



# China SunSine Chemical Holdings Ltd.

112 Robinson Road #12-04 Singapore 068902  
Tel: (65) 6220-9070 Web: www.ChinaSunSine.com

Company Registration No.: 200609470N

## UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2009

### 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 Group Statement of Comprehensive Income for 4th Quarter and Full Year Ended 31 December 2009

	4th quarter ended		Change	Full year ended		Change
	31/12/2009	31/12/2008		31/12/2009	31/12/2008	
	RMB' million			RMB' million		
<b>Revenue</b>	<b>204.9</b>	<b>137.1</b>	50%	<b>718.4</b>	<b>797.9</b>	(10%)
Cost of sales	155.1	95.2	63%	558.2	571.1	(2%)
<b>Gross profit</b>	<b>49.8</b>	<b>41.9</b>	19%	<b>160.2</b>	<b>226.8</b>	(29%)
Other income	4.9	4.8	2%	12.4	12.3	1%
Selling and distribution expenses	6.6	4.6	44%	23.5	28.3	(17%)
Administrative expenses	14.0	15.9	(12%)	42.8	60.8	(30%)
Research costs	0.5	11.9	(96%)	1.3	16.6	(92%)
Other expenses	0.1	(0.3)	n.m	0.5	4.9	(90%)
Finance expenses	1.1	0.3	267%	1.4	0.4	250%
<b>Profit before tax</b>	<b>32.4</b>	<b>14.3</b>	127%	<b>103.1</b>	<b>128.1</b>	(20%)
Income tax expenses	5.5	6.2	(11%)	14.8	21.4	(31%)
<b>Profit after tax</b>	<b>26.9</b>	<b>8.1</b>	232%	<b>88.3</b>	<b>106.7</b>	(17%)
<b>Other Comprehensive income:</b>						
Exchange differences on translation, net of tax	0.7	(0.8)	(188%)	(1.0)	(3.4)	(71%)
Fair Value changes on AFS* financial assets	(0.6)	-	n.m	(0.6)	-	n.m
<b>Total comprehensive income for the period</b>	<b>27.0</b>	<b>7.3</b>	270%	<b>86.7</b>	<b>103.3</b>	(16%)
Gross profit margin	<b>24.3%</b>	<b>30.6%</b>	(6.3pts)	<b>22.3%</b>	<b>28.4%</b>	(6.1pts)
Earnings per share (RMB cents)	<b>5.63</b>	<b>1.67</b>	237%	<b>18.41</b>	<b>21.77</b>	(15%)

n.m. - not meaningful

\* AFS - available-for-sale

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

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

	4th quarter ended			Full year ended		
	31/12/2009	31/12/2008	Change	31/12/2009	31/12/2008	Change
	RMB' million			RMB' million		
Interest income	(1.7)	(1.4)	21%	(4.1)	(5.5)	(26%)
Interest on borrowing	1.1	0.3	267%	1.4	0.4	250%
Depreciation of Property, plant and Equipment	6.5	5.5	18%	24.9	19.2	30%
Amortization of Intangible Assets	(0.5)	0.4	n.m	0.4	0.4	-
Impairment/(writeback) on receivables	3.0	(0.4)	(850%)	1.2	5.5	(78%)
Impairment on AFS financial assets	0.6	-	n.m	0.6	-	n.m
Net foreign exchange (gain)/loss	0.1	0.4	(75%)	(0.5)	3.4	(115%)
Loss on disposal of fixed assets	0.1	0.4	(75%)	0.3	0.4	(25%)

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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.**

**Statement of Financial Position**

	Note	<u>GROUP</u>		<u>COMPANY</u>	
		31/12/2009 RMB' million	31/12/2008 RMB' million	31/12/2009 RMB' million	31/12/2008 RMB' million
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investment in a subsidiary		-	-	350.0	350.0
Property, plant and equipment	(1)	184.1	152.5	-	-
Intangible assets		18.0	18.4	-	-
Available-for-sale financial assets		14.0	14.2	14.0	14.3
		<b>216.1</b>	<b>185.1</b>	<b>364.0</b>	<b>364.3</b>
<b>CURRENT ASSETS</b>					
Available-for-sale financial assets	(2)	22.4	40.0	2.4	-
Inventories	(3)	54.3	66.2	-	-
Trade receivables	(4)	181.2	169.8	-	-
Other receivables, deposits and prepayments	(5)	96.5	17.1	n.m	0.3
Amount owing from a subsidiary		-	-	21.1	16.3
Cash and cash equivalents		195.7	184.1	4.7	28.1
		<b>550.1</b>	<b>477.2</b>	<b>28.2</b>	<b>44.7</b>
<b>TOTAL ASSETS</b>		<b>766.2</b>	<b>662.3</b>	<b>392.2</b>	<b>409.0</b>
Share capital		313.5	313.5	313.5	313.5
Treasury shares		(13.4)	(6.7)	(13.4)	(6.7)
Merger reserve		0.3	0.3	-	-
Statutory reserves		46.1	27.5	-	-
Exchange on translation		(5.8)	(5.4)	(5.4)	(5.3)
Retained profits		258.7	211.3	87.4	94.8
<b>TOTAL EQUITY</b>		<b>599.4</b>	<b>540.5</b>	<b>382.1</b>	<b>396.3</b>
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
		-	-	-	-
<b>CURRENT LIABILITIES</b>					
Trade payables	(6)	33.8	9.5	-	-
Other payables and accruals	(7)	52.1	49.8	10.1	12.7
Deferred grant	(8)	6.4	0.3	-	-
Loans from a director	(9)	-	37.1	-	-
Research and development costs payable		15.0	15.1	-	-
Bank loans	(10)	50.0	-	-	-
Current tax payable		9.5	10.0	-	-
		<b>166.8</b>	<b>121.8</b>	<b>10.1</b>	<b>12.7</b>
<b>TOTAL LIABILITIES</b>		<b>166.8</b>	<b>121.8</b>	<b>10.1</b>	<b>12.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>766.2</b>	<b>662.3</b>	<b>392.2</b>	<b>409.0</b>

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

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

As at 31/12/2009		As at 31/12/2008	
Secured RMB' million	Unsecured RMB' million	Secured RMB' million	Unsecured RMB' million
-	50.0 <sup>(1)</sup>	-	37.9

**Details of any collateral**

(1) Amount relates to RMB 50.0 million of unsecured loan from Industrial and Commercial Bank of China (ICBC) in China.

(2)

**Notes to Statement of Financial Position**

Note (1) Property, plant and equipment has increased by RMB 31.6 million from RMB 152.5million to RMB 184.1 million due mainly to purchase of machinery and equipment relating to various projects in FY2009 amounting to approximately RMB 57.3 million less net depreciation of RMB 24.9 million.

Note (2) Short-term available for sale investments have declined by RMB17.6 million due to the maturity of the RMB 40 million notes and new net investments of RMB 22.4 million into new notes.

Note (3) Inventories has decreased by RMB 11.9 million from RMB 66.2 million to RMB 54.3 million due to lower raw materials inventory as production was running at higher capacity, and lower finished goods as finished goods were shipped to customers to meet orders. The Group aims to balance production and sales volume, so as to minimize inventory risks.

Note (4) Trade receivables increased by RMB 11.4 million from RMB 169.8 million to RMB 181.2 million due to higher sales in current quarter (RMB 204.9 million) compared to 4Q2008 (RMB 137.1 million).

Note (5) Other receivables and prepayment increased by RMB 79.4 million from RMB 17.1 million to RMB 96.5 million due mainly to the followings:

- a deposit cum loan to the local Shanxian government amounting to RMB 25.0 million for our purchase of 2 parcels of land (collectively, the "Land Parcels"), and for the government to relocate current lessees of the Land Parcels and to prepare the Land Parcels for our use. The Land Parcels have a total size of about 446 mu (or about 297,330 square metres) bordering north and south of our Facility 2 at the Shanxian Economic Zone which are in the process of being acquired from the local government as part of our expansion plans. This deposit cum loan is secured by a different piece of land (of approximately 168mu) and would be expected to be repaid by end of June 2010, less the total amount for the cost of the purchase of the Land Parcels;
- interest-bearing loan to 3<sup>rd</sup> parties amounting to RMB 18.0 million secured with land of market value estimated at approximately RMB 60 million and/or option to acquire borrower's equity;
- increased in prepayment to suppliers as raw material purchases increased in Q42009 as well as new projects such as the new 6PPD Antioxidants plant commenced construction; and

Note (6) Trade payables increased by RMB 24.3 million from RMB 9.5 million to RMB 33.8million was in line with the increased in purchases of raw materials in 4Q2009.

Note (7) Other payables increased by RMB 2.3 million from RMB 49.8 million to RMB 52.1 million due mainly to increase advancement placed by the customers to secure the goods.

Note (8) Deferred grant given by the government authorities had increased by RMB 6.1 million from RMB 0.3 million to RMB 6.4 million due to increased funding allocated to our ongoing research and development projects such as R&D centre construction and waste gases recycling.

Note (9) Loan from a director was repaid in full in accordance to the terms of the loan agreement and duly approved by the Audit Committee.

Note (10) Unsecured bank loans of RMB 50.0 million received from the Industrial and Commercial Bank of China (ICBC) was used as working capital.

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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.

**Statement of Cash Flows**

Note	4th quarter ended		Full year ended	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	RMB' million		RMB' million	
<b>Cash flows from operating activities</b>				
Profit before taxation	32.4	14.3	103.1	128.1
Adjustments for:-				
Depreciation of Property, plant and Equipment	6.5	5.5	24.9	19.2
Amortization of Intangible Assets	(0.5)	0.4	0.4	0.4
Impairment/(writeback) on receivables	3.0	(0.4)	1.2	5.5
Impairment on AFS financial assets	0.6	-	0.6	-
Interest income	(1.7)	(1.4)	(4.1)	(5.5)
Interest expense	1.1	0.3	1.4	0.4
Translation difference	-	(0.9)	(1.9)	(2.5)
Grant income	(0.5)	-	(0.5)	-
Writeback of trade and other payables	(0.9)	(3.0)	(0.9)	(3.0)
Loss on disposal of fixed assets	0.1	0.4	0.3	0.4
<b>Operating profit before working capital changes</b>	<b>40.1</b>	<b>15.2</b>	<b>124.5</b>	<b>143.0</b>
Changes in working capital:				
Inventories	(10.4)	2.3	12.0	(36.0)
Trade and other receivables	(33.7)	52.8	(92.1)	13.3
Trade and other payables and accruals	6.7	(7.9)	27.4	21.5
Cash deposit released from /(pledged with) bank	9.8	-	(19.3)	1.9
<b>Cash generated from operations</b>	<b>12.5</b>	<b>62.4</b>	<b>52.5</b>	<b>143.7</b>
Income taxes paid	(3.9)	(6.9)	(15.3)	(15.7)
<b>Net cash generated from operating activities</b>	<b>(1) 8.6</b>	<b>55.5</b>	<b>37.2</b>	<b>128.0</b>
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment	(13.6)	(17.9)	(57.3)	(77.3)
Proceeds from/ (Investment in) AFS financial asset	-	(35.0)	17.6	60.0
Interest income received	1.7	1.7	4.1	6.9
<b>Net cash used in investing activities</b>	<b>(2) (11.9)</b>	<b>(51.2)</b>	<b>(35.6)</b>	<b>(10.4)</b>
<b>Cash flows from financing activities</b>				
Interest expense paid	(1.1)	(0.3)	(1.4)	(0.4)
Share buyback	(0.3)	(6.0)	(6.3)	(6.7)
Dividend paid	-	-	(21.6)	(25.0)
Grant received	3.9	5.4	7.0	0.5
Repayment of borrowings from a director	(20.7)	-	(37.1)	(13.2)
Proceeds from bank loan	-	-	50.0	-
<b>Net cash used in financing activities</b>	<b>(3) (18.2)</b>	<b>(0.9)</b>	<b>(9.4)</b>	<b>(44.8)</b>
<b>Net (decrease)/increase in cash and bank balances</b>	<b>(21.5)</b>	<b>3.4</b>	<b>(7.8)</b>	<b>72.8</b>
<b>Cash and bank balances at beginning of period/year</b>	<b>197.9</b>	<b>180.7</b>	<b>184.2</b>	<b>111.3</b>
<b>Cash and bank balances at end of period/year</b>	<b>176.4</b>	<b>184.1</b>	<b>176.4</b>	<b>184.1</b>
<b>Cash and bank balances at end of period/year includes the followings</b>				
Cash and cash equivalents	195.7	184.1	195.7	184.1
Cash deposit pledged with bank	(4) (19.3)	-	(19.3)	-
<b>Cash and bank balances at end of period/year</b>	<b>176.4</b>	<b>184.1</b>	<b>176.4</b>	<b>184.1</b>

## Notes to Cash flows for 4Q2009

- (1) Net cash inflow from the operating activities amounting to about RMB 8.6 million was due mainly to the increased in operating cash profit as well as cash deposit released from bank partially offset by increased in inventories and receivables.
- (2) Net cash used in investing activities amounting to RMB 11.9 million was mainly due to the purchase of capital equipment and construction work carried out for the business.
- (3) Net cash used in financing activities amounting to RMB 18.2 million was mainly due to the repayment of RMB 20.7 million loan from Director during the current period.
- (4) The deposit pledged with the banks was for trade facilities.

**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 Statement of Changes in Equity

#### GROUP

	Share Capital	Treasury Shares	Statutory, Merger, Exchange reserves	Retained Profits	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2009	313.5	(6.7)	22.4	211.3	540.5
Total Comprehensive Income for the year	-	(0.4)	(0.3)	87.4	86.7
Interim dividend declared	-	-	-	(21.5)	(21.5)
Shares buy back held in treasury	-	(6.3)	-	-	(6.3)
Transfer to statutory reserve	-	-	18.5	(18.5)	-
<b>Balance as at 31 December 2009</b>	<b>313.5</b>	<b>(13.4)</b>	<b>40.6</b>	<b>258.7</b>	<b>599.4</b>
Balance as at 1 January 2008	313.5	-	31.4	124.0	468.9
Total Comprehensive Income for the year	-	-	(5.4)	108.7	103.3
Interim dividend paid	-	-	-	(25.0)	(25.0)
Share buyback-held in treasury	-	(6.7)	-	-	(6.7)
Transfer to statutory reserve	-	-	11.4	(11.4)	-
Deemed transfer back to retained profits	-	-	(15.0)	15.0	-
<b>Balance as at 31 December 2008</b>	<b>313.5</b>	<b>(6.7)</b>	<b>22.4</b>	<b>211.3</b>	<b>540.5</b>

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**COMPANY**

	Share Capital	Treasury Shares	Statutory, Merger, Exchange reserves	Retained Profits	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2009	313.5	(6.7)	(5.3)	94.8	396.3
Total Comprehensive Income for the year	-	(0.4)	(0.1)	14.1	13.6
Interim dividend paid	-	-	-	(21.5)	(21.5)
Share buyback-held in treasury	-	(6.3)	-	-	(6.3)
<b>Balance as at 31 December 2009</b>	<b>313.5</b>	<b>(13.4)</b>	<b>(5.4)</b>	<b>87.4</b>	<b>382.1</b>
Balance as at 1 January 2008	313.5	-	0.3	(8.2)	305.6
Total Comprehensive Income for the year	-	-	(5.6)	128.0	122.4
Interim dividend paid	-	-	-	(25.0)	(25.0)
Share buyback-held in treasury	-	(6.7)	-	-	(6.7)
<b>Balance as at 31 December 2008</b>	<b>313.5</b>	<b>(6.7)</b>	<b>(5.3)</b>	<b>94.8</b>	<b>396.3</b>

**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\$
As at 1 January 2008	491,694,000	62,649,185
Share buyback – held as treasury	(7,253,000)	(1,415,036)
<b>Balance as at 31 December 2008</b>	<b>484,441,000</b>	<b>61,234,149</b>
Share buyback – held as treasury	(7,084,000)	(1,333,267)
<b>Balance as at 31 December 2009</b>	<b>477,357,000</b>	<b>59,900,882</b>

There are no outstanding convertibles issued by the Company as at 31 December 2009.



**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 is no sale, transfer, disposal, cancellation of treasury shares at the end of 4Q2009. Total number of treasury shares at end 4Q2009 stands at 14,337,000.

*[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).**

Not applicable.

**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 accounting policies and methods of computation used in the preparation of this announcement are consistent with those used in the audited financial statements for the year ended 31 December 2008, except for the adoption of the revised Financial Reporting Standard (FRS) disclosed in paragraph 5 below.

**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.**

On 1 January 2009, the Group adopted the revised FRS 1, Presentation of Financial Statements (FRS 1(R)). FRS 1(R) requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. The revised FRS 1(R) also introduces the statement of comprehensive income which presents all items of income and expense recognized in profit or loss, together with all other items of comprehensive income, either in one single statement of comprehensive income, or in two linked statements. The Group has opted to present the comprehensive income in one single statement.

FRS 1(R) is a disclosure standard and has no impact on the financial position and results of the Group.

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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.**

	4Q2009 RMB (cents)	4Q2008 RMB (cents)	FY2009 RMB (cents)	FY2008 RMB (cents)
<b>Basic Earnings per share (Basic EPS)</b> - based on weighted average number of shares on issue	5.63	1.67	18.41	21.77
The calculations of EPS is based on net profit and number of shares shown below: Profit attributable to equity holders (RMB'000) Weighted average number of shares applicable to basic EPS ('000)	26,887 477,373	8,130 486,125	88,324 479,659	106,710 490,273

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 31 December 2009.

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	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Net asset attributable to shareholders (RMB'000)	599,366	540,500	382,091	396,255
Net asset value per ordinary share (RMB cents)	125.56**	111.57	80.04	81.80
Number of issued shares * ('000)	477,357	484,441	477,357	484,441

\* number of issued shares excludes treasury shares

\*\* equivalent to 25.83 SGD cents at exchange rate of about 4.8605

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	4Q2009	4Q2008	Change	FY2009	FY2008	Change
Group Revenue	204.9	137.1	50%	718.4	797.9	(10%)
Gross Profit	49.8	41.9	19%	160.2	226.8	(29%)
Profit before tax	32.4	14.3	127%	103.1	128.1	(20%)
Net profit	26.9	8.1	232%	88.3	106.7	(17%)

#### **Commentaries on performance**

Due to the weak economic situation in 2009 and exceptional good 'Olympics Effect' 2008, our FY2009 revenue declined by 10% to RMB 718.4 million from RMB 797.9 million in FY2008 due to the drop in average selling price. We had managed to prevent any further revenue decline with increased marketing efforts. This was evidenced by the 48% increased in full year sales volume in FY2009 to 45,420 tons from 30,787 tons in FY2008.

**Overall average selling price (ASP)** for all products declined from RMB 25.9k in FY2008 to RMB 15.8k in FY2009. Decrease in ASP was due to the 'Olympics effect' in 2008 and the poor economic situation in 1Q2009. However, the ASP had stabilized at about RMB 16.0k since 2Q2009.

## Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB' million)			
	4Q09	4Q08	FY09	FY08	4Q09	4Q08	FY09	FY08
Accelerators	11,072	5,809	40,196	29,805	185.3	133.1	664.0	782.0
Insoluble sulphur	1,049	142	3,468	464	10.2	1.4	32.1	3.1
Anti-oxidant	615	81	1,361	185	6.4	0.9	13.4	3.0
Others	130	63	395	333	3.0	1.7	8.9	9.8
<b>Total</b>	<b>12,866</b>	<b>6,095</b>	<b>45,420</b>	<b>30,787</b>	<b>204.9</b>	<b>137.1</b>	<b>718.4</b>	<b>797.9</b>
Domestic Sales	8,036	4,168	29,504	18,768	120.2	66.4	437.5	447.2
International sales	4,830	1,927	15,916	12,019	84.7	70.7	280.9	350.7

During FY2009, we had increased the production capacity of all our product categories, accelerators, insoluble sulphur and anti-oxidant. However, sales of anti-oxidant, TMQ, had not improved substantially in tonnage term as the selling price remains extremely competitive. Thus efforts were made to increase the production efficiency of higher profit-margin accelerators and insoluble sulphur which in turn resulted in higher sales volume.

In line with the booming car industry in China, the proportion of sales to the local China market increased to 61% as compared to 56% in FY2008. At the same time, we continued to serve more than 50% of the Global Top 75\* tire makers including all the Top 10 makers.

(\*Source: <http://www.tirebusiness.com>)

**Gross profit** increased by 19% from RMB 41.9 million in 4Q2008 to RMB 49.8 million in 4Q2009, in line with the increase in revenue. However, gross profit margins (GPM) declined from 30.6% in 4Q2008 to 24.3% in 4Q2009, due to the "Olympics effect", resulting in high prices of our products in FY2008.

**Other operating income** was RMB 4.9 million in 4Q2009, consisting of mainly investment income, sales of scrap materials, as well as write-back of doubtful debts recovered.

**Selling and distribution expenses**, which increased by 44% from RMB 4.6 million in 4Q2008 to RMB 6.6 million in 4Q2009, in line with the increase in revenue.

**Administrative expenses** declined by 12% from RMB 15.9 million in 4Q2008 to RMB 14.0 million in 4Q2009, mainly due to lower staff costs, including bonuses, government levies, and the cutback of most discretionary expenses in current quarter.

**Research costs** declined 92% to RMB 1.3 million in FY2009 from RMB 16.6 million in FY2008 as most of the R&D projects were launched in FY2008, while **other operating expenses** reduced to RMB 0.5 million in FY2009 from RMB 4.9 million in FY2008 as prior year exchange loss was not repeated in current period.

**Profit before tax (PBT)** improved by 127% from RMB 14.3 million in 4Q2008 to RMB 32.4 million in 4Q2009 due to above factors. For the full year, PBT declined by 20% from RMB 128.1 million in FY2008 to RMB 103.1 million in FY2009 due to the 'Olympics effect' resulting in higher PBT in FY2008, offset by the Group's efforts to increase the sales volume and cut discretionary expenses in FY2009.

**Net profit attributable to shareholders** declined by 17% from RMB 106.7 million in FY2008 to RMB 88.3 million in FY2009.

### 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.**

The international tire sector appears to have stabilized, although we do not expect full recovery in this financial year. The China market has shown good growth as its vehicle sales powered to 13.6 million units, overtaking the U.S. as the world's largest automobile market. This resulted in net growth in domestic tire production despite the negative impact from the additional 35% tariffs imposed by the U.S. government on domestic truck and passenger car tires imported into the U.S. In view of continued growth in China's economy and stabilization of the world economy, the Group expects selling prices to continue to be steady, with any adjustments depending on prices of raw materials.

**Risks / Concerns**

With the aggressive stimulus package introduced by the Chinese government from the onset of the global financial crisis, China's economy has escaped the world economic crisis relatively unscathed. For 2009, the Chinese GDP grew by 8.7%. Though the Chinese government has started to tighten its monetary policy, China's economy is nevertheless expected to continue to grow this year. The domestic tire industry and our business should therefore benefit from this growth.

**Opportunities**

During 2009, the Group has completed the following expansions:

- *Completed the construction of a new 7,000-ton MBTS plant in Facility 2 with commercial production commenced in August 2009. This MBTS plant is able to produce 3,000 tons of MBTS (medical grade);*  
Some of the customers have completed the trial test of our MBTS (medical grade) and the feedback has been favourable. We have received a firm order from one of China's biggest antibiotic intermediary manufacturing companies. We are expecting more orders from the pharmaceutical sector.
- *Increased the annual capacity of antioxidant TMQ plant from 5,000 tons to 10,000 tons in Q3 2009; and*  
Though TMQ's contribution to the Group revenue was marginal in FY2009, we expect its sales to increase as we have improved the production efficiency and reduced wastage and thus improved its profit margin.
- *Increased the annual capacity of insoluble sulphur plant to 8,000 tons in December 2009.*

In 2010, the Group will complete the following projects:

- *Complete the construction of the R&D centre, office building, workers' canteen and rest quarters at Facility 2;*  
The expansion of the R&D team along with the completion of R&D centre will further allow the Group to adopt more "Green" initiatives and establish ourselves as a responsible corporate citizen. At the same time, the R&D team will assist to improve the manufacturing processes so as to increase the production efficiency of each plant.
- *Increased the annual capacity of the existing insoluble sulphur plant to 10,000 tons;*
- *Double the annual capacity of the existing DCBS(DZ) to 3,000 tons; and*
- *Complete the construction of the new 15,000-ton 6PPD plant in Facility 2 with production commencing in 2H2010 for internal and customer testing.*  
As customer testing will take at least 6 months, we do not expect any material impact to our profit & loss in FY2010.

Below is summary of our Annual Capacity at End of Each Financial Year

<b>Tons</b>	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010e</b>
Accelerators	39,000	50,000	55,000	56,500
Insoluble Sulphur	5,000	5,000	8,000	10,000
Anti-oxidant	-	5,000	10,000	25,000
<b>Total</b>	<b>44,000</b>	<b>60,000</b>	<b>73,000</b>	<b>91,500</b>

Barring unforeseen circumstances, the Group expects to continue its profitability for FY2010.

**11. Dividend**

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

Any dividend declared for the current financial period reported on?

<b>Name of dividend</b>	<b>Interim</b>	<b>Proposed Final</b>
Dividend Type	Cash	Cash
Dividend amount per share	S\$0.01 per ordinary share	S\$0.01 per ordinary share
Tax Rate	Tax exempt one-tier	Tax exempt one-tier

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

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

S\$0.01 per ordinary share was declared in 1Q2008.

**(c) Date payable**

To be announced at a later date

**(d) Books closure date**

To be announced at a later date

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

To be announced at a later date

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

Not applicable.

[Empty Below]

## PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The group is substantially in one business segment, namely the production and sale of rubber chemicals. For geographical segment information, we provide different export markets.

The Group's revenue, expenses, results, assets and liabilities and capital expenditures are principally attributable to a single geographical region, which is the People's Republic of China.

Geographical segment

RMB' million	FY2009	%	FY2008	%
PRC	437.5	61%	447.2	56%
Rest of Asia	166.7	23%	254.4	32%
America	53.9	7%	18.7	2%
Europe	25.9	4%	49.4	6%
Others	34.4	5%	28.2	4%
Total	<b>718.4</b>	100%	797.9	100%

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

See Para 8 above for factors leading to material changes in contributions to turnover and earnings.

**15. A breakdown of sales.**

Group	Year ended 31/12/2009 RMB' million	Year ended 31/12/2008 RMB' million	Change
(a) Sales reported for first half year	311.8	402.1	(23%)
(b) Operating profit after tax before deducting minority interests reported for first half year	36.4	53.5	(32%)
(c) Sales reported for second half year	406.6	395.8	3%
(d) Operating profit after tax before deducting minority interests reported for second half year	51.9	53.2	(2%)

[Empty Below]

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	<b>FY2009 S\$</b>	<b>FY2008 S\$</b>
<b>Interim Dividend</b>	<b>4,803,750</b>	<b>4,916,940</b>
<b>Final Dividend (Proposed)</b>	<b>4,773,570*</b>	<b>-</b>
<b>Total:</b>	<b>9,577,320</b>	<b>4,916,940</b>

\*Based on number of Ordinary Shares (excluding Treasury Shares) as at 31 January 2010

17. **Interested Person Transactions**

None

**BY ORDER OF THE BOARD**

**Xu Cheng Qiu  
Executive Chairman**

**25 February 2010**

[End of Report]