

CHINA SUNSINE CHEMICAL HOLDINGS LTD.

(Company Registration No. 200609470N)

The initial public offering of the Company was sponsored by CIMB-GK Securities Pte. Ltd. (the "Manager"). The Manager assumes no responsibility for the contents of this announcement.

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

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.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	3 rd quarter ended			9 months ended		
	30/9/2008	30/9/2007	Change %	30/9/2008	30/9/2007	Change %
	RMB 'million			RMB 'million		
Revenue	258.6	154.8	67.1%	660.8	440.0	50.2%
Cost of sales	166.6	125.8	32.4%	475.9	348.6	36.5%
Gross profit	92.0	29.0	217.2%	184.9	91.4	102.3%
Other operating income	3.6	0.4	800.0%	7.5	2.6	188.5%
Selling and distribution expenses	11.6	4.6	152.2%	23.7	14.7	61.2%
Administrative expenses	28.7	7.7	272.7%	44.9	14.7	205.4%
Research costs	2.3	0.2	1050.0%	4.7	2.8	67.9%
Other operating expenses	0.3	0.2	50.0%	5.2	0.4	1200.0%
Finance expenses	0.1	0.1	-	0.1	0.4	-75.0%
Profit from operation	52.6	16.6	216.9%	113.8	61.0	86.6%
Share issue cost	-	7.7	-100.0%	-	7.7	-100.0%
Profit before taxation	52.6	8.9	491.0%	113.8	53.3	113.5%
Taxation	7.6	-	100%	15.2	-	100.0%
Profit after taxation	45.0	8.9	405.6%	98.6	53.3	85.0%
Gross profit margin	35.6%	18.7%	16.9pts	28.0%	20.8%	7.2pts
Earnings per share (RMB cents) *	9.16	1.83	400.5%	20.05	13.56	47.9%

Notes to the Income Statement:

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

	3rd quarter ended			9 months ended		
	30/9/2008	30/9/2007	Change	30/9/2008	30/9/2007	Change
	RMB'million			RMB'million		
			%			%
Interest income	(1.0)	(0.4)	150.0%	(4.1)	(0.8)	412.5%
Interest on borrowings	0.1	0.1	-%	0.1	0.4	-80.0%
Depreciation of plant and equipment	4.9	3.3	48.5%	13.6	10.6	28.3%
Impairment on trade receivables	5.9	-	100.0%	5.9	-	100.0%
Net foreign exchange (gain)/loss	(1.4)	0.2	700.0%	3.0	0.8	275.0%
Cost of sales is arrived at after (crediting) export tax rebates	(5.5)	(4.4)	25.0%	(12.7)	(18.1)	-29.8%

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.

BALANCE SHEET (UNAUDITED)

	Note	GROUP		COMPANY	
		30/09/2008	31/12/2007	30/09/2008	31/12/2007
		RMB'million	RMB'million	RMB'million	RMB'million
ASSETS					
NON-CURRENT ASSETS					
Investment in a subsidiary		-	-	251.4	251.4
Property, plant and equipment	(1)	164.5	118.7	-	-
Available-for-sale Investments		14.3	15.2	14.3	15.2
		<u>178.8</u>	<u>133.9</u>	<u>265.7</u>	<u>266.6</u>
CURRENT ASSETS					
Available-for-sale Investments	(2)	5.2	101.3	-	-
Inventories	(3)	68.5	30.2	-	-
Trade receivables	(4)	151.2	127.9	-	-
Other receivables, deposits and prepayments	(5)	87.9	77.7	0.1	0.2
Amount owing from a subsidiary		-	-	15.2	3.6
Cash and cash equivalents		180.8	113.2	35.1	38.0
		<u>493.6</u>	<u>450.3</u>	<u>50.4</u>	<u>41.8</u>
TOTAL ASSETS		<u>672.4</u>	<u>584.2</u>	<u>316.1</u>	<u>308.4</u>
Share capital		313.5	313.5	313.5	313.5
Treasury shares	(6)	(0.7)	-	(0.7)	-
Merger reserve		0.3	0.3	-	-
Statutory reserves		31.1	31.1	-	-
Exchange on translation		(1.9)	-	(2.5)	0.3
Retained profits/ (Accumulated losses)		196.9	124.0	(6.6)	(8.2)
TOTAL EQUITY		<u>539.2</u>	<u>468.9</u>	<u>303.7</u>	<u>305.6</u>
LIABILITIES					
NON-CURRENT LIABILITIES					
		-	-	-	-
CURRENT LIABILITIES					
Trade payables	(7)	15.1	19.0	-	-
Other payables and accruals	(7)	65.1	36.0	12.4	2.8
Deferred grant		0.3	4.9	-	-
Loan from a director	(8)	37.1	50.3	-	-
Research and development costs payable		4.9	0.9	-	-
Dividend payable		-	-	-	-
Current tax payable		10.7	4.2	-	-
		<u>133.2</u>	<u>115.3</u>	<u>12.4</u>	<u>2.8</u>
TOTAL LIABILITIES		<u>133.2</u>	<u>115.3</u>	<u>12.4</u>	<u>2.8</u>
TOTAL EQUITY AND LIABILITIES		<u>672.4</u>	<u>584.2</u>	<u>316.1</u>	<u>308.4</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 30/09/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
RMB'million	RMB'million	RMB'million	RMB'million
-	40.9 ¹	-	54.1

Amount repayable after one year

As at 30/09/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
RMB'million	RMB'million	RMB'million	RMB'million
-	-	-	-

Details of any collateral

1. Includes loan from director amounting to RMB 37.1 million. The loan is unsecured and interest-free. Our Audit Committee has approved its full repayment in FY2009.
2. The Group has unutilized bank facilities of up to RMB 50 million that can be tapped into. These facilities are secured on the Group's properties when the facilities are drawn down.

Notes to Balance Sheet (3Q2008 vs FY2007)

Note (1) - Property, plant and equipment has increased by RMB 45.8 million from RMB 118.7 million to RMB164.5 million due to construction of buildings and purchase of machinery and equipment in 1H2008 and 3Q2008 amounting to approximately RMB 59.4 million less depreciation of RMB 13.6 million, relating to various projects including Insoluble Sulphur plant, anti-oxidant TMQ plant, Integrated Sulphenamides Plant, waste-water treatment facilities, and sulphur-recycling facilities

Note (2) – Available-for-sale Investments has decreased by RMB 96.1 million due mainly to maturity of our structured deposit end September 2008

Note (3) - Inventory has increased by RMB 38.3 million from RMB 30.2 million to RMB 68.5 million due to higher raw material costs in terms of quantity and prices compared to end FY2007.

Note (4) - Trade receivables have increased by RMB 23.3 million from RMB 127.9 million to RMB 151.2 million due to the increase in sales value in 3Q2008 compared to 4Q2007. The Group has tightened its collections from customers. Average debtors collection in days has improved to 53 days in 3Q2008 compared to 68 days for FY2007 and 57 days for 2Q2008.

Note (5) – Included in the Other Receivables is Notes Receivables amounting to RMB 53.0 million. This balance may be discounted for cash should the need arises.

Note (6) - The Company started executing its share buyback programme in current quarter as it is felt that its share price has fallen to a compelling level in comparison to the Company's profitability, business performance and net asset value per share due to the global financial crisis. Shares purchased during the quarter amounted to RMB 0.7 million. The Company has initially approved a programme of up to 30 million shares to be bought back from the market, and depending on the equity market in Singapore, may adjust accordingly.

Note (7) – Trade and other payables and accruals increased by RMB 25.2 million from RMB 55.0 million to RMB 80.2 million due mainly to higher accruals in the current quarter for various costs including provision for doubtful debts, past years' water conservation tax, staff costs and incentives, general maintenance, and other operating costs.

Note (8) - Loan from director was reduced by approximately RMB 13.2 million due to part repayment in 1Q2008 and 2Q2008. Repayment was authorized by Audit Committee and the Board. There was no repayment in the current quarter.

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 CASH FLOW STATEMENT (UNAUDITED)

	Note	3 rd quarter ended		9 months ended	
		30/09/2008	30/09/2007	30/09/2008	30/09/2007
		RMB'million		RMB'million	
Cash flows from operating activities					
Profit before taxation		52.7	8.9	113.8	53.3
Adjustments for:-					
Depreciation of plant and equipment		4.9	3.3	13.6	10.6
Impairment on receivables		5.9	-	5.9	-
Interest income		(1.0)	(0.4)	(4.1)	(0.8)
Interest expense		0.1	0.1	0.1	0.4
Translation difference		(1.8)	(1.6)	(1.5)	(0.4)
Operating profit before working capital changes		60.8	10.3	127.8	63.1
Changes in working capital:					
Inventories		(8.6)	(10.1)	(38.3)	(2.0)
Trade and other receivables		0.5	(50.3)	(39.5)	(92.9)
Trade and other payables and accruals		16.0	(7.8)	29.4	(112.3)
Cash deposit released from /(pledged with) bank		2.7	-	1.9	30.7
Cash generated from / (used in) operations		71.4	(57.9)	81.3	(113.4)
Income taxes paid		(5.4)	-	(8.7)	(1.5)
Net cash (used in)/generated from operating activities	(1)	66.0	(57.9)	72.6	(114.9)
Cash flows from investing activities					
Purchase of plant and equipment		(20.9)	(15.2)	(59.4)	(43.6)
Proceeds from/ (Investment) in AVS financial asset		100.0	(100.0)	95.0	(100.0)
Interest income received		4.5	0.3	5.1	0.7
Net cash (used in) investing activities	(2)	83.6	(114.9)	40.7	(142.9)
Cash flows from financing activities					
Interest expense paid		(0.1)	(0.1)	(0.1)	(0.5)
Proceeds from issue of shares		-	276.8	-	276.8
Share issue costs		-	(12.7)	-	(12.7)
Share buyback		(0.7)	-	(0.7)	-
Dividend paid		-	-	(25.1)	(17.5)
Grant received / (utilized)		(2.8)	-	(4.8)	-
Loans from a director		-	-	-	49.0
Repayment of borrowings from a director		-	-	(13.2)	-
Repayment of loan from employees		-	-	-	(0.3)
Repayment of bank loans		-	(12.0)	-	(12.0)
Loan creditors		-	-	-	50.2
Net cash (used in)/generated from financing activities		(3.6)	252.0	(43.9)	333.0
Net increase/ (decrease) in cash and bank balances		146.0	79.2	69.4	75.2
Cash and bank balances at beginning of period		34.7	29.4	111.3	33.4
Cash and bank balances at end of period	(3)	180.7	108.6	180.7	108.6

Notes to 3Q2008 Cashflows

- (1) Cashflows generated from operating activities was RMB 66.0 million due mainly to higher revenue and operating profit, with tighter collections from customers.
- (2) Cashflows generated from investing activities was RMB 83.6 million due to proceeds from maturity of structured deposit with bank amounting to RMB 100 million, lowered by RMB 20.9 million of capital expenditures on PPE.
- (3) Balance shown here for 3Q2008 exclude an amount of approximately RMB 29,000 pledged with the banks.

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.

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

GROUP

	Share Capital RMB'million	Statutory, Merger, Exchange reserves RMB'million	Retained Profits RMB'million	Total RMB'million
Balance as at 1 January 2008	313.5	31.4	124.0	468.9
Net profit for the period 1Q2008	-	-	16.5	16.5
Exchange on translation	-	0.4	-	0.4
Interim dividend declared	-	-	(25.0)	(25.0)
Balance as at 31 March 2008	313.5	31.8	115.5	460.8
Net profit for the period 2Q2008	-	-	37.0	37.0
Exchange on translation	-	(0.2)	-	(0.2)
Balance as at 30 June 2008	313.5	31.6	152.5	497.6
Net profit for the period 3Q2008	-	-	45.0	45.0
Share buyback-held in treasury	(0.7)	-	-	(0.7)
Exchange on translation	-	(2.1)	(0.6)	(2.7)
Balance as at 30 September 2008	312.8	29.5	196.9	539.2
Balance as at 1 January 2007	n.m	(10.7)	90.0	79.3
Net profit for the period 1Q2007	-	-	20.2	20.2
Balance as at 31 March 2007	<u>n.m</u>	(10.7)	110.2	99.5
Net profit for the period 2Q2007	-	-	24.3	24.3
Exchange on translation	-	0.9	-	0.9
Conversion of convertible loan	49.4	-	-	49.4
Capitalisation of reserves	-	25.1	(25.1)	-
Balance as at 30 June 2007	49.4	15.3	109.4	174.1
Net profit for the period 3Q2007	-	-	8.9	8.9
Exchange on translation	-	(0.8)	-	(0.8)
Issue of shares (less issue cost)	264.1	-	-	264.1
Balance as at 30 September 2007	313.5	14.5	118.3	446.3

COMPANY

	Share Capital RMB'million	Exchange reserve RMB'million	Retained Profits RMB'million	Total RMB'million
Balance as at 1 January 2008	313.5	0.3	(8.2)	305.6
Net profit for the period 1Q2008	-	-	35.2	35.2
Exchange on translation	-	0.5	-	0.5
Interim dividend declared			(25.0)	(25.0)
Balance as at 31 March 2008	313.5	0.8	2.0	316.3
Net (loss) for the period 2Q2008	-	-	(0.9)	(0.9)
Exchange on translation	-	(0.7)	-	(0.7)
Balance as at 30 June 2008	313.5	0.1	1.1	314.7
Share buyback-held in treasury	(0.7)	-	-	(0.7)
Net (loss) for the period 3Q2008	-	-	(6.9)	(6.9)
Exchange on translation	-	(2.6)	(0.8)	(3.4)
Balance as at 30 September 2008	312.8	(2.5)	(6.6)	303.7
Balance as at 1 January 2007	n.m	-	0.2	0.2
Net profit for the period 1Q2007	-	-	n.m	n.m
Balance as at 31 March 2007	n.m	-	0.2	0.2
Conversion of convertible loans	49.4	-	-	49.4
Net (loss) for the period 2Q2007	-	-	n.m	n.m
Exchange on translation	-	0.9	-	0.9
Balance as at 30 June 2007	49.4	0.9	0.2	50.5
Issue of shares (less issue cost)	264.1	-	-	264.1
Net (loss) for the period 3Q2007	-	-	(9.1)	(9.1)
Exchange on translation	-	(0.8)	-	(0.8)
Balance as at 30 September 2007	313.5	0.1	(8.9)	304.7

n.m not meaningful as amount is less than RMB50,000

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\$
Balance as at 1 January 2007 and 31 March 2007 as based on Pre-IPO share capital *	350,000,000	9,931,700
Balance as at 30 June 2007	350,000,000	9,931,700
Issue of fully paid-up ordinary shares which rank <i>pari passu</i> in all respects with earlier issued and fully paid-up shares pursuant to the IPO in July 2007 **	141,694,000	52,717,485
Balance as at 31 Dec 2007	491,694,000	62,649,185
As at 31 March 2008, 30 June 2008	491,694,000	62,649,185
Share buyback – held as treasury	(792,000)	(151,821)
Balance as at 30 September 2008	490,902,000	62,497,364

* actual number of shares as at 31 March 2007 before share split was 1,000 shares.

** comprising 120 million new ordinary shares issued during the IPO and 21.694 million additional new ordinary shares issued pursuant to over-allotment option exercised by our Manager of the IPO, less IPO-related expenses.

There are no outstanding convertibles issued by the Company as at 30 September 2008.

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

[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 Group has applied the same accounting policies and methods of computations in the financial statements for the current financial year compared with those of the audited financial statements as at 31 December 2007.

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.**

The useful lives of **new** plant and machinery assets acquired in FY2008 have been changed to 7 years from 4 years to better reflect the nature of wear and tear of such assets. Current plant and machinery assets acquired prior to FY2008 continue to be depreciated over 4 years. Had there been no change in accounting estimates, the depreciation expense in 3Q2008 would be higher by RMB 1.1 million.

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.**

	3Q2008	3Q2007	9M2008	1H2007
	RMB (cents)	RMB (cents)	RMB (cents)	RMB (cents)
Basic Earnings per share (Basic EPS) - based on weighted average number of shares on issue	9.16	1.83	20.05	13.56
The calculations of EPS is based on net profit and number of shares shown below: Profit attributable to equity holders (RMB'000)	45,025	8,816	98,580	53,311
Weighted average number of shares applicable to basic EPS ('000)	491,611	478,406	491,666	392,802

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive ordinary shares as at 30 September 2008.

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	
	30/09/2008	31/12/2007	30/09/2008	31/12/2007
Net asset attributable to shareholders (RMB'000)	539,189	468,901	303,738	305,647
Net asset value per ordinary share (RMB cents)	109.84	95.36	61.87	62.16
Number of issued shares ('000)	490,902	491,694	490,902	491,694

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.**

Commentaries on performance

RMB million	3Q2008	3Q2007	Change %	9M2008	9M2007	Change %
Group Revenue	258.6	154.8	67.1%	660.8	440.0	50.2%
Gross Profit	92.0	29.0	217.2%	184.9	91.4	102.3%
Profit before tax	52.6	8.9	491.0%	113.8	53.3	113.5%
Net profit	45.0	8.9	405.6%	98.6	53.3	85.0%

Sales revenue rose by 67.1% from RMB 154.8 million in 3Q2007 to RMB 258.6 million in 3Q2008. **Sales volume** was down 7.9% from 7,744 tons in 3Q2007 to 7,130 tons in 3Q2008, while **overall average selling price (ASP)** increased about 81.5% from RMB 19,982 in 3Q2007 to RMB 36,274 in 3Q2008.

The increase in ASP during the quarter was due to the impact of the Beijing Olympics, where various kinds of restrictions were imposed from July. Some competitors' production were affected, and our products were in short supply, driving up the prices. Our production were also similarly negatively affected as our supply of certain raw materials were affected due to transportation restriction during the Olympics, thereby affecting our sales volume.

	Production Capacity*	Local Sales 3Q2008	Export Sales 3Q2008	Total	Local Sales 3Q2007	Export Sales 3Q2007	Total
	Tons	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Accelerators	10,400	124.4	129.2	253.6	87.9	64.4	152.3
Insoluble sulphur	1,250	1.1	-	1.1	-	-	-
Anti-oxidant TMQ	1,250	0.3	1.8	2.1	-	-	-
Others	-	1.3	0.5	1.8	1.4	1.1	2.5
Total		127.1	131.5	258.6	89.3	65.5	154.8
3 Q Sales Volume (tons)		3,874	3,256	7,130	4,626	3,118	7,744

* note production capacity refers to the effective production capacity for the respective quarters

Local sales increased by 42.3% from RMB 89.3 million in 3Q2007 to RMB 127.1 million in 3Q2008 while sales volume declined 16.3% from 4626 tons in 3Q2007 to 3874 tons in 3Q2008. As our production was affected before the Beijing Olympics, our sales volume was affected. Some customers have stocked up on our products in 2Q2008 till Olympics due to concerns of supply constraint, and needed time to use up their excess inventory. Local sales contributed 49.1% of total sales, down from 57.7% in 3Q2007. Revenue contributions from key customers include **Hangzhou Zhongce, GITI Tires, Sumitomo Rubber (China), Shanghai Tyres, Michelin (China), Korean Kumho (China), Guizhou Tyres and Hankook Tire (China).**

Export sales increased by 100.8% from RMB 65.5 million in 3Q2007 to RMB 131.5 million in 3Q2008, while volume increased by 4.4 % to 3,256 tons. Revenue contribution came from key customers such as **Bridgestone, Sumitomo Rubber, Goodyear Tires, PT Gajah Tunggal, and Korean Kumho Petrochemical.** Significant increase in sales to **Michelin Tires** were noted due to accelerator CBS which received accreditation this year. Maiden contribution came from **Yokohama Japan, as well as Goodyear Brazil, Goodyear Poland, Goodyear Columbia, and Bridgestone India.**

Gross profit increased by 217.2% from RMB 29.0 million in 3Q2007 to RMB 92.0 million in 3Q2008. Gross profit margin (GPM) increased from 18.7% in 3Q2007 to 35.6% in 3Q2008. Increase in GPM of 16.9 points was largely due to the increase in ASP of accelerators. ASP increased by 81.5% year-on-year as explained above, while average costs of sales (COS) increased by 43.9% from RMB 16,240 in 3Q2007 to RMB23,373 per ton in 3Q2008 as a result of escalating raw materials costs during the quarter.

Other operating income increased by 800.0% from RMB 0.4 million in 3Q2007 to RMB 3.6 million in 3Q2008 due mainly to the investment income of RMB 1.2 million, net exchange gain of RMB 1.4 million, and sale of scrap materials RMB 0.7 million where there were none last year.

Selling and distribution expenses increased by 152.2% from RMB 4.6 million in 3Q2007 to RMB 11.6 million in 3Q2008 due to increase in the sales revenue and higher distribution and shipping costs.

Administrative expenses increased by 272.7% from RMB 7.7 million in 3Q2007 to RMB 28.7 million in 3Q2008. This increase was due mainly to provision for doubtful debt of RMB 5.9 million due to higher credit risks faced, higher overall headcount as well as from the company's new integrated and antioxidant TMQ plants which were completed end 2Q2008, but not operational till August and setup costs from the work on the 10,000-ton MBT workshop during the quarter. Also included were some past years' local water tax fees, general maintenance costs and professional fees. In addition, there were wage adjustments, incentive compensation accruals as well as higher compliance costs.

Research costs increased by RMB 2.1 million from RMB 0.2 million to RMB 2.3 million in 3Q2008 as comparative period was low due to controlled expenditure last year. The Group intends to expand R&D work in this year. **Other operating expenses** increased by RMB 0.1 million from RMB 0.2 million in 3Q2007 to RMB 0.3 million in 3Q2008 due mainly to slight increase in exchange loss at subsidiary and other costs, while **finance expenses** remained at RMB 0.1 million in 3Q2008, mainly for interest costs for discounting of notes.

Profit before tax (PBT) rose 491.0% from RMB 8.9 million in 3Q2007 to RMB 52.6 million in 3Q2008 due to the reasons noted above as well as a one-time share issue cost of RMB 7.7 million charged to comparative period. Excluding the share issue cost, Profit from operation increased by 216.9%.

Net profit attributable to shareholders rose by 405.6% from RMB 8.9 million in 3Q2007 to RMB 45.0 million in 3Q2008 despite incurring taxation expenses of RMB 7.6 million which represents concession corporate tax rate of 12.5% compared to full exemption for 3Q2007.

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.

In view of the current worsening global financial crisis which appears to be leading towards a global economic recession for the many markets that the Group is operating in, the Group expects 4Q2008 volume and average selling prices to be lower than 3Q2008. The outlook for the tyre industry for FY2009 is still unclear, depending on new vehicle sales (for various categories including farm tractors, mining vehicles, trucks, goods vehicles, buses, cars, motorcycles, bicycles and many others) as well as the replacement markets which may increase in proportion relative to total tyre consumption as the new vehicle sales declined. However growth in certain vehicle markets such as the BRIC region may still be hopeful. The Group's growth in the next 12 months would be dependent on the tyre industry outlook and its execution of its growth strategy to gain market share in those markets where our share is still relatively small. The Indian, American and European markets offer potential opportunities for the Group, and we have been successful in acquiring new customers and increasing our market share of existing customers. There is also potential market outside the tyre segment such as the pharmaceutical segment where the Group has competitive advantage. The Group may gain if our industry consolidation accelerates as a result of the global economic crisis due to our capacity and strong financial position.

With its large scale and high efficiency model coupled with strong financial resources (no bank loan, cash position RMB 181 million at end quarter, unutilized bank facilities) and with a large customer base of more than 600 in China and the world, the Group is highly competitive and stable, and offers reliability of supplies to its global customers.

The Group is still confident of its business profitability.

In light of current situation, the Group has reviewed and updated its expansion plans for FY2008/9.

The expansion of the Insoluble Sulphur plant and anti-oxidant TMQ plant from 5,000 tons to 10,000 tons shall be delayed to end of 1H2009 as current capacity is adequate to meet the current market demands. Demand for accelerator DCBS is expected to be better, and the Group intends to build a 3000-ton production workshop at Facility 1 by 1H2009 which will replace its current 1,000-ton workshop, with a budget of not more than RMB 15 million. The Group is also allocating RMB 20 million to build a new 7,000-ton MBTS plant by 3Q2009 at Facility 2 which will replace its current 4,000-ton plant at Facility 1, as demand for accelerator MBTS is expected to increase with planned increase in sales towards the pharmaceutical sector for the production of antibiotics medicine.

Updated Annual Capacity (Tons)

	FY2007	3Q2008	FY2008e	FY2009e
Accelerators	39,000	49,000	50,000	55,000
Insoluble Sulphur	5,000	5,000	5,000	10,000
Anti-oxidant	-	5,000	5,000	10,000

The Group has completed the upgrading of the sulphur-recycling facility at Facility 2, and is currently working on upgrading the waste-water treatment plant at Facility 2, to process the increased production capacity, and is scheduled for completion end 1H2009. As part of its expansion, the Group is setting aside not more than RMB 20 million to construct a R&D centre, office building, workers' canteen and rest quarters at Facility 2 by end of FY2009. The expansion of our R&D team will help the Group to improve on its manufacturing processes, reduce waste-water and waste-gas treatment which the Group may qualify for certain tax incentives. All the funds required shall be funded by internal resources and/or banking facilities.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend declared or recommended for this period.

Name of Dividend	-
Dividend Type	-
Dividend Amount	-
Par value of shares	-
Tax Rate	-

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No dividend declared or recommended in FY2007.

(c) Date payable

n.a.

(d) Books closure date

n.a.

- 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
7 November 2008

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 third quarter financial results for the period ended 30 September 2008 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