



China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 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 2nd Quarter Ended 30 June 2009

	2 nd quarter ended			6 months ended		
	30/6/2009	30/6/2008	Change %	30/6/2009	30/6/2008	Change %
	RMB 'million			RMB 'million		
Revenue	177.7	234.9	(24.4%)	311.8	402.1	(22.5%)
Cost of sales	134.1	175.5	(23.6%)	245.9	309.3	(20.5%)
Gross profit	43.6	59.4	(26.6%)	65.9	92.8	(29.0%)
Other income	2.2	2.2	-	6.1	3.9	56.4%
Selling and distribution expenses	5.6	6.0	(6.7%)	11.6	12.2	(4.9%)
Administrative expenses	10.0	9.0	11.1%	17.5	16.2	8.0%
Research costs	0.2	2.1	(90.5%)	0.5	2.4	(79.2%)
Other expenses	0.4	2.1	(81.0%)	0.4	4.8	(91.7%)
Finance expenses	-	-	-	0.1	-	100.0%
Profit before tax	29.6	42.4	(30.2%)	41.9	61.1	(31.4%)
Income tax expenses	4.1	5.4	(24.1%)	5.5	7.6	(27.6%)
Profit after tax	25.5	37.0	(31.1%)	36.4	53.5	(32.0%)
Other comprehensive income:						
Exchange differences on translation, net of tax	0.5	(0.2)	n.m.	(2.0)	0.2	n.m.
Total comprehensive income for the period	26.0	36.8	(29.3%)	34.4	53.7	(35.9%)
Gross profit margin	24.5%	25.3%	(0.8pts)	21.1%	23.1%	(2.0pts)
Earnings per share (RMB cents) *	5.31	7.53	(29.5%)	7.55	10.89	(30.7%)

n.m. - not meaningful

Notes to the Group Statement of Comprehensive Income:

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

	2nd quarter ended			6 months ended		
	30/6/2009	30/6/2008	Change	30/6/2009	30/6/2008	Change
	RMB'million		%	RMB'million		%
Interest income	(1.3)	(1.5)	(13.3%)	(2.3)	(3.1)	(25.8%)
Interest expense	-	-	-	0.1	-	n.m.
Depreciation and amortization	5.4	4.4	22.7%	12.5	8.7	43.7%
Foreign exchange loss	0.6	1.8	(66.7%)	-	4.3	n.m.
Writeback of impairment on trade receivables	-	-	-	(1.8)	-	n.m.

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>	
		30/06/2009	31/12/2008	30/06/2009	31/12/2008
		RMB'million	RMB'million	RMB'million	RMB'million
ASSETS					
NON-CURRENT ASSETS					
Investment in a subsidiary		-	-	350.0	350.0
Property, plant and equipment	(1)	185.5	170.9	-	-
Available-for-sale Investments		14.2	14.2	14.2	14.3
		<u>199.7</u>	<u>185.1</u>	<u>364.2</u>	<u>364.3</u>
CURRENT ASSETS					
Available-for-sale Investments	(2)	12.4	40.0	2.3	-
Inventories		49.7	66.2	-	-
Trade receivables	(3)	128.1	101.2	-	-
Other receivables, deposits and prepayments	(4)	75.8	85.7	0.1	0.3
Amount owing from a subsidiary		-	-	18.9	16.3
Cash and cash equivalents		285.9	184.1	15.8	28.1
		<u>551.9</u>	<u>477.2</u>	<u>37.1</u>	<u>44.7</u>
TOTAL ASSETS		<u>751.6</u>	<u>662.3</u>	<u>401.3</u>	<u>409.0</u>
Share capital		313.5	313.5	313.5	313.5
Treasury shares		(11.3)	(6.7)	(11.3)	(6.7)
Merger reserve		0.3	0.3	-	-
Statutory reserves		27.5	27.5	-	-
Exchange on translation		(7.4)	(5.4)	(6.2)	(5.3)
Retained profits		226.1	211.3	91.4	94.8
TOTAL EQUITY		<u>548.7</u>	<u>540.5</u>	<u>387.4</u>	<u>396.3</u>
LIABILITIES					
NON-CURRENT LIABILITIES					
		-	-	-	-
CURRENT LIABILITIES					
Trade payables	(5)	12.5	9.5	-	-
Other payables and accruals	(5)	66.5	49.8	13.9	12.7
Deferred grant		-	0.3	-	-
Loans from a director	(6)	20.7	37.1	-	-
Research and development costs payable		15.1	15.1	-	-
Bank loans	(7)	80.0	-	-	-
Current tax payable		8.1	10.0	-	-
		<u>202.9</u>	<u>121.8</u>	<u>13.9</u>	<u>12.7</u>
TOTAL LIABILITIES		<u>202.9</u>	<u>121.8</u>	<u>13.9</u>	<u>12.7</u>
TOTAL EQUITY AND LIABILITIES		<u>751.6</u>	<u>662.3</u>	<u>401.3</u>	<u>409.0</u>

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

Amount repayable in one year or less, or on demand

As at 30/06/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
RMB'million	RMB'million	RMB'million	RMB'million
-	100.7 (1)	-	37.9

Details of any collateral

(1) Amount relates to RMB 80.0 million of unsecured loan from its 2 bankers in China – the ICBC and Agricultural Bank of China (ABChina), of which the loan from ABChina of RMB 30.0 million has already been fully repaid as of the date of this announcement.

Remaining amount of RMB 20.7 million was an existing loan from a director, and is unsecured, interest-free and our Audit Committee has approved for it to be fully repaid in current financial year.

Notes to Statement of Financial Position

Note (1) Property, plant and equipment has increased by RMB 14.6 million from RMB 170.9 million to RMB 185.5 million due mainly to purchase of machinery and equipment relating to various projects in 1H2009 amounting to approximately RMB 27.4 million less depreciation and amortization of RMB 12.5 million.

Note (2) Available for sale investments have declined by RMB 27.6million due to maturity of RMB 30 million notes and net new investment of RMB 2.4 million into a 1-year bond.

Note (3) Trade receivables increased by RMB 26.9 million from RMB 101.2 million to RMB 128.1 million, as sales was higher in current quarter (RMB177.7million) compared to 4Q2008(RMB137.1 million), for which sales was slower towards end December 2008. We have also extended credit term for some customers but generally maintained a tight collection policy. Provision for impairment of trade receivables stands at RMB 4.3 million (FY2008: RMB 6.1 million) due to writeback of RMB 1.8million in 1Q2009.

Note (4) Other receivables, deposits and prepayment decreased by RMB 9.9 million from RMB 85.7 million to RMB 75.8 million due mainly to decline in notes receivables of RMB 38.1 (FY2008: RMB68.6 million, 2Q2009: RMB30.5 million) offset by 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 is scheduled for repayment by end of this year, less the total amount for the cost of the purchase of the Land Parcels.

Note (5) Trade and other payables increased by RMB 19.7 million from RMB 59.3 million to RMB 79.0 million due mainly to increase in notes payable of RMB 7.6million, increase of RMB 2.0million advance payments received from customers, accrued staff costs of RMB 5.7million, accrued shipping costs of RMB 1.0million and increase in business taxes payable of RMB 2.5million.

Note (6) Loan from a director was reduced by approximately RMB 16.4 million as a result of part repayment to our director in 1Q2009.

Note (7) Unsecured bank loans of RMB 80.0 million were received from the Industrial and Commercial Bank of China (ICBC) and the Agricultural Bank of China (ABChina), of which the ABChina loan of RMB 30.0 million has been fully repaid as of date of this announcement.

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	2 nd quarter ended		6 months ended	
		30/06/2009	30/06/2008	30/06/2009	30/06/2008
		RMB'million		RMB'million	
Cash flows from operating activities					
Profit before taxation		29.6	42.4	41.9	61.1
Adjustments for:-					
Depreciation and amortization		5.4	4.4	12.5	8.7
Loss on disposal of fixed assets		0.2	-	0.2	-
Impairment on receivables		-	-	(1.8)	-
Interest income		(1.3)	(1.5)	(2.3)	(3.1)
Interest expense		-	-	0.1	-
Translation difference		(0.2)	(0.0)	(2.0)	0.3
Operating profit before working capital changes		33.7	45.3	48.6	67.0
Changes in working capital:					
Inventories		(6.8)	(28.3)	16.6	(29.8)
Trade and other receivables		(54.1)	(20.9)	(15.3)	(40.0)
Trade and other payables and accruals		8.6	20.2	19.7	13.5
Cash deposit released from /(pledged with) bank		(14.9)	3.8	(20.3)	(0.8)
Cash (used in)/ generated from operations		(33.5)	20.1	49.3	9.9
Income taxes paid		(5.6)	(1.9)	(7.3)	(3.4)
Net cash (used in)/generated from operating activities	(1)	(39.1)	18.2	42.0	6.5
Cash flows from investing activities					
Purchase of plant and equipment		(14.6)	(22.1)	(27.8)	(38.4)
Net proceeds from/ (Investment in) AVS financial asset		2.6	5.0	27.6	(5.0)
Interest income received		1.3	0.1	2.3	0.6
Net cash (used in)/generated from investing activities	(2)	(10.7)	(17.0)	2.1	(42.8)
Cash flows from financing activities					
Purchase of treasury shares		(2.6)	-	(4.6)	-
Interest expense paid		-	-	(0.1)	-
Dividend paid		(21.6)	(25.1)	(21.6)	(25.1)
Grant (utilized)/received		-	(2.4)	0.1	(2.0)
Repayment of borrowings from a director		-	(9.0)	(16.4)	(13.2)
Proceeds from bank loan		80.0	-	80.0	-
Net cash generated from/ (used in) financing activities	(3)	55.8	(36.5)	37.4	(40.3)
Net increase/(decrease) in cash and bank balances		6.0	(35.3)	81.5	(76.6)
Cash and bank balances at beginning of period		259.6	70.0	184.1	111.3
Cash and bank balances at end of period	(4)	265.6	34.7	265.6	34.7

Notes to Cash flows for 2Q2009

- (1) Net cash used in operating activities amounted to about RMB 39.1million was due mainly to the increase in trade receivables, the deposit cum loan to the government for the purchase of the Land Parcels for our expansion and relocation of current lessees thereof, as well as the slight increase in inventory in current quarter. In addition, we are utilizing bills of exchange issued by the banks which require cash to be pledged with the banks.
- (2) Net cash used in investing activities was mainly due to the purchase of capital equipment and construction work carried out for the business.
- (3) Net cash of RMB 55.8 million was generated by financing activities as our bankers extended their loans of RMB 80.0 million to us, reduced by the RMB 21.6 million of dividends paid in June 2009 to shareholders, as well as continued execution of our share buyback programme.
- (4) Balance shown here for 2Q2009 exclude an amount of RMB 20.3 million pledged with the banks for bank 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	Statutory, Merger, Exchange reserves	Retained Profits	Total
	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2009	306.8	22.4	211.3	540.5
Total Comprehensive Income for 1Q2009	-	4.5	3.9	8.4
Interim dividend declared	-	-	(21.6)	(21.6)
Shares buy back held in treasury	(2.0)	-	-	(2.0)
Balance as at 31 March 2009	304.8	26.9	193.6	525.3
Total comprehensive income for 2Q2009	-	(6.5)	32.5	26.0
Shares buy back held in treasury	(2.6)	-	-	(2.6)
Balance as at 30 June 2009	302.2	20.4	226.1	548.7
Balance as at 1 January 2008	313.5	31.4	124.0	468.9
Total Comprehensive Income for 1Q2008	-	0.4	16.5	16.9
Interim dividend declared	-	-	(25.0)	(25.0)
Balance as at 31 March 2008	313.5	31.8	115.5	460.8
Total comprehensive income for 2Q2008	-	(0.2)	37.0	36.8
Balance as at 30 June 2008	313.5	31.6	152.5	497.6

COMPANY

	Share Capital	Exchange reserve	Retained Profits	Total
	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2009	306.8	(5.3)	94.8	396.3
Total Comprehensive Income for 1Q2009	-	4.1	(6.7)	(2.6)
Interim dividend declared	-	-	(21.6)	(21.6)
Shares buy back held in treasury	(2.0)	-	-	(2.0)
Balance as at 31 March 2009	304.8	(1.2)	66.5	370.1
Total comprehensive income for 2Q2009	(0.4)	(5.0)	24.9	19.5
Interim dividend declared	-	-	-	-
Shares buy back held in treasury	(2.2)	-	-	(2.2)
Balance as at 30 June 2009	302.2	(6.2)	91.4	387.4
Balance as at 1 January 2008	313.5	0.3	(8.2)	305.6
Total Comprehensive Income for 1Q2008	-	0.5	35.2	35.7
Interim dividend declared	-	-	(25.0)	(25.0)
Balance as at 31 March 2008	313.5	0.8	2.0	316.3
Total comprehensive income for 2Q2008	-	(0.7)	(0.9)	(1.6)
Balance as at 30 June 2008	313.5	0.1	1.1	314.7

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, 31 March 2008, 30 June 2008	491,694,000	62,649,185
Share buyback – held as treasury As at 30 September 2008	(792,000)	(151,821)
	490,902,000	62,497,364
Share buyback – held as treasury Balance as at 31 December 2008	(6,461,000)	(1,263,215)
	484,441,000	61,234,149
Share buyback – held as treasury Balance as at 31 March 2009	(3,126,000)	(521,104)
	481,315,000	60,713,045
Share buyback – held as treasury Balance as at 30 June 2009	(2,403,000)	(458,143)
	478,912,000	60,254,902

There are no outstanding convertibles issued by the Company as at 30 June 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 2Q2009. Total number of treasury shares at end 2Q2009 stands at 12,782,000.

[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.

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.

	2Q2009	2Q2008	1H2009	1H2008
	RMB (cents)	RMB (cents)	RMB (cents)	RMB (cents)
Basic Earnings per share (Basic EPS) - based on weighted average number of shares on issue	5.31	7.53	7.55	10.89
The calculations of EPS is based on net profit and number of shares shown below: Profit attributable to equity holders (RMB'000)	25,515	37,047	36,389	53,555
Weighted average number of shares applicable to basic EPS ('000)	480,306	491,694	481,694	491,694

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 30 June 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	
	30/06/2009	31/12/2008	30/06/2009	31/12/2008
Net asset attributable to shareholders (RMB'000)	548,686	540,500	387,363	396,255
Net asset value per ordinary share (RMB cents)	114.57**	111.57	80.88	81.80
Number of issued shares * ('000)	478,912	484,441	478,912	484,441

* number of issued shares excludes treasury shares

** equivalent to 24.32 SGD cents at exchange rate of about 4.71

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	2Q2009	2Q2008	Change %	1H2009	1H2008	Change %
Group Revenue	177.7	234.9	(24.4%)	311.8	402.1	(22.5%)
Gross Profit	43.6	59.4	(26.6%)	65.9	92.8	(29.0%)
Profit before tax	29.6	42.4	(30.2%)	41.9	61.1	(31.4%)
Net profit	25.5	37.0	(31.1%)	36.4	53.5	(32.0%)

Commentaries on performance

Due to the effect of the current global economic recession, our **sales revenue** declined by 24% from RMB 234.9 million in 2Q2008 to RMB 177.7 million in 2Q2009. However our **Sales volume was up 17% year-on-year** from 9,496 tons in 2Q2008 to 11,130 tons in 2Q2009, and **up 21% quarter-on-quarter**. **Overall average selling price (ASP)** for all products declined from RMB 24.7k in 2Q2008 to RMB 16.0k in 2Q2009. Decrease in ASP was due to the higher than usual pricing in comparative year due to strong demand outstripping supply, as well as our lowering of selling prices in the weak market to gain market share in a recession year.

	Sales Volume (Tons)				Sales (RMB'm)	
	2Q2009	2Q2008	1H2009	1H2008	2Q2009	2Q2008
Accelerators	10,061	9,335	18,300	17,108	166.7	230.9
Insoluble sulphur	702	43	1,239	43	6.3	0.6
Anti-oxidant	273	-	621	-	2.6	-
Others	94	118	157	222	2.1	3.4
Total	11,130	9,496	20,317	17,373	177.7	234.9
Local Sales					106.2	150.7
International Sales					71.5	84.2

Local sales declined by 29.5% to RMB 106.2 million in 2Q2009. Key customers continue to include Hangzhou Zhongce, GITI Tyres, Double Coin Tyres, Sumitomo Rubber (China), Korean Kumho (China).

International sales declined by 15.1% to RMB 71.5 million in 2Q2009 due to the weak demand for tyres in the overseas markets. Key customers include Bridgestone, Pirelli, Continental, Sumitomo Rubber, PT Gajah Tunggal and Goodyear.

Gross profit declined by 26.6% from RMB 59.4 million in 2Q2008 to RMB 43.6 million in 2Q2009. Gross profit margins (GPM) declined slightly from 25.3% in 2Q2008 to 24.5% in 2Q2009 even though prices were reduced drastically, as raw materials costs sank during this period of global recession and also due to our continued focus on reducing production costs through reducing wastage and increasing production efficiency.

Other operating income was flat at RMB 2.2 million in 2Q2009 compared to prior year and consists of mainly investment income and sales of scrap materials.

Selling and distribution expenses declined by 6.7% to RMB 5.6 million in 2Q2009 due to generally lower shipping costs offset by higher volumes of shipments incurred.

Administrative expenses increased by 11.1% to RMB 10.0 million in 2Q2009 due mainly to increase in overall headcount, and related expenses.

Research costs declined 90.5% to RMB 0.2 million due to previous R&D project that was not repeated in current quarter, while **other operating expenses** reduced to RMB 0.4 million from RMB 2.1 million in 2Q2008 as prior year exchange loss of RMB 1.8 million were not repeated.

Profit before tax (PBT) declined by 30.2% to RMB 29.6 million in 2Q2009 due to above factors. **Net profit attributable to shareholders** declined by 31.1% to RMB 25.5 million in 2Q2009 due to taxation of RMB 4.1 million which represents half-tax of 12.5%.

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 Group has continued to be affected by the global slowdown. The international tyre sector remains weak, while China continue to show good growth in its automobile sales in this quarter, which has led to a corresponding growth in the domestic tyre production, benefiting our industry. In view of this, the Group expects selling prices to continue to be low, with any adjustments depending on prices of raw materials.

Risks / Concerns

A concern of our key customer segment - the Chinese tyre industry - is the potential protectionist action from the U.S. government arising from the ruling of the U.S. International Trade Commission on 18 June 2009 that Chinese tyre imports into the U.S. has harmed U.S. domestic industries, following a petition by the United Steelworkers of America. The U.S. President will be required to decide whether to impose quotas or other restrictions against imports of passenger and light truck tires from China by 17 September 2009. Imports of the products in question from China reached US\$1.79 billion in 2008. The U.S. Tire Industry Association (TIA) did not support the steelworkers' petition, instead releasing on June 17, 2009 a position statement declaring that "a reduction of this magnitude in the quantity of Chinese tires imported would itself create a market disruption, and cause very real harm to our member companies and the U.S. consumer."

Should the U.S. government introduce protectionist action to restrict Chinese tyres importing into the U.S. market, Chinese tyre producers may be adversely affected.

Opportunities

The Group continues to explore areas of cooperation with partners to serve our customers better. We are discussing with potential partners to work on other regions currently under-served by our products, and will make the appropriate announcements if any definitive agreement is made.

The Group has completed construction of the 7,000-ton MBTS plant end June 2009, and the plant is currently under trial production. Commercial production is expected to commence in August 2009. Testing of both the accelerator MBTS and MBTS (medical grade) was satisfactory and we have received 20 tons of trial order from a key customer for the MBTS (medical grade).

The expansion of anti-oxidant TMQ plant and insoluble sulphur plant to 10,000 tons each are still scheduled for completion end FY2009 according to plan. Expansion of the DCBS workshop from 500 tons to 3000 tons at Facility 1 has been rescheduled for completion end FY2009 as current production is sufficient to meet demand.

With the approval of our share buyback mandate during the last AGM on 24 April 2009, the Group intends to continue its shares buyback exercise depending on market condition.

Barring unforeseen circumstances, the Group expects to continue its profitability for FY2009.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

The directors do not declare any dividend for current period.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Nil

(c) Date payable

Nil

(d) Books closure date

Nil

(e) Last cum-dividend Trading Date

Nil

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

Not applicable.

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.**

Not applicable.

- 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.**

Not applicable

- 15. A breakdown of sales.**

Not applicable.

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

Not applicable.

- 17. Interested Person Transactions**

None

BY ORDER OF THE BOARD

Xu Cheng Qiu
Executive Chairman
30 July 2009

Confirmation by the Board pursuant to Rule 705(4) 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 second quarter financial results for the period ended 30 June 2009 to be false or misleading in any material respect.

On behalf of the Board of Directors

Xu Cheng Qiu
Executive Chairman

Liu Jing Fu
Executive Director