



尚舜化工
SUN SINE

CHINA SUNSINE CHEMICAL HOLDINGS LTD.



EVOLVING FOR SUSTAINABLE GROWTH

China Sunsine Chemical Holdings Ltd.
Annual Report 2024

CONTENTS

- 01 Corporate Profile
- 02 Financial Highlights
- 04 Chairman's Message
- 10 Operations & Financial Review
- 14 Board of Directors
- 19 Key Executives
- 22 Our Global Presence
- 24 Superior Products We Offer
- 25 Group Structure
- 26 Corporate Information
- 27 Financial Contents
- 108 Statistics of Shareholdings
- 110 Notice of Annual General Meeting
Proxy Form



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**” or “**China**”). Our production facilities are located at Shanxian and Weifang 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 tire 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 tire makers, such as Bridgestone, Michelin, Goodyear, Pirelli, Sumitomo, Yokohama, Hankook, Cooper, Kumho Tires, as well as PRC tire 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.

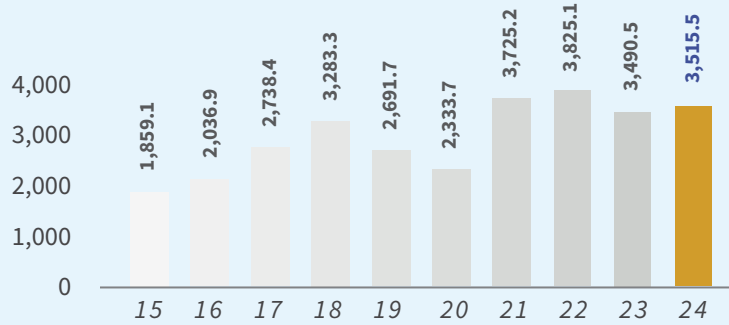


FINANCIAL HIGHLIGHTS

+7.3%

CAGR
(FY15-FY24)

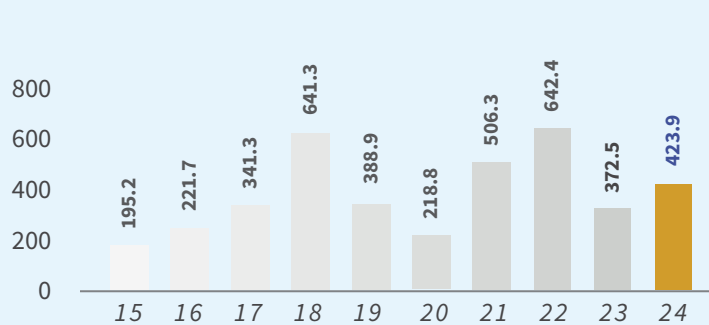
Revenue (RMB' million)



+9.0%

CAGR
(FY15-FY24)

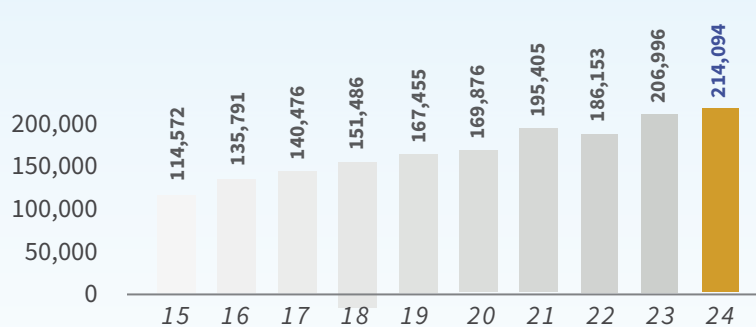
Net Profit (RMB' million)



+7.2%

CAGR
(FY15-FY24)

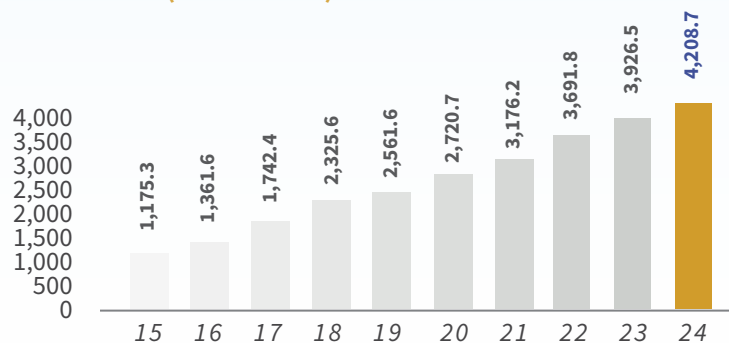
Sales Volume (Tonnes)



+15.2%

CAGR
(FY15-FY24)

Net Assets (RMB' million)



FINANCIAL HIGHLIGHTS

	2024	2023	2022	2021	2020
As at 31 December (RMB' million)					
Total Assets	4,679.0	4,385.8	4,224.5	3,923.4	3,172.1
Total Liabilities	470.3	459.3	532.7	747.2	451.4
Shareholders' Equity	4,208.7	3,926.5	3,691.8	3,176.2	2,720.7
Cash and Cash Equivalents	2,073.9	1,687.9	1,364.9	1,377.3	1,326.2
Bank Borrowings	-	-	-	-	-
Treasury Shares	67.1	54.5	40.8	30.2	29.3
No of Shares ('million)					
No of Ordinary Shares	953.4	959.3	965.7	970.4	970.7
No of Treasury Shares	30.0	24.1	17.7	13.0	12.7
For the Financial Year ended 31 December (RMB'million)					
Revenue	3,515.5	3,490.5	3,825.1	3,725.2	2,333.7
Gross Profit	850.0	798.9	1,163.9	1,046.5	600.3
Net Profit	423.9	372.5	642.4	506.3	218.8
Earnings before interest, tax, depreciation & amortisation (EBITDA)	662.4	567.9	880.9	805.1	402.1
Sales Volume (tonnes)					
Total Volume	214,094	206,996	186,153	195,405	169,876
Accelerator	107,426	99,809	89,434	101,970	90,950
Insoluble sulphur	40,583	40,655	37,599	37,274	30,655
Antioxidants	64,285	65,127	58,058	54,566	46,035
Others	1,800	1,405	1,062	1,595	2,236
Financial Analysis					
Gross Profit Margin (%)	24.2%	22.9%	30.4%	28.1%	25.7%
Net Profit Margin (%)	12.1%	10.7%	16.8%	13.4%	9.4%
EBITDA Margin (%)	18.8%	16.3%	23.0%	21.6%	17.2%
Current Ratio	7.6	7.2	5.9	3.8	5.0
Average YTD Trade Receivables Turnover (Days)	74	75	70	56	59
Average YTD Trade Payables Turnover (Days)	6	7	10	9	13
Average YTD Inventory Turnover (Days)	48	50	52	38	47
Return on Equity (%)	10.1%	9.5%	17.4%	15.9%	8.0%
Return on Asset (%)	9.1%	8.5%	15.2%	12.9%	6.9%
Gearing Ratio	-	-	-	-	-
Per Share Data					
NAV per Share (RMB cents)	441.45	409.34	382.3	327.3	280.3
EPS (RMB cents)	44.34	38.67	66.29	52.17	22.50
Dividend Per Share (SGD cents)	3.0	2.5	3.0	2.0	1.0

CHAIRMAN'S MESSAGE

“ Beyond market expansion, the Group is also dedicated to enhancing internal efficiency. By increasing productivity, reducing costs, and improving internal management processes, we strive to maximise profitability. With a strong foundation and a clear vision, we are highly confident of the Group's future growth and success. ”



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 2024 (“**FY2024**”).

The global economic growth in 2024 has been steady but slow, with a growth rate of 3.2%, according to the *World Economic Outlook Update (January 2025)* issued by the International Monetary Fund (“**IMF**”). However, the global economy still faced numerous challenges, including a high-interest-rate and high-inflation environment, continuous geopolitical tensions, and the U.S.-China trade war.

China's economic performance in 2024 saw a return to steady growth as well, achieving a 5% GDP expansion in line with the government's target. This was driven by stimulus measures, strong exports, and high-tech investment. However, it continued to face challenges such as structural imbalances, weak domestic demand and tariff pressures.

Despite these challenges, China's tire production soared in 2024. According to the latest data released by the National Bureau of Statistics, China's production of rubber tires in 2024 reached 1.19 billion units, up by 9.2% compared to the previous year. This growth reflects the vigorous development of China's tire manufacturing enterprises via continuously expanded production capacity.

Although demand in the downstream tire industry has increased, expansion of production capacity in China's rubber chemicals industry triggered intense competition in recent years, asserting huge pressure on our average selling price. However, leveraging the Group's leading position in the industry, and guided

by the strategy of “Sales and Production Equilibrium”, the Group achieved record-high production and sales volumes in 2024. The Group has maintained its market leadership position both in China and globally, further strengthening its competitive advantages.

THE YEAR UNDER REVIEW

The Group's revenue in FY2024 increased marginally by 1% from FY2023 to RMB 3,515.5 million. The overall average selling price (“**ASP**”) declined modestly by 2%, from RMB 16,663 per tonne to RMB 16,226 per tonne in 2024. 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 intense market competition.

However, sales volume grew 3% from 206,996 tonnes in FY2023 to 214,094 tonnes in FY2024, reaching another record-high. This growth highlights the Group's ability to sustain its market leadership position while meeting rising customer demand, achieved through years of capacity expansion.

The Group's profit before income tax increased by 29%, from RMB 453.2 million in FY2023 to RMB 585.1 million in FY2024. Due to the expiration of the “High-Tech Enterprise” status of the Group's main subsidiary, Shandong Sunsine, it no longer enjoys concessionary corporate tax rate. Despite being subject to the standard tax rate, the Group's net profit still grew by 14% year-on-year, rising from RMB 372.4 million in FY2023 to RMB 423.9 million in FY2024.

The Group's earnings per share for FY2024 was RMB 44.34 cents. As at 31 December 2024, its net assets per share stood at RMB 441.45 cents. The Group's financial position was further strengthened with cash and bank deposits amounting to RMB 2,073.9 million, and no bank borrowings.

CAPACITY EXPANSION

Leveraging its advantages in land, technology, and capital, the Group has been implementing its expansion plan orderly in recent years, to meet market demand for its products while continuously enhancing its competitiveness through economies of scale. Set out below is the summary of the Group's expansion projects in 2024:

– **Phase 2, 30,000-tonne per annum Insoluble Sulphur project**

The construction and installation of machinery has been completed, and it is expected to commence trial run in the first half of 2025.

– **Phase 1, 20,000-tonne per annum Continuous Production of High Quality MBT project**

MBT is an intermediate product used in the production of accelerator products. The total projected capacity is 60,000-tonne per annum. Phase 1 of the 20,000-tonne project has been completed, and commercial production has commenced. The preparation of the Phase 2, 40,000-tonne per annum project is in progress.

The Group has consistently upgraded its production processes and equipments through R&D, process improvements, and technological innovation. Notably, it has made significant progress in continuous, automated, and environmentally-friendly production, greatly enhancing efficiency and reducing costs. At the same time, the Group has pursued internal integration by expanding the production capacity of key raw materials, which not only lowers production costs but also strengthens supply chain security.

Through continuous capacity expansion and internal integration strategies, the Group has further solidified its leading position in the rubber chemicals industry. The Group remains the world's largest producer

CHAIRMAN'S MESSAGE

of rubber accelerators, a leading manufacturer of insoluble sulphur in China, and a key player in the antioxidant market.

OUTLOOK AND PROSPECTS

According to projections by the IMF, the global economy has demonstrated resilience and is expected to grow by 3.3%⁽¹⁾ this year, with inflation continuing to ease. However, rising geopolitical tensions, escalating international conflicts, and the ratcheting up of trade protectionism have heightened risks and uncertainties in the economic landscape.

As the world's second-largest economy, China has forged ahead amid structural headwinds, the ongoing trade war, real estate challenges, and sluggish domestic demand. However, 2025 marks the final year of China's 14th Five-Year Plan, and the country's economic development continues to hold significant potential for the future. This cautious optimism is grounded in the Chinese government's commitment to ramping up stimulus measures and providing stronger policy support to navigate these hurdles.

China is the world's largest automobile market. According to the China Association of Automobile Manufacturers ("CAAM"), new car sales in China increased by 4.5% in 2024 compared to the previous year. Sales of new energy vehicles soaring by 35.5%. The contribution of new energy vehicles sales further increased, reaching 41% of total new car sales.

The tire industry presents both opportunities and challenges. As Chinese tire companies expand and establish production facilities overseas, China's global market share of tire production has further increased. However, the rise of trade protectionism has created significant barriers and pressure on tire exports. Despite these challenges, Chinese tire companies are gradually gaining a foothold in the global market, thereby driving increased demand for rubber chemicals.

The rubber chemicals industry in which we operate continues to face an oversupply of capacity, and market competition remains intense. These factors have placed significant pressure on our selling prices. In response to these challenges, the Group's "Sales and Production

Equilibrium" strategy has proven to be effective.

This strategy focuses on maximising sales efforts to drive capacity expansion, while increased production capacity, in turn, further supports sales growth. This strategy strengthens the Group's market share and enhances its competitiveness.

Over the past 40 years—18 of which as a public company listed on the Singapore Exchange—the Group has strengthened its leadership in both the Chinese and international rubber chemicals markets. It has built a comprehensive competitive edge across branding, scale, financial strength, cost efficiency, customer service, R&D, and environmental sustainability.

Beyond market expansion, the Group is also dedicated to enhancing internal efficiency. By increasing productivity, reducing costs, and improving internal management processes, we strive to maximise profitability. With a strong foundation and a clear vision, we are highly confident of the Group's future growth and success.



⁽¹⁾ The World Economic Outlook Update (January 2025)

CHAIRMAN'S MESSAGE

PROPOSED DIVIDEND

In recognition of the unwavering support of shareholders and considering the Group's strong earning performance, robust cash position, and strategic expansion plan, the Board of Directors recommends a final one-tier tax-exempt dividend of SGD 0.03 per share for FY2024, comprising an ordinary dividend of SGD 0.02 and a special dividend of SGD 0.01. This proposal will be discussed and approved at the upcoming Annual General Meeting.

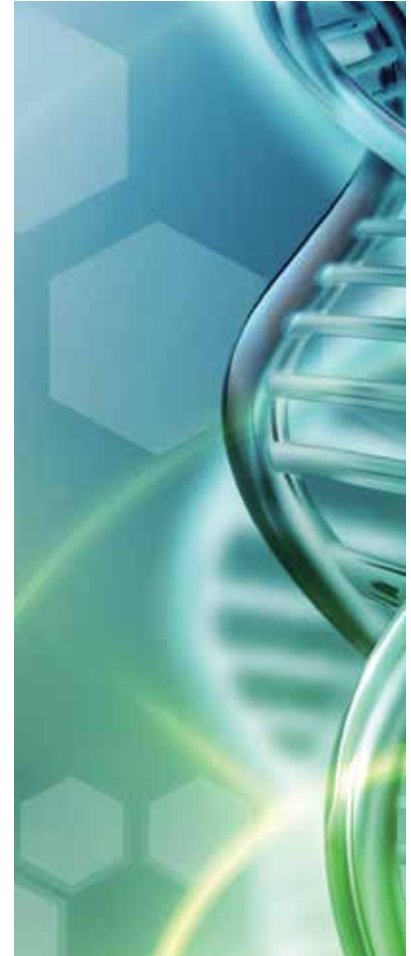
ACKNOWLEDGEMENTS

As we navigate an increasingly competitive market, the Group remains steadfast in its commitment to growth and excellence. Our achievements are a testament to the collective efforts of our Board of Directors, management team, and dedicated employees. Their professionalism, perseverance, and passion continue to drive the Group forward, and I extend my deepest appreciation for their invaluable contributions.

We are also profoundly grateful to our customers, business partners, suppliers, and the wider community for their trust and support. Their confidence fuels our determination to innovate, elevate our service levels, and uphold our corporate social responsibilities.

Above all, I would like to express my sincere gratitude to our shareholders for their enduring trust and belief in the Group. Our pursuit of long-term, sustainable growth and value creation remains at the heart of everything that we do. With their continued support, we will keep striving for excellence, and building a stronger and more resilient future!

XU CHENGQIU
Executive Chairman
March 2025



CHAIRMAN'S MESSAGE



集团除了向外寻市场，也积极地向内要效益。通过提高生产效率、节约生产成本、优化内部管理等实现经济利益的最大化。我们对今后集团的发展深具信心。

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2024年12月31日的财政年度（“2024财年”）的年度报告。

2024年全球经济平稳缓慢地复苏，根据国际货币基金组织（“IMF”）2025年1月发表的《世界经济展望》报告，其经济增长率为3.2%。但全球经济仍然面临着诸多挑战，如高利率和高通胀环境、持续的地缘政治紧张局势和中美贸易战等。

中国经济虽然仍然面对经济结构、需求疲弱和关税压力等挑战，但是在政府出台的一些刺激政策、强劲的出口以及对高科技领域投资等拉动下，2024年中国经济稳步回升，增长达到预期，取得了5%的增长。

2024年，中国的轮胎产量大幅增长。根据中国国家统计局最新数据显示，2024年中国橡胶轮胎产量达11.9亿条，同比增长9.2%。这一增长反映出中国轮胎制造通过扩大产能，取得了蓬勃的发展。

虽然下游轮胎行业需求增加，但中国橡胶助剂行业由于这几年的扩产导致竞争局势一直在加剧，对我们产品的平均销售价格造成很大压力。然而，凭借着集团在行业的领先地位，在“以销促产，以产促销”（又称“产销

平衡”）策略的指导下，集团在2024年的产销量再创新高。集团在中国以及国际市场上的份额稳步领先，各项竞争优势也进一步加强。

年度业绩回顾

集团2024财年的营业收入同比微升1%，至35.155亿元人民币。集团的平均销售价格与前一年相比降低了2%，从2023财年的16,663元/吨降至16,226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，销量同比则取得了3%的增长，从2023财年的206,996吨增至2024财年的214,094吨，再创历史新高。这一增长凸显了集团在满足客户需求以及保持市场领先地位的能力，这得益于多年来的产能扩张。

集团税前利润从2023财年的4.532亿元增长29%至5.851亿元。由于集团主要子公司山东尚舜因其“高新技术企业”资格到期，致其不再享受优惠税率。在恢复正常税率的情况下，集团净利润仍比去年增加了14%，从2023财年的3.724亿元人民币升至4.239亿元人民币。

集团在2024财年的每股盈利为44.34分人民币。截至2024年12月31日，每股净资产为441.45分人民币。集团的财务状况更加稳健，净现金及银行存款达20.739亿元人民币，无任何贷款。

扩产项目

凭借着在土地、技术、资金等优势，集团近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，并不断地以规模优势加强其竞争力。2024年集团扩产项目的进展如下：

- **二期年产30,000-吨不溶性硫磺项目**
机械设备的建设和安装已经完成，预计试运行将于2025年上半年开始。
- **一期年产20,000吨连续性生产高性能MBT项目**
MBT是用于生产促进剂产品的中间产品。项目总产能为年产60,000吨。一期20,000万吨项目已完成，并已开始商业化生产。管理层正在筹备二期年产40,000吨的项目。

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；同时，集团也进行向内整合，扩建主要原材料的生产产能，这不仅节约了生产成本，还确保了供应链的安全。

通过持续的产能扩张和向内整合策略，中国尚舜进一

CHAIRMAN'S MESSAGE

步巩固了其在橡胶助剂行业的领先地位。集团继续保持全球最大促进剂生产商、中国领先的不溶性硫磺生产商以及防老剂市场主要参与者的地位。

今后展望

根据IMF的预测，全球经济表现了韧性，并预计今年经济会继续取得3.3%的增长，通胀会进一步缓解。然而，由于世界局势动荡不安，国际地缘政治冲突加剧，贸易保护主义战火重燃，使得国际经济形势的风险和不确定性进一步加剧。

作为世界第二大经济体，中国经济在艰难的环境中砥砺前行。贸易战以及外部压力持续，中国国内需求不足，但2025年是中国“十四五”计划的最后一年，中国的经济发展仍然值得期待。谨慎乐观源于中国致力于加大刺激措施，并提供更强有力的政策支持，以应对这些挑战。

中国是全球最大的汽车市场。根据中国汽车工业协会（“CAAM”）的数据，中国2024年的新车销量比前一年增加了4.5%，其中新能源汽车的销量则飙升了35.5%，对新车销量的占比进一步提升，达41%。

轮胎行业则机会和挑战并存。随着中国轮胎企业相继出海布局，中国轮胎生产在国际市场的占比逐步提升。然而，各区域贸易保护主义的兴起，对轮胎出口造成很大的障碍和压力。尽管如此，中国轮胎生产在全球的市场具有举足轻重的地位，对橡胶助剂的需求也会进一步提升。

我们所处在的橡胶助剂行业产能过剩的局面仍将持续，市场竞争依然严峻，这对我们的销售价格带来很大的压力。面对这些挑战，集团的“产销平衡”策略发挥了积极的作用。

“产销平衡”策略就是千方百计地扩大销售，反向促进我们产能的提升；而产能的提升又能更进一步地支持销售的提高，从而提高集团的市场占有率和竞争力。

经过四十多年的风雨历程，包括在新加坡交易所上市十八年来，集团在中国和国际橡胶助剂市场的领先地位进一步巩固，在品牌、规模、资金、成本、服务、研发以及环保等方面都具有综合优势。

集团除了向外寻市场，也积极地向内要效益。通过提高生产效率、节约生产成本、优化内部管理等实现经济利益的最大化。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，结合考虑公司本年度的强劲盈利表现、集团强健的财务状况以及今后的扩产计划，董事会建议在2024财年派发每股3分新币的终期免

税股息（包括每股2分新币的普通股股息和每股1分新币的特别股息）。此建议将在来临的股东大会上讨论通过。

衷心感谢

在日益激烈的市场竞争中，集团始终坚定不移地追求成长与卓越。我们所取得的成就，是董事会、管理团队以及全体员工共同努力的成果。他们的专业精神、坚持不懈和积极的热情是推动集团不断前行的动力，我对此深表感谢，并向每一位成员致以最诚挚的敬意。

同时，我们衷心感谢广大客户、业务合作伙伴、供应商及社会各界的信任与支持。正是这份信任激励着我们不断创新、提升服务，并积极履行企业社会责任。

最后，我谨代表董事会，向我们的股东表达最真诚的感谢。正是因为你们长期以来的信任与支持，集团才能始终坚持可持续增长和创造价值这个发展目标。未来，我们将不懈努力，继续追求卓越，携手共创更加辉煌的将来！

徐承秋
执行主席
2025年3月



OPERATIONS AND FINANCIAL REVIEW

Our Financial Performance in FY2024

In FY2024, the global economy continued to face challenges and uncertainties due to high interest rate environment, the Ukraine-Russia conflict, the Israel-Hamas conflict, rising geopolitical tensions between the US and China, and trade protectionism. Additionally, the rubber chemicals industry in China continued to experience intense competition, placing pressure on the average selling price (“ASP”) of our products. Despite these headwinds, China Sunsine Chemical Holdings Ltd (“China Sunsine” or the “Group”) achieved record-high sales volume and strong profitability, demonstrating the resilience of its business.

The Group’s revenue in FY2024 increased slightly by 1% to RMB 3,515.5 million from RMB 3,490.5

million in FY2023, mainly due to the increase in sales volume, partially offset by the decrease in the ASP.

Overall, ASP for rubber chemicals declined modestly by 2% to RMB 16,226 per tonne in FY2024 as compared to RMB 16,633 per tonne in FY2023. 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 FY2024 increased by 3% to 214,094 tonnes compared to the peak of 206,996 tonnes in FY2023 and reaching a new record high. This highlights the Group’s ability to sustain its market leadership position while meeting rising customer demand, as a result of years of capacity expansion.

The Group’s sales volume for Accelerators increased by 8%, while sales volume for Insoluble Sulphur

remained flat, and sales volume for Anti-oxidant products decreased slightly by 1%. Domestic sales volume decreased slightly by 1%, while the international sales volume surged by 11% year on year, primarily due to many Chinese tire manufacturers establishing plants in Southeast Asia, leading to an increase in orders from the Southeast Asian market. The utilisation rate of all three categories of products remained at satisfactory levels.

Gross profit increased by 6% from RMB 798.9 million in FY2023 to RMB 850.0 million in FY2024, while the Average Gross Profit Margin (“GPM”) also increased by 1.3 percentage points from 22.9% to 24.2%, mainly contributed by the increase in revenue and lower raw material prices.

Other income amounted to RMB 110.4 million, mainly consisting of

ANALYSIS OF SALES AND VOLUME

	SALES VOLUME (TONNES)			SALES (RMB' MILLION)		
	FY2024	FY2023	Change	FY2024	FY2023	Change
Rubber Chemicals						
Accelerators	107,426	99,809	8%	2,141.7	1,961.1	9%
Insoluble Sulphur	40,583	40,655	-	252.1	265.7	(5%)
Anti-oxidants	64,285	65,127	(1%)	1,050.5	1,192.8	(12%)
Others	1,800	1,405	28%	29.6	23.5	26%
	214,094	206,996	3%	3,473.9	3,443.1	1%
Domestic Sales	129,177	130,547	(1%)	1,970.1	2,052.6	(4%)
International Sales	84,917	76,449	11%	1,503.8	1,390.5	8%
Heating Power	68,359	70,761	(3%)	18.4	17.9	3%
Waste Treatment	12,897	14,924	(14%)	23.2	29.5	(21%)
Total Sales				3,515.5	3,490.5	1%

OPERATIONS AND FINANCIAL REVIEW

interest income of RMB 55.6 million, government compensation of RMB 33.2 million and sales of scrap materials of RMB 28.9 million.

Other gains, net amounted to RMB 32.3 million, mainly consisting of foreign exchange gains arising from the appreciation of USD against RMB.

Distribution and marketing expenses increased by 8% from RMB 102.7 million in FY2023 to RMB 110.9 million in FY2024, mainly due to higher freight costs and port charges caused by higher sales volume.

Administrative expenses increased by 5% from RMB 201.2 million in FY2023 to RMB 210.5 million in FY2024, mainly due to higher project consultation costs incurred, and higher staff incentives accrued as a result of better performance in FY2024, offset by lower depreciation charges allocated to administrative expenses as a result of lower downtime during Chinese New Year 2024.

Research and development (“R&D”) expenses decreased by 28% from RMB 119.4 million in FY2023 to RMB 86.2 million in FY2024, mainly due to the completion of most of the R&D activities.

Profit before income tax (“PBIT”) increased by 29% from RMB 453.2 million in FY2023 to RMB 585.1 million in FY2024, mainly due to higher income and lower R&D expenses.

Income tax expense increased by 100% from RMB 80.8 million in FY2023 to RMB 161.2 million in FY2024. The High-Tech Enterprise (“**High-Tech**”) status of the Group’s main subsidiary, Shandong Sunsine Chemical Co., Ltd (“**Shandong Sunsine**”), expired in December 2023, thus it no longer enjoys the 15% concessionary tax

rate. As such, Shandong Sunsine has recognised and paid its income tax at the standard rate of 25%.

For the reasons set above, **Net profit attributable to shareholders** in FY2024 increased by 14% from RMB 372.4 million in FY2023 to RMB 423.9 million.

FINANCIAL POSITION REVIEW

Property, plant and equipment (“PPE”) decreased by RMB 28.8 million from RMB 863.8 million to RMB 835.0 million, mainly due to the disposal of Fulong Villa’s PPE and depreciation charged, offset by additions to construction in progress and PPE.

Intangible assets decreased by RMB 8.0 million from RMB 207.2 million to RMB 199.2 million, mainly due to the disposal of Fulong Villa’s intangible assets.

Other receivables – non-current assets of RMB 70.8 million related to compensation and sales proceeds receivable from the local government

for the disposal of Fulong Villa’s PPE and intangible assets. Management does not expect this amount to be received from the government within the next 12-month period, and as such, it has been classified as non-current other receivables in accordance with the relevant SFRS(I). For more information, please refer to Note 17 of the Financial Statements.

Trade and other receivables decreased by RMB 128.8 million from RMB 1,265.3 million to RMB 1,136.5 million, mainly due to decrease in notes receivables which were endorsed and paid to contractors at year end. Notes receivables are promissory notes issued by local banks with low risks of non-recoverability. Notes receivables decreased by RMB 111.6 million from RMB 438.6 million to RMB 327.0 million.

Trade and other payables decreased by RMB 48.0 million from RMB 359.1 million to RMB 311.1 million mainly due to a decrease in payable to contractors.



OPERATIONS AND FINANCIAL REVIEW



Net cash generated from operating activities decreased by RMB 20.2 million from RMB 593.4 million in FY2023 to RMB 573.2 million in FY2024 mainly due to more cash was used for working capital.

Net cash used in investing activities decreased by RMB 82.2 million from RMB 137.5 million in FY2023 to RMB 55.3 million in FY2024 mainly due to lower additions to PPE, as well as higher interest income received.

Net cash used in financing activities decreased by RMB 3.7 million from RMB 141.1 million in FY2023 to RMB 137.4 million in FY2024, mainly due to the reduction in treasury shares acquisitions and dividend payments by the Group during FY2024.

Capacity expansion plans

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

The construction and installation of machinery has been completed,

management expects the trial run to commence in 1H2025.

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

The Phase 1 project has completed, and the commercial production has commenced. Management is in the process of preparation of its Phase 2 40,000-tonne per annum project. The Company will make a proper announcement in due course.

CASH FLOW REVIEW

	FY2024 RMB' million	FY2023 RMB' million	Change RMB' million
Net cash provided by operating activities	573.2	593.4	(20.2)
Net cash used in investing activities	(55.3)	(137.5)	82.2
Net cash used in financing activities	(137.4)	(141.1)	3.7
Net increase in cash and cash equivalents	380.5	314.8	65.7
Cash and bank balances at end of financial year per consolidated statement of cash flows	2,073.9	1,686.3	387.6

OPERATIONS AND FINANCIAL REVIEW



Below is a summary of our estimated Annual Capacity¹ at the end of each financial year:

Tonnes	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025e
Accelerators	97,000	117,000	117,000	117,000	117,000	117,000	117,000
Insoluble Sulphur	30,000	30,000	30,000	60,000	60,000	60,000	60,000
Anti-oxidant	45,000	45,000	45,000	77,000	77,000	77,000	77,000
Total	172,000	192,000	192,000	254,000	254,000	254,000	254,000

¹ Annual Capacity excludes capacity of intermediary materials such as 4ADPA and MBT.



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.

Mr Xu is also Chairman of the Company’s Risk Management Advisory Committee (“RMAC”).



XU JUN
Executive Director

XU JUN is our Executive Director and was appointed in November 2013 as the Vice-Chairman of Shandong Sunsine to assist our Chairman, Mr Xu 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.

BOARD OF DIRECTORS



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



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”).

BOARD OF DIRECTORS



KOH CHOON KONG
**Non-Executive Non-Independent
Director**

KOH CHOON KONG was appointed as our Non-Executive Director in November 2009, and redesignated as Independent Director in December 2012. Mr Koh was redesignated as a Non-Executive Non-Independent Director on 26 April 2024, and his continuation as a member of the Audit Committee was approved by minority shareholders at the FY2023 Annual General Meeting. 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.



TOH SHIH HUA
Lead Independent Director

TOH SHIH HUA is our Lead Independent Director and Chairman of the Audit Committee. She was appointed on 26 April 2024. Ms Toh has more than 20 years of financial and banking experience, including capital markets fund raising and corporate advisory. In 2004, Ms Toh founded Genesis Capital Pte Ltd, a corporate finance advisory company, where she continues to serve as a director and is responsible for deal origination and has completed numerous corporate finance transactions including initial public offerings, mergers and acquisitions, take-overs and fund raisings. Ms Toh graduated from the Nanyang Technological University with a Bachelor of Accountancy and is a member of Institute of Singapore Chartered Accountants.

BOARD OF DIRECTORS



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 is skilled 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.

BOARD OF DIRECTORS



PEH SIEW WEE
Independent Director

PEH SIEW WEE was appointed as our Independent Director on 26 April 2024. Mr Peh holds a Bachelor of Business Administration degree from University of Oregon, and a Master of Business Administration from University of Michigan (Ann Arbor). He is currently Director of Corner First Management Consulting Pte. Ltd. (since 2020) and Westlake Health Resources Pte. Ltd. (since 2019). Prior to these, he served as Director at China Capital Impetus Asset Management Pte. Ltd. from 2011 to 2018 and held senior positions at HL Bank Singapore, SBI E2 Capital Asia Securities Pte. Ltd., Raffles Campus (China) Pte. Ltd., CN-Surbana Facilities Management Pte. Ltd., Informatics Holdings (Fujian) Pte. Ltd., Gleneagles (Fujian) Pte. Ltd., and Beijing EM Services Pte. Ltd. from 2000 to 2010. Throughout his career, Mr. Peh has demonstrated a strong commitment to financial expertise and strategic leadership.



**THIEW ZONG MIN,
MICHELLE MAGDALENE**
Independent Non-Executive Director

THIEW ZONG MING, MICHELLE MAGDALENE was appointed as our Independent Director on 26 April 2024. She holds a Bachelor of Laws degree from the University of Durham, completed in 2007, and is also a Certified Information Privacy Professional/Asia. With over a decade of experience in private practice and in-house roles at leading law firms and various multi-national corporations, Ms. Thiew has established herself as a trusted and solutions-oriented legal professional within the legal community.

Ms. Thiew is currently the Head of Client Services at Kaleidoscope Labs. Prior to this, she held key legal and compliance roles for Cushman & Wakefield, CBRE, OUE Lippo Healthcare Limited and Jones Lang LaSalle Property Consultants with a Southeast Asia focus. Earlier in her career, Ms. Thiew worked as a Senior Associate specializing in Corporate Finance at Shook Lin & Bok LLP. Her diverse professional background and extensive legal experience make her a valuable addition to our board of directors.

KEY EXECUTIVES



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, R&D, environmental protection and quality. Mr Zhang joined the Group in 2008 since he has obtained his Master degree in Inorganic Chemistry. He has more than 15 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.

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



YUAN JIALE
Deputy General Manager
(Sales and Marketing)

YUAN JIALE was appointed as the Group's Deputy General Manager in August 2023 and Director of Shandong Sunsine in December 2024, 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.

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



ZHANG SHUN
Deputy General Manager

ZHANG SHUN was appointed as the Group's Deputy General Manager and Director of Shandong Sunsine in December 2024. He is responsible for the overall management of antioxidant products and supports the General Manager in production and safety control. Previously, he served as the Deputy General Manager of Shandong Sunsine. Mr. Zhang has over 14 years of experience in production and management, with a particular focus on antioxidant products. He joined the Group in 2010 after earning a Master's degree in Materials Science from Qingdao University of Science and Technology. From 2013 to 2021, he served as the Head of the RT Workshop at Shandong Sunsine. He was subsequently promoted to GM Assistant, a role he held from 2021 to June 2024, where he oversaw the overall management of antioxidant products at Shandong Sunsine.

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

KEY EXECUTIVES



XIE CHUNSHENG
Deputy General Manager

XIE CHUNSHENG was appointed as the Group's Deputy General Manager and Director of Shandong Sunsine in December 2024. He assists the General Manager with facilities and equipment management, including procurement, installation, testing, and maintenance. Previously, he served as the Deputy General Manager of Shandong Sunsine. Mr. Xie has nearly 20 years of experience in equipment management. He graduated from Qingdao University of Science and Technology and obtained his Bachelor's degree in the Process Equipment and Control Engineering in 2005. From 2005 to 2007, he worked as a technician at the Construction and Installation Branch of Sinopec Yanshan Petrochemical Company before joining the Group. From 2011 to 2019, he was the Head of the Equipment Department at Shandong Sunsine and was promoted to General Manager Assistant in 2019, a role he held until 2022.



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.



OUR GLOBAL PRESENCE

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

China's largest rubber chemicals enterprise

Serving more
than

3/4

of the Global Top
75 tire makers



OUR GLOBAL PRESENCE



Our Distinguished Customers:

- Bridgestone
- Michelin
- Toyo Tire
- Pirelli Tyre
- Goodyear Tire
- Cooper
- GITI Tire
- Hangzhou Zhongce
- Sumitomo
- Hankook
- Double Coin
- Guizhou Tire
- Yokohama
- CST Tire
- Sailun Tires
- Linglong Tire

SUPERIOR PRODUCTS WE OFFER



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

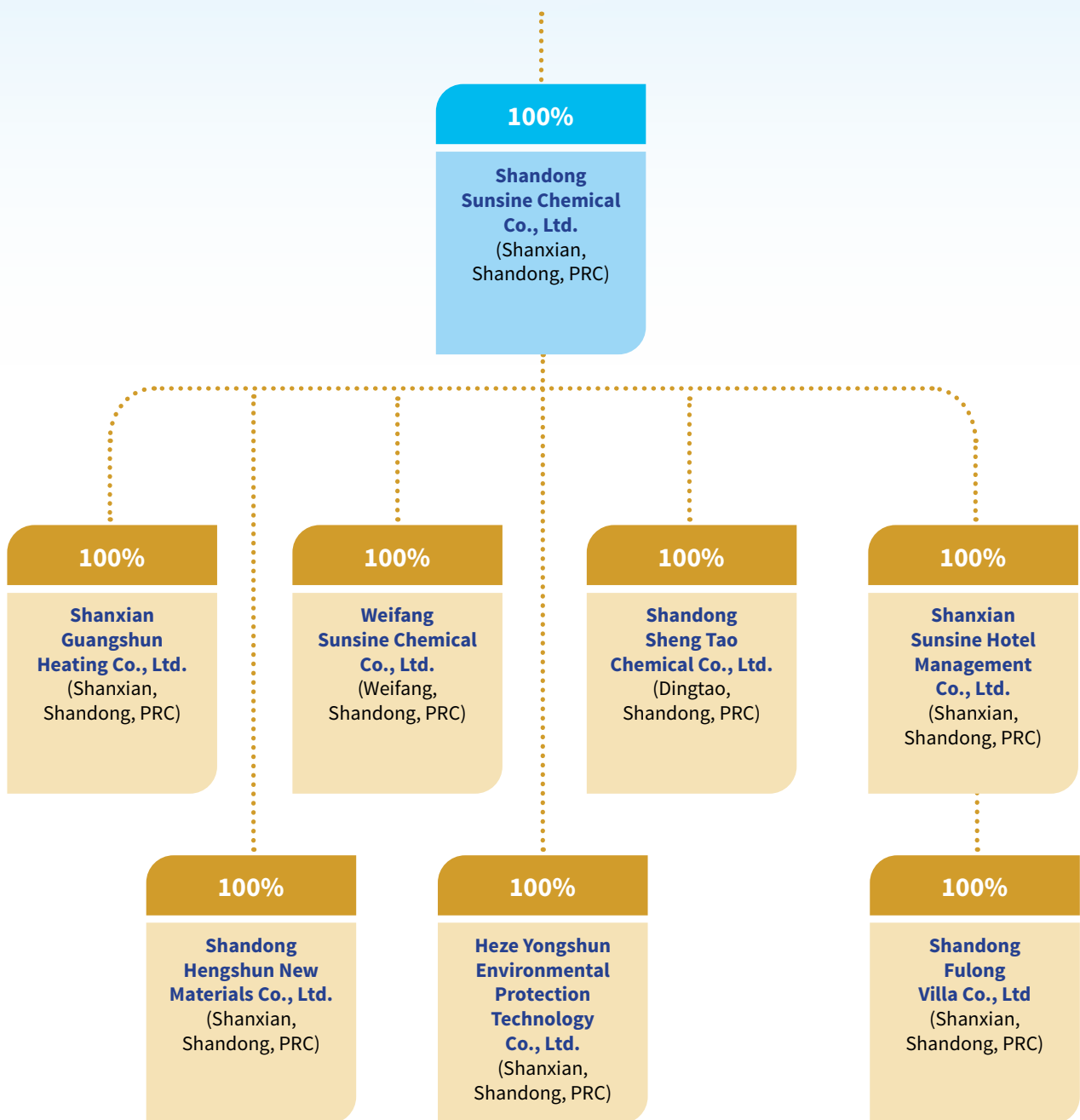
RUBBER PRODUCTS



GROUP STRUCTURE



CHINA SUNSINE CHEMICAL HOLDINGS LTD.
(Singapore)



CORPORATE INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Singapore Office

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#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

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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

Koh Choon Kong

Non-Executive Non-Independent Director

Toh Shih Hua

Lead Independent Director

Yan Tang Feng

Independent Director

Liang Cheng

Independent Director

Peh Siew Wee

Independent Director

Thiew Zong Min, Michelle Magdalene

Independent Director

AUDIT COMMITTEE

Toh Shih Hua Chairman

Koh Choon Kong

Yan Tang Feng

Liang Cheng

NOMINATING COMMITTEE

Peh Siew Wee Chairman

Xu Cheng Qiu

Toh Shih Hua

REMUNERATION COMMITTEE

Yan Tang Feng Chairman

Peh Siew Wee

Thiew Zong Min, Michelle Magdalene

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

28	Corporate Governance Report
52	Directors' Statement
55	Independent Auditor's Report
59	Consolidated Statement of Comprehensive Income
60	Statements of Financial Position
61	Consolidated Statement of Changes in Equity
62	Consolidated Statement of Cash Flows
63	Notes to the Financial Statements



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 (as amended) (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 2024 (“**FY2024**”), 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.

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.

CORPORATE GOVERNANCE REPORT

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 2024 to 31 December 2024, 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	Meetings Attended As Member	Meetings Attended As Member	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	4 out of 4	N.A.	N.A.	N.A.
Lim Heng Chong Benny ⁽¹⁾	2 out of 4	N.A.	1 out of 1	N.A.
Xu Chun Hua ⁽¹⁾	2 out of 4	2 out of 4	1 out of 1	1 out of 1
Koh Choon Kong ⁽³⁾	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	4 out of 4	4 out of 4	N.A.	N.A.
Toh Shih Hua ⁽²⁾	2 out of 4	2 out of 4	N.A.	N.A.
Peh Siew Wee ⁽²⁾	2 out of 4	N.A.	N.A.	N.A.
Thiew Zong Min, Michelle Magdalene ⁽²⁾	2 out of 4	N.A.	N.A.	N.A.

Notes:

- ⁽¹⁾ Mr Lim Heng Chong Benny and Mdm Xu Chun Hua resigned as Independent Directors of the Company after the conclusion of the annual general meeting ("AGM") of the Company on 26 April 2024 pursuant to Rule 210(5)(d)(iv) of the Listing Manual of the SGX-ST.
- ⁽²⁾ Ms Toh Shih Hua, Mr Peh Siew Wee and Ms Thiew Zong Min, Michelle Magdalene were appointed as Independent Directors on 26 April 2024. There were 2 AC meetings and 2 Board meetings, and no NC and RC meeting, held during the period from 26 April 2024 to 31 December 2024.
- ⁽³⁾ Mr Koh Choon Kong was redesignated as Non-Executive Non-Independent Director of the Company after the conclusion of the AGM of the Company on 26 April 2024 pursuant to Rule 210(5)(d)(iv) of the Listing Manual of the SGX-ST.

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. Mr Peh Siew Wee and Ms Thiew Zong Min, Michelle Magdalene, both of whom are first-time directors of a listed company, have undergone, among others, the above-stated program conducted by SID.

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), save for Ms Thiew Zong Min, Michelle Magdalene who will attend the sustainability training in 2025.

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 Company Secretary at all times.

The Company Secretary attends all Board meetings. The Company Secretary is responsible for preparing minutes of Board proceedings, and is 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 Company Secretary are subject to the approval of the Board as a whole.

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

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 current composition of the Board and Board Committees, and the respective directors' appointments, 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	Executive Director cum Chief Financial Officer	-	-	-
Koh Choon Kong ⁽¹⁾	Non-Executive and Non-Independent Director	Member	-	-
Yan Tang Feng	Independent Director	Member	-	Chairman
Liang Cheng	Independent Director	Member	-	-
Toh Shih Hua ⁽²⁾	Lead Independent Director	Chairman	Member	-
Peh Siew Wee ⁽²⁾	Independent Director	-	Chairman	Member
Thiew Zong Min, Michelle Magdalene ⁽²⁾	Independent Director	-	-	Member

Notes:

- ⁽¹⁾ Mr Koh Choon Kong was re-designated as a Non-Executive Non-Independent Director, and stepped down as Chairman of the AC and a member of the RC, after the conclusion of the AGM held on 26 April 2024. He remained as a member of the AC after the AGM.
- ⁽²⁾ Ms Toh Shih Hua, Mr Peh Siew Wee and Ms Thiew Zong Min, Michelle Magdalene were appointed on 26 April 2024. Mr Lim Heng Chong Benny was the Lead Independent Director and Chairman of the NC, and Mdm Xu Chun Hua was Chairman of the RC and a member of the AC and NC, until they stepped down from their respective positions following their resignation as Independent Directors of the Company upon the conclusion of the AGM on 26 April 2024 pursuant to Rule 210(5)(d)(iv) of the Listing Manual of the SGX-ST.

The Board presently comprises 10 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, and that independent directors must comprise at least one-third of the Board, 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, was not met. Nevertheless, given that the non-executive directors make up a majority of the Board, and that the Independent Directors comprise half of the Board, the Board is thus able to exercise objective judgment on corporate affairs independently.

Mr Koh Choon Kong will retire and not be seeking re-election at the forthcoming AGM of the Company to be held on 29 April 2025. Upon the retirement of Mr Koh Choon Kong at the forthcoming AGM, the Board will comprise 9 directors, the majority of whom being independent non-executive directors, thus satisfying the recommendation in Provision 2.2 of the Code as described above.

CORPORATE GOVERNANCE REPORT

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.

Taking into consideration the recommendations of the NC, the Board will review and agree annually the qualitative and measurable quantitative objectives for achieving diversity on the Board. The objectives identified by the NC for Board diversity in FY2024, which were reviewed in February 2024 and more recently in February 2025, were 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 also recommended that the Board appoint two female directors out of the three proposed new independent directors, as well as a younger director, as soon as practicable upon the conclusion of the AGM for FY2024 on 26 April 2024.

Following the appointment of Ms Toh Shih Hua, Mr Peh Siew Wee and Ms Thiew Zong Min, Michelle Magdalene as independent non-executive directors with effect from 26 April 2024, the above objectives for FY2024 have been met based on the timeline set by the Board.

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, corporate finance, 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 Board currently comprises two female directors out of a total of ten directors, hence has met its gender diversity target. With the proposed retirement of Mr Koh Choon Kong at the forthcoming AGM of the Company, gender diversity of the Board will improve as there will be two female directors out of a total of nine directors on the Board.

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 FY2024.

CORPORATE GOVERNANCE REPORT

The diversity of the current Board as at the date of this annual report is as follows:

- (a) *Skills, Knowledge and Experience:* accounting or finance, legal, corporate finance, business or management experience, industry knowledge, strategic planning experience, and customer based experience or knowledge
- (b) *Gender:* 2 Female and 8 Male
- (c) *Age:* 40 to 81
- (d) *Education:* Accountancy, Law, Business Administration, and Engineering
- (e) *Tenure:* 1 to 18 years

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.

Taking into account the views of the NC and the annual confirmation from each of the Independent Directors of his/her independence, the Board (with each Independent Director abstaining from the discussion and decision-making process with respect to the assessment of his/her independence) considers each of the 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.

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 FY2024, 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.

CORPORATE GOVERNANCE REPORT

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, Ms Toh Shih Hua 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.

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:

Peh Siew Wee	-	Chairman
Xu Cheng Qiu	-	Member
Toh Shih 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;

CORPORATE GOVERNANCE REPORT

- (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 FY2024 based on the Code's criteria for independence and is of the view that Ms Toh Shih Hua, Mr Yan Tang Feng, Mr Liang Cheng, Mr Peh Siew Wee and Ms Thiew Zong Min, Michelle Magdalene 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*".

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 14 to 18 - Academic and professional qualifications;
- (b) page 51 - Key information (including each of the Director's board representations on other listed companies and other principal commitments (if any)); and
- (c) pages 52, 53 and 118 - 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;

CORPORATE GOVERNANCE REPORT

- (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.

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.

CORPORATE GOVERNANCE REPORT

Re-election of Directors at the forthcoming AGM

At the forthcoming AGM, Mr Xu Chengqiu, Mr Liang Cheng and Mr Koh Choon Kong are due for retirement by rotation under Regulation 104(2) of the Constitution of the Company. Mr Koh Choon Kong will not be seeking re-election at the forthcoming AGM. Mr Xu Chengqiu and Mr Liang Cheng had submitted themselves for re-nomination and re-election. The NC has reviewed and recommended the re-election of Mr Xu Chengqiu and Mr Liang Cheng as Directors of the Company.

Ms Toh Shih Hua, Mr Peh Siew Wee and Ms Thiew Zong Min, Michelle Magdalene will cease to hold office at the forthcoming AGM under Regulation 114 of the Constitution of the Company, and they had submitted themselves for re-nomination and re-election. The NC, with Mr Peh Siew Wee (as Chairman) and Ms Toh Shih Hua (as member) abstaining from the deliberation process in respect of his/her own re-election) has reviewed and recommended the re-election of Ms Toh Shih Hua, Mr Peh Siew Wee and Ms Thiew Zong Min, Michelle Magdalene as Directors of the Company.

Each of Mr Liang Cheng, Ms Toh Shih Hua, Mr Peh Siew Wee and Ms Thiew Zong Min, Michelle Magdalene 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 directors seeking re-election who had abstained from the deliberation process in respect of their own re-election) has accepted the NC's recommendation and proposes that the aforesaid directors be re-elected at the forthcoming AGM.

Please refer to the explanatory notes to the Notice of the AGM dated 14 April 2025 and pages 117 to 123 of this Annual Report for the additional information in respect of the 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.

CORPORATE GOVERNANCE REPORT

Evaluation processes

(a) *Board and Board committees*

For FY2024, 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 FY2024. 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.

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:

Yan Tangfeng	-	Chairman
Peh Siew Wee	-	Member
Thiew Zong Min, Michelle Magdalene	-	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).

CORPORATE GOVERNANCE REPORT

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.

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 FY2024, 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.

CORPORATE GOVERNANCE REPORT

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.

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.

CORPORATE GOVERNANCE REPORT

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 FY2024, are set out as follows:

Name of Directors	Salary	Bonus	Director's fees	Other benefits	Total Remuneration	
	%	%	%	%	%	S\$'000
Xu Cheng Qiu	16	84	-	-	100	2,415
Xu Jun	50	46	-	4	100	86
Liu De Ming	44	54	-	2	100	178
Tong Yiping	71	21	-	8	100	253
Lim Heng Chong Benny ⁽¹⁾	-	-	100	-	100	25
Xu Chun Hua ⁽¹⁾	-	-	100	-	100	23
Koh Choon Kong	-	-	100	-	100	43
Yan Tang Feng	-	-	100	-	100	43
Liang Cheng	-	-	100	-	100	40
Toh Shih Hua ⁽²⁾	-	-	100	-	100	25
Peh Siew Wee ⁽²⁾	-	-	100	-	100	23
Thiew Zong Min, Michelle Magdalene ⁽²⁾	-	-	100	-	100	20

Remuneration Band & Name of Key Management Personnel	Salary	Bonus	Other benefits	Total
	%	%	%	%
S\$250,000 and below S\$500,000				
Nil				
Below S\$250,000				
Ma Yue Bin ⁽³⁾	25	72	3	100
Zhang Song	20	76	4	100
Xu Chi	28	67	5	100
Yuan Jiale	17	81	2	100
Zhang Shun ⁽⁴⁾	22	74	4	100
Xie Chunsheng ⁽⁴⁾	20	77	3	100

Notes:

- (1) Mr Lim Heng Chong Benny and Mdm Xu Chun Hua resigned on 26 April 2024. Their directors' fees are pro-rated for FY2024.
(2) Ms Toh Shih Hua, Mr Peh Siew Wee and Ms Thiew Zong Min, Michelle Magdalene were appointed as Independent Directors on 26 April 2024. Their directors' fees are pro-rated for FY2024.
(3) Mr Ma Yue Bin stepped down from the position of key management personnel with effect from 1 December 2024.
(4) Mr Zhang Shun and Mr Xie Chunsheng were appointed as key management personnel with effect from 1 December 2024

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 FY2024 is S\$449,000.

CORPORATE GOVERNANCE REPORT

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 FY2024. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister or parent.

The Company has no share option plans for FY2024. Accordingly, no share option has been granted to the above directors or key management personnel. The Company may consider to have 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 auditor and independent auditor.

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 7 executives (including two directors), whose names are set out below:

Xu Cheng Qiu	-	Chairman
Liu De Ming	-	Member
Tong Yiping	-	Member
Zhang Song	-	Member
Zhang Shun	-	Member
Zheng Huai Yu	-	Member
Yuan Jiale	-	Member
Wang Jian	-	Member

In order to ensure and maintain a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, an Enterprise Risk Management ("**ERM**") programme was developed with the assistance of the Company's 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

CORPORATE GOVERNANCE REPORT

Tilly Consultancy (Singapore) Pte. Ltd., which refreshed the ERM programme to identify new risks, if any. 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. A risk refresher exercise was conducted in November 2024 and December 2024 to update the established risk register and the current risk ranking, with the assistance of 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 auditor and independent auditor 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 auditor and independent auditor 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.

Based on the internal control and risk management systems established and maintained by the Group, the work conducted by the internal auditor and independent auditor as set out in their respective reports, the review by the AC of the implementation of the recommendations of the internal auditor and independent auditor 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 2024.

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.

CORPORATE GOVERNANCE REPORT

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 except for Koh Choon Kong who was a non-independent and non-executive director:

Toh Shih Hua	-	Chairman
Yan Tang Feng	-	Member
Liang Cheng	-	Member
Koh Choon Kong	-	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 Company'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;
- (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

CORPORATE GOVERNANCE REPORT

- (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 internal auditor and independent auditor, who report independently their findings and recommendations to the AC. The AC met with the internal auditor and independent auditor, 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 internal auditor and independent auditor's plans to ensure that the plans covered sufficiently the terms of audit scope in reviewing the significant accounting issues and/or internal controls of the Company. Such significant controls comprise financial, operational, compliance and information technology controls. All audit findings and recommendations put up by the internal auditor and independent auditor were reported and presented to the AC. Significant issues were discussed at these meetings.

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

Independent Auditor

In the review of the financial statements for FY2024, the AC had discussed with Management and the independent auditor, Messrs CLA Global TS Public Accounting Corporation ("**CLA Global TS**") on changes to accounting standards and significant issues and assumptions that impact the 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.

In evaluating the quality of the work carried out by 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 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 AQI 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 2025, 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 FY2024 is S\$270,000. No non-audit fees were paid to the independent auditor for financial year ended 31 December 2024 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.

CORPORATE GOVERNANCE REPORT

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.

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.

CORPORATE GOVERNANCE REPORT

(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.

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 Company's AGM for FY2024 will be held in a wholly physical format. Shareholders may ask questions relating to the resolutions to be tabled for approval at the AGM, or submit questions relating to the

CORPORATE GOVERNANCE REPORT

resolutions in advance of the AGM by 21 April 2025, 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 24 April 2025 (if questions are submitted in advance by 21 April 2025 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 FY2024 AGM and announcement dated 14 April 2025 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 14 April 2025. 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\$0.03 per ordinary share, comprising an ordinary dividend of S\$0.02 per ordinary share, and a special dividend of S\$0.01 per ordinary share. In total, the dividend declared for FY2024 amounted to S\$0.03 per ordinary share.

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;

CORPORATE GOVERNANCE REPORT

- (d) press releases on major developments of the Group; and
- (e) the Company's website at www.ChinaSunsine.com at which shareholders can access information on the Group.

The Company 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 FY2024, 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 FY2024 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.

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 2024.

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, save for Ms Thiew Zong Min, Michelle Magdalene who will attend the sustainability training in 2025.

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.

CORPORATE GOVERNANCE REPORT

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 FY2024.

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 AS AT THE DATE OF THIS ANNUAL REPORT

Name of Director	Age	Board Appointment Executive/ Non-Executive/ Independent	Date of First Appointment	Date of Last Re-appointment	Current Directorship / Chairmanship in other Listed Companies & Other Principal Commitments	Past (five years) Directorship in other Listed Companies & Other Principal Commitments
Xu Cheng Qiu	81	Executive Chairman	11 October 2006	29 April 2022	None	None
Xu Jun	54	Executive Director	18 May 2007	29 April 2022	None	None
Liu De Ming	53	Executive Director	30 April 2021	29 April 2022	None	None
Tong Yiping	46	Executive Director	30 March 2023	27 April 2023	None	None
Koh Choon Kong	54	Non-Independent, Non-Executive Director	15 November 2009	27 April 2023	<u>Other Principal Commitments</u> - Summit Power International Limited	None
Toh Shih Hua	49	Lead Independent Director	26 April 2024	N.A.	<u>Directorship in other Listed Companies</u> - Attika Group Ltd. - Eneco Energy Limited <u>Other Principal Commitments</u> - Genesis Capital Pte. Ltd.	<u>Directorship in other Listed Company:</u> - VibroPower Corporation Limited - Miyoshi Limited - Biolidics Limited
Yan Tang Feng	55	Independent Director	26 September 2019	29 April 2022	<u>Other Principal Commitments</u> - Sinolion Holdings Pte. Ltd.	None
Liang Cheng	56	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.
Peh Siew Wee	61	Independent Director	26 April 2024	N.A.	<u>Other Principal Commitments</u> - Corner First Management Consulting Pte. Ltd. - Westlake Health Resources Pte. Ltd.	None
Thiew Zong Min, Michelle Magdalene	40	Independent Director	26 April 2024	N.A.	<u>Other Principal Commitments</u> - Kaleidoscope Labs.	None

DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2024 and the statement of financial position of the Company as at 31 December 2024.

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 59 to 107 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 2024 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
 Tong Yiping
 Koh Choon Kong
 Toh Shih Hua (appointed on 26 April 2024)
 Peh Siew Wee (appointed on 26 April 2024)
 Yan Tangfeng
 Liang Cheng
 Thiew Zong Min, Michelle Magdalene (appointed on 26 April 2024)

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 31.12.2024	At 1.1.2024	At 31.12.2024	At 1.1.2024

China Sunsine Chemical Holdings Ltd.

(No. of ordinary shares)

Xu Chengqiu ^{(a),(b)}	-	-	593,023,100	593,023,100
Tong Yiping ^(c)	-	-	120,000	120,000
Koh Choon Kong ^(d)	-	-	8,542,000	8,492,000
Yan Tangfeng ^(e)	-	-	1,692,000	1,692,000

DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

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 31.12.2024	At 1.1.2024	At 31.12.2024	At 1.1.2024
Immediate and Ultimate Holding Corporation - Success More Group Ltd				
(No. of ordinary shares)				
Xu Chengqiu ^(a)	7,427	7,427	-	-
Xu Jun	812	812	-	-

^(a) 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.

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

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

^(d) The deemed interests of Koh Choon Kong arises from 6,642,000 shares held by the nominee, DBS Nominee (Private) Limited, and 1,900,000 shares held by the nominee, Maybank Securities Pte Ltd.

^(e) 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 2025 were the same as those as at 31 December 2024.

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 2024

Audit committee

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

Toh Shih Hua (Chairman)
Koh Choon Kong
Yan Tangfeng
Liang Cheng

All members of the Audit Committee were independent non-executive directors except for Koh Choon Kong who was a non-independent and non-executive director. 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 2024 and the consolidated financial statements of the Group for the financial year ended 31 December 2024 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

Xu Chengqiu
Director

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 2024, 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 2024 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 Matter

Key audit matter is those matter that, in our professional judgement, was of most significance in our audit of the financial statements for the financial year ended 31 December 2024. This matter was 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 this matter.

Revenue recognition

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

Area of focus

The Group derives revenue primarily from sale 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 2020, namely free on board ("FOB") and cost, insurance and freight ("CIF"). The Group's other revenue includes provision of heating power and waste treatment which are also recognised at a point in time when the services or the goods are consumed by or delivered to the customer respectively. During the financial year ended 31 December 2024, the Group recognised total revenue of RMB3,515,528,000.

INDEPENDENT AUDITOR'S REPORT

To the Members of China Sunsine Chemical Holdings Ltd.

Key Audit Matter (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 policy is in accordance with SFRS(I) 15 *Revenue from Contracts with Customers* and has 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;
- Reviewed management journal entries to detect any unusual transactions in relation to revenue for evidence of fraud and/or management override;
- Performed substantive test of details of revenue transactions throughout the financial year on a sampling basis through validation to supporting documents;
- Performed cut-off test to ascertain that revenue has been properly taken up in the appropriate financial year; and
- Reviewed credit notes issued subsequent to the end of the financial year and ascertained that revenue is adjusted accordingly, if any.

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 Sunsine 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 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Revenue	4	3,515,528	3,490,465
Cost of sales		(2,665,496)	(2,691,547)
Gross profit		850,032	798,918
Other income - net			
- Interest	7	55,631	36,021
- Others	7	54,783	30,819
Other gains/(losses) - net			
- Currency exchange gains - net		28,103	17,427
- Gain on disposal of property, plant and equipment and intangible assets	17	4,993	-
- Reversal of loss allowance/(loss allowance) on trade receivables	26(b)	2,088	(575)
- Write-off of property, plant and equipment		(2,910)	(6,107)
Expenses			
- Distribution and marketing		(110,921)	(102,740)
- Administrative		(210,545)	(201,172)
- Research and development		(86,194)	(119,362)
Profit before income tax		585,060	453,229
Income tax expense	8(a)	(161,198)	(80,764)
Net profit		423,862	372,465
Other comprehensive (loss)/income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation (losses)/gains arising from consolidation	22(b)(v)	(2,780)	2,367
Other comprehensive (loss)/income, net of tax		(2,780)	2,367
Total comprehensive income		421,082	374,832
Net profit attributable to:			
Equity holders of the Company		423,863	372,465
Total comprehensive income attributable to:			
Equity holders of the Company		421,082	374,832
Earnings per share for net profit attributable to equity holders of the Company (RMB cents per share)			
Basic and diluted earnings per share	9	44.34	38.67

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2024

	Note	Group		Company	
		2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
ASSETS					
Current assets					
Cash and cash equivalents	10	2,073,860	1,687,916	28,930	17,000
Trade and other receivables	11	1,136,531	1,265,269	222,252	191,675
Inventories	12	363,637	341,289	-	-
		3,574,028	3,294,474	251,182	208,675
Assets held-for-sale	13	-	20,343	-	-
		3,574,028	3,314,817	251,182	208,675
Non-current assets					
Investments in subsidiary corporations	14	-	-	350,010	350,010
Property, plant and equipment	15	835,039	863,750	198	341
Intangible assets	16	199,176	207,247	-	-
Other receivables	17	70,782	-	-	-
		1,104,997	1,070,997	350,208	350,351
Total assets		4,679,025	4,385,814	601,390	559,026
LIABILITIES					
Current liabilities					
Trade and other payables	19	311,073	359,149	14,572	13,980
Deferred grants	20	5,450	5,280	-	-
Current income tax liabilities	8(b)	153,823	94,829	4,616	4,632
		470,346	459,258	19,188	18,612
Total liabilities		470,346	459,258	19,188	18,612
NET ASSETS		4,208,679	3,926,556	582,202	540,414
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	21(a)	313,471	313,471	313,471	313,471
Treasury shares	21(b)	(67,079)	(54,526)	(67,079)	(54,526)
Other reserves	22	885,152	811,944	50,655	53,435
Retained profits	23	3,077,135	2,855,667	285,155	228,034
Total equity		4,208,679	3,926,556	582,202	540,414

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2024

	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
2024										
Beginning of the financial year		313,471	(54,526)	305	54,627	379,260	379,259	(1,507)	2,855,667	3,926,556
Total comprehensive (loss)/ income for the financial year		-	-	-	-	-	-	(2,780)	423,862	421,082
Transfer to statutory and voluntary reserves	22(b)(iii), (iv)	-	-	-	-	37,994	37,994	-	(75,988)	-
Purchase of treasury shares	21(b)	-	(12,553)	-	-	-	-	-	-	(12,553)
Dividends paid	24	-	-	-	-	-	-	-	(126,406)	(126,406)
End of the financial year		313,471	(67,079)	305	54,627	417,254	417,253	(4,287)	3,077,135	4,208,679
2023										
Beginning of the financial year		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	22(b)(iii), (iv)	-	-	-	-	37,206	37,206	-	(74,412)	-
Purchase of treasury shares	21(b)	-	(13,736)	-	-	-	-	-	-	(13,736)
Dividends paid	24	-	-	-	-	-	-	-	(126,366)	(126,366)
End of the financial year		313,471	(54,526)	305	54,627	379,260	379,259	(1,507)	2,855,667	3,926,556

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Net profit		423,862	372,465
Adjustments for:			
- Income tax expense	8(a)	161,198	80,764
- Amortisation and depreciation	5	132,951	150,737
- Gain on disposal of property, plant and equipment and intangible assets		(4,993)	-
- (Reversal of loss allowance)/loss allowance on trade receivables	26(b)	(2,088)	575
- Write-off of property, plant and equipment		2,910	6,107
- Interest income		(55,631)	(36,021)
- Unrealised currency exchange gains		(9,810)	(4,625)
		648,399	570,002
Change in working capital			
- Inventories		(22,348)	61,538
- Trade and other receivables		97,212	116,213
- Trade and other payables		(48,076)	(20,744)
- Deferred grants		170	(378)
Cash generated from operations		675,357	726,631
Income tax paid	8(b)	(102,156)	(133,208)
Net cash provided by operating activities		573,201	593,423
Cash flows from investing activities			
Additions to property, plant and equipment	15	(110,042)	(171,204)
Additions to intangible assets	16	(3,746)	(2,723)
Disposal of property, plant and equipment		2,879	432
Interest received		55,631	36,021
Net cash used in investing activities		(55,278)	(137,474)
Cash flows from financing activities			
Decrease/(increase) in bank deposits pledged		1,600	(973)
Purchase of treasury shares	21(b)	(12,553)	(13,736)
Dividends paid to equity holders of the Company	24	(126,406)	(126,366)
Net cash used in financing activities		(137,359)	(141,075)
Net increase in cash and cash equivalents		380,564	314,874
Cash and cash equivalents			
Beginning of the financial year		1,686,316	1,364,284
Effects of currency translation on cash and cash equivalents		6,980	7,158
End of the financial year	10	2,073,860	1,686,316

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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 ('000), 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.

Interpretations and amendments to published standards effective in 2024

On 1 January 2024, 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 2024

2 Material accounting policies (continued)

2.2 Revenue (continued)

(a) Sale 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) Interest income

Interest income is recognised using the effective interest rate method.

(e) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2 Material accounting policies (continued)

2.4 Group accounting (continued)

Subsidiary corporations (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2 Material accounting policies (continued)

2.4 Group accounting (continued)

(c) Disposals

When a change in the Group's ownership interest in a subsidiary corporation result 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2 Material accounting policies (continued)

2.5 Property, plant and equipment (continued)

(b) Depreciation (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2 Material accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

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.

2.9 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss (FVPL).

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.

There are two subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: 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.
- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2 Material accounting policies (continued)

2.9 Financial assets (continued)

(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 26(b) details how the Group determines whether there has been a significant increase in credit risk to the financial statements.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2 Material accounting policies (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2 Material accounting policies (continued)

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.

(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 an accrual when it is 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2 Material accounting policies (continued)

2.16 Currency translation (continued)

(b) Transactions and balances (continued)

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

2.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2 Material accounting policies (continued)

2.19 Share capital and treasury shares (continued)

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.

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 2024, the Group's gross trade receivables amounted to RMB718,440,000 (2023: RMB719,498,000) which arose from the Group's different revenue segments - sale of rubber chemicals, provision of heating power and waste treatment. The loss allowance provided for trade receivables as at 31 December 2024 amounted to RMB5,344,000 (2023: RMB7,432,000).

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

The Group's credit risk exposure for trade receivables are set out in Note 26(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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	
	2024 RMB'000	2023 RMB'000
Sale of rubber chemicals		
- People's Republic of China	1,970,086	2,052,495
- Rest of Asia	1,152,957	996,386
- America	84,242	75,931
- Europe	199,705	199,642
- Others	66,945	118,578
	<u>3,473,935</u>	<u>3,443,032</u>
Provision of heating power		
- People's Republic of China	18,384	17,938
Waste treatment		
- People's Republic of China	23,209	29,495
Total	<u>3,515,528</u>	<u>3,490,465</u>

(b) Contract liabilities

	Group		
	31 December 2024 RMB'000	2023 RMB'000	1 January 2023 RMB'000
Waste treatment (Note 19)	<u>35,224</u>	33,679	30,576

Contract liabilities related to considerations from customers for the unsatisfied obligations 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	
	2024 RMB'000	2023 RMB'000
Revenue recognised in current period that was included in contract liabilities balance at the beginning of the financial year	<u>33,679</u>	30,576

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

4 Revenue (continued)

(d) Trade receivables from contracts with customers

	Group		
	31 December	1 January	
	2024	2023	2023
	RMB'000	RMB'000	RMB'000
Current assets			
Trade receivables from contracts with customers (Note 11)	718,440	719,498	726,276
Loss allowance (Note 11)	(5,344)	(7,432)	(6,857)

5 Expenses by nature

	Group	
	2024	2023
	RMB'000	RMB'000
Purchases of inventories	2,096,800	2,039,680
Amortisation of intangible assets (Note 16)	4,238	5,279
Depreciation of property, plant and equipment (Note 15)	128,713	145,458
Total amortisation and depreciation	132,951	150,737
Directors' fees	1,282	1,105
Employee compensation (Note 6)	296,320	256,848
Auditor's remuneration paid/payable to:		
- Auditor of the Company	1,444	1,325
- Other auditors	208	181
Total audit fees	1,652	1,506
Freight charges	57,389	56,491
Port charges	29,301	21,058
Research expense (excluding salaries and depreciation)	67,557	94,153
Utilities	301,593	333,810
Lease expense – short-term leases (Note 18(a))	427	380
Other expenses	110,232	97,515
Changes in inventories	(22,348)	61,538
Total cost of sales, distribution and marketing, administrative and research and development expenses	3,073,156	3,114,821

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

6 Employee compensation

	Group	
	2024 RMB'000	2023 RMB'000
Wages and salaries	265,760	226,139
Employer's contribution to defined contribution plans including Central Provident Fund	30,560	30,709
	296,320	256,848

7 Other income - net

	Group	
	2024 RMB'000	2023 RMB'000
Interest income on financial assets measured at amortised cost - bank deposits	55,631	36,021
Gain on sales of scrap materials	28,872	19,048
Deferred grants income (Note 20)	-	8,455
Government grants – Jobs Growth Incentive (“JGI”) ⁽¹⁾	-	26
Government compensation (Note 17)	33,159	-
Others	(7,248)	3,290
	54,783	30,819
	110,414	66,840

⁽¹⁾ The JGI is a temporary scheme introduced in the Singapore Budget 2023 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	
	2024 RMB'000	2023 RMB'000
Tax expense attributable to profit is made up of:		
<u>Profit for the financial year:</u>		
Current income tax		
- Singapore	9,038	10,215
- Foreign – The People's Republic of China	152,160	70,549
	161,198	80,764

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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	
	2024 RMB'000	2023 RMB'000
Profit before income tax	585,060	453,229
Tax calculated at tax rate of 25% (2023: 25%)	146,265	113,307
Effects of:		
- different tax rates in other country	4,648	2,515
- different tax rates for HNTE concessionary rate ⁽¹⁾	-	(38,171)
- income not subject to tax	(2,721)	(8,920)
- expenses not deductible for tax purposes	2,399	453
- withholding tax on foreign dividend income	9,038	10,215
- deferred income tax assets not recognised	1,569	1,415
- others	-	(50)
Tax charge	161,198	80,764

⁽¹⁾ High and New-Technology Enterprise ("HNTE") status for one of the subsidiary corporations of the Group has expired in December 2023, thus the subsidiary corporation no longer enjoys the 15% concessionary tax rate. As such, the subsidiary corporation has accrued and paid its income tax for the financial year ended 31 December 2024 at the corporate headline 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 RMB319,136,000 (2023: RMB312,860,000) 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 RMB139,599,000 (2023: RMB131,382,000) 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 2024

8 Income taxes (continued)

(b) Movements in current income tax liabilities

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Beginning of the financial year	94,829	147,107	4,632	4,434
Currency translation differences	(48)	166	(48)	166
Income tax paid	(102,156)	(133,208)	(9,006)	(10,183)
Tax expense	161,198	80,764	9,038	10,215
End of the financial year	153,823	94,829	4,616	4,632

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.

	2024	2023
Net profit attributable to equity holders of the Company (RMB'000)	423,862	372,465
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	955,945	963,197
Basic and diluted earnings per share (RMB cents)	44.34	38.67

There are no dilutive potential ordinary shares during the financial years ended 31 December 2024 and 2023 respectively.

10 Cash and cash equivalents

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Cash at bank and on hand	920,909	450,392	28,930	17,000
Short-term bank deposits	1,152,951	1,237,524	-	-
	2,073,860	1,687,916	28,930	17,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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	
	2024 RMB'000	2023 RMB'000
Cash and cash equivalents (as above)	2,073,860	1,687,916
Less: Bank deposits pledged	-	(1,600)
Cash and cash equivalents per consolidated statement of cash flows	<u>2,073,860</u>	<u>1,686,316</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	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Notes receivables	326,977	438,569	-	-
Trade receivables				
- Non-related parties	718,440	719,498	-	-
Less: Loss allowance (Note 26(b))	(5,344)	(7,432)	-	-
Trade receivables - net	713,096	712,066	-	-
Non-trade receivables				
- Non-related parties	13,158	20,712	184	26
- Subsidiary corporations	-	-	222,068	191,549
	13,158	20,712	222,252	191,575
Advances to suppliers	79,304	87,338	-	-
Deposits	20	2,719	-	100
Prepayments	3,976	3,865	-	-
	<u>1,136,531</u>	<u>1,265,269</u>	<u>222,252</u>	<u>191,675</u>

Notes receivables are promissory notes issued by local banks and used in business transactions with a low risk of non-recoverability. In the People's Republic of China, notes receivables can generally be transferred or endorsed by one party to another, allowing the specified amount to be paid within the maturity date, with no specific restrictions.

The non-trade receivables from subsidiary corporations are unsecured, interest-free and are repayable on demand. As at 31 December 2024, the non-trade receivables from subsidiary corporations included dividends receivables of RMB210,000,000 (2023: RMB180,000,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

12 Inventories

	Group	
	2024 RMB'000	2023 RMB'000
Raw materials	177,546	156,051
Finished/trading goods	186,091	185,238
	363,637	341,289

The cost of inventories recognised as an expense and included in "Cost of sales" amounted to RMB2,074,452,000 (2023: RMB2,101,218,000).

13 Assets held-for-sale

The Group's subsidiary corporation, Shandong Sheng Tao Chemical Co., Ltd ("Shengtao") had ceased its operations and relocated its moveable assets to one of the Group's subsidiary corporation, Shandong Hengshun New Materials Co., Ltd in prior financial year. However, part of Shengtao's non-current assets, including land use rights, infrastructure, etc which cannot be relocated, had been reclassified as assets held-for-sale in prior financial year. As at the end of the current financial year, Management is still in the process of negotiating with the local authority on the compensation for these assets although the valuation for most of the assets had been concluded by the valuer appointed by the local authority. Management has assessed that it is unlikely that the compensation negotiations would be finalised and settled within the next 12-month period, and is also unable to ascertain an exact finalisation date. As such, assets held-for-sale were reclassified back to non-current assets in accordance with the relevant SFRS(I).

	Group	
	2024 RMB'000	2023 RMB'000
Beginning of the financial year	20,343	-
Reclassification (to)/from property, plant and equipment (Note 15)		
- Cost	(44,808)	44,808
- Accumulated depreciation	27,700	(27,700)
	(17,108)	17,108
Reclassification (to)/from intangible assets (Note 16)		
- Cost	(4,201)	4,201
- Accumulated amortisation	966	(966)
	(3,235)	3,235
End of the financial year	-	20,343

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

13 Assets held-for-sale (continued)

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

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

⁽¹⁾ The land for Facility 3 is where Shengtao's factory building is built. However, its full rights to the properties (comprising factory building and land) is subject to the grant of the land use rights for the land on which the building 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.

14 Investments in subsidiary corporations

	Company	
	2024 RMB'000	2023 RMB'000
<i>Equity investments at cost</i>		
Beginning and end of the financial year	<u>350,010</u>	<u>350,010</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

14 Investments in subsidiary corporations (continued)

The Group has the following subsidiary corporations as at 31 December 2024 and 2023:

Name of the entities	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent and the Group	
			2024 %	2023 %
<u>Held by the Company</u>				
Shandong Sunsine Chemical Co.,Ltd ^{(a),(b)}	Manufacturing and sale of rubber chemicals, comprising rubber accelerators, anti-oxidant agents, anti-scorching agents and insoluble sulphur	People's Republic of China	100	100
<u>Held by Shandong Sunsine Chemical Co.,Ltd</u>				
Weifang Sunsine Chemical Co., Ltd ^{(b),(c)}	Manufacturing and sale of rubber chemicals, including rubber accelerators	People's Republic of China	100	100
Shandong Sheng Tao Chemical Co., Ltd ^{(b),(c)}	Manufacturing and sale of rubber chemicals, including insoluble sulphur (ceased operations)	People's Republic of China	100	100
Shanxian Sunsine Hotel Management Co., Ltd ^{(c),(d)}	Hotel investment and management (dormant)	People's Republic of China	100	100
Shanxian Guangshun Heating Co., Ltd ^{(b),(c)}	Production and supply of heating power, including preparation and implementation of the project	People's Republic of China	100	100
Shandong Hengshun New Materials Co., Ltd ^{(b),(c)}	Manufacturing of chemical agent and rubber chemicals	People's Republic of China	100	100
Heze Yongshun Environmental Protection Technology Co., Ltd ^{(b),(c)}	Waste treatment	People's Republic of China	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

14 Investments in subsidiary corporations (continued)

The Group has the following subsidiary corporations as at 31 December 2024 and 2023: (continued)

Name of the entities	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent and the Group	
			2024 %	2023 %
<u>Held by Shanxian Sunsine Hotel Management Co., Ltd</u>				
Shandong Fulong Villa Co., Ltd ^{(b),(c)}	Hotel and restaurant (ceased operations)	People's Republic of China	100	100

^(a) Audited by Shan Dong He Hua United Certified Public Accountants for local statutory purposes.

^(b) 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.

^(c) Not required to be audited under the laws of the country of incorporation.

^(d) The subsidiary corporation was dormant during the financial years ended 31 December 2024 and 2023 respectively.

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 2024, cash and short-term deposits of the Group of RMB2,044,930,000 (2023: RMB1,670,916,000) 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 2024

15 Property, plant and equipment

Group	Plant and machinery	Buildings	Motor vehicles	Office equipment	Assets under construction	Total
2024	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Cost</i>						
Beginning of the financial year	1,221,199	600,951	13,502	38,903	207,807	2,082,362
Additions	25,208	2,451	207	1,463	80,713	110,042
Reclassification from assets held-for-sale (Note 13)	-	44,808	-	-	-	44,808
Disposal	(65)	(13,308)	-	(1,672)	(22,690)	(37,735)
Write-off	(27,479)	(261)	(1,190)	(500)	-	(29,430)
Reclassification	17,293	379	34	1,032	(18,738)	-
End of the financial year	1,236,156	635,020	12,553	39,226	247,092	2,170,047
<i>Accumulated depreciation and impairment losses</i>						
Beginning of the financial year	892,330	283,023	10,905	30,444	1,910	1,218,612
Depreciation charge (Note 5)	92,206	31,631	1,463	3,413	-	128,713
Reclassification from assets held-for-sale (Note 13)	-	27,700	-	-	-	27,700
Disposal	(62)	(11,742)	-	(1,693)	-	(13,497)
Write-off	(24,844)	(240)	(1,066)	(370)	-	(26,520)
End of the financial year	959,630	330,372	11,302	31,794	1,910	1,335,008
Net book value						
End of the financial year	276,526	304,648	1,251	7,432	245,182	835,039

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

15 Property, plant and equipment (continued)

Group	Plant and machinery	Buildings	Motor vehicles	Office equipment	Assets under construction	Total
2023	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Cost</i>						
Beginning of the 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
Reclassification to assets held-for-sale (Note 13)	-	(44,808)	-	-	-	(44,808)
Disposal	(1,884)	-	(107)	(228)	-	(2,219)
Write-off	(40,149)	(1,562)	(70)	(1,693)	(186)	(43,660)
Reclassification	8,277	57,730	-	380	(66,387)	-
End of the 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 the 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
Reclassification to assets held-for-sale (Note 13)	-	(27,700)	-	-	-	(27,700)
Disposal	(1,537)	-	(51)	(199)	-	(1,787)
Write-off	(35,387)	(460)	(68)	(1,638)	-	(37,553)
End of the financial year	892,330	283,023	10,905	30,444	1,910	1,218,612
Net book value						
End of the financial year	328,869	317,928	2,597	8,459	205,897	863,750

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

15 Property, plant and equipment (continued)

	Renovation RMB'000	Office equipment RMB'000	Total RMB'000
Company			
2024			
<i>Cost</i>			
Beginning and end of the financial year	386	58	444
<i>Accumulated depreciation</i>			
Beginning of financial year	97	6	103
Depreciation charge	132	12	144
End of the financial year	229	18	247
Net book value			
End of the financial year	157	40	197
2023			
<i>Cost</i>			
Beginning of the financial year	-	-	-
Additions	386	58	444
End of the financial year	386	58	444
<i>Accumulated depreciation</i>			
Beginning of the financial year	-	-	-
Depreciation charge	97	6	103
End of the financial year	97	6	103
Net book value			
End of the financial year	289	52	341

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

16 Intangible assets

	Group	
	2024 RMB'000	2023 RMB'000
<u>Land use rights</u>		
<i>Cost</i>		
Beginning of the financial year	232,809	234,287
Additions	3,746	2,723
Disposal	(14,512)	-
Reclassification from/(to) assets held-for-sale (Note 13)	4,201	(4,201)
End of the financial year	<u>226,244</u>	<u>232,809</u>
<i>Accumulated amortisation</i>		
Beginning of the financial year	25,562	21,249
Amortisation charge (Note 5)	4,238	5,279
Disposal	(3,698)	-
Reclassification from/(to) assets held-for-sale (Note 13)	966	(966)
End of the financial year	<u>27,068</u>	<u>25,562</u>
<i>Net book value</i>	<u>199,176</u>	<u>207,247</u>

The amortisation charge for the financial year of RMB4,238,000 (2023: RMB5,279,000) is included in the consolidated statement of comprehensive income as part of the administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

16 Intangible assets (continued)

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

Location	Period	Land area (sqm)
Facility 1		
Intersection of Beiyuan Road and East Outer Ring Road, Shanxian	50 years (expiring on 5 Sep 2056)	162,087
Intersection of Beiyuan Road and East Outer Ring Road, Shanxian	50 years (expiring on 29 Jan 2066)	55,562
Intersection of Beiyuan Road and East Outer Ring Road, Shanxian	50 years (expiring on 31 Oct 2059)	89,109
Intersection of Beiyuan Road and East Outer Ring Road, Shanxian	NA ⁽¹⁾	110,514
Intersection of Beiyuan Road and East Outer Ring Road, Shanxian	NA ⁽¹⁾	45,187
East Outer Ring Road, Shanxian, residential land of Pengqiao Village, Xiejizhen	50 years (expiring on 20 Jan 2074)	515
East Outer Ring Road, Shanxian, residential land of Pengqiao Village, Xiejizhen	50 years (expiring on 20 Jan 2074)	10,888
		<u>473,862</u>
Facility 2		
Bin Hai Economic Development Area, Weifang	50 years (expiring on 13 Jun 2061)	<u>187,852</u>
Facility 3		
Zhuji County, Changjiang Road North, Chenji, Dingtao	50 years (expiring on 2 Sep 2064)	59,942
Zhuji County, Changjiang Road North, Chenji, Dingtao	NA ⁽²⁾	126,725
		<u>186,667</u>
Facility 4		
Economic and Technological Development Zone, Shanxian	50 years (expiring on 26 Dec 2063)	46,175
Economic and Technological Development Zone, Shanxian	NA ⁽³⁾	80,492
		<u>126,667</u>
Facility 6		
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>
Facility 7		
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 2024

16 Intangible assets (continued)

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

Location	Period	Land area (sqm)
Facility 8		
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
Economic and Technological Development Zone, Shanxian	50 years (expiring on 15 Dec 2072)	138,726
		451,017

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

⁽²⁾ The land for Facility 3 is where Shengtao's factory building is built. However, its full rights to the properties (comprising factory building and land) is subject to the grant of the land use rights for the land on which the building 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.

⁽³⁾ The land for Facility 4 is where Shanxian Guangshun Heating Co., Ltd's ("Guangshun") factory is built. However, its full rights to the properties (comprising building and land) is subject to the grant of the land use rights for the land on which the buildings are erected. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

17 Other receivables – non-current assets

On 29 October 2024, the Group's subsidiary corporation, Shandong Fulong Villa Co., Ltd ("Fulong Villa"), disposed of its property, plant and equipment and intangible assets to Shanxian County Government ("Shanxian Government") for a cash consideration of RMB37,623,000 ("Consideration") and ceased its operations. The rationales for this disposal are: (1) Shanxian Government has plans to re-develop the entire Fulong Lake area into a tourist destination, and intends to take over Fulong Villa for easier management; and (2) the Group can also concentrate on its main business activities of the manufacturing and sale of rubber chemicals following the disposal of Fulong Villa. The consideration was arrived at on a willing-buyer and willing-seller basis, after taking into consideration the audited results from the Shan County Audit Bureau. The disposal resulted in a gain of RMB4,993,000 which has been recorded as "Other gains/(losses) - net" in the consolidated statement of comprehensive income for the financial year ended 31 December 2024. However, Management does not expect the Consideration to be received from the Shanxian Government within the next 12-month period, and as such, it has been classified as non-current other receivables in accordance with the relevant SFRS(I).

During the negotiation process for the above transaction with the Shanxian Government, the Group also managed to obtain an additional compensation of RMB33,159,000 in relation to the relocation of the old factory of the Group's main subsidiary corporation, Shandong Sunsine Chemical Co., Ltd. ("Shandong Sunsine") to its current location in FY2010 which has been recognised by the Group as "Other income" (Note 7). Consistent with the Consideration from disposal, Management does not expect this additional compensation to be received from the Shanxian Government within the next 12-month period, and as such, it has also recorded as non-current other receivables in accordance with the relevant SFRS(I).

	Group 2024 RMB'000
Other receivables relating to Fulong Villa	37,623
Other receivables relating to Shandong Sunsine (Note 7)	33,159
	<u>70,782</u>

As Management does not expect the repayment of these receivables to be received within the next 12 months from the end of the financial year as the repayment is dependent on the Shanxian Government's future plans and policies, the Group has classified these receivables as non-current financial assets, at fair value through profit or loss. At the end of the financial year, the carrying amounts of these receivables approximate their fair values determined from the cash flow analyses discounted at interest rates of 2.59%.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

18 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	
	2024	2023
	RMB'000	RMB'000
Lease expense – short-term leases (Note 5)	427	380

(b) Total cash outflow for all leases was RMB427,000 (2023: RMB380,000).

19 Trade and other payables

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables - non-related parties	31,026	51,125	-	-
Non-trade payables - non-related parties	87,313	109,477	97	1,579
Accruals for operating expenses	157,510	164,868	14,475	12,401
Contract liabilities (Note 4b)	35,224	33,679	-	-
	311,073	359,149	14,572	13,980

20 Deferred grants

	Group	
	2024	2023
	RMB'000	RMB'000
Beginning of the financial year	5,280	5,658
Amount received from government agencies	170	8,077
Recognised as other income in profit or loss (Note 7)	-	(8,455)
End of the financial year	5,450	5,280

In 2024 and 2023, deferred grants relate to government grant subsidies received from government agencies 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

21 Share capital and treasury shares

(a) *Share capital*

	No. of ordinary shares	← Amount →	
		SGD'000	RMB'000
Group and Company			
2024 and 2023			
Beginning and end of the financial year	983,388,000	62,649	313,471

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(b) *Treasury shares*

	No. of ordinary shares	← Amount →	
		SGD'000	RMB'000
Group and Company			
2024			
Beginning of the financial year	24,139,500	(10,731)	(54,526)
Treasury shares purchased	5,865,700	(2,349)	(12,553)
End of the financial year	30,005,200	(13,080)	(67,079)
2023			
Beginning of the financial year	17,748,400	(8,134)	(40,790)
Treasury shares purchased	6,391,100	(2,597)	(13,736)
End of the financial year	24,139,500	(10,731)	(54,526)

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

In 2024, the Company purchased 5,865,700 treasury shares in the open market. The cost of the treasury shares purchased amounted to SGD2,349,000 (equivalent to RMB12,553,000).

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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

22 Other reserves

(a) *Composition:*

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Merger reserve	305	305	-	-
Capital reserve	54,627	54,627	54,627	54,627
Statutory common reserve	417,254	379,260	-	-
Voluntary common reserve	417,253	379,259	-	-
Currency translation reserve	(4,287)	(1,507)	(3,972)	(1,192)
	885,152	811,944	50,655	53,435

(b) *Movements:*

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
(i) <i>Merger reserve</i>				
Beginning and end of the financial year	305	305	-	-
(ii) <i>Capital reserve</i>				
Beginning and end of the financial year	54,627	54,627	54,627	54,627
(iii) <i>Statutory common reserve</i>				
Beginning of the financial year	379,260	342,054	-	-
Transfer from retained profits	37,994	37,206	-	-
End of the financial year	417,254	379,260	-	-
(iv) <i>Voluntary common reserve</i>				
Beginning of the financial year	379,259	342,053	-	-
Transfer from retained profits	37,994	37,206	-	-
End of the financial year	417,253	379,259	-	-
(v) <i>Currency translation reserve</i>				
Beginning of the financial year	(1,507)	(3,874)	(1,192)	(3,559)
Net currency translation differences of financial statements of the Company	(2,780)	2,367	(2,780)	2,367
End of the financial year	(4,287)	(1,507)	(3,972)	(1,192)

Other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

22 Other reserves (continued)

Currency translation reserve

The currency translation reserve represents exchange differences arising from the translation of the financial statements of the Company whose functional currency is different from that of the Group's presentation currency.

Statutory and Voluntary 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 the 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 PRC, the subsidiary corporation is allowed to appropriate a minimum of 10% of the net profit reported in the statutory financial statements to the voluntary common reserve which serves as staff welfare fund until the balance of such reserve has reached 50% of its registered share capital.

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

23 Retained profits

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

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

	Company	
	2024	2023
	RMB'000	RMB'000
Beginning of the financial year	228,034	200,333
Net profit	183,527	154,067
Dividends paid (Note 24)	(126,406)	(126,366)
End of the financial year	<u>285,155</u>	<u>228,034</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

24 Dividends

	Group	
	2024 RMB'000	2023 RMB'000
<u>Ordinary dividends</u>		
Final dividends paid in respect of the previous financial year of SGD 0.015 (2023: SGD 0.01) per share	75,844	50,546
<u>Special dividends</u>		
Final dividends paid in respect of the previous financial year of SGD 0.01 (2023: SGD 0.015) per share	50,562	75,820
Total (Note 23)	<u>126,406</u>	<u>126,366</u>

At the forthcoming Annual General Meeting on 29 April 2025, a final dividend of SGD0.02 per share and a special dividend of SGD0.01 per share, totalling to SGD28,601,000 (equivalent to approximately RMB155,200,000) 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 2025.

25 Commitments

Capital commitments

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

	Group	
	2024 RMB'000	2023 RMB'000
Property, plant and equipment	<u>12,986</u>	<u>10,624</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

26 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"), Euro ("EUR") and Japanese Yen ("JPY").

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 2024

26 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	JPY RMB'000	Total RMB'000
2024						
Financial assets						
Cash and cash equivalents	1,493,467	440,241	42,978	28,220	68,954	2,073,860
Trade and other receivables	897,110	213,345	13,394	184	-	1,124,033
Receivables from inter-company	678,053	-	-	222,068	-	900,121
	<u>3,068,630</u>	<u>653,586</u>	<u>56,372</u>	<u>250,472</u>	<u>68,954</u>	<u>4,098,014</u>
Financial liabilities						
Trade and other payables	(261,277)	-	-	(14,572)	-	(275,849)
Payables to inter-company	(678,053)	-	-	(222,068)	-	(900,121)
	<u>(939,330)</u>	<u>-</u>	<u>-</u>	<u>(236,640)</u>	<u>-</u>	<u>(1,175,970)</u>
Net financial assets	<u>2,129,300</u>	<u>653,586</u>	<u>56,372</u>	<u>13,832</u>	<u>68,954</u>	<u>2,922,044</u>
Less: Net financial liabilities denominated in the respective entities' functional currencies	<u>(2,129,300)</u>	<u>-</u>	<u>-</u>	<u>(13,832)</u>	<u>-</u>	<u>(2,143,132)</u>
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	<u>-</u>	<u>653,586</u>	<u>56,372</u>	<u>-</u>	<u>68,954</u>	<u>778,912</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

26 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
2023					
Financial assets					
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>
Financial liabilities					
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>
Net financial assets	<u>1,772,662</u>	<u>737,003</u>	<u>24,420</u>	<u>2,427</u>	<u>2,536,512</u>
Less: Net financial liabilities denominated in the respective entities' functional currencies	<u>(1,772,662)</u>	<u>-</u>	<u>-</u>	<u>(2,427)</u>	<u>(1,775,089)</u>
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	<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 2024

26 Financial risk management (continued)

(a) *Market risk* (continued)

(i) Currency risk (continued)

If the USD, EUR and JPY change against the RMB by 1% (2023: 2%), 4% (2023: 6%) and 8% (2023: Nil) 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)	
	2024	2023
	Net profit	Net profit
	RMB'000	RMB'000
USD against RMB		
- Strengthened	4,902	11,055
- Weakened	(4,902)	(11,055)
	<u>4,902</u>	<u>(11,055)</u>
EUR against RMB		
- Strengthened	1,691	1,099
- Weakened	(1,691)	(1,099)
	<u>1,691</u>	<u>(1,099)</u>
JPY against RMB		
- Strengthened	4,137	-
- Weakened	(4,137)	-
	<u>4,137</u>	<u>-</u>

(ii) Equity price risk

The Group and the Company does not have exposure to equity price risk as it does not hold any equity or debt securities financial instruments.

(iii) Cash flow and fair value interest rate risk

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 2024 and 2023, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

26 Financial risk management (continued)

(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 do 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 concentration of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

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

	2024 RMB'000	2023 RMB'000
<u>By geographical areas</u>		
People's Republic of China	477,257	506,139
Overseas market	235,839	205,927
	713,096	712,066

The movements in credit loss allowance are as follows:

	2024 RMB'000	2023 RMB'000
Beginning of the financial year	(7,432)	(6,857)
Movement during the financial year:		
- Allowance made	(2,377)	(4,258)
- Reversal of unutilised allowance	4,465	3,683
Net amount recognised in profit or loss	2,088	(575)
End of the financial year (Note 11)	(5,344)	(7,432)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

26 Financial risk management (continued)*(b) Credit risk (continued)*

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.

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	
2024					
<i>Domestic customers</i>					
Trade receivables	369,742	77,210	33,427	2,177	482,556
Loss allowance	-	-	(3,122)	(2,177)	(5,299)
<i>Oversea customers</i>					
Trade receivables	226,587	9,252	45	-	235,884
Loss allowance	-	-	(45)	-	(45)
2023					
<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)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

26 Financial risk management (continued)

(b) Credit risk (continued)

Other financial assets at amortised cost

Other financial assets at amortised cost include non-trade receivables from non-related parties and subsidiary corporations and deposits. 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 to the financial statements.

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	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Less than one year				
Trade and other payables	275,849	325,470	14,572	13,980

(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 2024 and 2023 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

26 Financial risk management (continued)*(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	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost	3,127,111	2,861,982	251,181	208,675
Financial assets, at FVPL	70,782	-	-	-
Financial liabilities at amortised cost	275,849	325,470	14,572	13,980

27 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	
	2024	2023
	RMB'000	RMB'000
Wages and salaries	19,121	17,276
Employer's contribution to defined contribution plans including Central Provident Fund	223	209
	19,344	17,485

Included in the above is total compensation to directors of the Company amounting to RMB16,947,000 (2023: RMB15,077,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

28 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 (2023: three) primary reportable business segments, namely (1) the manufacturing and sale 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 is not allocated to segments, as this type of activity is driven by the Board of Directors, which manages the cash position of the Group.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

28 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
2024					
Sales					
Total segment sales	4,381,923	196,135	23,390	641	4,602,089
Inter-segment sales	(907,988)	(177,751)	(181)	(641)	(1,086,561)
Sales to external parties	3,473,935	18,384	23,209	-	3,515,528
Expense					
Purchases of inventories (Note 5)	1,954,728	131,003	11,081	(12)	2,096,800
Utilities (Note 5)	300,766	-	809	18	301,593
Employee compensation (Note 6)	259,575	16,894	5,449	14,402	296,320
Adjusted EBITDA	814,624	(133,533)	(5,185)	(13,526)	662,380
Depreciation	(103,516)	(19,263)	(5,082)	(853)	(128,714)
Amortisation	(3,134)	(142)	(612)	(349)	(4,237)
Segment assets	4,353,037	164,874	93,068	68,046	4,679,025
Segment assets include:					
Additions to property, plant and equipment	105,179	4,580	283	-	110,042
Additions to intangible assets	3,746	-	-	-	3,746
Segment liabilities	374,725	35,065	41,367	19,189	470,346

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

28 Segment information (continued)

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

	Rubber chemicals RMB'000	Heating Power RMB'000	Waste treatment RMB'000	Others RMB'000	Total RMB'000
2023					
Sales					
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
Expense					
Purchases of inventories (Note 5)	1,868,320	153,215	17,225	920	2,039,680
Utilities (Note 5)	332,878	-	902	30	333,810
Employee compensation (Note 6)	228,400	9,755	5,959	12,734	256,848
Adjusted EBITDA	511,260	66,172	7,238	(16,725)	567,945
Depreciation	(119,559)	(19,757)	(5,119)	(1,023)	(145,458)
Amortisation	(4,106)	(142)	(612)	(419)	(5,279)
Segment assets	4,091,784	179,513	86,413	28,104	4,385,814
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
Segment liabilities	328,798	31,490	55,723	43,247	459,258

(a) *Reconciliations*

Segment profits

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

	2024 RMB'000	2023 RMB'000
Adjusted EBITDA for reportable segments	662,380	567,945
Depreciation	(128,713)	(145,458)
Amortisation	(4,238)	(5,279)
Interest income	55,631	36,021
Profit before income tax	585,060	453,229

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

28 Segment information (continued)

(b) Geographical Segment

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	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
People's Republic of China	2,011,679	2,099,928	1,104,799	1,070,656
Rest of Asia	1,152,957	996,386	198	341
America	84,242	75,931	-	-
Europe	199,705	199,642	-	-
Other countries	66,945	118,578	-	-
	3,515,528	3,490,465	1,104,997	1,070,997

There are no customers individually contributing more than 10% to the revenue of the Group for the financial years ended 31 December 2024 and 2023 respectively.

(c) Revenue from major services

Revenue from external customers are derived mainly from sale of rubber chemicals, provision of heating power and waste treatment as disclosed in Note 4(a) to the financial statements.

29 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 2025 and which the Group has not early adopted:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-21: Lack of Exchangeability	1 Jan 2025
Amendments to SFRS(I) 9 and SFRS(I) 7: Amendments to the Classification and Measurement of Financial Instruments	1 Jan 2026
Amendments to SFRS(I) 9 and SFRS(I) 7: Contracts Referencing Nature-dependent Electricity	1 Jan 2026
Annual Improvements to SFRS(I)s – Volume 11	1 Jan 2026
SFRS(I) 18: Presentation and Disclosure in Financial Statements	1 Jan 2027
SFRS(I) 19: Subsidiaries without Public Accountability: Disclosures	1 Jan 2027
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

30 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 2025.

STATISTICS OF SHAREHOLDINGS

As at 17 March 2025

SHARE CAPITAL

Number of Issued Shares	:	983,388,000
Number of Issued Shares (excluding Treasury Shares and Subsidiary Holdings ⁽¹⁾)	:	953,382,800
Number and Percentage of Treasury Shares	:	30,005,200 (3.15%) ⁽²⁾
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:

⁽¹⁾ "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.

⁽²⁾ 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	73	0.00	2	0.12
100 - 1,000	54,000	0.00	104	6.10
1,001 - 10,000	3,987,992	0.42	635	37.29
10,001 - 1,000,000	69,859,466	7.33	922	54.14
1,000,001 and above	879,481,269	92.25	40	2.35
Total	953,382,800	100.00	1,703	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Shareholder's Name	Number of Shares Held	%
1	SUCCESS MORE GROUP LIMITED	587,285,100	61.60
2	CITIBANK NOMINEES SINGAPORE PTE LTD	46,812,717	4.91
3	UOB KAY HIAN PTE LTD	42,206,424	4.43
4	DBS NOMINEES PTE LTD	38,703,300	4.06
5	CHIA KEE KOON	33,202,100	3.48
6	RAFFLES NOMINEES (PTE) LTD	21,458,099	2.25
7	MAYBANK SECURITIES PTE LTD	11,526,800	1.21
8	UNITED OVERSEAS BANK NOMINEES PTE LTD	10,141,100	1.06
9	OCBC SECURITIES PRIVATE LTD	8,267,000	0.87
10	LEOW EK HUA	7,500,000	0.79
11	YEO KHEE CHYE	6,180,000	0.65
12	PHILLIP SECURITIES PTE LTD	5,672,162	0.59
13	HSBC (SINGAPORE) NOMINEES PTE LTD	4,235,777	0.44
14	OCBC NOMINEES SINGAPORE PTE LTD	3,689,500	0.39
15	ABN AMRO CLEARING BANK N.V.	3,591,690	0.38
16	LIM SOON HWEE (LIN SHUNHUI)	3,549,500	0.37
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,236,000	0.34
18	EU OY CHU	3,160,000	0.33
19	TAN WEY LING	2,999,100	0.31
20	LEE YOW FEE	2,828,000	0.30
		846,244,369	88.76

STATISTICS OF SHAREHOLDINGS

As at 17 March 2025

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at **17 March 2025**, approximately 36.70% 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 ⁽¹⁾	587,285,100	61.60	-	-
Xu Cheng Qiu ⁽¹⁾⁽²⁾	-	-	593,023,100	62.20

Notes:

- ⁽¹⁾ 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.
- ⁽²⁾ 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 3 & 4 @ Level 69, Swissotel The Stamford, 2 Stamford Road Singapore 178882 on Tuesday, 29 April 2025 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 2024, together with the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To declare a final one-tier tax exempt dividend of 2.0 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 2024. **(Resolution 2)**
3. To re-elect Mr Xu Chengqiu, 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 Liang Cheng, 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]

Note: Mr Koh Choon Kong, who is due to retire by rotation under Regulation 104(2) of the Company’s Constitution, will not be seeking re-election as Director of the Company.
[See Explanatory Note 3]
5. To re-elect Ms Toh Shih Hua, who is retiring as a Director under Regulation 114 of the Company’s Constitution, and who, being eligible, offers herself for re-election. **(Resolution 5)**
[See Explanatory Note 4]
6. To re-elect Mr Peh Siew Wee, who is retiring as a Director under Regulation 114 of the Company’s Constitution, and who, being eligible, offers himself for re-election. **(Resolution 6)**
[See Explanatory Note 5]
7. To re-elect Ms Thiew Zong Min, Michelle Magdalene, who is retiring as a Director under Regulation 114 of the Company’s Constitution, and who, being eligible, offers herself for re-election. **(Resolution 7)**
[See Explanatory Note 6]
8. To approve the amount of S\$240,000 proposed as Directors’ fees for the financial year ended 31 December 2024 (2023: S\$210,000). **(Resolution 8)**
9. 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 9)**
10. To transact any other ordinary business that may be properly transacted at an annual general meeting.

NOTICE OF ANNUAL GENERAL MEETING

As Special Business:-

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

11. SHARE ISSUE MANDATE

(Resolution 10)

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

NOTICE OF ANNUAL GENERAL MEETING

- (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;
- (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 7]

12. RENEWAL OF SHARE PURCHASE MANDATE

(Resolution 11)

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 8]

BY ORDER OF THE BOARD

JACQUELINE ANNE LOW
Company Secretary

Singapore, 14 April 2025

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

1. **Resolution 3** – Mr Xu Cheng Qiu will, upon re-election, remain as Executive Chairman and a member of the Nominating Committee of the Company. Please refer to the section entitled “Additional Information on Directors seeking Re-election” appended to this Notice for detailed information on Mr Xu Cheng Qiu as required under Rule 720(6) of the Listing Manual of the SGX-ST.
2. **Resolution 4** – Mr Liang Cheng will, upon re-election, remain as an Independent Director of the Company and a member of the Audit Committee, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to the section entitled “Additional Information on Directors seeking Re-election” appended to this Notice for detailed information on Mr Liang Cheng as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
3. Mr Koh Choon Kong, who retires by rotation under Regulation 104(2) of the Company’s Constitution, will not be seeking re-election as Director of the Company. Accordingly, Mr Koh Choon Kong will step down as a Non-Executive Non-Independent Director and a member of the Audit Committee of the Company immediately following the conclusion of the AGM.
4. **Resolution 5** – Ms Toh Shih Hua will, upon re-election, remain as the Lead Independent Director of the Company and Chairman of the Audit Committee and a member of the Nominating 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” appended to this Notice for detailed information on Ms Toh Shih Hua as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
5. **Resolution 6** – Mr Peh Siew Wee will, upon re-election, remain as an Independent Director of the Company and Chairman of the Nominating Committee and a member of 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” appended to this Notice for detailed information on Mr Peh Siew Wee as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
6. **Resolution 7** – Ms Thiew Zong Min, Michelle Magdalene will, upon re-election, remain as an Independent Director of the Company and a member of 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” appended to this Notice for detailed information on Ms Thiew Zong Min, Michelle Magdalene as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
7. **Resolution 10** – 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 10 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.
8. **Resolution 11** – Resolution 11, 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 2024, based on certain assumptions, are set out in paragraph 2.8 of the Letter to Shareholders dated 14 April 2025.

Please refer to the Letter to Shareholders dated 14 April 2025 for more details.

NOTICE OF ANNUAL GENERAL MEETING

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 jennieliu@chinasunsine.com in advance of the AGM by 21 April 2025 (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 24 April 2025 (if questions are submitted in advance by 21 April 2025 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.

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 2025.

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@vistra.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>.

NOTICE OF ANNUAL GENERAL MEETING

6. The 2024 Annual Report, the Letter to Shareholders dated 14 April 2025 (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 2024 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 21 April 2025. 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.

Mr Xu Cheng Qiu, Mr Liang Cheng, Ms Toh Shih Hua, Mr Peh Siew Wee and Ms Thiew Zong Min, Michelle Magdalene are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 29 April 2025 (“AGM”) under Ordinary Resolutions 3 to 7 as set out in the Notice of AGM dated 14 April 2025.

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 14 to 18 and pages 28 to 51, respectively of this Annual Report:

DETAILS	Xu Cheng Qiu	Liang Cheng	Toh Shih Hua	Peh Siew Wee	Thiew Zong Min, Michelle Magdalene
Country of principal residence	People’s Republic of China	People’s Republic of China	Singapore	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	Mr Xu Cheng Qiu plays a key role in developing the business of the Group and provides the Group with strong leadership and vision. The Board considered the recommendation of the Nominating Committee (with Mr Xu abstaining from the decision-making process), and is confident that Mr Xu will continue to contribute to the growth of the Company	The Board considered the recommendation of the Nominating Committee, and is satisfied that Mr Liang is able to provide valuable contributions to the Board given his decades of experience in the rubber chemicals industry	The Board considered the recommendation of the Nominating Committee (with Ms Toh abstaining from the decision-making process), and is satisfied that Ms Toh is able to exercise independent judgement and provide valuable contributions to the Board	The Board considered the recommendation of the Nominating Committee (with Mr Peh abstaining from the decision-making process), and is satisfied that Mr Peh is able to exercise independent judgement and provide valuable contributions to the Board	The Board considered the recommendation of the Nominating Committee, and is satisfied that Ms Thiew is able to exercise independent judgement and provide valuable contributions to the Board
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Xu is responsible for the overall management, formulation and implementation of the Group’s business strategies	Non-Executive	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman Member of the Nominating Committee	Independent Director Member of the Audit Committee	Lead Independent Director Chairman of the Audit Committee and a member of the Nominating Committee	Independent Director Chairman of the Nominating Committee and a member of the Remuneration Committee	Independent Director Member of the Remuneration Committee

DETAILS	Xu Cheng Qiu	Liang Cheng	Toh Shih Hua	Peh Siew Wee	Thiew Zong Min, Michelle Magdalene
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	Father of Xu Jun, Executive Director and Vice Chairman of Shandong Sunsine Chemical Co., Ltd; Father of Xu Chi, General Manager Assistant of Shandong Sunsine Chemical Co., Ltd;	None	None	None	None
Conflict of interests (including any competing business)	No	No	No	No	No
Working experience and occupation(s) during the past 10 years	2006 - Present Executive Chairman China Sunsine Chemical Holdings Ltd.	<u>Present</u> Secretary General of Jiangsu Chemical Industry Association Technical Committee 2016 – 2022 Director of the Department of Science and Technology Development of Sinopec Nanjing Chemical Industries Co., Ltd 2005 – 2015 Deputy Director of Science and Technology Division of Sinopec Nanjing Chemical Industries Co., Ltd	<u>2004 - Present</u> Director/Founder, Genesis Capital Pte Ltd <u>2016 – 2020</u> Director/Founder, TNT Global Capital Pte Ltd	<u>2020 – Present</u> Director, Corner First Management Consulting Pte. Ltd. <u>2019 – Present</u> Director, Westlake Health Resources Pte. Ltd. <u>2011 – 2018</u> Director, China Capital Impetus Asset Management Pte. Ltd.	<u>Present</u> Head of Client Services, Kaleidoscope Labs <u>2020 – 2024</u> Assistant General Counsel, Singapore, Cushman & Wakefield <u>2018 – 2020</u> Legal Counsel, South East Asia, CBRE Pte Ltd <u>January – June 2018</u> Vice President, Legal & Compliance, OUE Lippo Healthcare Limited <u>2014 – 2017</u> Corporate Counsel, South East Asia, Jones Lang Lasalle Property Consultants <u>2010 – 2013</u> Senior Associate (Corporate Finance), Shook Lin & Bok LLP
Shareholding interest in the listed issuer and its subsidiaries	Please refer to the Directors' Statement on pages 52 and 53 of this Annual Report	No	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 702(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes

DETAILS	Xu Cheng Qiu	Liang Cheng	Toh Shih Hua	Peh Siew Wee	Thiew Zong Min, Michelle Magdalene
Other Principal Commitments Including Directorships	None	- Secretary General of Jiangsu Chemical Industry Association Technical Committee	- Attika Group Ltd. - Eneco Energy Limited - Genesis Capital Pte Ltd	- Corner First Management Consulting Pte. Ltd. - Westlake Health Resources Pte. Ltd.	- Kaleidoscope Labs.
(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?	No	No	No	No	No
(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	No

DETAILS	Xu Cheng Qiu	Liang Cheng	Toh Shih Hua	Peh Siew Wee	Thiew Zong Min, Michelle Magdalene
(c) Whether there is any unsatisfied judgment against him?	No	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	No
(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	No

DETAILS	Xu Cheng Qiu	Liang Cheng	Toh Shih Hua	Peh Siew Wee	Thiew Zong Min, Michelle Magdalene
(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	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	No
(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	No

DETAILS	Xu Cheng Qiu	Liang Cheng	Toh Shih Hua	Peh Siew Wee	Thiew Zong Min, Michelle Magdalene
(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	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	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	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	No

DETAILS	Xu Cheng Qiu	Liang Cheng	Toh Shih Hua	Peh Siew Wee	Thiew Zong Min, Michelle Magdalene
<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	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	No	No

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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 2025.

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 3 & 4 @ Level 69, Swissotel The Stamford, 2 Stamford Road Singapore 178882 on Tuesday, 29 April 2025 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 2024, together with the Independent Auditor's Report thereon			
2	Declaration of a final one-tier tax exempt dividend of 2.0 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 2024			
3	Re-election of Mr Xu Cheng Qiu as a Director			
4	Re-election of Mr Liang Cheng as a Director			
5	Re-election of Ms Toh Shih Hua as a Director			
6	Re-election of Mr Peh Siew Wee as a Director			
7	Re-election of Ms Thiew Zong Min, Michelle Magdalene as a Director			
8	Approval for the payment of Directors' fees of S\$240,000 for the financial year ended 31 December 2024			
9	Re-appointment of Messrs CLA Global TS Public Accounting Corporation as the Company's Auditor, and to authorise the Directors to fix their remuneration			
10	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act 1967 and the listing rules of the SGX-ST			
11	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 _____ 2025

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 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.
 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@vistra.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 appointor 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 14 April 2025.



CHINA SUNSINE CHEMICAL HOLDINGS LTD.

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

(Company Registration Number: 200609470N)

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