



China Sunsine Chemical Holdings Ltd.

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

尚舜化工
 SUNSINE

Company Registration No.: 200609470N

PRIOR YEAR ADJUSTMENTS ON FY2012 FINANCIALS

The Board of Directors of China Sunsine Chemical Holdings Ltd. (the “**Company**”) wishes to inform that prior year adjustment (“**PYA**”) to the Company’s financial statements ended 31 December 2011 (“**FY2011**”) will be required due to accounting entry errors made at its group consolidation levels. Following such PYA, FY2011 consolidated net profit will increase by RMB 10,962,000 while the consolidated net profit for financial year ended 31 December 2012 (“**FY2012**”) will decrease by the same amount. However, the unaudited Net Asset Value as at 30 September 2012 of RMB 762,300,000 remains the same.

FY2011 was the first year where there were intercompany sales of inventories between Shandong Sunsine Chemical Co., Ltd (“**Shandong Sunsine**”) and its wholly-owned subsidiary, Weifang Sunsine Chemical Co., Ltd, (“**Weifang Sunsine**”). Weifang Sunsine had produced certain intermediary accelerator products which were sold to, and had also purchased some raw materials from, Shandong Sunsine. Errors were made on elimination of such intercompany sales.

A summary of the PYA is set out below :

Ref	Accounts	Dr RMB'000	Cr RMB'000	P&L Impact RMB'000	Balance Sheet Impact Various Accounts RMB'000
PYA1	Inventory - Raw Material Cost of Goods Sold	7,968	7,968	(7,968)	7,968
PYA2	Inventory - Raw Material Cost of Goods Sold	1,454	1,454	(1,454)	1,454
PYA3	Other receivable Cost of Goods Sold	1,540	1,540	(1,540)	1,540
PYA4	Other Payables Intangible Assets	1,050	1,050		1,050 (1,050)
PYA5	Inventory Other Receivables	1,316	1,316		1,316 (1,316)
		13,328	13,328	(10,962)	10,962



China SunSine Chemical Holdings Ltd.

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

Company Registration No.: 200609470N

Explanation of the PYA entries:

PYA1. There were intercompany sales of RMB 7,968,000 from Weifang SunSine to Shandong SunSine with regards to raw materials which were unused (i.e Inventory) as at 31 December 2011. These intercompany transactions were correctly eliminated at consolidation level against Sales but were wrongly eliminated against Inventory. They should have been eliminated against Cost of Goods Sold.

Thus the FY2011 Cost of Goods Sold will be reduced by RMB 7,968,000 while Inventory will be increased by the same amount as at 31 December 2011.

PYA2. There were intercompany sales of RMB 1,454,000 from Shandong SunSine to Weifang SunSine with regards to raw materials which were unused (ie. Inventory) as at 31 December 2011. These intercompany transactions were correctly eliminated at consolidation level against Sales but were wrongly eliminated against Inventory. They should have been eliminated against Cost of Goods Sold.

Thus the FY2011 Cost of Goods Sold will be reduced by RMB 1,454,000 while Inventory will be increased by the same amount as at 31 December 2011.

PYA3. There were intercompany sales of RMB 1,540,000 from Weifang SunSine to Shandong SunSine with regards to Goods in-transit (ie. Inventories) as at 31 December 2011. These intercompany transactions were correctly eliminated at consolidation level against Sales but were wrongly eliminated against Other Receivables. They should have been eliminated against Cost of Goods Sold.

Thus the FY2011 Cost of Goods Sold will be reduced by RMB 1,540,000 while Other Receivables will be increased by the same amount as at 31 December 2011.

PYA4. This adjustment relates to the costs of land use rights for the parcel of land for the manufacturing of 6PPD products (situated within Shanxian Facility) purchased from the Shanxian local government. The revised amount is to reflect the actual amount based on the contract signed with the local government. Following a restatement of the FY2011 financials, the Intangibles Assets and Other Payables will be reduced by RMB 1,050,000 as at 31 December 2011. This adjustment did not have any impact on the Company's profits for FY2011.



China Sunsine Chemical Holdings Ltd.

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

Company Registration No.: 200609470N

PYA5. This is to correct a posting error where the Inventory adjustment was wrongly posted as Other Receivables. Thus the Inventory will be increased by RMB 1,316k while Other Receivables will be reduced by the same amount as at 31 December 2011. This adjustment did not have any impact on the Company's profits for FY2011.

Reconciliations of our restated and originally furnished consolidated statements of income, balance sheets, and statement of changes in equity for FY2011, first quarter ended 31 March 2012, second quarter ended 30 June 2012 and third quarter ended 30 September 2012, are set out in the attached Schedules 1, 2 and 3, respectively.

The Board recognizes the seriousness of these errors and would like to extend its sincere apology to all stakeholders. With immediate effect, additional measures will be implemented to avoid the recurrence of such accounting mistakes. In this regard, our internal processes will be strengthened as follows: after each quarter's consolidated financial statements are prepared by the CFO, Nexia TS Public Accounting Corporation ("Nexia") will review the consolidation accounting entries. The Audit Committee will then hold a discussion with CFO and Nexia to ensure that all consolidation accounting entries are appropriate and accurate before such financial statements are approved for release to the public.

BY ORDER OF THE BOARD

Xu Cheng Qiu
Executive Chairman
21 February 2013

-End-

About China Sunsine Chemical Holdings Ltd.

Listed on SGX-ST on 5 July 2007, China Sunsine Chemical Holdings Ltd. ("China Sunsine") is a leading specialty chemical producer selling accelerators, anti-oxidant, vulcanising agent and anti-scorching agent. It is the largest producer of rubber accelerators in PRC and one of the largest in the world serving all the global top 10 tire manufacturers - Bridgestone, Michelin, Goodyear, Continental, Pirelli, Sumitomo, Yokohama, Hankook, Cooper, Kumho Tire as well as PRC Tire giants such as Hangzhou Zhongce, GITI Tire and Shanghai Double Coin Tyre. China Sunsine distributes its products under its own "Sunsine" brand, a brand which has been accredited as a "Shandong Province Famous Brand".

As a chemical producer serving its global customers, China Sunsine continuously improves its manufacturing capability, and has achieved ISO9001:2000 standard for quality, ISO14001:2004 standard for environment, and GB/T28001-2001 standard for occupational health and safety management system.

It is a component stock of the FTSE-ST China Index. Its SGX ticker code is "ChinaSsine", Bloomberg ticker code is "CSSC SP".

For more information, please contact Jennie Liu (jennie@ChinaSunsine.com) or Dave Yak (daveyak@chinasunsine.com)

Tel: (65) 6220 9070 Fax : (65) 6223 9177

China Sunshin Chemical Holdings Pte Ltd
CONSOLIDATED PROFIT AND LOSS ACCOUNT

Schedules 1

Note	Restated				Previously Reported			
	9M12 RMB' mil	6M12 RMB' mil	3M12 RMB' mil	12M11 RMB' mil	9M12 RMB' mil	6M12 RMB' mil	3M12 RMB' mil	12M11 RMB' mil
Revenue	1,056.3	687.3	324.0	1,175.1	1,056.3	687.3	324.0	1,175.1
Cost of sales	# 863.6	557.1	266.5	881.7	852.6	546.1	255.5	892.7
Gross profit	# 192.7	130.2	57.5	293.4	203.7	141.2	68.5	282.4
Other operating income	6.4	4.1	2.6	10.9	6.4	4.1	2.6	10.9
Selling and marketing expenses	34.4	21.7	11.0	37.8	34.4	21.7	11.0	37.8
Administrative expenses	98.9	63.6	22.8	87.7	98.9	63.6	22.8	87.7
Other operating expenses	1.5	1.0	0.8	28.3	1.5	1.0	0.8	28.2
Total expenses	# 134.8	86.3	34.6	153.8	134.8	86.3	34.6	153.7
Finance costs	8.7	5.6	2.4	5.7	8.7	5.6	2.4	5.7
Profit/(Loss) before taxation	# 55.6	42.4	23.1	144.8	66.6	53.4	34.1	133.9
Income tax expense	22.7	15.3	7.2	45.4	22.7	15.3	7.2	45.4
Net profit/(loss) for the period	# 32.9	27.1	15.9	99.4	43.9	38.1	26.9	88.5
Other Comprehensive Income:								
Exchange diff on translation	1.2	0.6	1.1	0.5	1.2	0.6	1.1	0.5
Fair Value changes on AFS	-	-	-	-	-	-	-	-
Total Comprehensive Income for the period	# 34.1	27.7	17.0	99.9	45.1	38.7	28.0	89.0
Gross profit margin	# 18.2%	18.9%	17.7%	25.0%	19.3%	20.5%	21.1%	24.0%
Earnings per share (RMB cents)	# 7.03	5.79	3.37	20.84	9.37	8.13	5.68	18.54

Note: Except for those lines denoted by #, figures within the line are not affected by the adjustments and remain the same as previously reported.

China Sunshin Chemical Holdings Pte
CONSOLIDATED BALANCE SHEET

Schedules 2

	Note	Restated				Previously Reported			
		30-Sep-12 RMB' mil	30-Jun-12 RMB' mil	31-Mar-12 RMB' mil	31-Dec-11 RMB' mil	30-Sep-12 RMB' mil	30-Jun-12 RMB' mil	31-Mar-12 RMB' mil	31-Dec-11 RMB' mil
<u>Non-current Assets</u>									
Investment in subsidiary		-	-	-	-	-	-	-	-
Property, plant and equipment		413.4	423.8	426.9	422.9	413.4	423.8	426.9	422.9
Land use rights	#	26.3	26.4	26.5	26.7	27.3	27.5	27.6	27.7
Available-for-sale financial assets	#	-	9.6	9.7	9.5	-	9.6	9.7	9.5
		439.7	459.8	463.1	459.1	440.7	460.9	464.2	460.1
<u>Current Assets</u>									
Inventories	#	117.6	114.7	101.0	147.9	117.6	114.7	101.0	137.1
Trade receivables		432.4	387.2	364.6	276.9	432.4	387.2	364.6	276.9
Other receivables, deposits and prepayments		36.5	26.0	38.0	42.6	36.6	26.0	38.0	42.6
Available-for-sale financial assets		15.2	5.0	5.0	4.9	15.2	5.0	5.0	4.9
Cash and cash equivalents		128.1	106.3	101.7	118.6	128.1	106.3	101.7	118.6
	#	729.8	639.2	610.3	590.9	729.9	639.2	610.3	580.1
Total Assets	#	1,169.5	1,099.0	1,073.4	1,050.0	1,170.6	1,100.1	1,074.5	1,040.2
Share capital		313.5	313.5	313.5	313.5	313.5	313.5	313.5	313.5
Treasury share		(28.2)	(28.2)	(28.2)	(14.5)	(28.2)	(28.2)	(28.2)	(14.5)
Fair Value Reserve		0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Merger reserve		0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Statutory reserve		100.9	100.9	100.9	100.9	100.9	100.9	100.9	100.9
Exchange on translation		(5.2)	(5.9)	(5.4)	(6.5)	(5.2)	(5.9)	(5.4)	(6.5)
Retained profits	#	380.7	375.0	386.8	370.9	380.7	375.0	386.9	360.0
Total Equity	#	762.3	755.9	768.2	764.9	762.3	755.9	768.3	754.0
<u>Current Liabilities</u>									
Trade payables		60.9	51.5	49.5	45.5	60.9	51.5	49.5	45.5
Other payables, accruals and allowances	#	96.6	91.6	80.4	92.0	97.7	92.7	81.4	93.1
Deferred grant		1.6	1.9	4.0	0.6	1.6	1.9	4.0	0.6
Bank loans		220.0	177.0	157.0	140.0	220.0	177.0	157.0	140.0
Current tax payable		28.1	21.1	14.3	7.0	28.1	21.1	14.3	7.0
	#	407.2	343.1	305.2	285.1	408.3	344.2	306.2	286.2
Total Equity and Liabilities	#	1,169.5	1,099.0	1,073.4	1,050.0	1,170.6	1,100.1	1,074.5	1,040.2
Net Asset Value per Ordinary Share based on Issued Share Capital									
Net Assets Value (RMB'mil)	#	762.3	755.9	768.2	764.9	762.3	755.9	768.3	754.0
Net Assets Value per ordinary share(RMB cents)	#	163.8	162.4	165.0	160.2	163.8	162.4	165.0	158.0
No of issued shares ('mil)		465.5	465.5	465.5	477.4	465.5	465.5	465.5	477.4

Note: Except for those lines denoted by #, figures within the line are not affected by the adjustments and remain the same as previously reported.

	Restated					Total RMB'mil
	Share Capital RMB'mil	Treasury share RMB'mil	Exchange on translation RMB'mil	All Other Reserves RMB'mil	Retained profits RMB'mil	
Balance as at 31 Dec 2010	313.5	(13.0)	(7.0)	72.1	326.1	691.7
Total comprehensive income for 2011	-	-	0.5	-	99.4	99.9
Shares buy back held in Treasury	-	(1.5)	-	-	-	(1.5)
Dividend	-	-	-	-	(25.2)	(25.2)
Transfer to statutory reserve	-	-	-	29.4	(29.4)	-
Balance as at 31 Dec 2011 (restated)	313.5	(14.5)	(6.5)	101.5	370.9	764.9
Total comprehensive income for 1Q 12	-	-	1.1	-	15.9	17.0
Shares buy back held in Treasury	-	(13.7)	-	-	-	(13.7)
Dividend	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-
Balance as at 31 Mar 2012 (restated)	313.5	(28.2)	(5.4)	101.5	386.8	768.2
Total comprehensive income for 2Q 12	-	-	(0.4)	-	11.2	10.8
Shares buy back held in Treasury	-	-	-	-	-	-
Dividend	-	-	-	-	(23.1)	(23.1)
Transfer to statutory reserve	-	-	-	-	-	-
Balance as at 30 Jun 2012 (restated)	313.5	(28.2)	(5.8)	101.5	374.9	755.9
Total comprehensive income for 3Q 12	-	-	0.6	-	5.8	6.4
Shares buy back held in Treasury	-	-	-	-	-	-
Dividend	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-
Balance as at 30 Sep 2012 (restated)	313.5	(28.2)	(5.2)	101.5	380.7	762.3