapore	<b>10,215</b>	1,918
- Foreign – The People’s Republic of China	<b>70,549</b>	125,534
	<b>80,764</b>	127,452
(Over)/under provision of current income tax in prior financial years:		
- Foreign – The People’s Republic of China	-	(36,124)
	<b>80,764</b>	91,328

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 8 Income taxes (continued)

#### (a) Income tax expense (continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of the principal place of operation of the Group as follows:

	Group	
	2023 RMB'000	2022 RMB'000
Profit before income tax	<b>453,229</b>	733,772
Tax calculated at tax rate of 25% (2022: 25%)	<b>113,307</b>	183,443
Effects of:		
- different tax rates for HNTE concessionary rate <sup>(1)</sup>	<b>(38,171)</b>	(71,041)
- income not subject to tax	<b>(8,919)</b>	(540)
- expenses not deductible for tax purposes	<b>453</b>	2,810
- withholding tax on foreign dividend income	<b>10,215</b>	1,918
- deferred income tax assets not recognised	<b>3,929</b>	10,541
- (over)/under provision of tax in prior financial years	-	(36,124)
- others	<b>(50)</b>	321
Tax charge	<b>80,764</b>	91,328

<sup>(1)</sup> One of the subsidiary corporations of the Group has obtained the approval of High and New-Technology Enterprise ("HNTE") status certificate in May 2022, effective for a 3-year period with effect from 1 January 2021. Under the HNTE programme, the subsidiary corporation qualified for a preferential corporate income tax rate of 15% instead of the headline corporate income tax rate of 25%.

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 RMB270,303,000 (2022: RMB254,586,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by the Company. The tax losses have no expiry date.

Deferred income tax liabilities of approximately RMB131,382,000 (2022: RMB124,182,000) have not been recognised for withholding taxes that would be payable on unremitted earnings of the Group's subsidiary corporations (established in People's Republic of China) as the Group is in a position to control the timing of the remittance of earning and it is not probable that these subsidiary corporations will distribute such earnings in the foreseeable future.

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 8 Income taxes (continued)

(b) *Movements in current income tax liabilities*

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Beginning of financial year	<b>147,107</b>	109,401	<b>4,434</b>	11,007
Currency translation differences	<b>166</b>	640	<b>166</b>	640
Income tax paid	<b>(133,208)</b>	(54,261)	<b>(10,183)</b>	(9,131)
Tax expense	<b>80,764</b>	127,451	<b>10,215</b>	1,918
(Over)/under provision in prior financial years	-	(36,124)	-	-
End of financial year	<b>94,829</b>	147,107	<b>4,632</b>	4,434

### 9 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.

	2023	2022
Net profit attributable to equity holders of the Company (RMB'000)	<b>372,465</b>	642,444
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	<b>963,197</b>	969,181
Basic and diluted earnings per share (RMB cents)	<b>38.67</b>	66.29

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

### 10 Cash and cash equivalents

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Cash at bank and on hand	<b>450,392</b>	440,621	<b>17,000</b>	7,463
Short-term bank deposits	<b>1,237,524</b>	924,290	-	-
	<b>1,687,916</b>	1,364,911	<b>17,000</b>	7,463

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 10 Cash and cash equivalents (continued)

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

	Group	
	2023 RMB'000	2022 RMB'000
Cash and cash equivalents (as above)	1,687,916	1,364,911
Less: Bank deposits pledged	(1,600)	(627)
Cash and cash equivalents per consolidated statement of cash flows	<u>1,686,316</u>	<u>1,364,284</u>

Bank deposits pledged are in relation to the security granted for the issuance of letters of credit.

### 11 Trade and other receivables

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Notes receivables	438,569	530,211	-	-
Trade receivables				
- Non-related parties	719,498	726,276	-	-
Less: Loss allowance (Note 25(b))	(7,432)	(6,857)	-	-
Trade receivables - net	<u>712,066</u>	<u>719,419</u>	-	-
Non-trade receivables				
- Subsidiary corporations	-	-	191,549	210,510
- Non-related parties	20,712	46,943	26	38
	<u>20,712</u>	<u>46,943</u>	<u>191,575</u>	<u>210,548</u>
Advances to suppliers	87,338	80,454	-	-
Deposits	2,719	1,522	100	164
Prepayments	3,865	3,508	-	-
	<u>1,265,269</u>	<u>1,382,057</u>	<u>191,675</u>	<u>210,712</u>

The non-trade receivables from subsidiary corporations are unsecured, interest-free and are repayable on demand. As at 31 December 2023, the non-trade receivables from subsidiary corporations included dividends receivables of RMB180,000,000 (2022: RMB200,000,000).

### 12 Inventories

	Group	
	2023 RMB'000	2022 RMB'000
Raw materials	156,051	178,855
Finished/trading goods	185,238	223,972
	<u>341,289</u>	<u>402,827</u>

The cost of inventories recognised as an expense and included in "cost of sales" amounted to RMB2,101,218 (2022: RMB2,050,155,000).

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 13 Assets held-for-sale

The Group's subsidiary corporation, Shandong Sheng Tao Chemical Co., Ltd ("**Shengtao**") will be eventually relocated as the Local Authority has plans to use the existing land occupied by Shengtao for other purposes as a result of redevelopment plans. As at 31 December 2023, Shengtao has ceased its operations and some of its machineries are in the process of relocating to the premises of the Group's other subsidiary corporation, Shandong Hengshun New Materials Co., Ltd. However, part of Shengtao's non-current assets, including land use rights, infrastructures, etc which cannot be relocated, have been reclassified as assets held-for-sale. The Management is in the process of negotiating with the Local Authority on the compensation issues and has assessed that no write-down is required for these assets based on the preliminary valuation determined by a government appointed valuer.

	<b>Group 2023 RMB'000</b>
Beginning of financial year	-
Reclassification from property, plant and equipment (Note 15)	
<i>Cost</i>	<b>44,808</b>
<i>Accumulated depreciation</i>	<b>(27,700)</b>
	<b>17,108</b>
Reclassification from intangible assets (Note 16)	
<i>Cost</i>	<b>4,201</b>
<i>Accumulated amortisation</i>	<b>(966)</b>
	<b>3,235</b>
End of financial year	<b>20,343</b>

Land use rights are related to the following parcels of land:

<b>Location</b>	<b>Period</b>	<b>Land area (sq m)</b>
<b>Facility 3</b>		
Zhuji County, Changjiang Road North, Chenji, Dingtao	50 years (expiring on 2 Sep 2064)	59,942
Zhuji County, Changjiang Road North, Chenji, Dingtao	NA <sup>(1)</sup>	126,725
		<b>186,667</b>

<sup>(1)</sup> The land for Facility 3 is where Shengtao's 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. Shengtao has obtained construction permission from the local authority of Dingtao County in prior financial years but has yet to receive the land use rights certificates as at the date of authorisation of these financial statements.

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 14 Investments in subsidiary corporations

	Company	
	2023 RMB'000	2022 RMB'000
<i>Equity investments at cost</i>		
Beginning and end of financial year	<b>350,010</b>	350,010

The Group had the following subsidiary corporations as at 31 December 2023 and 2022:

Name of the entity	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent and the Group	
			2023 %	2022 %
<u>Held by the Company</u>				
Shandong Sunsine Chemical Co.,Ltd <sup>(a),(b)</sup>	Manufacturing and sale of rubber chemicals, comprising rubber accelerators, anti-oxidant agents, anti-scorching agents and insoluble sulphur	People's Republic of China	<b>100</b>	100
<u>Held by Shandong Sunsine Chemical Co.,Ltd</u>				
Weifang Sunsine Chemical Co., Ltd <sup>(b),(c)</sup>	Manufacturing and sale of rubber chemicals, including rubber accelerators	People's Republic of China	<b>100</b>	100
Shandong Sheng Tao Chemical Co., Ltd <sup>(b),(c)</sup>	Manufacturing and sale of rubber chemicals, including insoluble sulphur	People's Republic of China	<b>100</b>	100
Shanxian Sunsine Hotel Management Co., Ltd <sup>(c),(d)</sup>	Hotel investment and management (dormant)	People's Republic of China	<b>100</b>	100
Shanxian Guangshun Heating Co., Ltd <sup>(b),(c)</sup>	Production and supply of heating power, including preparation and implementation of the project	People's Republic of China	<b>100</b>	100
Shandong Hengshun New Materials Co., Ltd <sup>(b),(c)</sup>	Manufacturing of chemical agent and rubber chemicals	People's Republic of China	<b>100</b>	100
Heze Yongshun Environmental Protection Technology Co., Ltd <sup>(b),(c)</sup>	Waste treatment	People's Republic of China	<b>100</b>	100

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 14 Investments in subsidiary corporations (continued)

The Group had the following subsidiary corporations as at 31 December 2023 and 2022: (continued)

Name of the entity	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent and the Group	
			2023 %	2022 %
<u>Held by Shanxian Sunshine Hotel Management Co., Ltd</u>				
Shandong Fulong Villa Co., Ltd <sup>(b),(c)</sup>	Hotel and restaurant	People's Republic of China	100	100

<sup>(a)</sup> Audited by Shan Dong He Hua United Certified Public Accountants for local statutory purposes.

<sup>(b)</sup> For the purposes of preparing the consolidated financial statements of the Group, these financial statements have been audited by Shanghai CLA Global TS Certified Public Accountants.

<sup>(c)</sup> Not required to be audited under the laws of the country of incorporation.

<sup>(d)</sup> The subsidiary corporation was dormant during the financial year.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations would not compromise the standard and effectiveness of the audit of the Group.

#### *Significant restrictions*

As at 31 December 2023, cash and short-term deposits of the Group of RMB1,670,916,000 (2022: RMB1,357,448,000) 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.

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 15 Property, plant and equipment

	Plant and machinery RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Assets under construction RMB'000	Total RMB'000
<u>Group</u>						
<b>2023</b>						
<i>Cost</i>						
Beginning of financial year	1,239,892	586,794	13,434	37,152	124,573	2,001,845
Additions	15,063	2,797	245	3,292	149,807	171,204
Disposal	(1,884)	-	(107)	(228)	-	(2,219)
Written off	(40,149)	(1,562)	(70)	(1,693)	(186)	(43,660)
Reclassification	8,277	57,730	-	380	(66,387)	-
Reclassification to assets held-for-sale (Note 13)	-	(44,808)	-	-	-	(44,808)
End of financial year	1,221,199	600,951	13,502	38,903	207,807	2,082,362
<i>Accumulated depreciation and impairment losses</i>						
Beginning of financial year	822,019	278,513	9,323	28,429	1,910	1,140,194
Depreciation charge (Note 5)	107,235	32,670	1,701	3,852	-	145,458
Disposal	(1,537)	-	(51)	(199)	-	(1,787)
Written off	(35,387)	(460)	(68)	(1,638)	-	(37,553)
Reclassification to assets held-for-sale (Note 13)	-	(27,700)	-	-	-	(27,700)
End of financial year	892,330	283,023	10,905	30,444	1,910	1,218,612
<b>Net book value</b>						
<b>End of financial year</b>	<b>328,869</b>	<b>317,928</b>	<b>2,597</b>	<b>8,459</b>	<b>205,897</b>	<b>863,750</b>

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 15 Property, plant and equipment (continued)

	Plant and machinery RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Assets under construction RMB'000	Total RMB'000
<u>Group</u>						
<b>2022</b>						
<i>Cost</i>						
Beginning of financial year	1,213,723	579,398	13,725	33,180	101,535	1,941,561
Additions	15,143	4,957	1,032	1,535	63,794	86,461
Disposal	(3,249)	-	(634)	-	-	(3,883)
Written off	(21,063)	(278)	(793)	(160)	-	(22,294)
Reclassification	35,338	2,717	104	2,597	(40,756)	-
End of financial year	1,239,892	586,794	13,434	37,152	124,573	2,001,845
<i>Accumulated depreciation and impairment losses</i>						
Beginning of financial year	722,497	245,001	9,063	23,851	1,910	1,002,322
Depreciation charge (Note 5)	119,651	33,644	1,614	4,732	-	159,641
Disposal	(1,908)	-	(602)	-	-	(2,510)
Written off	(18,221)	(132)	(752)	(154)	-	(19,259)
End of financial year	822,019	278,513	9,323	28,429	1,910	1,140,194
<b>Net book value</b>	<b>417,873</b>	<b>308,281</b>	<b>4,111</b>	<b>8,723</b>	<b>122,663</b>	<b>861,651</b>

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 15 Property, plant and equipment (continued)

As at the end of financial year, management reviewed property, plant and equipment for indication of impairment and concluded that there is no indication that the Group's property, plant and equipment would be impaired except for property, plant and equipment of a subsidiary corporation, Shandong Fulong Villa Co., Ltd and has therefore performed impairment assessment for those assets. The basis of impairment and key assumptions used for impairment assessment are disclosed in Note 3. Based on the impairment assessment, management is of the view that no additional or reversal of impairment is required for the financial years ended 31 December 2023 and 2022.

	<b>Office Equipment RMB'000</b>	<b>Renovation RMB'000</b>	<b>Total RMB'000</b>
<i>Company</i>			
<b>2023</b>			
<i>Cost</i>			
Beginning of financial year	-	-	-
Additions	386	58	444
End of financial year	386	58	444
<i>Accumulated depreciation</i>			
Beginning of financial year	-	-	-
Depreciation charge	97	6	103
End of financial year	97	6	103
<b><i>Net book value</i></b>			
<b>End of financial year</b>	<b>289</b>	<b>52</b>	<b>341</b>

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 16 Intangible assets

	Group	
	2023 RMB'000	2022 RMB'000
<u>Land use rights</u>		
<i>Cost</i>		
Beginning of financial year	234,287	162,225
Additions	2,723	72,062
Reclassification to assets held-for-sale (Note 13)	(4,201)	-
End of financial year	<u>232,809</u>	<u>234,287</u>
<i>Accumulated amortisation</i>		
Beginning of financial year	21,249	17,581
Amortisation charge (Note 5)	5,279	3,668
Reclassification to assets held-for-sale (Note 13)	(966)	-
End of financial year	<u>25,562</u>	<u>21,249</u>
<b>Net book value</b>	<u><b>207,247</b></u>	<u>213,038</u>

The amortisation charge for the financial year of RMB5,279,000 (2022: RMB3,668,000) is included in the consolidated statement of comprehensive income as part of the administrative expenses.

As at the end of financial year, management reviewed intangible assets for indication of impairment and concluded that there is no indication that the Group's intangible assets would be impaired except for intangible asset of a subsidiary corporation, Shandong Fulong Villa Co., Ltd and has therefore performed impairment assessment for this intangible asset. The basis of impairment and key assumptions used for impairment assessment are disclosed in Note 3. Based on the impairment assessment, management is of the view that no impairment is required for the financial years ended 31 December 2023 and 2022.

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 16 Intangible assets (continued)

Land use rights are related to the following parcels of land:

Location	Period	Land area (sq m)
<b>Facility 1</b>		
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 <sup>(1)</sup>	110,514
Intersection of Beiyuan Road and East Outer Ring Road, Shanxian	NA <sup>(1)</sup>	45,187
		<u>406,897</u>
<b>Facility 2</b>		
Bin Hai Economic Development Area, Weifang	50 years (expiring on 13 Mar 2061)	187,852
		<u>186,667</u>
<b>Facility 4</b>		
Economic and Technological Development Zone, Shanxian	50 years (expiring on 26 Dec 2063)	46,175
Economic and Technological Development Zone, Shanxian	NA <sup>(2)</sup>	80,492
		<u>126,667</u>
<b>Facility 5</b>		
Fulong Lake, Fugang Village, Shanxian	35 years (expiring on 7 Sep 2050)	<u>33,618</u>
<b>Facility 6</b>		
Economic and Technological Development Zone, Shanxian	50 years (expiring on 26 Dec 2063)	43,526
Economic and Technological Development Zone, Shanxian	50 years (expiring on 4 Jul 2062)	99,972
		<u>143,498</u>
<b>Facility 7</b>		
Economic and Technological Development Zone, Shanxian	50 years (expiring on 29 Jul 2071)	40,000
Economic and Technological Development Zone, Shanxian	50 years (expiring on 25 Aug 2072)	47,874
Economic and Technological Development Zone, Shanxian	50 years (expiring on 25 Aug 2072)	72,918
		<u>160,792</u>

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 16 Intangible assets (continued)

Location	Period	Land area (sq m)
<b>Facility 8</b>		
Economic and Technological Development Zone, Shanxian	50 years (expiring on 28 Jan 2070)	62,857
Economic and Technological Development Zone, Shanxian	50 years (expiring on 4 Aug 2070)	144,004
Economic and Technological Development Zone, Shanxian	50 years (expiring on 29 Jul 2071)	15,475
Economic and Technological Development Zone, Shanxian	50 years (expiring on 29 Jul 2071)	89,955
		<u>312,291</u>

<sup>(1)</sup> The land for Facility 1 is where Shandong Sunsine Chemical Co., Ltd's ("Shandong Sunsine") chemical factories are built. However, its full rights to the properties (comprising building and land) is subject to the grant of the land use rights for the land on which the buildings are erected. Shandong Sunsine has obtained construction permission from the local authority of Shanxian County in prior financial years but has yet to receive the land use rights certificates as at the date of authorisation of these financial statements.

<sup>(2)</sup> The land for Facility 4 is where Shanxian Guangshun Heating Co., Ltd's ("Guangshun") factory is built. However, its full rights to the properties (comprising building and land) is subject to the grant of the land use rights for the land on which the buildings are erected. Guangshun has obtained construction permission from the local authority of Shanxian County in prior financial years but has yet to receive the land use rights certificates as at the date of authorisation of these financial statements.

Notwithstanding the fact that the Group has not obtained the relevant legal title of the land use rights, management considers that the Group has obtained the right to use through contractual arrangement with the local government agency.

## 17 Leases – The Group as a lessee

### *Nature of the Group's leasing activities*

The Group leases office space for the purpose of back-office operations.

(a) Lease expense not capitalised in lease liabilities

	Group	
	2023 RMB'000	2022 RMB'000
Lease expense – short-term leases (Note 5)	<u>380</u>	<u>293</u>

(b) Total cash outflow for all leases was RMB380,000 (2022: RMB293,000).

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 18 Trade and other payables

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Trade payables - Non-related parties	51,125	55,143	-	-
Non-trade payables - Non-related parties	109,477	112,927	1,579	1,287
Accruals for operating expenses	164,868	181,247	12,401	38,382
Contract liabilities (Note 4b)	33,679	30,576	-	-
	<b>359,149</b>	<b>379,893</b>	<b>13,980</b>	<b>39,669</b>

### 19 Deferred grants

	Group	
	2023 RMB'000	2022 RMB'000
Beginning of financial year	5,658	13,393
Amount received from government agencies	8,077	5,307
Recognised as other income in profit or loss (Note 7)	(8,455)	(13,042)
End of financial year	<b>5,280</b>	<b>5,658</b>

In 2023 and 2022, deferred grants relate to government grant subsidies received from the government agency for the research and development activities undertaken by the Group's subsidiary corporation in the People's Republic of China for prevention of air pollution and production automation.

### 20 Share capital and treasury shares

#### (a) Share capital

	No. of ordinary shares	Amount	
		SGD'000	RMB'000
<b>Group and Company</b>			
<b>2023 and 2022</b>			
Beginning and end of financial year	<b>983,388,000</b>	<b>62,649</b>	<b>313,471</b>

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.

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 20 Share capital and treasury share (continued)

(b) *Treasury shares*

	No. of ordinary shares	← Amount →	
		SGD'000	RMB'000
<b><u>Group and Company</u></b>			
<b>2023</b>			
Beginning of financial year	17,748,400	(8,134)	(40,790)
Treasury shares purchased	6,391,100	(2,597)	(13,736)
End of financial year	<b>24,139,500</b>	<b>(10,731)</b>	<b>(54,526)</b>
<b>2022</b>			
Beginning of financial year	12,992,900	(6,017)	(30,155)
Treasury shares purchased	4,755,500	(2,117)	(10,635)
End of financial year	<b>17,748,400</b>	<b>(8,134)</b>	<b>(40,790)</b>

Treasury shares held by the Company relates to ordinary shares of the Company.

In 2023, the Company purchased 6,391,100 treasury shares in the open market. The cost of the treasury shares purchased amounted to SGD2,597,000 (equivalent to RMB13,736,000).

In 2022, the Company purchased 4,755,500 treasury shares in the open market. The cost of the treasury shares purchased amounted to SGD2,117,000 (equivalent to RMB10,635,000).

### 21 Other reserves

(a) *Composition:*

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Merger reserve	305	305	-	-
Capital reserve	54,627	54,627	54,627	54,627
Statutory common reserve	379,260	342,054	-	-
Voluntary common reserve	379,259	342,053	-	-
Currency translation reserve	(1,507)	(3,874)	(1,192)	(3,559)
	<b>811,944</b>	<b>735,165</b>	<b>53,435</b>	<b>51,068</b>

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 21 Other reserves (continued)

(b) *Movements:*

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
(i) <i>Merger reserve</i>				
Beginning and end of financial year	<b>305</b>	305	-	-
(ii) <i>Capital reserve</i>				
Beginning and end of financial year	<b>54,627</b>	54,627	<b>54,627</b>	54,627
(iii) <i>Statutory common reserve</i>				
Beginning of financial year	<b>342,054</b>	298,831	-	-
Transfer from retained profits	<b>37,206</b>	43,223	-	-
End of financial year	<b>379,260</b>	342,054	-	-
(iv) <i>Voluntary common reserve</i>				
Beginning of financial year	<b>342,053</b>	298,830	-	-
Transfer from retained profits	<b>37,206</b>	43,223	-	-
End of financial year	<b>379,259</b>	342,053	-	-
(v) <i>Currency translation reserve</i>				
Beginning of financial year	<b>(3,874)</b>	(6,374)	<b>(3,559)</b>	(6,059)
Net currency translation differences of financial statements of the Company	<b>2,367</b>	2,500	<b>2,367</b>	2,500
End of financial year	<b>(1,507)</b>	(3,874)	<b>(1,192)</b>	(3,559)

Other reserves are non-distributable.

#### ***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.

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 21 Other reserves (continued)

### *Statutory and Voluntary common reserves*

According to the Company Law of People's Republic of China ("PRC") and Articles of Association of PRC Subsidiary Corporations, the subsidiary corporations are required to provide the following statutory reserves which are appropriated from the net profit as reported in the PRC statutory financial statements:

(i) Statutory common reserve

A company is required to transfer 10% of the net profit as reported in its PRC statutory financial statements to statutory common reserve annually, except where the fund has reached 50% of the company's registered capital. This fund can be used to make up for any losses incurred or be converted into paid-up capital, provided that the fund does not fall below 25% of the registered capital.

(ii) Voluntary common reserve

In accordance with the relevant laws and regulations in the People's Republic of China, the subsidiary corporation is allowed to appropriate a minimum of 10% of the net profit reported in the statutory accounts to the voluntary common reserve which serves as staff welfare fund until the balance of such reserve reached 50% of its registered share capital.

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

## 22 Retained profits

(a) Retained profits of the Group and the Company are distributable.

(b) Movement in retained profits for the Company is as follows:

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Beginning of financial year	<b>200,333</b>	125,030
Net profit	<b>154,067</b>	193,936
Dividends paid (Note 23)	<b>(126,366)</b>	(118,633)
End of financial year	<b>228,034</b>	200,333

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 23 Dividends

	Group	
	2023 RMB'000	2022 RMB'000
<u>Ordinary dividends</u>		
Final dividends paid in respect of the previous financial year of SGD 0.01 (2022: SGD 0.01) per share	50,546	47,339
<u>Special dividends</u>		
Final dividends paid in respect of the previous financial year of SGD 0.015 (2022: SGD 0.01) per share	75,820	47,339
Interim dividends paid in respect of the current financial year of SGD Nil (2022: SGD 0.005) per share	-	23,955
Total (Note 22)	<b>126,366</b>	<b>118,633</b>

At the forthcoming Annual General Meeting on 26 April 2024, a final dividend of SGD0.015 per share and a special dividend of SGD0.01 per share, totalling to SGD23,981,000 (equivalent to approximately RMB128,950,000) will be recommended. These financial statements do not reflect these dividends, which will be accounted for in shareholder's equity as an appropriation of retained profits in the financial year ending 31 December 2023.

## 24 Commitments

### (a) Capital commitments

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

	Group	
	2023 RMB'000	2022 RMB'000
Property, plant and equipment	<b>10,624</b>	18,603

### (b) Lease commitments

As at the end of the financial year, the future minimum lease payments under short term lease in respect of the office space as follows:

	Group	
	2023 RMB'000	2022 RMB'000
Future minimum lease payments payable: Within one year	-	73

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 25 Financial risk management

### *Financial risk factors*

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board of Directors establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement.

The overall business strategies of the Group, its tolerance for risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risks.

The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) *Market risk*

(i) Currency risk

The Group operates in People's Republic of China ("PRC"). Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies"). Currency risk arises 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 the 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.

The Company's operation does not expose itself to significant currency risk as it transacts mainly in SGD.

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 25 Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	RMB RMB'000	USD RMB'000	EUR RMB'000	SGD RMB'000	Total RMB'000
<b>2023</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,134,571	522,187	14,877	16,281	1,687,916
Trade and other receivables	949,581	214,816	9,543	126	1,174,066
Receivables from inter-company	641,646	-	-	191,549	833,195
	<u>2,725,798</u>	<u>737,003</u>	<u>24,420</u>	<u>207,956</u>	<u>3,695,177</u>
<b>Financial liabilities</b>					
Trade and other payables	(311,490)	-	-	(13,980)	(325,470)
Payables to inter-company	(641,646)	-	-	(191,549)	(833,195)
	<u>(953,136)</u>	<u>-</u>	<u>-</u>	<u>(205,529)</u>	<u>(1,158,665)</u>
<b>Net financial assets</b>	<u>1,772,662</u>	<u>737,003</u>	<u>24,420</u>	<u>2,427</u>	<u>2,536,512</u>
<b>Less: Net financial liabilities denominated in the respective entities' functional currencies</b>	<u>(1,772,662)</u>	<u>-</u>	<u>-</u>	<u>(2,427)</u>	<u>(1,775,089)</u>
<b>Currency exposure of financial assets net of those denominated in the respective entities' functional currencies</b>	<u>-</u>	<u>737,003</u>	<u>24,420</u>	<u>-</u>	<u>761,423</u>

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 25 Financial risk management (continued)

(a) *Market risk* (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows: (continued)

	RMB RMB'000	USD RMB'000	EUR RMB'000	SGD RMB'000	Total RMB'000
<b>2022</b>					
<b>Financial assets</b>					
Cash and cash equivalents	965,364	386,637	6,124	6,786	1,364,911
Trade and other receivables	1,129,863	155,697	12,333	202	1,298,095
Receivables from inter-company	592,708	-	-	210,511	803,219
	<u>2,687,935</u>	<u>542,334</u>	<u>18,457</u>	<u>217,499</u>	<u>3,466,225</u>
<b>Financial liabilities</b>					
Trade and other payables	(309,648)	-	-	(39,669)	(349,317)
Payables to inter-company	(592,708)	-	-	(210,511)	(803,219)
	<u>(902,356)</u>	<u>-</u>	<u>-</u>	<u>(250,180)</u>	<u>(1,152,536)</u>
<b>Net financial assets/ (liabilities)</b>	<u>1,785,579</u>	<u>542,334</u>	<u>18,457</u>	<u>(32,681)</u>	<u>2,313,689</u>
<b>Less: Net financial (liabilities)/assets denominated in the respective entities' functional currencies</b>	<u>(1,785,579)</u>	<u>-</u>	<u>-</u>	<u>32,681</u>	<u>(1,752,898)</u>
<b>Currency exposure of financial assets net of those denominated in the respective entities' functional currencies</b>	<u>-</u>	<u>542,334</u>	<u>18,457</u>	<u>-</u>	<u>560,791</u>

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 25 Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

If the USD and EUR change against the RMB by 2% (2022: 9%) and 6% (2022: 3%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liabilities/assets that are exposed to currency risk will be as follows:

	Increase/(decrease)	
	2023	2022
	Net profit	Net profit
	RMB'000	RMB'000
USD against RMB		
- Strengthened	11,055	36,608
- Weakened	(11,055)	(36,608)
EUR against RMB		
- Strengthened	1,099	415
- Weakened	(1,099)	(415)

#### (ii) 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.

For the financial years ended 31 December 2023 and 2022, the Group is not exposed to significant cash flow and fair value interest rate risk as the Group's exposure on interest rate risk is primarily from short-term bank deposits placed.

### (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 class of financial assets of the Group is cash and cash equivalents and 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 trade receivables, 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 the directors.

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

There is no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 25 Financial risk management (continued)

#### (b) Credit risk (continued)

The credit risk for trade receivables based on the information provided to key management is as follows:

	2023 RMB'000	2022 RMB'000
<u>By geographical areas</u>		
People's Republic of China	506,139	548,996
Overseas market	205,927	170,423
	<b>712,066</b>	<b>719,419</b>

The movement in the credit loss allowance is as follows:

	2023 RMB'000	2022 RMB'000
Beginning of financial year	(6,857)	(10,438)
Movement during the financial year:		
- Allowance made	(4,258)	(8,700)
- Bad debts written off	2,040	-
- Reversal of unutilised allowance	1,643	12,281
Net amount recognised in profit or loss	(575)	3,581
End of financial year (Note 11)	<b>(7,432)</b>	<b>(6,857)</b>

For trade receivables, the Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, default in payments is at least one year overdue and/or legal enforcement action undertaken by the Group for recovery against the debtor are considered evidence that the debtor is not-performing ("non-performing receivable"). In such instances, management measured the expected credit loss of the non-performing receivable at its maximum exposure to the Group at reporting date.

Trade receivables that are other than non-performing are grouped by management based on similar credit risk characteristics and days past due; and a provision matrix was used to measure the lifetime expected credit loss. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The loss allowance rates are reviewed on a regular basis.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor significantly delay in payments, or a debtor will probably enter bankruptcy. The Group considers a financial asset as default if the counterparty fails to make contractual payments within 6 months after the invoices are issued, and writes off or impairs the financial asset. Where receivables are written off or impaired, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 25 Financial risk management (continued)

#### (b) Credit risk (continued)

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 *Financial Instruments* are set out in the provision matrix as follows:

	Aging				Total RMB'000
	1 - 3 months RMB'000	3 - 6 months RMB'000	6 months - 1 year RMB'000	More than 1 year RMB'000	
<b>2023</b>					
<i>Domestic customers</i>					
Trade receivables	399,240	60,564	48,956	4,392	513,152
Loss allowance	-	-	(2,621)	(4,392)	(7,013)
<i>Oversea customers</i>					
Trade receivables	197,013	8,914	419	-	206,346
Loss allowance	-	-	(419)	-	(419)
<b>2022</b>					
<i>Domestic customers</i>					
Trade receivables	414,736	102,669	34,459	6,382	558,246
Loss allowance	-	-	(475)	(6,382)	(6,857)
<i>Oversea customers</i>					
Trade receivables	159,619	8,411	-	-	168,030
Loss allowance	-	-	-	-	-

#### Cash and cash equivalents

The Group and the Company held cash and cash equivalents with banks of high credit ratings and considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

#### Other receivables

The Group and the Company performed an assessment of qualitative and quantitative factors which are indicative of the risk of default (including but not limited to press information and applying experienced credit judgement). Other receivables are measured on 12-month expected credit losses and subject to immaterial credit loss.

#### (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.

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents. At the reporting date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 10.

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 25 Financial risk management (continued)

#### (c) Liquidity risk (continued)

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. The Group monitors working capital projections regularly, taking into account the available banking facilities to ensure that the Group has adequate working capital to meet current requirement.

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

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
<b>Less than one year</b>				
Trade and other payables	<b>325,470</b>	349,317	<b>13,980</b>	39,669

#### (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 payments, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 December 2022 and 2023.

#### (e) Fair value measurements

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

#### (f) Financial instruments by category

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

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Financial assets at amortised cost	<b>2,861,982</b>	2,663,006	<b>208,675</b>	218,175
Financial liabilities at amortised cost	<b>325,470</b>	349,317	<b>13,980</b>	39,669

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 26 Related party transactions

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

	Group	
	2023 RMB'000	2022 RMB'000
Wages and salaries	17,276	40,940
Employer's contribution to defined contribution plans including Central Provident Fund	209	197
	<u>17,485</u>	<u>41,137</u>

Included in the above is total compensation to directors of the Company amounting to RMB15,077,000 (2022: RMB38,009,000).

### 27 Segment information

The Board of Directors ("BOD") is the Group's chief operating decision-maker. Management has determined the operating segments based on the reports reviewed by the BOD that are used to make strategic decisions, allocate resources, and assess performance. The BOD assesses the Group's performance mainly from business segment perspective.

The Group has three (2022: three) primary reportable business segments, namely (1) the manufacturing and sales of rubber chemicals, (2) the production and supply of heating power, and (3) waste treatment.

Other segments included investment holding in Singapore and hotel and restaurant operations in People's Republic of China. These are not included within the reportable operating segments as the segments do not meet the quantitative thresholds required by SFRS(I) 8 *Operating Segments* for reportable segments. The results of these operations are included in the "Others" column.

Sales between segments are carried out at agreed terms. The revenue from external parties reported to the BOD is measured in a manner consistent with that in the statement of comprehensive income.

The BOD assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA"). This measurement basis excludes the effects of expenditure from the operating segments such as 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.

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 27 Segment information (continued)

The segment information provided to the BOD for the reportable business segments are as follows:

	Rubber chemicals RMB'000	Heating Power RMB'000	Waste treatment RMB'000	Others RMB'000	Total RMB'000
<b>2023</b>					
<b>Sales</b>					
Total segment sales	4,376,138	221,290	29,762	631	4,627,821
Inter-segment sales	(933,106)	(203,352)	(267)	(631)	(1,137,356)
Sales to external parties	3,443,032	17,938	29,495	-	3,490,465
<b>Adjusted EBITDA</b>	<b>511,260</b>	<b>66,172</b>	<b>7,238</b>	<b>(16,725)</b>	<b>567,945</b>
Depreciation	(119,559)	(19,757)	(5,119)	(1,023)	(145,458)
Amortisation	(4,106)	(142)	(612)	(419)	(5,279)
<b>Segment assets</b>	<b>4,091,784</b>	<b>179,513</b>	<b>86,413</b>	<b>28,104</b>	<b>4,385,814</b>
Segment assets include:					
Additions to property, plant and equipment	169,631	3,120	(1,991)	444	171,204
Additions to intangible assets	2,723	-	-	-	2,723
<b>Segment liabilities</b>	<b>328,798</b>	<b>31,490</b>	<b>55,723</b>	<b>43,247</b>	<b>459,258</b>
<b>2022</b>					
<b>Sales</b>					
Total segment sales	4,797,857	230,007	36,012	1,782	5,065,658
Inter-segment sales	(1,030,598)	(208,647)	(766)	(586)	(1,240,597)
Sales to external parties	3,767,259	21,360	35,246	1,196	3,825,061
<b>Adjusted EBITDA</b>	<b>868,557</b>	<b>43,865</b>	<b>10,398</b>	<b>(41,891)</b>	<b>880,929</b>
Depreciation	(134,145)	(19,357)	(5,116)	(1,023)	(159,641)
Amortisation	(2,494)	(143)	(612)	(419)	(3,668)
<b>Segment assets</b>	<b>3,909,101</b>	<b>204,681</b>	<b>90,635</b>	<b>20,067</b>	<b>4,224,484</b>
Segment assets include:					
Additions to property, plant and equipment	83,843	1,944	674	-	86,461
Additions to intangible assets	72,062	-	-	-	72,062
<b>Segment liabilities</b>	<b>385,881</b>	<b>13,410</b>	<b>64,674</b>	<b>68,693</b>	<b>532,658</b>

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 27 Segment information (continued)

(a) *Reconciliations*

*Segment profits*

A reconciliation of adjusted EBITDA to profit before income tax is as follows:

	2023 RMB'000	2022 RMB'000
Adjusted EBITDA for reportable segments	<b>567,945</b>	880,929
Depreciation	<b>(145,458)</b>	(159,641)
Amortisation	<b>(5,279)</b>	(3,668)
Interest income	<b>36,021</b>	16,152
Profit before income tax	<b>453,229</b>	733,772

(b) *Geographical Segment*

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

	Revenue		Non-current assets	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
People's Republic of China	<b>2,099,928</b>	2,348,674	<b>1,070,656</b>	1,074,689
Rest of Asia	<b>996,386</b>	1,070,572	<b>341</b>	-
America	<b>75,931</b>	88,198	-	-
Europe	<b>199,642</b>	282,670	-	-
Other countries	<b>118,578</b>	34,947	-	-
	<b>3,490,465</b>	3,825,061	<b>1,070,997</b>	1,074,689

There are no customers individually contributing more than 10% to the revenue of the Group for the financial years ended 31 December 2023 and 2022.

(c) *Revenue from major services*

Revenue from external customers are derived mainly from sales of rubber chemicals, provision of heating power, waste treatment and hospitality income as disclosed in Note 4(a).

## NOTES TO the Financial Statements

For the financial year ended 31 December 2023

### 28 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 2024 and which the Group has not early adopted:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 Jan 2024
Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 Jan 2024
Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 Jan 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements	1 Jan 2024
Amendments to SFRS(I) 1-21: Lack of Exchangeability	1 Jan 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

- **Amendments to SFRS(I) 1-1 Presentation of Financial Statements:**

Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024) Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024).

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The Group does not expect any significant impact arising from applying these amendments.

# NOTES TO the Financial Statements

For the financial year ended 31 December 2023

## 28 New or revised accounting standards and interpretations (continued)

- **Amendments to SFRS(I) 1-7 Statement of Cash Flows and SFRS(I) 7 Financial Statements: Disclosures:**

Supplier finance arrangements (effective for annual periods beginning on or after 1 January 2024)

The amendments clarify the characteristics of supplier finance arrangements ("SFA") and introduce new disclosures of such arrangements. The objective of the new disclosures is to provide information about supplier finance arrangements that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk.

There is a transitional relief of not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances.

The amendments will be effective for annual periods beginning on or after 1 January 2024. Early adoption is permitted.

The Group does not expect any significant impact arising from applying these amendments.

- **Amendments to SFRS(I) 16 Leases:**

Lease liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to SFRS(I) 16 explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

The Group does not expect any significant impact arising from applying these amendments.

## 29 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of China Sunsine Chemical Holdings Ltd. on 28 March 2024.

## STATISTICS OF Shareholdings

As at 14 March 2024

### SHARE CAPITAL

Number of Issued Shares	:	983,388,000
Number of Issued Shares (excluding Treasury Shares and Subsidiary Holdings <sup>(1)</sup> )	:	958,399,800
Number and Percentage of Treasury Shares	:	24,988,200 (2.61%) <sup>(2)</sup>
Number and Percentage of Subsidiary Holdings	:	0
Class of Shares	:	Ordinary Shares
Voting Rights (excluding Treasury Shares and Subsidiary Holdings)	:	One vote per share

#### Notes:

<sup>(1)</sup> "Subsidiary Holdings" is defined in the Listing Manual of the Singapore Exchange Securities Trading Limited to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act 1967.

<sup>(2)</sup> Percentage calculated against the number of Issued Shares (excluding Treasury Shares and Subsidiary Holdings).

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shares	% of Shares	No. of Shareholders	% of Shareholders
1 - 99	72	0.00	1	0.06
100 - 1,000	54,300	0.01	102	5.70
1,001 - 10,000	4,326,805	0.45	689	38.51
10,001 - 1,000,000	74,901,161	7.81	960	53.66
1,000,001 and above	879,117,462	91.73	37	2.07
<b>Total</b>	<b>958,399,800</b>	<b>100.00</b>	<b>1,789</b>	<b>100.00</b>

### TWENTY LARGEST SHAREHOLDERS

No.	Shareholder's Name	Number of Shares Held	%
1	SUCCESS MORE GROUP LIMITED	587,285,100	61.28
2	CITIBANK NOMINEES SINGAPORE PTE LTD	63,183,147	6.59
3	UOB KAY HIAN PTE LTD	42,240,224	4.41
4	DBS NOMINEES PTE LTD	39,711,300	4.14
5	RAFFLES NOMINEES (PTE) LTD	22,848,245	2.38
6	CHIA KEE KOON	20,202,100	2.11
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	12,014,000	1.25
8	MAYBANK SECURITIES PTE LTD	7,715,700	0.81
9	LEOW EK HUA	7,500,000	0.78
10	YEO KHEE CHYE	6,140,000	0.64
11	PHILLIP SECURITIES PTE LTD	5,915,676	0.62
12	ASDEW ACQUISITIONS PTE LTD	5,551,400	0.58
13	OCBC SECURITIES PRIVATE LTD	5,214,300	0.54
14	LIM SOON HWEE (LIN SHUNHUI)	3,700,100	0.39
15	OCBC NOMINEES SINGAPORE PTE LTD	3,645,700	0.38
16	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,386,000	0.35
17	ABN AMRO CLEARING BANK N.V.	3,231,390	0.34
18	EU OY CHU	3,020,000	0.32
19	TAN WEY LING	2,973,000	0.31
20	LEE YOW FEE	2,828,000	0.30
		<b>848,305,382</b>	<b>88.52</b>

## STATISTICS OF Shareholdings

As at 14 March 2024

### SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at **14 March 2024**, approximately 37.03% of the issued ordinary shares of the Company excluding treasury shares are held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited.

### SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Success More Group Limited <sup>(1)</sup>	587,285,100	61.28	-	-
Xu Cheng Qiu <sup>(1)(2)</sup>	-	-	593,023,100	61.88

#### Notes:

<sup>(1)</sup> By virtue of Section 7 of the Companies Act 1967, Mr Xu Cheng Qiu is deemed to be interested in the 587,285,100 Shares held by Success More Group Limited.

<sup>(2)</sup> Mr Xu Cheng Qiu is deemed to be interested in the 5,738,000 Shares held by the nominees, UOB Kay Hian Pte Ltd.

## NOTICE OF Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of China SunSine Chemical Holdings Ltd. (the “**Company**”) will be convened and held at SKAI Suite 2 & 3 @ Level 69, Swissotel The Stamford, 2 Stamford Road Singapore 178882 on Friday, 26 April 2024 at 10.30 a.m. (“**AGM**”) for the purpose of transacting the following businesses:-

### As Ordinary Business:-

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2023, together with the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To declare a final one-tier tax exempt dividend of 1.5 Singapore cents per ordinary share, and a final one-tier tax exempt special dividend of 1.0 Singapore cent per ordinary share for the financial year ended 31 December 2023. **(Resolution 2)**
3. To re-elect Mr Xu Jun, who is retiring as a Director by rotation under Regulation 104(2) of the Company’s Constitution, and who, being eligible, offers himself for re-election. **(Resolution 3)**  
**[See Explanatory Note 1]**
4. To re-elect Mr Liu De Ming, who is retiring as a Director by rotation under Regulation 104(2) of the Company’s Constitution, and who, being eligible, offers himself for re-election. **(Resolution 4)**  
**[See Explanatory Note 2]**
5. To re-elect Mr Yan Tang Feng, who is retiring as a Director by rotation under Regulation 104(2) of the Company’s Constitution, and who, being eligible, offers himself for re-election. **(Resolution 5)**  
**[See Explanatory Note 3]**
6. To approve the re-designation of Mr Koh Choon Kong as a Non-Executive Non-Independent Director of the Company pursuant to Rule 210(5)(d)(iv) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). **(Resolution 6)**  
**[See Explanatory Note 4]**
7. To approve the amount of S\$210,000 proposed as Directors’ fees for the financial year ended 31 December 2023 (2022: S\$180,000). **(Resolution 7)**
8. To re-appoint Messrs CLA Global TS Public Accounting Corporation as the Company’s Auditor and to authorise the Directors to fix their remuneration. **(Resolution 8)**
9. To transact any other ordinary business that may be properly transacted at an annual general meeting.

### As Special Business:-

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

## NOTICE OF Annual General Meeting

### 10. SHARE ISSUE MANDATE

(Resolution 9)

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the “Act”) and the listing rules of the SGX-ST, authority be and is hereby given to the Directors to:

- (a) (i) issue shares of the Company whether by way of rights issue, bonus issue 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 Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time this Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards, which were issued and outstanding or subsisting at the time this Resolution is passed, provided that such share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
  - (ii) any subsequent bonus issue, consolidation or subdivision of shares,

and, in paragraph (1) above and this paragraph (2), “subsidiary holdings” has the meaning given to it in the Listing Manual of the SGX-ST;

## NOTICE OF Annual General Meeting

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company for the time being in force; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

**[See Explanatory Note 5]**

### 11. RENEWAL OF SHARE PURCHASE MANDATE

**(Resolution 10)**

That:

- (a) for the purposes of the Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
  - (i) market purchase(s), (each a "**Market Purchase**") on the SGX-ST; and/or
  - (ii) off-market purchase(s) (each an "**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,and otherwise in accordance with all other laws and regulations, including but not limited to rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing on and from the date of the passing of this Resolution and expiring on the earliest of:
  - (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
  - (ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or
  - (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

## NOTICE OF Annual General Meeting

(c) in this Resolution:

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

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

**"Maximum Limit"** means the number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST) as at that date); and

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

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
  - (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares; and
- (d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing all such documents as may be required) as they and/or he may consider expedient, necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

**[See Explanatory Note 6]**

BY ORDER OF THE BOARD

JACQUELINE ANNE LOW  
Company Secretary

Singapore, 11 April 2024

# NOTICE OF Annual General Meeting

## EXPLANATORY NOTES:

1. **Resolution 3** – Mr Xu Jun will, upon re-election, remain as an Executive Director of the Company. Please refer to the section entitled “Additional Information on Directors seeking Re-election and Re-designation” appended to this Notice for detailed information on Mr Xu Jun as required under Rule 720(6) of the Listing Manual of the SGX-ST.
2. **Resolution 4** – Mr Liu De Ming will, upon re-election, remain as an Executive Director of the Company. Please refer to the section entitled “Additional Information on Directors seeking Re-election and Re-designation” appended to this Notice for detailed information on Mr Liu De Ming as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
3. **Resolution 5** – Mr Yan Tang Feng will, upon re-election, remain as an Independent Director of the Company, and as a member of each of the Audit Committee and the Remuneration Committee, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to the section entitled “Additional Information on Directors seeking Re-election and Re-designation” appended to this Notice for detailed information on Mr Yan Tang Feng as required under Rule 720(6) of the Listing Manual of the SGX-ST. There are no relationships (including immediate family relationships) between Mr Yan Tang Feng and the other Directors, the Company or its substantial shareholders.
4. **Resolution 6** – Mr Koh Choon Kong is an Independent Director of the Company and will not be considered independent pursuant to Rule 210(5)(d)(iv) of the Listing Manual of the SGX-ST upon the conclusion of this AGM, having served as a Director of the Company for an aggregate period of more than 9 years (whether before or after listing). Subject to and upon the passing of Resolution 6, Mr Koh Choon Kong will be re-designated as a Non-Executive Non-Independent Director of the Company (“**Re-designation**”). In the interest of transparency and to allow minority shareholders of the Company to have the final say on the Re-designation, shareholders who are the Directors (including the Executive Chairman) of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST), will abstain from voting in respect of this Resolution 6. If Resolution 6 is not approved by shareholders entitled to vote at the AGM, Mr Koh Choon Kong will step down as a Director of the Company upon the conclusion of this AGM. Please refer to the section entitled “Additional Information on Directors seeking Re-election and Re-designation” appended to this Notice for detailed information on Mr Koh Choon Kong as required under Rule 720(6) of the Listing Manual of the SGX-ST.

Shareholders should note that if Resolution 6 is passed, and upon the proposed appointment of three new independent directors of the Company (as described on page 35 of the annual report of the Company for the financial year ended 31 December 2023 (“**2023 Annual Report**”)), the reconstituted board of directors of the Company will comprise 10 directors, of whom 5 will be independent non-executive directors, 4 will be executive directors, and there will be 1 non-executive non-independent director (“**Reconstituted Board**”). The Reconstituted Board will continue to comply with Rule 210(5)(c) of the Listing Manual which requires the Board to have at least two independent non-executive directors, and that independent directors must comprise at least one-third of the board of directors, as well as with Provision 2.3 of the Code of Corporate Governance 2018 (“**Code**”) that the majority of the Board comprises non-executive directors. However, the recommendation in Provision 2.2 of the Code that independent directors should make up a majority of the Board where the Executive Chairman is part of the management team and not an independent director, will not be met.

The Nominating Committee (“**NC**”) is of the view that the Reconstituted Board has an appropriate level of independence given that half the Reconstituted Board will comprise independent directors, and a majority of the Reconstituted Board will be non-executive directors, whereas the Listing Manual only requires one-third of the board, and at least 2 directors, to be independent.

As an Independent Director, Mr Koh has demonstrated strong independence in character and judgment, and expressed views and made decisions in the best interest of the Company and the Group. The NC has observed that the length of his service has not in any way impaired his ability to act independently. It is therefore confident that Mr Koh will not lose his independent character simply because of a change of title, and that he will continue to exercise independent judgment and engage Management on issues objectively and constructively. As such, the NC is of the view that the proposed composition of the Reconstituted Board is consistent with the intent of Principle 2.2 of the Code. The current Board (except Mr Koh) concurs with the NC and proposes the Re-designation, subject to shareholders' approval at this AGM.

Shareholders are advised to read pages 34 to 37 of the 2023 Annual Report in its entirety before deciding on Resolution 6 relating to the Re-designation.

5. **Resolution 9** – Resolution 10, if passed, will empower the Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments. The number of shares which the Directors may issue under this Resolution will not exceed 50% of the issued shares (excluding treasury shares and subsidiary holdings) of the Company, with a sub-limit of 20% for issues other than on a *pro rata* basis. For the purpose of determining the aggregate number of shares which may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time that Resolution 9 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards, which were issued and outstanding at the time this Resolution is passed, provided that such share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (b) any subsequent bonus issue, consolidation or subdivision of shares. For the avoidance of doubt, shareholders' approval will be required for any consolidation or subdivision of shares.

## NOTICE OF Annual General Meeting

6. **Resolution 10** – Resolution 10, if passed, will renew the mandate to allow the Company to purchase or otherwise acquire its issued ordinary shares, on the terms and subject to the conditions set out in this Resolution.

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

The financial effects of the purchase or acquisition of such ordinary shares by the Company pursuant to the proposed Share Purchase Mandate on the unaudited financial statements of the Group and the Company for the financial year ended 31 December 2023, based on certain assumptions, are set out in paragraph 2.8 of the Letter to Shareholders dated 11 April 2024.

Please refer to the Letter to Shareholders dated 11 April 2024 for more details.

### NOTES:

1. The members of the Company are invited to **attend physically** at the AGM. There will be no option for Shareholders to participate virtually.
2. Members may ask questions relating to the business of the AGM at the Meeting, or submit questions via email to jennie@chinasunsine.com in advance of the AGM by 18 April 2024 (5.00 p.m.).

When submitting the questions, please provide the Company with the following details, for verification purposes:-

- (i) Full Name;
- (ii) NRIC/Passport Number;
- (iii) Current Address;
- (iv) Contact Number; and
- (v) Number of Shares Held

Please also indicate the manner in which you hold shares in the Company (e.g. via CDP, CPF or SRS).

The Company will endeavour to address the substantial and relevant questions prior to and/or at the AGM. The responses to questions from members will be posted on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at the URL <https://www.chinasunsine.com> by 23 April 2024 (if questions are submitted in advance by 18 April 2024 and answered prior to the AGM), or if questions are answered during the AGM, will be included in the minutes of the AGM and published on SGX website and the Company's corporate website within one month from the date of the AGM.

Where substantially similar questions are received, the Company will consolidate such questions and consequently, not all questions will be individually addressed.

3. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's proxy form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

"Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967.

A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

# NOTICE OF Annual General Meeting

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 16 April 2024.

4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies must be submitted to the Company in the following manner:
  - (a) if submitted by post, be lodged with the Company at 16 Raffles Quay, #15-08 Hong Leong Building, Singapore 048581; or
  - (b) if submitted electronically, be submitted via email to the Company's Share Registrar at [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com),

in either case, not less than 48 hours before the time appointed for the AGM.

Printed copies of this Notice and proxy form will be sent to members. This Notice and proxy form will also be made available on the Company's corporate website at the URL <https://www.chinasunsine.com> and on SGX's website at the URL <https://www.sgx.com/securities/company-announcements>.

6. The 2023 Annual Report, the Letter to Shareholders dated 11 April 2024 (in relation to the proposed renewal of the share purchase mandate) and the Sustainability Report may be accessed at the Company's corporate website at the URL <https://www.chinasunsine.com>. The above-stated documents are also available for viewing and download on SGX's website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of the 2023 Annual Report, the Letter to Shareholders and the Sustainability Report will not be sent to members. Members who wish to receive a hard copy of the above documents will need to complete and submit a Request Form to the Company by 18 April 2024. A printed copy of the Request Form will be sent to shareholders, and will also be made available on the Company's website at the URL <https://www.chinasunsine.com>, and on SGX's website at the URL <https://www.sgx.com/securities/company-announcements>.

## Personal Data Privacy:

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

### Additional Information on Directors seeking Re-election and Re-designation pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”)

Mr Xu Jun, Mr Liu De Ming and Mr Yan Tang Feng are the Directors seeking re-election, and Mr Koh Choon Kong is seeking shareholders’ approval to be re-designated as a Non-Executive Director, at the forthcoming annual general meeting of the Company to be convened on 26 April 2024 (“AGM”) under Ordinary Resolutions 3 to 6 as set out in the Notice of AGM dated 11 April 2024.

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the additional information relating to the above-mentioned Directors as required under Appendix 7.4.1 is set out below, to be read in conjunction with the information set out under “Board of Directors” and the “Corporate Governance Report” on pages 16 to 18 and pages 31 to 54, respectively of this Annual Report:

DETAILS	Xu Jun	Mr Liu De Ming	Yan Tang Feng	Koh Choon Kong
<b>Country of principal residence</b>	People’s Republic of China	People’s Republic of China	Singapore	Singapore
<b>The Board’s comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)</b>	The Board considered the recommendation of the Nominating Committee, and is satisfied that Mr Xu is able to provide valuable contributions to the Board	The Board considered the recommendation of the Nominating Committee, and is satisfied that Mr Liu is able to provide valuable contributions to the Board	The Board considered the recommendation of the Nominating Committee, and is satisfied that Mr Yan is able to exercise independent judgement and provide valuable contributions to the Board given his decades of experience in corporate finance and investment management.	The Board (with Mr Koh abstaining from the decision-making process) considered the recommendation of the Nominating Committee, and is satisfied that Mr Koh is able to provide valuable contributions to the Board in the capacity of Non-Executive Director.
<b>Whether appointment is executive, and if so, the area of responsibility</b>	Executive  Mr Xu is responsible for assisting Chairman in strategic planning, direction and overall management of the Group’s main subsidiary	Executive  Mr Liu is in charge of the overall management and operations of the Group’s China subsidiaries	Non-Executive	Non-Executive
<b>Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)</b>	Executive Director	Executive Director	Independent Director  Member of Audit Committee and Remuneration Committee	Non-Executive Non-Independent Director (proposed Re-designation)
<b>Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries</b>	Son of Mr Xu Cheng Qiu, Executive Chairman and Substantial Shareholder;  Brother of Mr Xu Chi, General Manager Assistant of Shandong Sunsine Chemical Co., Ltd;	None	None	None
<b>Conflict of interests (including any competing business)</b>	No	No	No	No

DETAILS	Xu Jun	Mr Liu De Ming	Yan Tang Feng	Koh Choon Kong
<b>Working experience and occupation(s) during the past 10 years</b>	2007 - Present Executive Director China Sunsine Chemical Holdings Ltd.	2020 - present General Manager, Shandong Sunsine  2016 - 2020 General Manager, Weifang Sunsine  2012 - 2016 Deputy General Manager, Weifang Sunsine	2008 - Present President Sinolion Holdings Pte. Ltd.	- Group CFO, EMS Energy Limited  - Group Finance Director, EtonHouse International Holdings  - Group Financial Controller, Summit Power International Limited
<b>Shareholding interest in the listed issuer and its subsidiaries</b>	No	No	Deemed interest of 1,692,000 ordinary shares in the listed issuer	Deemed interest of 8,492,000 ordinary shares in the listed issuer
<b>Undertaking (in the format set out in Appendix 7.7) under Rule 702(1) has been submitted to the listed issuer</b>	Yes	Yes	Yes	Yes
<b>Other Principal Commitments Including Directorships</b>	None	None	Sinolion Holdings Pte. Ltd.	Summit Power International Limited
<b>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</b>	No	No	No	No

DETAILS	Xu Jun	Mr Liu De Ming	Yan Tang Feng	Koh Choon Kong
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No

DETAILS	Xu Jun	Mr Liu De Ming	Yan Tang Feng	Koh Choon Kong
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No

DETAILS	Xu Jun	Mr Liu De Ming	Yan Tang Feng	Koh Choon Kong
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-				
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No

DETAILS	Xu Jun	Mr Liu De Ming	Yan Tang Feng	Koh Choon Kong
<p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No	No	No
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No	No	No	<p>He was an Independent Director of Oriental Group Ltd, for which the company and its former directors and its former group financial controller were the subject of a reprimand from the SGX on 29 June 2018, as SGX said the company's former board and audit committee failed to take the necessary steps to ensure adequacy of the group's internal controls.</p>

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# CHINA SUNSINE CHEMICAL HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

## Proxy Form Annual General Meeting

### IMPORTANT:

1. A relevant intermediary may appoint more than two (2) proxies to attend the Annual General Meeting and vote (please see Note 3).
2. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares, this Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 16 April 2024.

I/We, \_\_\_\_\_ (Name)

\_\_\_\_\_ (NRIC No. /Passport No. /Company Registration No.)

of \_\_\_\_\_ (Address)

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

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting ("**AGM**" or "**Meeting**") as my/our proxy to vote for me/us on my/our behalf, at the AGM of the Company, to be held at SKAI Suite 2 & 3 @ Level 69, Swissotel The Stamford, 2 Stamford Road Singapore 178882 on Friday, 26 April 2024 at 10.30 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote "**For**" or "**Against**", or "**Abstain**" from voting on, the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

No.	Resolutions relating to:	*For	*Against	*Abstain
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2023, together with the Independent Auditor's Report thereon			
2	Declaration of a final one-tier tax exempt dividend of 1.5 Singapore cents per ordinary share, and a final one-tier tax exempt special dividend of 1.0 Singapore cent per ordinary share for the financial year ended 31 December 2023			
3	Re-election of Mr Xu Jun as a Director			
4	Re-election of Mr Liu De Ming as a Director			
5	Re-election of Mr Yan Tang Feng as a Director			
6	Approval of re-designation of Mr Koh Choon Kong as a Non-Executive Non-Independent Director			
7	Approval for the payment of Directors' fees of S\$210,000 for the financial year ended 31 December 2023			
8	Re-appointment of Messrs CLA Global TS Public Accounting Corporation as the Company's Auditor, and to authorise the Directors to fix their remuneration			
9	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act 1967 and the listing rules of the SGX-ST			
10	Renewal of Share Purchase Mandate			

\* Voting will be conducted by poll. In respect of any resolution, if you wish to exercise all your votes "**For**", "**Against**" or "**Abstain**", please tick (✓) within the relevant box provided. Alternatively, please indicate the number of votes as appropriate within the relevant box.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

### TOTAL NUMBER OF SHARES HELD IN:

(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) or Common Seal of member(s)

**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001, you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's proxy form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.  
  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

Pursuant to Section 181(6) of the Companies Act 1967, a Relevant Intermediary is:

- (i) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
  - (ii) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 and who holds shares in that capacity; or
  - (iii) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A proxy need not be a member of the Company. A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.
  4. Where a member (whether individual or corporate) appoints a proxy or proxies, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the proxy for that resolution will be treated as invalid.
  5. The instrument appointing a proxy or proxies must be submitted to the Company in the following manner:
    - (a) if submitted by post, be lodged with the Company at 16 Raffles Quay, #15-08 Hong Leong Building, Singapore 048581; or
    - (b) if submitted electronically, be submitted via email to the Company's Share Registrar at [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com),in either case, not less than 48 hours before the time appointed for the AGM.

Printed copies of this proxy form will be sent to members together with the Notice of AGM. This proxy form may also be accessed at the Company's corporate website at the URL <https://www.chinasunsine.com>, and on SGX's website at the URL <https://www.sgx.com/securities/company-announcements>.

6. The instrument appointing a proxy or proxies must be under the hand of the appointer or by his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its seal or the hand of its attorney or duly authorised officer. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy:**

By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of the AGM dated 11 April 2024.



**CHINA SUNSINE CHEMICAL HOLDINGS LTD.**

(Incorporated in the Republic of Singapore on 28 June 2006)

(Company Registration Number: 200609470N)

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**OUR DISTINGUISHED CUSTOMERS**

- Bridgestone
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- Linglong Tire