

**CIRCULAR DATED 11 APRIL 2014**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**This Circular is issued by China Sunsine Chemical Holdings Ltd. (the “Company”). If you are in any doubt as to the contents herein or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant and other independent adviser immediately.**

If you have sold or transferred all your shares in the capital of the Company, you should immediately hand this Circular, the Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Circular.



## **CHINA SUNSINE CHEMICAL HOLDINGS LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200609470N)

### **CIRCULAR TO SHAREHOLDERS**

#### **IN RELATION TO**

#### **THE PROPOSED SHARE PURCHASE MANDATE**

##### **IMPORTANT DATES AND TIMES**

Last date and time for lodgment of proxy form : 27 April 2014 at 11.00 a.m.

Date and time of Extraordinary General Meeting : 29 April 2014 at 11.00 a.m. (or as soon as practicable following the conclusion of the annual general meeting of the Company to be held at 10.00 a.m. on the same day and at the same place)

Venue of Extraordinary General Meeting : Bras Basah Room, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560

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## DEFINITIONS

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For the purpose of this Circular, except where the context otherwise requires, the following words and expressions shall have the following meanings:

<b>“2008 Circular”</b>	:	The circular to Shareholders dated 14 April 2008
<b>“2008 EGM”</b>	:	The EGM of the Company held on 27 April 2008
<b>“2012 AGM”</b>	:	The AGM of the Company held on 30 April 2012
<b>“2013 AGM”</b>	:	The AGM of the Company held on 29 April 2013
<b>“2014 AGM”</b>	:	The AGM of the Company to be held on 29 April 2014
<b>“ACRA”</b>	:	The Accounting and Corporate Regulatory Authority of Singapore
<b>“Act”</b>	:	The Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
<b>“AGM”</b>	:	The annual general meeting of the Company
<b>“Articles”</b>	:	The Articles of Association of the Company, as amended or modified from time to time
<b>“Board”</b>	:	The board of Directors of the Company as at the date of this Circular
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular to Shareholders dated 11 April 2014
<b>“Company”</b>	:	China SunSine Chemical Holdings Ltd.
<b>“Directors”</b>	:	The directors of the Company as at the date of this Circular
<b>“EGM”</b>	:	The extraordinary general meeting of the Company or any adjournment thereof
<b>“EPS”</b>	:	Earnings per Share
<b>“FY”</b>	:	Financial year ended 31 December
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Latest Practicable Date”</b>	:	31 March 2014, being the latest practicable date prior to the printing of this Circular
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, as may be amended, modified and supplemented from time to time
<b>“Listing Rules”</b>	:	The listing rules of the SGX-ST as set out in the Listing Manual
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities

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## DEFINITIONS

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<b><i>“Market Purchase”</i></b>	:	Has the meaning ascribed to it in Section 2.3.3(a) of this Circular
<b><i>“Memorandum”</i></b>	:	The Memorandum of Association of the Company, as amended or modified from time to time
<b><i>“NAV”</i></b>	:	Net asset value
<b><i>“NTA”</i></b>	:	Net tangible assets
<b><i>“Off-Market Purchase”</i></b>	:	Has the meaning ascribed to it in Section 2.3.3(b) of this Circular
<b><i>“Relevant Period”</i></b>	:	The period commencing from the date on which the last AGM of the Company was held or if no such meeting was held the date it was required by law to be held before the resolution authorising the Share Purchase Mandate is passed, and expiring on the date the next AGM is held or is required by law to be held, whichever is earlier, after the date the resolution authorising the Share Purchase Mandate is passed
<b><i>“RMB”</i></b>	:	Renminbi, the official currency of the People’s Republic of China
<b><i>“Securities Account”</i></b>	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account, and <i>“Securities Accounts”</i> shall be construed accordingly
<b><i>“SGX-ST”</i></b>	:	Singapore Exchange Securities Trading Limited
<b><i>“Shareholders”</i></b>	:	The registered holders of the Shares, except that where the registered holder is CDP, the term <i>“Shareholders”</i> shall, where the context admits, mean the Depositors whose Securities Accounts with CDP are credited with the Shares
<b><i>“Shares”</i></b>	:	Fully paid ordinary shares in the capital of the Company
<b><i>“Share Purchase”</i></b>	:	The purchase of Shares by the Company pursuant to the terms of the Share Purchase Mandate
<b><i>“Share Purchase Mandate”</i></b>	:	The proposed general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, its issued Shares in accordance with the terms set out in the Circular as well as the rules and regulations set forth in the Companies Act and the Listing Manual
<b><i>“Substantial Shareholder”</i></b>	:	In relation to a Singapore incorporated company that is listed on the SGX-ST, a person who has an interest in not less than 5% of the issued voting shares of that listed company
<b><i>“Take-over Code”</i></b>	:	The Singapore Code on Take-overs and Mergers, and all practice notes, rules and guidelines thereunder, as amended or modified from time to time

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## DEFINITIONS

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“%” : Percentage and per centum

“S\$” and “cents” : Singapore Dollars and cents, respectively

The terms “**Depositor**”, “**Depository**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Act. The term “**treasury shares**” shall have the meaning ascribed to it in Section 4 of the Act. The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Act.

The expressions “**associates**”, “**associated companies**” and “**controlling shareholder**” shall have the meanings ascribed to them respectively in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or the Listing Manual or any modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Act or the Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancies in tables included herein between the amounts therein and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

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## LETTER TO SHAREHOLDERS

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### CHINA SUNSINE CHEMICAL HOLDINGS LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200609470N)

#### Board of Directors:

Xu Cheng Qiu	Executive Chairman
Liu Jing Fu	Executive Director and Chief Executive Officer
Xu Jun	Executive Director
Ma Ying Qun	Executive Director
Tan Lye Heng Paul	Lead Independent Director
Lim Heng Chong Benny	Independent Director
Xu Chun Hua	Independent Director
Koh Choon Kong	Independent Director

#### Registered Office:

112 Robinson Road  
#12-04  
Singapore 068902

11 April 2014

**To: The Shareholders of China Sunsine Chemical Holdings Ltd.**

Dear Sir / Madam

#### THE PROPOSED SHARE PURCHASE MANDATE

##### 1 INTRODUCTION

The Directors are convening an EGM to be held on 29 April 2014 at 11 a.m. (or as soon as practicable following the conclusion of the 2014 AGM) to seek the approval of Shareholders for the proposed Share Purchase Mandate, the notice of which is set out on page 25 to 27 of this Circular ("**Notice of EGM**").

The purpose of this Circular is to explain the rationale for and to provide Shareholders with relevant information pertaining to the proposed Share Purchase Mandate.

The SGX-ST takes no responsibility for the accuracy of statements or opinions made or reports contained in this Circular.

##### 2 THE PROPOSED SHARE PURCHASE MANDATE

###### 2.1 Introduction

Any purchase or acquisition of Shares by the Company will have to be made in accordance with, and in the manner prescribed by, the Act, the Memorandum and Articles of the Company, the Listing Rules, and such other laws and regulations as may, for the time being, be applicable.

It is a requirement under the Act that a company which wishes to purchase or otherwise acquire its Shares has to obtain the approval of its Shareholders in a general meeting. Accordingly, Shareholders' approval is being sought at the forthcoming EGM for the adoption of a general and unconditional Share Purchase Mandate for the purchase by the Company of its issued Shares.

The Company had, at the 2008 EGM, sought and obtained the approval of the Shareholders for the adoption of a share purchase mandate to authorise the Company to purchase or otherwise acquire its issued Shares in accordance with the terms set out in the circular to Shareholders dated 14 April 2008 ("**2008 Share Purchase Mandate**").

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The 2008 Share Purchase Mandate of the Company was last renewed by Shareholders at the 2012 AGM, and expired on the date of the 2013 AGM. However, the Board decided not to renew the 2008 Share Purchase Mandate at the 2013 AGM. Accordingly, the Company is now seeking fresh approval from Shareholders for the adoption of the proposed Share Purchase Mandate at the EGM to be held on 29 April 2014.

### 2.2 Rationale for the Share Purchase Mandate

The approval of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake Share Purchases up to the 10% limit described in Section 2.3.1 below at any time, subject to market conditions, during the period of which the Share Purchase Mandate is in force.

The rationale for the Company to undertake the Share Purchase is as follows:

- (a) In managing the business of the Group, the management team strives to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Group. Share Purchase at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced;
- (b) The Share Purchase Mandate is an expedient, effective and cost-efficient way for the Company to return surplus cash/funds over and above its ordinary capital requirements, if any, which are in excess of the financial and possible investment needs of the Group to its Shareholders. In addition, the Share Purchase Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy; and
- (c) Share purchase mandates help buffer short-term share price volatility and off-set the effects of short-term share price speculation, thereby boosting Shareholders' confidence and employees' morale.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the said 10% limit during the duration referred to in Section 2.3.2 below, Shareholders should note that purchases or acquisition of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised and the Share Purchases would be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or on the liquidity and capital adequacy position of the Group as a whole.

### 2.3 Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on Shares Purchases by the Company under the Share Purchase Mandate, if approved at the EGM, are as summarised below:

#### 2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the number of issued Shares of the Company as at the date of the last AGM held before the resolution authorising the Share Purchase Mandate is passed, or as at the date on which the resolution authorising the Share Purchase Mandate is passed, whichever is higher, unless the Company has, at any time during the Relevant Period, effected a

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## LETTER TO SHAREHOLDERS

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reduction of its share capital in accordance with the applicable provisions of the Act, in which event the issued share capital of the Company shall be taken to be the amount of the issued share capital of the Company as altered. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

**For illustrative purposes only**, on the basis of 465,504,000 Shares in issue (excluding Treasury Shares) as at the Latest Practicable Date, and assuming no further Shares are issued on or prior to the forthcoming EGM, not more than 46,550,400 Shares (representing 10% of the issued Shares (excluding treasury shares) of the Company as at that date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate during the duration referred to in Section 2.3.2 below.

### 2.3.2 Duration of Authority

Share Purchases may be made, at any time and from time to time, by the Company on and from the date of the EGM at which the Share Purchase Mandate is approved, up to the earliest of:

- (a) the date on which the next AGM is held or required by law to be held; or
- (b) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by the Shareholders in a general meeting.

The Share Purchase Mandate may be renewed at subsequent AGMs or other general meetings of the Company.

### 2.3.3 Manner of Share Purchase

Share Purchases may be effected by the Company by way of:

- (a) on-market purchases transacted on the SGX-ST through the ready market through one or more duly licensed dealers appointed by the Company for the purpose (the “**Market Purchase**”); and/or
- (b) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme as defined in Section 76C of the Act as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme shall satisfy all the conditions prescribed by the Act and the Listing Rules (the “**Off-Market Purchase**”).

In an Off-Market Purchase, the Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Act, the Memorandum and Articles of the Company, and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme.

Under the Act, an equal access scheme must satisfy all the following conditions:

- (i) offers for the Share Purchases shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and



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## LETTER TO SHAREHOLDERS

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- (iii) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:-
  - (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
  - (2) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
  - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, pursuant to the Listing Manual, if the Company wishes to make an Off-Market Purchase by way of an equal access scheme, it must issue an offer document to all Shareholders containing at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed purchase or acquisition of Shares;
- (d) the consequences, if any, of Shares purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the purchase or acquisition of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any purchase or acquisitions of Shares made by the Company in the previous twelve (12) months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

### 2.3.4 Maximum Purchase Price

The purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the Share Purchase Mandate must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below) of the Shares,

(the “**Maximum Price**”), in either case, excluding related expenses of the purchase or acquisition of such Shares.

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## LETTER TO SHAREHOLDERS

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For the purpose of determining the Maximum Price:

**“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 on which the Market Purchase was made 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 rules of the SGX-ST, for any corporate action that occurs after the relevant five (5) day period; 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 the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share, and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

### 2.3.5 Status of Purchased Shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company and as the Directors deem fit in the interests of the Company at that time. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Any Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted by the Act) will be automatically de-listed by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase or acquisition.

## 2.4 Treasury Shares

Under the Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the key provisions on treasury shares under the Act are summarised below:

### 2.4.1 Maximum Holdings

The maximum number of treasury shares which may be held by the Company is as follows:

- (a) where the Company has shares of only one class, the aggregate number of shares held as treasury shares must not at any time exceed 10% of the total number of shares of the Company at any time; or
- (b) where the Company's share capital is divided into more than one class of shares, the aggregate number of the shares of any class held as treasury shares shall not at any time exceed 10% of the total number of the shares in that class at any time; and

in the event the Company holds in its treasury more than 10% of the total number of its issued Shares in any class of its shares, the Company shall dispose of or cancel the excess shares in accordance with the Act within six (6) months beginning with the day on which that contravention occurs, or such further period as the Registrar of Companies may allow.

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## LETTER TO SHAREHOLDERS

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### 2.4.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Further, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

### 2.4.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Take-over Code):

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

Under Rule 704(28) of the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of the sale, transfer, cancellation and/or use;
- (c) number of treasury shares sold, transferred, cancelled, and/or used;
- (d) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

## 2.5 **Source of Funds**

The Company may only apply funds legally available for the purchase or acquisition of the Shares as provided in the Articles and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

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## LETTER TO SHAREHOLDERS

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The Act permits the Company to purchase or acquire its Shares out of distributable profits or capital so long as the Company is solvent. It is an offence for a Director or officer of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent.

For this purpose, pursuant to the Act, a company is solvent if:

- (a) the company is able to pay its debts in full at the time of the purchase or acquisition of its shares and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of payment made for any such purchase or acquisition; and
- (b) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the purchase or acquisition of its shares become less than the value of its liabilities (including contingent liabilities).

In view of the above, in determining whether the value of a company's assets is less than the value of its liabilities (including contingent liabilities), the directors or managers of a company

- (a) must have regard to –
  - (i) the most recent financial statements of the company that comply with the relevant sections of the Act, as the case may be; and
  - (ii) all other circumstances that the directors or managers know or ought to know affect, or may affect, the value of the company's assets and the value of the company's liabilities (including contingency liabilities); and
- (b) may rely on valuations of assets or estimates of liabilities that are reasonable in the circumstances.

In determining the value of a contingent liability, in relation to the above, the directors or managers of a company may take into account –

- (a) the likelihood of the contingency occurring; and
- (b) any claim the company is entitled to make and can reasonably expect to be met to reduce or extinguish the contingent liability.

The Company intends to use internal and/or external sources of funds to finance the Company's Share Purchases pursuant to the Share Purchase Mandate. The Directors will principally consider the availability of internal resources. The Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions.

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## LETTER TO SHAREHOLDERS

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### 2.6 Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid for such Shares at the relevant time, the amount (if any) borrowed by the Company to fund the Share Purchases, whether the Shares were purchased or acquired out of profits and/or capital of the Company, and whether the Shares are cancelled or held in treasury. It is therefore not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the NAV and EPS.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of distributable profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration will correspondingly reduce the share capital of the Company but the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the purchased or acquired Shares are cancelled, the issued share capital of the Company will be reduced by the corresponding total purchase price of the Shares purchased or acquired by the Company. If, on the other hand, the purchased or acquired Shares are not cancelled but held in treasury, then there will be no change in the Company's issued capital.

Where the purchase of Shares is financed through internal resources, it will reduce the cash reserves of the Group and of the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through borrowings, there would be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

**For illustrative purposes only**, the financial effects of the Share Purchase Mandate on the Company and the Group, based on the unaudited financial statements of the Company and the Group for FY2013 are based on the assumptions set out below:

- (a) based on 465,504,000 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued by the Company on or prior to the EGM, the purchase by the Company of 10% of its issued Shares will result in the purchase or acquisition of 46,550,400 Shares;
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires the 46,550,400 Shares at the Maximum Price of S\$0.2436 for one (1) Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 46,550,400 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) would be approximately S\$11,339,677 or approximately RMB55.6 million based on the exchange rate of RMB1:S\$0.20402 as at 31 March 2014;

## LETTER TO SHAREHOLDERS

- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires the 46,550,400 Shares at the Maximum Price of S\$0.2784 for one (1) Share (being the price equivalent to 20% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 46,550,400 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$12,959,631 or RMB63.5 million based on the exchange rate of RMB1:S\$0.20402 as at 31 March 2014.

**For illustrative purposes only**, on the basis of the assumptions set out above and based on the unaudited financial statements of the Company and the Group for FY2013, and assuming that:

- (i) such Share Purchases are financed solely by internal sources of funds; and
- (ii) the Share Purchase Mandate had been effective on the Latest Practicable Date,

the financial effects on the unaudited financial statements of the Company and the Group for FY2013 pursuant to the Share Purchase Mandate,

- (1) by way of Share Purchase made out of capital and held as treasury shares; and
- (2) by way of Share Purchase made out of capital and cancelled,

would have been as follows:-

**(1) Purchases made out of capital and held as treasury shares**

- (A) Market Purchases of 46,550,400 Shares (representing 10% of the issued Shares of the Company)

	<u>Group</u>		<u>Company</u>	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2013	RMB'million	RMB'million	RMB'million	RMB'million
<b>Profit after tax</b>	76.7	76.7	23.7	23.7
<b>Share capital</b>	313.5	313.5	313.5	313.5
<b>Reserves</b>	134.9	134.9	(6.1)	(6.1)
<b>Accumulated profits</b>	393.2	393.2	89.4	89.4
<b>Treasury shares</b>	(28.2)	(83.8)	(28.2)	(83.8)
<b>Shareholders' funds</b>	813.4	757.8	368.6	313.0
<b>NAV</b>	813.4	757.8	368.6	313.0
<b>Current assets</b>	790.9	735.3	23.9	0.5
<b>Current liabilities</b>	473.4	473.4	5.3	5.3
<b>Borrowings</b>	230.0	230.0	0	0
<b>Cash and cash equivalents<sup>(1)</sup></b>	107.8	52.2	11.5	0.5
<b>No of shares ('000)</b>	465,504	418,954	465,504	418,954
<b>Weighted Average No of shares ('000)<sup>(4)</sup></b>	465,504	430,591	465,504	430,591
<b>No of Treasury shares ('000)</b>	26,190	72,740	26,190	72,740

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As at 31 December 2013	<u>Group</u>		<u>Company</u>	
	Before Share Purchase RMB'million	After Share Purchase RMB'million	Before Share Purchase RMB'million	After Share Purchase RMB'million
<b>Financial Ratios</b>				
NAV per Share (RMB cents) <sup>(2)</sup>	174.74	180.88	79.18	74.71
Gearing (times) <sup>(3)</sup>	0.28	0.30	0	0
Current ratio (times)	1.7	1.6	4.5	0.1
EPS (RMB cents) <sup>(4)</sup>	16.49	17.81	n.a.	n.a.

**Notes:**

- (1) Bank balances and fixed deposits (unsecured).
- (2) NAV per share as shown here is computed based on the number of shares as at the Latest Practicable Date.
- (3) Total borrowings divided by Shareholders' funds.
- (4) The actual EPS for FY2013 is RMB16.49 cents, calculated based on actual weighted-average number of shares of 465,504 million till 31 December 2013. For the above illustration purposes, we use actual weighted-average number of shares of 430,591 million till the Latest Practicable Date.
- (B) Off-Market Purchases of 46,550,400 Shares (representing 10% of the issued Shares of the Company)

As at 31 December 2013	<u>Group</u>		<u>Company</u>	
	Before Share Purchase RMB'million	After Share Purchase RMB'million	Before Share Purchase RMB'million	After Share Purchase RMB'million
Profit after tax	76.7	76.7	23.7	23.7
Share capital	313.5	313.5	313.5	313.5
Reserves	134.9	134.9	(6.1)	(6.1)
Accumulated profits	393.2	393.2	89.4	89.4
Treasury shares	(28.2)	(91.7)	(28.2)	(91.7)
Shareholders' funds	813.4	749.9	368.6	305.1
NAV	813.4	749.9	368.6	305.1
Current assets	790.9	727.4	23.9	0.5
Current liabilities	473.4	473.4	5.3	5.3
Borrowings	230.0	230.0	0	0
Cash and cash equivalents <sup>(1)</sup>	107.8	44.3	11.5	0.5
No of shares ('000)	465,504	418,954	465,504	418,954
Weighted Average No of shares ('000) <sup>(4)</sup>	465,504	430,591	465,504	430,591
No of Treasury shares ('000)	26,190	72,740	26,190	72,740



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As at 31 December 2013	<u>Group</u>		<u>Company</u>	
	Before Share Purchase RMB'million	After Share Purchase RMB'million	Before Share Purchase RMB'million	After Share Purchase RMB'million
<b>Financial Ratios</b>				
NAV per Share (RMB cents) <sup>(2)</sup>	174.74	178.99	79.18	72.82
Gearing (times) <sup>(3)</sup>	0.28	0.31	0	0
Current ratio (times)	1.7	1.5	4.5	0.1
EPS (RMB cents) <sup>(4)</sup>	16.49	17.81	n.a.	n.a.

**Notes:**

- (1) Bank balances and fixed deposits (unsecured).
- (2) NAV per share as shown here is computed based on the number of shares as at the Latest Practicable Date.
- (3) Total borrowings divided by Shareholders' funds.
- (4) The actual EPS for FY2013 is RMB16.49 cents, calculated based on actual weighted-average number of shares of 465,504 million till 31 December 2013. For the above illustration purposes, we use actual weighted-average number of shares of 430,591 million till the Latest Practicable Date.

**(2) Purchases made out of capital and cancelled**

- (A) Market Purchases of 46,550,400 Shares (representing 10% of the issued Shares of the Company)

As at 31 December 2013	<u>Group</u>		<u>Company</u>	
	Before Share Purchase RMB'million	After Share Purchase RMB'million	Before Share Purchase RMB'million	After Share Purchase RMB'million
Profit after tax	76.7	76.7	23.7	23.7
Share capital	313.5	257.9	313.5	257.9
Reserves	134.9	134.9	(6.1)	(6.1)
Accumulated profits	393.2	393.2	89.4	89.4
Treasury shares	(28.2)	(28.2)	(28.2)	(28.2)
Shareholders' funds	813.4	757.8	368.6	313.0
NAV	813.4	757.8	368.6	313.0
Current assets	790.9	735.3	23.9	0.5
Current liabilities	473.4	473.4	5.3	5.3
Borrowings	230.0	230.0	0	0
Cash and cash equivalents <sup>(1)</sup>	107.8	52.2	11.5	0.5
No of shares ('000)	465,504	418,954	465,504	418,954
Weighted Average No of shares ('000) <sup>(4)</sup>	465,504	430,591	465,504	430,591
No of Treasury shares ('000)	26,190	26,190	26,190	26,190



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As at 31 December 2013	<u>Group</u>		<u>Company</u>	
	Before Share Purchase RMB'million	After Share Purchase RMB'million	Before Share Purchase RMB'million	After Share Purchase RMB'million
<b>Financial Ratios</b>				
NAV per Share (RMB cents) <sup>(2)</sup>	174.74	180.88	79.18	74.71
Gearing (times) <sup>(3)</sup>	0.28	0.3	0	0
Current ratio (times)	1.7	1.6	4.5	0.1
EPS (RMB cents) <sup>(4)</sup>	16.49	17.81	n.a.	n.a.

**Notes:**

- (1) Bank balances and fixed deposits (unsecured).
- (2) NAV per share as shown here is computed based on the number of shares as at the Latest Practicable Date.
- (3) Total borrowings divided by Shareholders' funds.
- (4) The actual EPS for FY2013 is RMB16.49 cents, calculated based on actual weighted-average number of shares of 465,504 million till 31 December 2013. For the above illustration purposes, we use actual weighted-average number of shares of 430,591 million till the Latest Practicable Date.
- (B) Off-Market Purchases of 46,550,400 Shares (representing 10% of the issued Shares of the Company)

As at 31 December 2013	<u>Group</u>		<u>Company</u>	
	Before Share Purchase RMB'million	After Share Purchase RMB'million	Before Share Purchase RMB'million	After Share Purchase RMB'million
Profit after tax	76.7	76.7	23.7	23.7
Share capital	313.5	250.0	313.5	250.0
Reserves	134.9	134.9	(6.1)	(6.1)
Accumulated profits	393.2	393.2	89.4	89.4
Treasury shares	(28.2)	(28.2)	(28.2)	(28.2)
Shareholders' funds	813.4	749.9	368.6	305.1
NAV	813.4	749.9	368.6	305.1
Current assets	790.9	727.4	23.9	0.5
Current liabilities	473.4	473.4	5.3	5.3
Borrowings	230.0	230.0	0	0
Cash and cash equivalents <sup>(1)</sup>	107.8	44.3	11.5	0.5
No of shares ('000)	465,504	418,954	465,504	418,954
Weighted Average No of shares ('000) <sup>(4)</sup>	465,504	430,591	465,504	430,591
No of Treasury shares ('000)	26,190	26,190	26,190	26,190

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As at 31 December 2013	<u>Group</u>		<u>Company</u>	
	Before Share Purchase RMB'million	After Share Purchase RMB'million	Before Share Purchase RMB'million	After Share Purchase RMB'million
<b><u>Financial Ratios</u></b>				
NAV per Share (RMB cents) <sup>(2)</sup>	174.74	178.99	79.18	72.82
Gearing (times) <sup>(3)</sup>	0.28	0.31	0	0
Current ratio (times)	1.7	1.5	4.5	0.1
EPS (RMB cents) <sup>(4)</sup>	16.49	17.81	n.a.	n.a.

**Notes:**

- (1) Bank balances and fixed deposits (unsecured).
- (2) NAV per share as shown here is computed based on the number of shares as at the Latest Practicable Date.
- (3) Total borrowings divided by Shareholders' funds.
- (4) The actual EPS for FY2013 is RMB16.49 cents, calculated based on actual weighted-average number of shares of 465,504 million till 31 December 2013. For the above illustration purposes, we use actual weighted-average number of shares of 430,591 million till the Latest Practicable Date.

**Shareholders should note that the financial effects illustrated above are for illustration purposes only. In particular, it is important to note that the above analysis is based on the respective aforementioned assumptions and historical FY2013 numbers, and are not necessarily representative of the future financial performance of the Group.**

**It should also be noted that although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares. In addition, the Company may cancel, or hold as treasury shares, all or part of the Shares purchased or acquired.**

## 2.7 Listing Rules

### 2.7.1 Requirements and Restrictions

Under the Listing Manual, a listed company may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average closing market price. The term "**average closing market price**" is defined as (a) the average of the closing market prices of the shares over the last 5 Market Days, on which transactions in the share were recorded, before the day on which the purchases are made; and (b) deemed to be adjusted for any corporate action that occurs after the relevant 5-day period. The Maximum Price of a Share in relation to Market Purchases by the Company referred to in Section 2.3.4 of this Circular, conforms to this restriction.

Rule 886 of the Listing Manual provides that a listed company shall notify the SGX-ST of any purchases or acquisitions of its Shares as follows:

- (a) in the case of a Market Purchase, by 9.00 a.m. on the Market Day following the day on which it purchased its Shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, by 9.00 a.m. on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

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The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in the form of Appendix 8.3.1 of the Listing Manual, and shall include such details that the SGX-ST may prescribe. In addition, the Company shall make disclosure of details in its annual report and financial statements pertaining to purchases of Shares made during the year, including the total number of Shares purchased during the financial year under review, the purchase price per Share or the highest and lowest prices paid for the purchases, and where relevant, the total consideration paid.

While the Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company of its own shares during any particular time or times, the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares. In this regard, in conformity with best practices on dealings with securities under Rule 1207(19)(c) of the Listing Manual, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate in any of the following circumstances:-

- (a) at any time after any matter or development of a price sensitive nature has occurred or has been the subject of a decision of the Board until such price sensitive information has been publicly announced; and
- (b) in the case of Market Purchases, during the period of one (1) month immediately preceding the Company’s full-year financial results announcement, and the period of two (2) weeks before the Company’s financial results announcement for each of the first three quarters of its financial year.

### 2.7.2 Details of Share Purchases in the Last Twelve (12) Months

The Company has not made any Share Purchases in the twelve (12) months immediately preceding the date of this Circular.

### 2.7.3 Effect of Share Purchase Mandate on Company’s Listing on SGX-ST

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its Shares are in the hands of the public. The “**public**”, as defined under the Listing Manual, are persons other than the Directors, chief executive officer, Substantial Shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates of such persons.

As at the Latest Practicable Date, approximately 163,846,450 Shares, representing 35.2% of the issued Shares, are held in the hands of the public. Assuming that the Company purchases or acquires its Shares through Market Purchases up to the full 10% limit pursuant to the proposed Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 117,296,050 Shares, representing 28.0% of the reduced issued share capital of the Company. Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to adversely affect the orderly trading of Shares.

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## LETTER TO SHAREHOLDERS

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### 2.8 Reporting Requirements under the Act

Within thirty (30) days of the passing of the Shareholders' resolution to approve the proposed Share Purchase Mandate, the Directors shall lodge a copy of such resolution with ACRA.

The Company shall notify ACRA within thirty (30) days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchases or acquisitions, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled and the number of Shares held as treasury shares, the Company's issued ordinary share capital before and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchases or acquisitions, whether the Shares were purchased out of profits or the capital of the Company, and such other information as required by the Act.

Within thirty (30) days of the cancellation or disposal of treasury shares in accordance with the provisions of the Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form.

### 2.9 Implications under The Singapore Code on Take-overs and Mergers

Appendix 2 of the Take-over Code contains the Share Buy-back Guidance Note applicable to Share Purchases by the Company as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

#### 2.9.1 Obligation to Make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

The circumstances under which Shareholders of the Company (including Directors of the Company) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

Under the Take-over Code, except with the consent of the Securities Industry Council, a person will be required to make a general offer for a public company if:

- (a) he acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons in concert with him) carry 30% or more of the voting rights of the Company; or
- (b) he, together with persons acting in concert with him, already holds not less than 30% and not more than 50% of the voting rights of the Company, and he, or any person acting in concert with him, increases his voting rights in the Company by more than 1% in any period of six (6) months.

#### 2.9.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

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Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:-

- (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (b) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies (for this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company), and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above companies for the purchase of voting rights;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser, and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, and companies controlled by any of the above persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above persons for the purchase of voting rights.

### 2.9.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make an offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its own shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate, unless so required under the Act, for example, for a shareholder whose shares are to be bought via a selective purchase by an unlisted public company.

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## LETTER TO SHAREHOLDERS

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However, Shareholders will be subject to the provisions of Rule 14 of the Take-over Code if they acquire Shares after the Company's Share Purchases. For the purpose of the Take-over Code, an increase in the percentage of voting rights as a result of the Share Purchases will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than 1% in any period of six (6) months.

If the Company decides to cease the Share Purchases before the expiration of the Relevant Period and before it has purchased in full such number of Shares authorised by its Shareholders at the latest AGM, the Company will promptly inform its Shareholders of such cessation. This will assist Shareholders to determine if they can buy any more Shares without incurring an obligation under Rule 14 of the Take-over Code.

### 2.9.4 Application of the Take-over Code

The interests of the Directors and Substantial Shareholders are set out in Sections 3.1 and 3.2, respectively.

Based on their respective interests, as at the Latest Practicable Date, none of our Directors or Substantial Shareholders will be obliged to make a mandatory take-over offer in the event that the Company purchased the maximum 10% of the issued Shares under the proposed Share Purchase Mandate.

As at the Latest Practicable Date, our Executive Chairman, Mr Xu Cheng Qiu, and our Substantial Shareholder, Success More Group Limited (a company in which Mr Xu Cheng Qiu has a majority shareholding of 74.27%), have a combined shareholding interest of approximately 63.7% in the Company and would not be obliged to make a general offer under Rule 14 and Appendix 2 of the Take-over Code to other Shareholders under the Take-over Code due to the Share Purchase Mandate.

Save as disclosed above, the Directors are not aware of any facts or factors which suggest or imply that any particular person and/or Shareholder is, or may be regarded as, a party acting in concert such that his interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Purchase Mandate.

The Directors are not aware of any Shareholder who may become obligated to make a mandatory offer in the event that the Company purchases the maximum number of Shares under the Share Purchase Mandate.

**Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers before they acquire any Shares in the Company during the period when the Share Purchase Mandate is in force.**

### 2.10 Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of the Share Purchases by the Company or who may be subject to tax whether in or outside Singapore should consult their own professional advisers.

## LETTER TO SHAREHOLDERS

### 3 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of Directors and Substantial Shareholders of the Company as at the Latest Practicable Date, as recorded in the Company's Register of Directors' Shareholdings and Register of Substantial Shareholders respectively, are as follows:

#### 3.1 Directors' Interests

The interests of the Directors in the Shares as at the Latest Practicable Date are set out below:

	Number of Shares			Before Share Purchase <sup>(1)</sup> (%)	After Share Purchase <sup>(1)</sup> (%)
	Direct Interest	Deemed Interest	Total Interest		
Xu Cheng Qiu <sup>(2)</sup>	2,869,000	293,642,550	296,511,550	63.7%	70.77%
Liu Jing Fu	720,000	–	720,000	0.15%	0.17%
Xu Jun	–	–	–	–	–
Ma Ying Qun	–	–	–	–	–
Paul Tan Lye Heng	150,000	–	150,000	0.03%	0.04%
Benny Lim Heng Chong	100,000	–	100,000	0.02%	0.02%
Xu Chun Hua	–	–	–	–	–
Koh Choon Kong	950,000	3,226,000	4,176,000	0.90%	1.00%

**Notes:**

- (1) Percentage based on issued share capital of the Company of 465,504,000 Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) Mr Xu Cheng Qiu owns 74.27% of the issued share capital of Success More Group Limited and as such, is deemed to be interested in the 293,642,550 Shares held by Success More Group Limited by virtue of Section 7 of the Act.

#### 3.2 Substantial Shareholders' Interests

The interests of the Substantial Shareholders (other than Directors) in the Shares, as extracted from the Register of Substantial Shareholders, as at the Latest Practicable Date are set out below:

	Number of Shares			Percentage of Issued Ordinary Share Capital of the Company
	Direct Interest	Deemed Interest	Total Interest	
Success More Group Limited	293,642,55	–	293,642,550	63.08%

**Note:**

Percentage based on issued share capital of the Company of 465,504,000 Shares (excluding treasury shares) as at the Latest Practicable Date.



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## LETTER TO SHAREHOLDERS

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### 4 DIRECTORS' RECOMMENDATIONS

Having fully considered the rationale and the information relating to the proposed Share Purchase Mandate set out in this Circular, the Directors believe that the proposed Share Purchase Mandate is in the best interests of the Company. The Board recommends that Shareholders vote in favour of the Ordinary Resolution to be proposed at the EGM.

### 5 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

### 6 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 112 Robinson Road #12-04 Singapore 068902, not later than forty-eight (48) hours before the time fixed for the EGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes in place of the proxy if he finds that he is able to do so.

A depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP pursuant to Division 7A of Part IV of the Act at least forty-eight (48) hours before the time fixed for the EGM.

### 7 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Circular up to and including the date of the EGM:-

- (a) the Memorandum and Articles of the Company;
- (b) the annual report of the Company for FY2013; and
- (c) the audited financial statements of the Company for FY2013.

Yours faithfully  
for and on behalf of the Board of Directors of  
**CHINA SUNSINE CHEMICAL HOLDINGS LTD.**

Xu Cheng Qiu  
Executive Chairman



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### CHINA SUNSINE CHEMICAL HOLDINGS LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200609470N)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of China Sunsine Chemical Holdings Ltd. (the “**Company**”) will be held at Bras Basah Room, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560, on 29 April 2014 at 11.00 a.m. (or as soon as practicable following the conclusion or adjournment of the annual general meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) (the “**EGM**”) for the purpose of considering and, if thought fit, passing with or without any modifications, the following ordinary resolution:-

#### **ORDINARY RESOLUTION: Adoption of the Proposed Share Purchase Mandate**

That:

- (a) for the purposes of the Companies Act (Cap. 50) of Singapore (the “**Act**”), the exercise by the Directors of the Company (“**Directors**”) of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company (“**Shares**”) (excluding treasury shares) not exceeding in aggregate the Prescribed 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) on-market share purchases, transacted on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) through the ready market through one or more duly licensed dealers appointed by the Company for the purpose (the “**Market Purchase**”); and/or
  - (ii) off-market share purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme as defined in Section 76C of the Act as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme shall satisfy all the conditions prescribed by the Act and the listing rules of the SGX-ST (the “**Off-Market Purchase**”),

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorized 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 from the date of the passing of this Ordinary Resolution and expiring on the earlier of:
- (i) the date on which the next annual general meeting of the Company is held or required by law to be held; or
  - (ii) the date on which the purchases or acquisitions of the Shares by the Company pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated; or
  - (iii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by the Company in a general meeting;

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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(c) in this Ordinary Resolution:

**“Prescribed Limit”** means the number of Shares representing 10% of the number of issued shares of the Company (excluding treasury shares) as at the date of the last AGM held before the resolution authorising the Share Purchase Mandate is passed, or as at the date on which the resolution authorising the Share Purchase Mandate is passed, whichever is higher, unless the Company has, at any time during the Relevant Period (as hereinafter defined), effected a reduction of its share capital in accordance with the applicable provisions of the Act, in which event the issued share capital of the Company shall be taken to be the amount of the issued share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

**“Relevant Period”** means the period commencing from the date on which the last AGM of the Company was held or if no such meeting was held the date it was required by law to be held before the resolution authorising the Share Purchase Mandate is passed, and expiring on the date the next AGM is held or is required by law to be held, whichever is earlier, after the date the resolution authorising the Share Purchase Mandate is passed;

**“Maximum Price”** in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, applicable goods and service tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares;
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

where:

**“Average Closing Price”** means the average of the closing market prices of a Share over the last five (5) Market Days (**“Market Day”** being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded on the SGX-ST, immediately preceding the date of making the Market Purchase was made 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 rules of the SGX-ST for any corporate action that occurs after the relevant five (5) day period;

**“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 the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share, and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they/he/she may consider expedient, necessary or to give effect to the transactions contemplated and/or authorized by this proposed Share Purchase Mandate and/or this Ordinary Resolution.

### BY ORDER OF THE BOARD

TONG YIPING  
HO CHEE TONG  
Joint Company Secretaries  
Singapore, 11 April 2014

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**Notes:**

1. Terms and expressions not defined herein shall have the same meanings ascribed to them in the Circular to Shareholders dated 11 April 2014.
2. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint no more than two proxies to attend and vote in his stead and such proxy need not be a member of the Company.
3. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.
4. If the member is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
5. The instrument appointing a proxy must be deposited at the registered office of the Company at 112 Robinson Road #12-04 Singapore 068902 not less than forty-eight (48) hours before the time appointed for holding the Extraordinary General Meeting.

# CHINA SUNSINE CHEMICAL HOLDINGS LTD.

(Incorporated in the Republic of Singapore)  
(Registration No. 200609470N)

**Important:**

1. For investors who have used their CPF monies to buy the Shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

## PROXY FORM EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this form)

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

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 him/her, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Extraordinary General Meeting of the Company, to be held at Bras Basah Room, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 on 29 April 2014 at 11.00 a.m. (or as soon as practicable following the conclusion of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) (the "EGM"), and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will determine on any other matter arising at the EGM. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

Ordinary Resolution	For*	Against*
To approve the proposed adoption of the Share Purchase Mandate		

\* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2014

TOTAL NUMBER OF SHARES HELD IN:	
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Shareholder(s) or  
Common Seal of Corporate Shareholder(s)



**Notes:**

1. A member entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as alternate to the first named or at the Company's option to treat this proxy form as invalid.
3. A proxy need not be a member of the Company.
4. 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 130A of the Singapore Companies Act, Cap. 50), 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.
5. This proxy form must be deposited at the Company's registered office at 112 Robinson Road #12-04 Singapore 068902 not less than forty-eight (48) hours before the time set for the EGM.
6. This proxy form must be under the hand of the appointer or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where this proxy form is signed on behalf of the appointer of an attorney, the letter or power of attorney or duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

**General:**

The Company shall be entitled to reject an instrument of proxy form which is incomplete, improperly completed, illegible or where the true intentions of the member are not ascertainable from the instructions of the member specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.