



# China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

## UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

#### Unaudited Consolidated Statement of Comprehensive Income for 3<sup>rd</sup> Quarter Ended 30 September 2015

	3rd quarter ended		Change %	9 months ended		Change %
	30/09/2015	30/09/2014		30/09/2015	30/09/2014	
	RMB' million			RMB' million		
<b>Revenue</b>	<b>475.9</b>	<b>582.2</b>	(18%)	<b>1,405.3</b>	<b>1,554.2</b>	(10%)
Cost of sales	348.5	401.2	(13%)	1,019.9	1,153.5	(12%)
<b>Gross profit</b>	<b>127.4</b>	<b>181.0</b>	(30%)	<b>385.4</b>	<b>400.7</b>	(4%)
Other operating income	5.8	(0.7)	n.m	12.5	4.5	178%
Selling and distribution expenses	17.0	15.5	10%	49.5	41.2	20%
Administrative expenses	39.2	49.8	(21%)	130.1	121.3	7%
Other expenses	2.1	0.1	2000%	2.3	3.7	(38%)
Finance expenses	1.9	5.4	(65%)	9.5	12.4	(23%)
<b>Profit before tax</b>	<b>73.0</b>	<b>109.5</b>	(33%)	<b>206.5</b>	<b>226.6</b>	(9%)
Income tax expenses	17.7	26.5	(33%)	56.8	60.6	(6%)
<b>Net Profit</b>	<b>55.3</b>	<b>83.0</b>	(33%)	<b>149.7</b>	<b>166.0</b>	(10%)
<b>Other Comprehensive income:</b>						
Exchange differences on translation, net of tax	*	(0.4)	n.m	(0.1)	0.3	n.m
<b>Total comprehensive income for the period</b>	<b>55.3</b>	<b>82.6</b>	(33%)	<b>149.6</b>	<b>166.3</b>	(10%)
Gross profit margin	<b>26.8%</b>	<b>31.1%</b>	(4.3 pts)	<b>27.4%</b>	<b>25.8%</b>	1.6 pts
Earnings per share (RMB cents)	<b>11.88</b>	<b>17.83</b>	(33%)	<b>32.16</b>	<b>35.65</b>	(10%)

\* - amount less than RMB 0.1 million  
n.m – not meaningful

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**Notes to the Group Statement of Comprehensive Income:**

1. Profit before tax is arrived at after charging/(crediting) the following:-

	3rd quarter ended			9 months ended		
	30/09/2015	30/09/2014	Change	30/09/2015	30/09/2014	Change
	RMB' million			RMB' million		
			%			%
Interest income	(0.3)	-	n.m	(0.8)	(0.4)	100%
Interest on borrowing	1.9	5.4	(65%)	9.5	12.4	(23%)
Depreciation of property, plant and equipment	23.3	18.5	26%	68.2	54.2	26%
Amortisation of land use rights	0.2	0.1	100%	0.5	0.4	25%
(Reversal)/allowance for impairment on receivables	(3.2)	(0.3)	967%	3.9	(0.2)	n.m
Foreign exchange (gain)/loss	(2.9)	0.9	n.m	(7.2)	0.2	n.m

n.m – not meaningful

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**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**Statements of Financial Position**

	Note	<u>GROUP</u>		<u>COMPANY</u>	
		30/09/2015 RMB' million	31/12/2014 RMB' million	30/09/2015 RMB' million	31/12/2014 RMB' million
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investment in a subsidiary		-	-	350.0	350.0
Property, plant and equipment	(1)	566.0	613.1	-	-
Land use rights		28.3	29.5	-	-
		<u>594.3</u>	<u>642.6</u>	<u>350.0</u>	<u>350.0</u>
<b>CURRENT ASSETS</b>					
Inventories	(2)	132.1	168.0	-	-
Trade receivables	(3)	501.6	609.4	-	-
Other receivables, deposits and prepayment	(4)	71.8	95.3	*	-
Amount owing from a subsidiary		-	-	8.9	10.7
Cash and bank balances		262.9	122.8	15.4	4.7
		<u>968.4</u>	<u>995.5</u>	<u>24.3</u>	<u>15.4</u>
<b>TOTAL ASSETS</b>		<u>1,562.7</u>	<u>1,638.1</u>	<u>374.3</u>	<u>365.4</u>
Share capital		313.5	313.5	313.5	313.5
Treasury shares		(28.2)	(28.2)	(28.2)	(28.2)
Merger reserve		0.3	0.3	-	-
Statutory reserves		189.5	189.5	-	-
Currency translation reserve		(6.0)	(5.9)	(5.7)	(5.6)
Retained profits		660.2	542.0	73.6	69.1
<b>TOTAL EQUITY</b>		<u>1,129.3</u>	<u>1,011.2</u>	<u>353.2</u>	<u>348.8</u>
<b>LIABILITIES</b>					
<b>NON CURRENT LIABILITIES</b>					
Bank loans	(6)	<u>50.9</u>	<u>44.0</u>	-	-
<b>CURRENT LIABILITIES</b>					
Trade payables		44.9	47.8	-	-
Other payables and accruals	(5)	218.6	263.8	20.2	15.6
Deferred grant		0.1	-	-	-
Bank borrowings	(6)	76.4	214.0	-	-
Income tax liabilities		42.5	57.3	0.9	1.0
<b>TOTAL CURRENT LIABILITIES</b>		<u>382.5</u>	<u>582.9</u>	<u>21.1</u>	<u>16.6</u>
<b>TOTAL LIABILITIES</b>		<u>433.4</u>	<u>626.9</u>	<u>21.1</u>	<u>16.6</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,562.7</u>	<u>1,638.1</u>	<u>374.3</u>	<u>365.4</u>

\* - amount less than RMB 0.1 million

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**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

As at 30/09/2015		As at 31/12/2014	
Secured RMB' million	Unsecured RMB' million	Secured RMB' million	Unsecured RMB' million
-	76.4	24.0	190.0

**Amount repayable after one year**

As at 30/09/2015		As at 31/12/2014	
Secured RMB'million	Unsecured RMB'million	Secured RMB'million	Unsecured RMB'million
-	50.9	44.0	-

**Details of any collateral**

No collateral

**Notes to Statements of Financial Position**

Note (1) Property, plant and equipment decreased by RMB 47.1 million from RMB 613.1 million to RMB 566.0 million mainly due to depreciation charged offset by additions to construction in progress and capital equipment.

Note (2) Inventories decreased by RMB 35.9 million from RMB 168.0 million to RMB 132.1 million mainly due to the decrease in raw material costs.

Note (3) Trade receivables decreased by RMB 107.8 million from RMB 609.4 million to RMB 501.6 million mainly due to decrease in 3Q2015 sales. Trade receivables include notes receivables provided by trade debtors which were promissory notes issued by local banks. Consequently, the risks of non-recoverability of these notes receivables by local banks are significantly lower than those amounts owing by trade debtors. The notes receivables decreased from RMB 236.4 million as at 31 December 2014 to RMB 131.5 million as at 30 September 2015. The decrease in notes receivables was due to redemption of notes upon maturity as well as more utilisation of notes for payment to some suppliers. Excluding the notes receivables, the trade receivables from trade debtors would have decreased slightly by RMB 2.9 million from RMB 373.0 million to RMB 370.1 million.

Note (4) Other receivables decreased by RMB 23.5 million from RMB 95.3 million to RMB 71.8 million mainly due to lesser advance payments to some contractors as most of the projects were completed.

Note (5) Other payables decreased by RMB45.2 million from RMB 263.8 million to RMB 218.6 million mainly due to accrued projects costs being reversed out as most of the projects were completed. These were partially offset by higher R&D payables.

Note (6) Bank loans decreased by RMB 130.7 million from RMB 258.0 million to RMB 127.3 million due to the repayment as a result of higher operating cash flows generated.

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1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated Statement of Cash Flows**

	Note	3rd quarter ended		9 months ended	
		30/09/2015	30/09/2014	30/09/2015	30/09/2014
		RMB' million		RMB' million	
<b>Cash flows from operating activities</b>					
Profit before taxation		73.0	109.5	206.5	226.6
Adjustments for:-					
Depreciation of property, plant and equipment		23.3	18.5	68.2	54.2
Amortisation of intangible assets		0.2	0.1	0.5	0.4
Gain on disposal of PPE		-	-	*	*
Grants reversed from income statement		-	1.1	-	0.3
Interest income		(0.3)	-	(0.8)	(0.4)
Interest expense		1.9	5.4	9.5	12.4
Translation difference		5.2	(0.2)	4.6	0.2
<b>Operating profit before working capital changes</b>		<b>103.3</b>	<b>134.4</b>	<b>288.5</b>	<b>293.7</b>
Changes in working capital:					
Inventories		4.1	(16.3)	35.9	(0.6)
Trade and other receivables		68.2	(97.3)	131.3	(176.7)
Trade and other payables and accruals		(15.0)	15.1	(48.1)	3.8
<b>Cash generated from operations</b>		<b>160.6</b>	<b>35.9</b>	<b>407.6</b>	<b>120.2</b>
Income taxes paid		(19.1)	(15.2)	(71.6)	(38.8)
<b>Net cash generated from operating activities</b>	(1)	<b>141.5</b>	<b>20.7</b>	<b>336.0</b>	<b>81.4</b>
<b>Cash flows from investing activities</b>					
Purchase of plant and equipment and additional CIP		(10.3)	(41.5)	(22.6)	(142.3)
Proceeds from disposal of PPE		-	-	0.1	0.2
Purchase of intangible assets		-	-	(0.3)	-
Interest income received		0.3	*	0.8	0.4
<b>Net cash used in investing activities</b>	(2)	<b>(10.0)</b>	<b>(41.5)</b>	<b>(22.0)</b>	<b>(141.7)</b>
<b>Cash flows from financing activities</b>					
Interest expense paid		(1.9)	(5.4)	(9.5)	(12.4)
Dividend paid		-	-	(31.5)	(22.9)
Cash deposit (pledged with)/released from bank		(1.3)	(5.8)	8.9	(14.8)
Grant (utilised)/received		-	(5.8)	2.5	-
Repayment of bank borrowings		(90.0)	(72.0)	(308.0)	(172.0)
Proceeds from bank loan		-	120.0	172.8	308.9
<b>Net cash (used in)/generated from financing activities</b>	(3)	<b>(93.2)</b>	<b>31.0</b>	<b>(164.8)</b>	<b>86.8</b>
<b>Net increase in cash and cash equivalents</b>		<b>38.3</b>	<b>10.2</b>	<b>149.2</b>	<b>26.5</b>
<b>Effect of currency translation on cash &amp; cash equivalents</b>		<b>(0.1)</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>*</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>221.6</b>	<b>122.4</b>	<b>110.8</b>	<b>105.9</b>
<b>Cash and cash equivalents at end of period</b>		<b>259.8</b>	<b>132.4</b>	<b>259.8</b>	<b>132.4</b>
<b>Cash and cash equivalents at end of period includes the followings</b>					
Cash and bank balances		262.9	149.1	262.9	149.1
Cash deposit pledged with bank		(3.1)	(16.7)	(3.1)	(16.7)
<b>Cash and cash equivalents at end of period</b>		<b>259.8</b>	<b>132.4</b>	<b>259.8</b>	<b>132.4</b>

**Notes to cashflows for 3Q2015**

- (1) Net cash generated from operating activities amounted to RMB 141.5 million mainly due to operating profit generated, as well as decrease in receivables.
- (2) Net cash used in investing activities amounted to RMB 10.0 million mainly due to additions to properties, plant and equipment.
- (3) Net cash used in financing activities amounted to RMB 93.2 million was mainly due to repayment of bank loans.

\* - amount less than RMB 0.1 million

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Unaudited Consolidated Statement of Changes in Equity**

<b>GROUP</b>	<b>Share Capital</b>	<b>Treasury Shares</b>	<b>Other reserves</b>	<b>Retained Profits</b>	<b>Total</b>
	<b>RMB'million</b>	<b>RMB'million</b>	<b>RMB'million</b>	<b>RMB'million</b>	<b>RMB'million</b>
<b>Balance as at 1 January 2015</b>	<b>313.5</b>	<b>(28.2)</b>	<b>183.9</b>	<b>542.0</b>	<b>1,011.2</b>
<i><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	149.7	149.7
Exchange differences on translation, net of tax	-	-	(0.1)	-	(0.1)
Total comprehensive income, net of tax, for the period	-	-	(0.1)	149.7	149.6
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Dividend paid	-	-	-	(31.5)	(31.5)
Total distributions to owners	-	-	-	(31.5)	(31.5)
<b>Balance as at 30 September 2015</b>	<b>313.5</b>	<b>(28.2)</b>	<b>183.8</b>	<b>660.2</b>	<b>1,129.3</b>
<b>Balance as at 1 January 2014</b>	<b>313.5</b>	<b>(28.2)</b>	<b>134.9</b>	<b>393.2</b>	<b>813.4</b>
<i><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	166.0	166.0
Exchange differences on translation, net of tax	-	-	0.3	-	0.3
Total comprehensive income, net of tax, for the period	-	-	0.3	166.0	166.3
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Dividend paid	-	-	-	(22.9)	(22.9)
Total contributions to owners	-	-	-	(22.9)	(22.9)
<b>Balance as at 30 September 2014</b>	<b>313.5</b>	<b>(28.2)</b>	<b>135.2</b>	<b>536.3</b>	<b>956.8</b>

**COMPANY**

	Share Capital	Treasury Shares	Other reserves	Retained Profits	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
<b>Balance as at 1 January 2015</b>	<b>313.5</b>	<b>(28.2)</b>	<b>(5.6)</b>	<b>69.1</b>	<b>348.8</b>
<i><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	36.0	36.0
Exchange differences on translation, net of tax	-	-	(0.1)	-	(0.1)
<b>Total comprehensive income, net of tax, for the period</b>	<b>-</b>	<b>-</b>	<b>(0.1)</b>	<b>36.0</b>	<b>35.9</b>
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Dividend paid	-	-	-	(31.5)	(31.5)
Total distributions to owners	-	-	-	(31.5)	(31.5)
<b>Balance as at 30 September 2015</b>	<b>313.5</b>	<b>(28.2)</b>	<b>(5.7)</b>	<b>73.6</b>	<b>353.2</b>
<b>Balance as at 1 January 2014</b>	<b>313.5</b>	<b>(28.2)</b>	<b>(6.1)</b>	<b>89.4</b>	<b>368.6</b>
<i><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	16.3	16.3
Exchange differences on translation, net of tax	-	-	0.2	-	0.2
<b>Total comprehensive income, net of tax, for the period</b>	<b>-</b>	<b>-</b>	<b>0.2</b>	<b>16.3</b>	<b>16.5</b>
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Dividend paid	-	-	-	(22.9)	(22.9)
Total distributions to owners	-	-	-	(22.9)	(22.9)
<b>Balance as at 30 September 2014</b>	<b>313.5</b>	<b>(28.2)</b>	<b>(5.9)</b>	<b>82.8</b>	<b>362.2</b>

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**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

**State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of shares*	Resultant issued and paid up share capital S\$
<b>As at 1 January 2015 and 30 September 2015</b>	<b>465,504,000</b>	<b>56,856,844</b>
As at 1 January 2014 and 30 September 2014	465,504,000	56,856,844

\* number of issued shares excludes treasury shares

There were no outstanding convertibles issued by the Company as at 30 September 2015

\*Number of issued shares excludes 26,190,000 treasury shares (FY2014: 26,190,000)

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

See above table.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

See above table. There was no sale, transfer, disposal, cancellation of treasury shares at the end of 3Q2015. Total number of treasury shares at the end of 3Q2015 stands at 26,190,000.

*[Note – The disclosures required in 1(d)(ii), (iii) and (iv) may be made in form of statement paragraphs or, in tabular form.]*

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Nil

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ("FY") ended 31 December 2014 except for the adoption of the new and revised Financial Reporting Standards which became effective for the financial period beginning on or after 1 January 2015. The adoption of these new and revised accounting standards did not give rise to any significant impact on the financial statements for the financial year ending 31 December 2015.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

None



6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3Q2015 RMB (cents)	3Q2014 RMB (cents)	9M2015 RMB (cents)	9M2014 RMB (cents)
<b>Basic Earnings per share (Basic EPS)</b> - based on weighted average number of shares on issue	11.88	17.83	32.16	35.65
The calculations of EPS was based on net profit and number of shares shown below:				
Profit attributable to equity holders (RMB' million)	55.3	83.0	149.7	166.0
Weighted average number of shares applicable to basic EPS ('000)	465,504	465,504	465,504	465,504

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 30 September 2015.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**  
(a) **current financial period reported on; and**  
(b) **immediately preceding financial year.**

	Group		Company	
	30/09/2015	31/12/2014	30/09/2015	31/12/2014
Net asset attributable to shareholders (RMB' million)	1,129.3	1,011.2	353.2	348.8
Net asset value per ordinary share (RMB cents)	<b>242.60**</b>	<b>217.23</b>	<b>75.87</b>	<b>74.93</b>
Number of issued shares * ('000)	465,504	465,504	465,504	465,504

\* number of issued shares excludes treasury shares

\*\* equivalent to SGD 54.59 cents at exchange rate of about 4.4441

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**  
(a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

RMB million	3Q2015	3Q2014	Change %	9M2015	9M2014	Change %
Group Revenue	475.9	582.2	(18%)	1,405.3	1,554.2	(10%)
Gross Profit	127.4	181.0	(30%)	385.4	400.7	(4%)
Profit before tax	73.0	109.5	(33%)	206.5	226.6	(9%)
Net profit	55.3	83.0	(33%)	149.7	166.0	(10%)

**Commentaries on performance**

Although the Group's 3Q2015 sales volume improved slightly by 1% at 29,203 tons as compared to 28,905 tons in 3Q2014, **3Q2015 revenue** decreased by 18% to RMB 475.9 million as compared to RMB 582.2 million in 3Q2014, mainly due to the decrease in the overall average selling price ("**ASP**").

**ASP** decreased 19% to RMB 16,281 per ton in 3Q2015 as compared to RMB 20,142 per ton in 3Q2014. The decrease in ASP was mainly due to two reasons. Firstly, ASP in 3Q2014 was the highest since 2009 as a result of short supply of accelerators in 2014; Secondly, the decrease in ASP was also due to the decrease in the price of our raw materials, especially, Aniline. Our average purchase price of Aniline has decreased by more than 30% as compared to its price one year ago. On a quarter to quarter comparison, the ASP was RMB 16,019 per ton in 2Q2015.

## Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB'm)			
	3Q2015	3Q2014	9M2015	9M2014	3Q2015	3Q2014	9M2015	9M2014
<b>Rubber Chemical</b>								
Accelerators	18,475	20,064	57,076	57,660	350.3	457.9	1,061.4	1,206.9
Insoluble sulphur	4,218	3,288	11,113	9,176	41.4	36.4	111.4	103.2
Anti-oxidant	6,115	5,409	16,240	14,758	76.7	84.6	210.6	230.2
Others	395	144	1,098	679	7.0	3.3	19.4	13.9
<b>Total</b>	<b>29,203</b>	<b>28,905</b>	<b>85,527</b>	<b>82,273</b>	<b>475.4</b>	<b>582.2</b>	<b>1,402.8</b>	<b>1,554.2</b>
Local Sales	19,415	19,709	58,296	53,691	309.3	371.8	959.5	950.7
International Sales	9,788	9,196	27,231	28,582	166.1	210.4	443.3	603.5
<b>Heating Power</b>	<b>2,701</b>	<b>-</b>	<b>14,552</b>	<b>-</b>	<b>0.5</b>	<b>-</b>	<b>2.5</b>	<b>-</b>

**Sales volume** of accelerators decreased from 20,064 tons in 3Q2014 to 18,475 tons in 3Q2015, mainly due to the lower demand in the domestic market, attributed to the slowdown of China's economy. Sales volume of Insoluble sulphur and Anti-oxidant products, however, increased in 3Q2015 mainly due to more orders being obtained as a result of our increasing marketing efforts. The Group's domestic market sales volume decreased slightly as compared to 3Q2014's volume, but International sales volume increased mainly due to improved sales to the US market. In 3Q2015, our heating company sold 2,701 tons of steam to a third party and generated RMB 0.5 million revenue.

**Gross profit** decreased by 30% from RMB 181.0 million in 3Q2014 to RMB 127.4 million in 3Q2015. The average gross profit margin ("**GPM**") also decreased 4.3 percentage points from 31.1% in 3Q2014 to 26.8% in 3Q2015, due mainly to the decrease in the ASP.

**Other operating income** was RMB 5.8 million in 3Q2015, consisting of mainly foreign exchange gain and sales of scrap materials.

**Selling and distribution expenses** increased by 10% from RMB 15.5 million in 3Q2014 to RMB 17.0 million in 3Q2015. The increase is due mainly to higher incentive given to sales personnel in order to promote sales.

**Administrative expenses** decreased by 21% from RMB 49.8 million in 3Q2014 to RMB 39.2 million in 3Q2015 due mainly to the reversal of allowance for impairment of trade receivables previously provided, lower social insurance and lower accrual of incentive payment.

**Other operating expenses** was RMB 2.1 million in 3Q2015, mainly consisting of donations to charitable organisations.

**Finance cost** decreased by 65% from RMB 5.4 million in 3Q2014 to RMB 1.9 million in 3Q2015 mainly due to the decrease in bank borrowing.

**Profit before tax (PBT)** decreased by 33% from RMB 109.5 million in 3Q2014 to RMB 73.0 million in 3Q2015 mainly due to decrease in sales revenue and gross profit.

Due to above mentioned reasons, **net profit attributable to shareholders** decreased by 33% from RMB 83.0 million in 3Q2014 to RMB 55.3 million in 3Q2015.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable as no forecast or prospect statement has been previously made known to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Domestically, China's economy faces the risk of further slowdown. China's economic growth rate was 6.9%<sup>1</sup> in 3Q2015, the first time the growth rate has dropped to below 7% since the second quarter of 2009. China automakers sold a total of 17.06<sup>2</sup> million units in China for the nine months of 2015, representing only 0.31% growth. China's tire industry is still facing over-capacity and under-utilisation issues, which may dampen demand for our rubber chemical products.

Globally, the world's economic recovery is still facing uneven growth. With the international crude oil prices remaining depressed, which has resulted in our main raw material prices remaining at low levels, our selling prices may continue to come under pressure.

However, due to the current stringent environmental regulations in China, there may be further consolidation in the rubber chemicals industry, which may benefit us.

Below is a summary of our estimated Annual Capacity<sup>3</sup> at the end of each financial year:

<b>Tons</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016e</b>
Accelerators	56,500	66,500	70,500	87,000	87,000	87,000
Insoluble Sulphur	10,000	10,000	20,000	20,000	20,000	20,000
Anti-oxidant	25,000	25,000	25,000	45,000	45,000	45,000
<b>Total</b>	<b>91,500</b>	<b>101,500</b>	<b>115,500</b>	<b>152,000</b>	<b>152,000</b>	<b>152,000</b>

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

**(e) Last cum-dividend Trading Date**

Not applicable

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable

<sup>1</sup> Source: National Bureau of Statistics

<sup>2</sup> Source: China Association of Automobile Manufacturing

<sup>3</sup> Annual Capacity excludes capacity of intermediary materials such as 4ADPA and MBT

13. Interested Person Transactions

None

**BY ORDER OF THE BOARD**

                      
**Xu Cheng Qiu**  
**Executive Chairman**  
**Dated: 9 November 2015**

**Confirmation by the Board pursuant to Rule 705(5) of the SGX Listing Manual**

On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited third quarter financial results for the period ended 30 September 2015 to be false or misleading in any material respect.

On behalf of the Board of Directors

                      
**Xu Cheng Qiu**  
**Executive Chairman**

**Dated: 9 November 2015**

                      
**Liu Jing Fu**  
**Executive Director and CEO**

[End of Report]