

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 FIRST QUARTER ENDED 31 MARCH 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.

Group Income Statement for the 1ST Quarter ended 31 March 2008.
These figures have not been audited.

	1Q2008	1Q2007	Changes
	RMB'million		
Revenue	167.2	125.6	↑33.1%
Cost of sales	133.8	98.0	↑36.5%
Gross profit	33.4	27.6	↑21.0%
Other operating income	1.7	1.2	↑41.7%
Selling and distribution expenses	6.2	4.5	↑37.8%
Administrative expenses	7.2	3.3	↑118.2%
Research costs	0.3	0.3	-
Other operating expenses	2.7	0.2	↑1250%
Finance expenses	0	0.3	↓100%
Total costs and expenses	16.4	8.6	↑90.7%
Profit before taxation	18.7	20.2	↓7.4%
Taxation	2.2	0	
Profit after taxation	16.5	20.2	↓18.3%
Gross profit margin	20.0%	22.0%	↓2.0pts
Earnings per share (RMB cents)	3.36	5.77	↓41.8%

Notes to the Income Statement:

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

	1Q2008	1Q2007	Changes
	RMB'million		
Interest income	1.6	0.2	↑700%
Interest on borrowings	-	0.3	↓100%
Depreciation of plant and equipment	4.3	3.3	↑30.3%
Foreign exchange loss	2.5	0.3	↑733.3%
Cost of sales is arrived at after crediting export tax rebates	3.2	6.9	↓53.6%

2. The Company was incorporated in the Republic of Singapore on 28 June 2006 as a private limited company. The Group was formed pursuant to a restructuring exercise (the "Restructuring Exercise") undertaken for the purpose of the Company's listing on the main board of the Singapore Exchange Securities Trading Limited ("SGX-ST") as set out in the Company's prospectus dated 25 June 2007 (the "Prospectus").

On 5 July 2007, the Company was admitted to the main board of SGX-ST.

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.

	Note	<u>GROUP</u>		<u>COMPANY</u>	
		31/03/2008	31/12/2007	31/03/2008	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)	130.7	118.7	-	-
Available-for-sale Investments		15.3	15.2	15.3	15.2
		<u>146.0</u>	<u>133.9</u>	<u>266.7</u>	<u>266.6</u>
CURRENT ASSETS					
Available-for-sale Investments	(2)	112.5	101.3	-	-
Inventories		31.7	30.2	-	-
Trade receivables	(3)	145.3	127.9	-	-
Other receivables, deposits and prepayments		79.4	77.7	0.2	0.2
Amount owing from a subsidiary		-	-	40.3	3.6
Cash and cash equivalents		76.5	113.2	36.8	38.0
		<u>445.4</u>	<u>450.3</u>	<u>77.3</u>	<u>41.8</u>
TOTAL ASSETS		<u>591.4</u>	<u>584.2</u>	<u>344.0</u>	<u>308.4</u>
Share capital		313.5	313.5	313.5	313.5
Merger reserve		0.3	0.3	-	-
Statutory reserves		31.1	31.1	-	-
Exchange on translation		0.4	-	0.8	0.3
Retained profits/ (Accumulated losses)		115.5	124.0	2.0	(8.2)
TOTAL EQUITY		<u>460.8</u>	<u>468.9</u>	<u>316.3</u>	<u>305.6</u>
LIABILITIES					
NON-CURRENT LIABILITIES					
		-	-	-	-
CURRENT LIABILITIES					
Trade payables		24.2	19.0	-	-
Other payables and accruals		25.0	36.0	2.7	2.8
Deferred grant		4.5	4.9	-	-
Loans from a director	(4)	46.1	50.3	-	-
Research and development costs payable		0.9	0.9	-	-
Dividend payable	(5)	25.0	-	25.0	-
Current tax payable		4.9	4.2	-	-
		<u>130.6</u>	<u>115.3</u>	<u>27.7</u>	<u>2.8</u>
TOTAL LIABILITIES		<u>130.6</u>	<u>115.3</u>	<u>27.7</u>	<u>2.8</u>
TOTAL EQUITY AND LIABILITIES		<u>591.4</u>	<u>584.2</u>	<u>344.0</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 31/03/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
RMB'million	RMB'million	RMB'million	RMB'million
-	49.9 ¹	-	54.1 ¹

Amount repayable after one year

As at 31/03/2008		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 46.1 million. As at 31 December 2007, the loan was unsecured, interest-free and requires the approval of our Audit Committee before it can be repaid.

Notes to Balance Sheet

Note (1) - Property, plant and equipment has increased by RMB 12.0 million from RMB 118.7 million to RMB130.7 million due to purchase of machinery and equipment relating to various projects in 1Q2008 amounting to approximately RMB16.3 million less depreciation of RMB 4.3 million.

Note (2) – Available for sale investments have increased by RMB 11.2 million due to additional investments in short term notes with the bank as well as accrued interest.

Note (3) -- Trade receivables have increased by RMB 17.4 million from RMB 127.9 million to RMB 145.3 million due to the increase in sales in 1Q2008. Average debtors collection in days has improved to 74 days in 1Q2008 compared to 78 days in 1Q2007.

Note (4) – Loan from director was reduced by approximately RMB 4.2 million as a result of part repayment to a director in 1Q2008. The part repayment was authorized by the Audit Committee and the Board.

Note (5) – In view of the good results from FY2007, the directors have decided to declare a dividend of S\$0.01 per ordinary share to reward shareholders, amounting to RMB 25.0million.

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

	Note	<u>1Q2008</u> RMB'million	<u>1Q2007</u> RMB'million
Cash flows from operating activities			
Profit before taxation		18.7	20.2
Adjustments for:-			
Depreciation of plant and equipment		4.3	3.3
Interest income		(1.6)	(0.2)
Interest expense		-	0.3
Translation difference		0.3	0.1
Operating profit before working capital changes		21.7	23.7
Changes in working capital:			
Inventories		(1.5)	3.6
Trade receivables		(17.4)	(12.1)
Other receivables, deposits and prepayments		(1.7)	(0.5)
Trade payables		5.1	6.7
Other payables and accruals		(11.8)	30.1
Cash deposit released from /(pledged with) bank		(4.6)	15.6
Cash (used in)/generated from operations		(10.2)	67.1
Income taxes paid		(1.5)	(1.4)
Net cash (used in)/generated from operating activities	(1)	(11.7)	65.7
Cash flows from investing activities			
Purchase of plant and equipment		(16.3)	(6.8)
Investment in short term available-for-sale securities		(10.0)	-
Interest income received		0.5	0.2
Net cash (used in) investing activities	(2)	(25.8)	(6.6)
Cash flows from financing activities			
Interest expense paid		-	(0.9)
Dividend paid		-	(17.5)
Repayment of borrowings from a director		(4.2)	-
Repayment of loan from employees		-	(13.4)
Grant received		0.4	-
Net cash (used in)/generated from financing activities	(3)	(3.8)	(31.8)
Net increase/(decrease) in cash and bank balances		(41.3)	27.4
Cash and bank balances at beginning of period		111.3	33.4
Cash and bank balances at end of period	(4)	70.0	60.7

Notes to Cashflows

- (1) Cashflows from operating activities was negative RMB 11.7million due mainly to the increase in trade debtors of RMB 17.4 million in 1Q2008 and the net reductions in other payables of RMB 11.8 million representing mainly payment for staff costs owing at year-end 2007..
- (2) Cashflows used in investing activities was RMB 25.8 million as we continued on our expansion plans and purchased machinery/equipment, and put funds to short term notes.
- (3) As the group has adequate cashflows for its working capital needs, it has made part repayment to a director for amount owing to him
- (4) Balance shown here for 1Q2008 exclude an amount of RMB 6.5 million 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.

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 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
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	n.m	(10.7)	110.2	99.5

COMPANY

	Share Capital	Exchange reserve	Retained Profits	Total
	RMB'million	RMB'million	RMB'million	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
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

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
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
As at 31 Dec 2007	491,694,000	62,649,185
Balance as at 31 March 2008	491,694,000	62,649,185

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

There were no outstanding convertibles issued or treasury shares held by the Company as at 31 March 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 have been depreciated over 4 years. Had there been no change in accounting estimates, the depreciation expense would be higher by RMB0.1 million in 1Q2008.

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.

	1Q2008	1Q2007
	RMB (cents)	RMB (cents)
Basic Earnings per share (Basic EPS) - based on weighted average number of shares on issue	3.36	5.77
The calculations of EPS is based on net profit and number of shares shown below:		
Profit attributable to equity holders (RMB'000)	16,510	20,200
Weighted average number of shares applicable to basic EPS ('000) (1)	491,694	350,000

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive ordinary shares as at 31 March 2008.

(1) The weighted average number of shares for comparative period/year are based on pre-invitation share capital of 350 million shares.

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	
	31/03/2008	31/12/2007	31/03/2008	31/12/2007
Net asset attributable to shareholders (RMB'000)	460,777	468,901	316,271	305,647
Net asset value per ordinary share (RMB cents)	93.71	95.36	64.32	62.16
Number of issued shares ('000)	491,694	491,694	491,694	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.

	1Q2008 RMB'million	1Q2007 RMB'million	Changes %
Group Revenue	167.2	125.6	↑33.1%
Gross Profit	33.4	27.6	↑21.0%
Profit before tax	18.7	20.2	↓7.4%
Net profit	16.5	20.2	↓18.3%

Commentaries on performance

Sales revenue rose by 33.1% from RMB 125.6 million in 1Q2007 to RMB 167.2 million in 1Q2008. **Sales volume was up 23.2%** or 1,483 tons from 6,394 tons in 1Q2007 to 7,877 tons in 1Q2008, while **overall average selling price (ASP)** increased about 8.1% from RMB 19,640 in 1Q2007 to RMB 21,234 in 1Q2008. The increase in sales volume is in line with the increase in the effective production capacity from approximately 8,000 tons in 1Q2007 to approximately 10,000 tons in 1Q2008.

	Production Capacity*	Local Sales	Export Sales	Total	
		RMB millions	RMB millions	RMB millions	%
1Q2008 Breakdowns	Tons				
Thiazoles accelerators	1,500	13.4	7.3	20.7	12.4%
Sulphenamides accelerators	7,200	67.1	63.4	130.5	78.0%
Guanidines accelerators	500	3.4	2.9	6.3	3.8%
Thiurams accelerators	700	4.3	2.5	6.8	4.1%
Insoluble sulphur	-	-	-	-	-
Anti-scorching agent / others	100	1.8	1.1	2.9	1.7%
Total for 1Q2008	10,000	90.0	77.2	167.2	100.0%
Sales Volume for 1Q2008 (tons)		4,388	3,489	7,877	
Local /Export Sales %		54%	46%		
Total for 1Q2007	8000	68.8	56.8	125.6	
Sales Volume for 1Q2007 (tons)		3,520	2,874	6,394	
Local /Export Sales %		55%	45%		
Approximate Utilisation Rate (%)					
1Q2008	73%				
1Q2007	79%				

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

Local sales increased by 30.8% or RMB 21.2 million from RMB 68.8 million in 1Q2007 to RMB 90.0 million in 1Q2008. Growth in sales to key customers were noted, including **Hangzhou Zhongce, Shanghai Tyres, Sumitomo Rubber (Changshu plant), Michelin (China)** and **Korean Kumho (Nanjing)**.

Export sales increased by 35.9% or RMB 20.4 million from RMB 56.8 million in 1Q2007 to RMB 77.2 million in 1Q2008. We noted healthy increase in sales to key customers including **Bridgestone, Sumitomo Rubber, Goodyear, Cooper Tire, ICI India, and Korean Kumho**. Maiden contribution from **Continental** of RMB 1.5 million were noted following trial order in December 2007.

Gross profit increased by 21.0% or RMB 5.8 million from RMB 27.6 million in 1Q2007 to RMB 33.4 million in 1Q2008. Gross profit margins (GPM) declined from 22.0% in 1Q2007 to 20.0% in 1Q2008. Decline in GPM of 2% was largely due to the reduction in the export tax rebates from 13% in 1Q2007 to 5% currently. Increase in the overall average unit costs of approximately 10.8% have been passed on to customers via the overall increase in average selling prices (ASP) of approximately 8.1%.

Other operating income increased by 41.7% or RMB 0.5 million from RMB 1.2 million in 1Q2007 to RMB 1.8 million in 1Q2008 due mainly to the interest income recognized offset by decline in income from sale of scrap materials.

Selling and distribution expenses have increased by 37.8% or 1.7million from RMB 4.5 million in 1Q2007 to RMB 6.2 million in 1Q2008 due to increase in the sales volume and higher shipping costs faced.

Administrative expenses increased by 118.2% or RMB3.9 million from RMB 3.3 million in 1Q2007 to RMB 7.2 million in 1Q2008 due to higher staff costs incurred in current quarter due to increase in general headcounts including technical and engineering staff for new product Insoluble sulphur and other supervisory and managerial staff, as well as some adjustments to their wages and some incentive payments for general staff, as well as higher compliance costs in its capacity as a listed entity, with new cost items such as external audit, internal audit, compliance cost, directors' fees, public relations costs, SGX listing fees, and others.

Research costs stays at RMB 0.3 million, while **other operating expenses** increased by approximately RMB 2.5 million from RMB 0.2 million in 1Q2007 to RMB 2.7 million in 1Q2008 due mainly to exchange loss of RMB 2.5 million, while **finance expenses** have reduced to nil in 1Q2008 from RMB 0.3 million in 1Q2007 as the company had no interest-bearing loans.

Profit before tax (PBT) was down 7.4% or RMB 1.5 million from RMB 20.2 million in 1Q2007 to RMB 18.7 million in 1Q2008. **Net profit attributable to shareholders** declined by 18.3% or RMB3.7 million from RMB 20.2 million in 1Q2007 to RMB 16.6 million in 1Q2008 due to taxation of RMB 2.2 million which represents half-tax of 12.5% compared to full exemption for 1Q2007.

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.

Moving ahead, the Group expects to grow its rubber accelerator business, and some contribution is expected from its new product insoluble sulphur. Its expansion projects - anti-oxidant TMQ plant and integrated workshop – are on schedule for completion by 1H2008 and thereafter commercial production.

The Group has started to expand production capacity of intermediate product MBT by building a 10,000-ton capacity workshop on its Facility 2, with completion expected to be end 3Q2008, and capital expenditure of not more than RMB 20 million. This shall help to reduce its cost of sales.

Barring unforeseen circumstances, the Group expects to continue its growth for FY2008.

The use of IPO proceeds is updated as follows.

RMB 'millions

Plans per Prospectus dated 25 Jun 2007	Amount set aside	Actual used FY2007-1Q2008
Insoluble sulphur workshop, substantially completed	30	15.5
Integrated workshop for sulphenamides accelerators, construction in progress	20	14.1

Anti-oxidant TMQ workshop, construction in progress	20	4.1
Upgrade of waste-water treatment plant (Facility 1) and waste gas recycling plant (Facility 1), substantially completed	30	13.5
Research & Development costs	10	3.9

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

The directors have declared an interim dividend of S\$0.01 per ordinary share.

Name of Dividend	Interim dividend
Dividend Type	Cash
Dividend Amount	S\$0.01 per ordinary share
Par value of shares	n.a.
Tax Rate	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?

No dividend declared or recommended in FY2007.

(c) Date payable

10 June 2008

(d) Books closure date

28 May 2008

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
9 May 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 first quarter financial results for the period ended 31 March 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