



China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

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

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

Unaudited Consolidated Statement of Comprehensive Income for 3rd Quarter Ended 30 September 2019

	3rd quarter ended		Change %	9 months ended		Change %
	30/09/2019	30/09/2018		30/09/2019	30/09/2018	
	RMB' million			RMB' million		
Revenue	652.0	775.6	(16%)	2,065.6	2,513.1	(18%)
Cost of sales	(466.0)	(521.6)	(11%)	(1,391.6)	(1,636.7)	(15%)
Gross profit	186.0	254.0	(27%)	674.0	876.4	(23%)
Other income	30.8	24.2	27%	47.4	39.1	21%
Other losses, net	(1.5)	(2.6)	(42%)	(8.7)	(6.2)	40%
Selling and distribution expenses	(23.1)	(23.3)	(1%)	(70.0)	(70.7)	(1%)
Administrative expenses	(74.1)	(48.6)	52%	(137.2)	(197.7)	(31%)
Research and development expenses	(19.1)	(30.9)	(38%)	(86.3)	(71.7)	20%
Finance expenses	(0.2)	-	n.m.	(0.4)	-	n.m.
Profit before tax	98.8	172.8	(43%)	418.8	569.2	(26%)
Income tax expenses	(18.9)	(29.4)	(36%)	(73.0)	(36.6)	99%
Net Profit	79.9	143.4	(44%)	345.8	532.6	(35%)
Other Comprehensive income:						
Exchange differences on translation, net of tax	0.1	0.4	(75%)	0.9	(2.1)	(143%)
Total comprehensive income for the period	80.0	143.8	(44%)	346.7	530.5	(35%)
Gross profit margin	28.5%	32.7%	(4.2 pts)	32.6%	34.9%	(2.3 pts)
Earnings per share (RMB cents)	16.34	29.18	(44%)	70.57	108.34	(35%)

n.m. – not meaningful

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Notes to the Group Statement of Comprehensive Income:

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

	3rd quarter ended			9 months ended		
	30/09/2019	30/09/2018	Change	30/09/2019	30/09/2018	Change
	RMB' million		%	RMB' million		%
Interest income	(4.9)	(0.3)	1533%	(9.5)	(1.1)	764%
Deemed interest expenses on lease liability	0.2	-	n.m.	0.4	-	n.m.
Depreciation of property, plant and equipment	31.3	24.7	27%	81.8	71.6	14%
Depreciation of right-of-use asset	0.2	-	n.m.	0.8	-	n.m.
Amortisation of land use rights	0.3	0.3	-	0.9	0.9	-
Loss allowance for trade receivables	5.6	6.6	(15%)	4.3	6.8	(37%)
Foreign exchange gain	(20.3)	(19.3)	5%	(29.1)	(24.5)	19%

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

Statements of Financial Position

		<u>GROUP</u>		<u>COMPANY</u>	
	Note	30/9/2019	31/12/2018	30/9/2019	31/12/2018
		RMB' million	RMB' million	RMB' million	RMB' million
ASSETS					
NON-CURRENT ASSETS					
Investment in a subsidiary corporation		-	-	350.0	350.0
Property, plant and equipment	(1)	657.5	690.8	-	-
Land use rights		39.2	40.1	-	-
Right-of-use asset	(2)	10.1	-	-	-
		706.8	730.9	350.0	350.0
CURRENT ASSETS					
Inventories		205.1	217.3	-	-
Trade receivables	(3)	602.3	690.6	-	-
Other receivables, deposits and prepayment	(4)	117.0	69.9	*	*
Amount owing from a subsidiary corporation		-	-	15.3	206.0
Cash and bank balances		1,269.5	1,038.6	71.8	49.0
		2,193.9	2,016.4	87.1	255.0
TOTAL ASSETS		2,900.7	2,747.3	437.1	605.0
Share capital		313.5	313.5	313.5	313.5
Treasury shares		(19.6)	(2.1)	(19.6)	(2.1)
Other reserves		454.7	453.8	53.6	52.7
Retained profits		1,770.6	1,560.3	24.0	161.2
TOTAL EQUITY		2,519.2	2,325.5	371.5	525.3
LIABILITIES					
NON-CURRENT LIABILITIES					
Lease liability	(2)	9.4	-	-	-
CURRENT LIABILITIES					
Trade payables		56.6	63.2	-	-
Other payables and accruals	(5)	259.5	278.0	64.3	71.9
Lease liability	(2)	0.9	-	-	-
Current tax payable		55.1	80.6	1.3	7.8
		372.1	421.8	65.6	79.7
TOTAL LIABILITIES		381.5	421.8	65.6	79.7
TOTAL EQUITY AND LIABILITIES		2,900.7	2,747.3	437.1	605.0

* - amount less than RMB 0.1 million

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

Amount repayable in one year or less, or on demand

As at 30/09/2019		As at 31/12/2018	
Secured RMB'million	Unsecured RMB'million	Secured RMB'million	Unsecured RMB'million
-	-	-	-

Details of any collateral

No collateral

Notes to Statements of Financial Position

Note (1) Property, plant and equipment decreased by RMB 33.3 million from RMB 690.8 million to RMB 657.5 million mainly due to depreciation charged, offset by additions to construction in progress and property, plant and equipment.

Note (2) Right-of-use asset and lease liability refer to the piece of land leased from a third party for the production of TBBS by the Company's main subsidiary, Shandong Sunshine. It is accounted for in accordance with SFRS(I) 16 Leases.

Note (3) Trade receivables decreased by RMB 88.3 million from RMB 690.6 million to RMB 602.3 million. Trade receivables included notes receivables provided by trade debtors. These notes receivables are promissory notes issued by local banks with lower risks of non-recoverability. As at 30 September 2019 and 31 December 2018, the notes receivables were RMB 206.3 million and RMB 238.5 million respectively. Excluding the notes receivables, the trade receivables attributable to trade debtors would have decreased by RMB 56.1 million from RMB 452.1 million to RMB 396.0 million, mainly due to decreased sales.

The ageing report of our trade receivables as at 30 September 2019 was as follows:-

	1 – 3 months	3 – 6 months	6 – 12 months	> 12 months	Total
	RMB ' million	RMB ' million	RMB ' million	RMB ' million	RMB ' million
Notes receivables	206.3	-	-	-	206.3
Trade receivables	373.8	22.2	6.2	14.1	416.3
Loss allowance	-	-	(6.2)	(14.1)	(20.3)
Net trade receivables	580.1	22.2	-	-	602.3

Note (4) Other receivables increased by RMB 47.1 million from RMB 69.9 million to RMB 117.0 million mainly due to higher advance payments to suppliers at the end of 3Q2019 in order to store more raw materials for 4Q2019 production, when the raw material prices were relatively lower in 3Q2019.

Note (5) Other payables decreased by RMB 18.5 million from RMB 278.0 million to RMB 259.5 million mainly due to lower accrual of staff cost, offset by higher payables to contractors for purchase of PPE.

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

Consolidated Statement of Cash Flows

Note	3rd quarter ended		9 months ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RMB'million		RMB'million	
Cash flows from operating activities				
Profit after taxation	79.9	143.4	345.8	532.6
Adjustments for:-				
Income tax expenses	18.9	29.4	73.0	36.6
Depreciation of property, plant and equipment ("PPE")	31.3	24.7	81.8	71.6
Depreciation of right-of-use asset	0.2	-	0.8	-
Amortisation of intangible assets	0.3	0.3	0.9	0.9
PPE written off	-	0.8	0.4	1.0
Interest income	(4.9)	(0.3)	(9.5)	(1.1)
Deemed interest expenses on lease liability	0.2	-	0.4	-
Translation difference	(0.4)	(12.1)	(1.2)	(18.4)
Operating profit before working capital changes	125.5	186.2	492.4	623.2
Changes in working capital:				
Inventories	(26.9)	14.3	12.2	14.6
Trade and other receivables	27.0	47.4	41.3	(200.2)
Trade and other payables and accruals	10.5	30.5	(24.9)	99.8
Cash generated from operations	136.1	278.4	521.0	537.4
Income taxes paid	(23.6)	(6.9)	(98.6)	(78.4)
Net cash generated from operating activities	(1) 112.5	271.5	422.4	459.0
Cash flows from investing activities				
Additions to PPE	(14.5)	(26.5)	(48.9)	(94.6)
Interest income received	4.9	0.3	9.5	1.1
Net cash used in investing activities	(2) (9.6)	(26.2)	(39.4)	(93.5)
Cash flows from financing activities				
Dividend paid	-	-	(135.5)	(58.5)
Cash deposit released from bank	-	1.0	3.0	1.2
Grant received	-	0.2	-	1.4
Purchase of treasury shares	(2.6)	(2.1)	(17.5)	(2.1)
Repayment of lease liability	(0.4)	-	(1.0)	-
Repayment of notes payable	-	-	-	(9.0)
Proceeds from notes payables	-	-	-	9.0
Net cash used in financing activities	(3) (3.0)	(0.9)	(151.0)	(58.0)
Net increase in cash and cash equivalents	99.9	244.4	233.0	307.5
Effect of currency translation on cash & cash equivalents	0.4	12.5	1.9	16.4
Cash and cash equivalents at beginning of period	1,168.5	563.0	1,034.9	496.0
Cash and cash equivalents at end of period	1,268.8	819.9	1,268.8	819.9
Cash and cash equivalents at end of period includes the followings				
Cash and bank balances	1,269.5	822.3	1,269.5	822.3
Cash deposit pledged with bank	(0.7)	(2.4)	(0.7)	(2.4)
Cash and cash equivalents at end of period	1,268.8	819.9	1,268.8	819.9

Notes to cashflows for 3Q2019

- (1) Net cash generated from operating activities amounted to RMB 112.5 million mainly due to operating profit generated during the quarter.
- (2) Net cash used in investing activities amounted to RMB 9.6 million mainly due to additions to PPE, offset by interest income received.
- (3) Net cash used in financing activities amounted to RMB 3.0 million mainly due to purchase of treasury shares.

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

Unaudited Consolidated Statement of Changes in Equity

GROUP	Share Capital	Treasury Shares	Other Reserves	Retained Profits	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2019	313.5	(2.1)	453.8	1,560.3	2,325.5
<i><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	345.8	345.8
Exchange differences on translation, net of tax	-	-	0.9	-	0.9
Total comprehensive income, net of tax, for the period	-	-	0.9	345.8	346.7
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Purchase of treasury shares	-	(17.5)	-	-	(17.5)
Dividend paid	-	-	-	(135.5)	(135.5)
Total transactions with owners	-	(17.5)	-	(135.5)	(153.0)
Balance as at 30 September 2019	313.5	(19.6)	454.7	1,770.6	2,519.2
Balance as at 1 January 2018	313.5	-	389.7	1,039.2	1,742.4
<i><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	532.6	532.6
Exchange differences on translation, net of tax	-	-	(2.1)	-	(2.1)
Total comprehensive income, net of tax, for the period	-	-	(2.1)	532.6	530.5
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Purchase of treasury shares	-	(2.1)	-	-	(2.1)
Dividend paid	-	-	-	(58.5)	(58.5)
Total transactions with owners	-	(2.1)	-	(58.5)	(60.6)
Balance as at 30 September 2018	313.5	(2.1)	387.6	1,513.3	2,212.3

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<u>COMPANY</u>	Share Capital	Treasury Shares	Other Reserves	Retained Profits	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2019	313.5	(2.1)	52.7	161.2	525.3
<i><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	(1.7)	(1.7)
Exchange differences on translation, net of tax	-	-	0.9	-	0.9
Total comprehensive income, net of tax, for the period	-	-	0.9	(1.7)	(0.8)
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Purchase of treasury shares	-	(17.5)	-	-	(17.5)
Dividend paid	-	-	-	(135.5)	(135.5)
Total transactions with owners	-	(17.5)	-	(135.5)	(153.0)
Balance as at 30 September 2019	313.5	(19.6)	53.6	24.0	371.5
Balance as at 1 January 2018	313.5	-	50.3	100.9	464.7
<i><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	(64.3)	(64.3)
Exchange differences on translation, net of tax	-	-	(2.1)	-	(2.1)
Total comprehensive income, net of tax, for the period	-	-	(2.1)	(64.3)	(66.4)
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Purchase of treasury shares	-	(2.1)	-	-	(2.1)
Dividend paid	-	-	-	(58.5)	(58.5)
Total transactions with owners	-	(2.1)	-	(58.5)	(60.6)
Balance as at 30 September 2018	313.5	(2.1)	48.2	(21.9)	337.7

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

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

	Number of shares*	S\$
As at 1 January 2019	491,311,700	62,230,695
Purchase of treasury shares	(3,087,000)	(3,483,860)
As at 30 September 2019	488,224,700	58,746,835
As at 1 January 2018	491,694,000	62,649,185
Purchase of treasury shares	(382,300)	(418,490)
As at 30 September 2018	491,311,700	62,230,695

There were no outstanding convertibles issued by the Company as at 30 September 2019

*Number of issued shares excludes treasury shares. The number of treasury shares as at 30 September 2019 was 3,469,300 (30 September 2018: 382,300)

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.

	Number of treasury shares	S\$
As at 1 January 2019	382,300	418,490
Purchase of treasury shares	3,087,000	3,483,860
As at 30 September 2019	3,469,300	3,902,350
As at 1 January 2018	-	-
Purchase of treasury shares	382,300	418,490
As at 30 September 2018	382,300	418,490

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

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

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

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

Nil

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

Except as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those used in the audited financial statements for the financial year ended 31 December 2018.

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 Group has adopted the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for the financial period beginning on or after 1 January 2019. Specifically, the Group has adopted SFRS(I) 16 Leases which is relevant to the Group's operations. The adoption of this new SFRS(I) did not result in any material effect on the amounts reported for the current financial period or prior financial years.

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.

	3Q2019 RMB (cents)	3Q2018 RMB (cents)	9M2019 RMB (cents)	9M2018 RMB (cents)
Basic Earnings per share (Basic EPS) - based on weighted average number of shares on issue	16.34	29.18	70.57	108.34
The calculations of EPS was based on net profit and number of shares shown below:				
Profit attributable to equity holders (RMB'million)	79.9	143.4	345.8	532.6
Weighted average number of shares applicable to basic EPS ('000)	488,579	491,608	490,031	491,665

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 30 September 2019.

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	
	30/09/2019	31/12/2018	30/09/2019	31/12/2018
Net asset attributable to shareholders (RMB' million)	2,519.2	2,325.5	371.5	525.3
Net asset value per ordinary share (RMB cents)	515.99**	473.32	76.09	106.92
Number of issued shares * ('000)	488,225	491,312	488,225	491,312

* number of issued shares excludes treasury shares

** equivalent to SGD 100.48 cents at exchange rate of about 5.1355 as at 30 September 2019

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	3Q2019	3Q2018	Change %	9M2019	9M2018	Change %
Group Revenue	652.0	775.6	(16%)	2,065.6	2,513.1	(18%)
Gross Profit	186.0	254.0	(27%)	674.0	876.4	(23%)
Profit before tax	98.8	172.8	(43%)	418.8	569.2	(26%)
Net profit	79.9	143.4	(44%)	345.8	532.6	(35%)

Commentaries on performance

The Group's **3Q2019 sales revenue** decreased by 16% to RMB 652.0 million as compared to RMB 775.6 million in 3Q2018, due to the decrease in the overall Average Selling Price ("**ASP**").

ASP decreased by 26% to RMB 15,297 per ton in 3Q2019 as compared to RMB 20,706 per ton in 3Q2018, and decreased by 8% as compared to RMB 16,633 per ton in 2Q2019. The decrease in ASP was mainly due to the decrease in the price of raw materials, such as the price of our main raw material, Aniline, which decreased by 27% year on year.

Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB'm)			
	3Q2019	3Q2018	9M2019	9M2018	3Q2019	3Q2018	9M2019	9M2018
Rubber Chemical								
Accelerators	22,220	20,824	66,010	62,294	414.7	544.8	1,368.0	1,765.6
Insoluble Sulphur	7,673	6,150	22,603	19,034	67.1	69.7	207.8	220.6
Anti-oxidant	11,905	9,906	34,290	29,245	157.7	149.3	450.7	490.0
Others	530	286	1,503	956	8.0	5.8	25.1	22.4
Total	42,328	37,166	124,406	111,529	647.5	769.6	2,051.6	2,498.6
<i>Local Sales</i>	<i>27,828</i>	<i>24,511</i>	<i>81,362</i>	<i>74,452</i>	<i>395.0</i>	<i>454.6</i>	<i>1,233.1</i>	<i>1,527.4</i>
<i>International Sales</i>	<i>14,500</i>	<i>12,655</i>	<i>43,044</i>	<i>37,077</i>	<i>252.5</i>	<i>315.0</i>	<i>818.5</i>	<i>971.2</i>
Heating Power	22,743	30,815	71,366	77,146	4.4	5.7	13.5	13.7
Hotel & Restaurant	-	-	-	-	0.1	0.3	0.5	0.8

The Group continued to increase its sales volume. **3Q2019 Sales volume** for Accelerators, Insoluble Sulphur ("**IS**") and Anti-oxidant products increased by 7%, 25% and 20%, respectively, mainly due to (i) increase in our production of these products, and (ii) the Group's flexible pricing strategy. Both domestic and international sales volume continued to grow.

For the 9 months ended 30 September 2019 ("**9M2019**"), the Group's sales volume for Accelerator, IS and Anti-oxidant products increased by 6%, 19% and 17% respectively. However, ASP for 9M2019 decreased by 26% from RMB 22,403 per ton in 9M2018 to RMB 16,491 per ton. As such, the revenue for 9M2019 decreased from RMB 2,513.1 million in 9M2018 to RMB 2,065.6 million, representing a decrease of approximately 18%.

Gross profit for 3Q2019 decreased by 27% from RMB 254.0 million in 3Q2018 to RMB 186.0 million, while the Gross Profit Margin ("**GPM**") also decreased by 4.2 percentage points from 32.7% to 28.5%. On a 9-month basis, gross profit decreased by 23% from RMB 876.4 million in 9M2018 to RMB 674.0 million in 9M2019, and GPM decreased by 2.3 percentage points from 34.9% to 32.6%. The decreases were mainly due to the decrease in ASP.

Other income was RMB 30.8 million in 3Q2019, consisting of mainly foreign exchange gain and interest income.

Other losses amounted to RMB 1.5 million in 3Q2019, mainly consisting of donations to charitable organisations.

Selling and distribution expenses decreased slightly by 1% from RMB 23.3 million in 3Q2018 to RMB 23.1 million in 3Q2019. On a 9-month basis, selling and distribution expenses also decreased slightly by 1% from RMB 70.7 million in 9M2018 to RMB 70.0 million in 9M2019, mainly due to decrease in incentives payable to sales personnel as a result of lower sales revenue, offset by higher freight costs as sales volume increased.

Administrative expenses increased by 52% from RMB 48.6 million in 3Q2018 to RMB 74.1 million in 3Q2019, mainly due to (i) higher staff cost and incentives by RMB 10.8 million; (ii) higher social insurance by RMB 7.6 million; (iii) higher depreciation of PPE by RMB 1.8 million; (iv) higher sewerage expenses by RMB 1.3 million; (v) higher business and other taxes by RMB 2.9 million; and (vi) higher other expenses by RMB 1.1 million.

On a 9-month basis, the administrative expenses decreased by 31% from RMB 197.7 million in 9M2018 to RMB 137.2 million in 9M2019. The decrease was mainly due to the decrease in accrued bonus for all personnel, including the Chairman.

Research and development (“R&D”) expenses decreased by 38% from RMB 30.9 million in 3Q2018 to RMB 19.1 million in 3Q2019, mainly due to completion of some of the R&D projects. On a 9-month basis, R&D expenses increased by 20% from RMB 71.7 million in 9M2018 to RMB 86.3 million in 9M2019, mainly due to more R&D projects being carried out.

Profit before tax (“PBT”) decreased by 43% from RMB 172.8 million in 3Q2018 to RMB 98.8 million in 3Q2019. PBT for 9M2019 decreased by 26% from RMB 569.2 million in 9M2018 to RMB 418.8 million, mainly due to lower revenue generated.

3Q2019 **Income tax expense** decreased by 36% from RMB 29.4 million in 3Q2018 to RMB 18.9 million mainly due to lower PBT for the quarter. However, income tax expense for 9M2019 increased by 99% from RMB 36.6 million in 9M2018 to RMB 73.0 million, mainly due to a tax credit of approximately RMB 48 million which was credited against 2Q2018’s income tax expense as a result of the “High-tech Enterprise” status obtained on 28 December 2017.

As per reasons explained above, **Net profit after tax** decreased by 44% from RMB 143.4 million in 3Q2018 to RMB 79.9 million in 3Q2019; Net profit for 9M2017 decreased by 35% from RMB 532.6 million in 9M2018 to RMB 345.8 million.

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

In paragraph 10 of 2Q2019 results announcement, the Company stated that “China’s economic growth is continuing to slow down. Raw material prices are still hovering at low levels, and as such, the Group’s ASP for rubber chemicals is under pressure.” Therefore, the current results are in line with the Company’s commentary in paragraph 10 of its previous quarterly results announcement.

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.

China's GDP grew 6.0%¹ and 6.2% in 3Q2019 and 9M2019, respectively. Automakers sold a total of 18.37² million units in China in 9M2019, representing a decrease of 10.3% in auto sales year-on-year.

China's economy is continuing to slow down. Both geopolitical and economic conditions are becoming more uncertain. Raw material prices are still hovering at low levels, and as such, the Group's ASP for rubber chemicals is still under pressure.

The Group will continue to maintain our strategy that "higher production leads to higher sales volume, which in turn stimulates even higher production", and focus more on increasing its sales volume with flexible pricing strategy. We remain cautiously optimistic about the Group's performance in the next 12 months, and are confident of its sustainable growth.

Below is a summary of our estimated Annual Capacity³ at the end of each financial year:

Tons	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020e
Accelerators	87,000	87,000	87,000	87,000	87,000	97,000	117,000
Insoluble Sulphur	20,000	20,000	20,000	20,000	30,000	30,000	30,000
Anti-oxidant	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Total	152,000	152,000	152,000	152,000	162,000	172,000	192,000

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

(e) Last cum-dividend Trading Date

Not applicable

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

No dividend has been declared/recommended for 3Q2019.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

¹ Source: National Bureau of Statistics

² Source: China Association of Automobile Manufacturing

³ Annual Capacity excludes capacity of intermediary materials such as 4ADPA and MBT

No general mandate from shareholders for interested person transactions.

14. Negative confirmation pursuant to Rule 705(5)

Please see below confirmation.

15. Confirmation that issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has procured undertakings from all directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

BY ORDER OF THE BOARD

Xu Cheng Qiu
Executive Chairman
Dated: 7 November 2019

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

On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited third quarter financial results for the period ended 30 September 2019 to be false or misleading in any material respect.

On behalf of the Board of Directors

Xu Cheng Qiu
Executive Chairman

Dated: 7 November 2019

Liu Jing Fu
Executive Director and CEO

[End of Report]