



China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2013

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 2nd Quarter Ended 30 June 2013

	2nd quarter ended		Change %	6 months ended		Change %
	30/06/2013	30/06/2012		30/06/2013	30/06/2012	
	RMB' million			RMB' million		
Revenue	426.5	363.3	17%	810.5	687.3	18%
Cost of sales	347.2	290.6	19%	675.2	557.1	21%
Gross profit	79.3	72.7	9%	135.3	130.2	4%
Other operating income	3.8	1.5	153%	6.2	4.1	51%
Selling and distribution expenses	14.8	10.7	38%	25.1	21.7	16%
Administrative expenses	29.8	40.7	(27%)	57.8	63.6	(9%)
Other expenses	2.2	0.2	1000%	3.6	1.0	260%
Finance expenses	3.8	3.3	15%	6.8	5.6	21%
Profit before tax	32.5	19.3	68%	48.2	42.4	14%
Income tax expenses	12.0	8.1	48%	16.1	15.3	5%
Profit after tax	20.5	11.2	83%	32.1	27.1	18%
Other Comprehensive income:						
Exchange differences on translation, net of tax	(0.9)	(0.5)	80%	(1.3)	0.7	(286%)
Total comprehensive income for the period	19.6	10.7	83%	30.8	27.8	11%
Gross profit margin	18.6%	20.0%	(1.4pts)	16.7%	19.0%	(2.3pts)
Earnings per share (RMB cents)	4.39	2.42	81.4%	6.90	5.79	19.2%

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:-

	2nd quarter ended			6 months ended		
	30/06/2013	30/06/2012	Change	30/06/2013	30/06/2012	Change
	RMB' million		%	RMB' million		
Interest income	0.2	0.4	(50%)	0.5	0.6	(17%)
Interest on borrowing	3.3	3.2	3%	6.3	5.6	13%
Depreciation of property, plant and equipment	18.4	12.2	51%	36.1	22.8	58%
Amortisation of land use rights	0.2	0.2	0%	0.3	0.3	0%
Allowance/(reversal) for impairment on receivables	0.7	-	n.m	0.5	(0.1)	(600%)
Foreign exchange loss/(gain)	2.2	(0.4)	(650%)	3.6	-	n.m

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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

	Note	<u>GROUP</u>		<u>COMPANY</u>	
		30/06/2013 RMB' million	30/12/2012 RMB' million	30/06/2013 RMB' million	30/12/2012 RMB' million
ASSETS					
NON-CURRENT ASSETS					
Investment in a subsidiary		-	-	350.0	350.0
Property, plant and equipment	(1)	389.7	399.3	-	-
Land use rights		25.9	26.2	-	-
		<u>415.6</u>	<u>425.5</u>	<u>350.0</u>	<u>350.0</u>
CURRENT ASSETS					
Inventories	(2)	144.5	142.4	-	-
Trade receivables	(3)	427.4	403.5	-	-
Other receivables, deposits and prepayment	(4)	21.8	39.3	0.1	-
Amount owing from a subsidiary		-	-	11.3	10.6
Available-for-sale financial assets		-	10.3	-	10.3
Cash and cash equivalents		150.9	105.0	13.1	5.6
		<u>744.6</u>	<u>700.5</u>	<u>24.5</u>	<u>26.5</u>
TOTAL ASSETS		<u>1,160.2</u>	<u>1,126.0</u>	<u>374.5</u>	<u>376.5</u>
Share capital		313.5	313.5	313.5	313.5
Treasury shares		(28.2)	(28.2)	(28.2)	(28.2)
Merger reserve		0.3	0.3	-	-
Statutory reserves		116.6	116.6	-	-
Exchange on translation		(6.6)	(5.3)	(6.3)	(4.9)
Retained profits		373.1	364.1	91.8	88.9
TOTAL EQUITY		<u>768.7</u>	<u>761.0</u>	<u>370.8</u>	<u>369.3</u>
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	(5)	58.7	46.5	-	-
Other payables and accruals		86.3	90.0	2.5	4.5
Bank borrowings	(6)	210.0	200.0	-	-
Income tax liabilities		36.5	28.5	1.2	2.7
TOTAL LIABILITIES		<u>391.5</u>	<u>365.0</u>	<u>3.7</u>	<u>7.2</u>
TOTAL EQUITY AND LIABILITIES		<u>1,160.2</u>	<u>1,126.0</u>	<u>374.5</u>	<u>376.5</u>

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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 30/06/2013		As at 31/12/2012	
Secured RMB' million	Unsecured RMB' million	Secured RMB' million	Unsecured RMB' million
-	210.0	-	200.0

Details of any collateral

No collateral

Notes to Statements of Financial Position

Note (1) Property, plant and equipment decreased by RMB 9.6 million from RMB 399.3 million to RMB 389.7 million due to an additional RMB 26.5 million attributed to construction in-progress projects and existing plants less RMB 36.1 million of depreciation.

Note (2) Inventories increased by RMB 2.1 million from RMB 142.4 million to RMB 144.5 million mainly due to the increased holding of certain raw materials as at 30 June 2013.

Note (3) Trade receivables increased by RMB 23.9 million from RMB 403.5 million to RMB 427.4 million due to higher sales in 2QFY2013 compared to 4QFY2012.

Note (4) Other receivables decreased by RMB 17.5 million from RMB 39.3 million to RMB 21.8 million mainly due to lower advance payments to contractors as most of the construction in-progress projects which commenced prior to 2013 had been completed.

Note (5) Trade payables increased by RMB 12.2 million from RMB 46.5 million to RMB 58.7 million as the Group increased purchases of certain raw materials in anticipation of increasing prices.

Note (6) Other payables decreased by RMB 3.7 million from RMB 90.0 million to RMB 86.3 million as most of the outstanding payments to building contractors for the construction projects had been settled. This was partially offset by higher accruals for social insurance.

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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	2 nd quarter ended		6 months ended	
		30/06/2013	30/06/2012	30/06/2013	30/06/2012
		RMB'million		RMB'million	
Cash flows from operating activities					
Profit before taxation		32.5	19.4	48.3	53.4
Adjustments for:-					
Depreciation of property, plant and equipment		18.4	12.2	36.1	22.8
Amortisation of intangible assets		0.1	0.1	0.3	0.3
Allowance/(reversal) for impairment on receivables		0.7	-	0.5	(0.1)
Interest income		(0.2)	(0.4)	(0.5)	(0.6)
Interest expense		3.8	3.3	6.8	5.6
Translation difference		-	(1.4)	(0.4)	(0.6)
Operating profit before working capital changes		55.3	33.2	91.1	80.8
Changes in working capital:					
Inventories		(31.9)	(13.7)	(2.1)	22.4
Trade and other receivables		48.8	(10.7)	(6.9)	(93.7)
Trade and other payables and accruals		0.3	13.3	9.1	5.6
Cash deposit (pledged with)/released from bank		(6.3)	(5.1)	20.1	(6.7)
Cash generated from operations		66.2	17.0	111.3	8.4
Income taxes paid		(5.8)	(0.2)	(8.3)	(0.2)
Net cash generated from operating activities	(1)	60.4	8.2	103.0	8.2
Cash flows from investing activities					
Purchase of plant and equipment and additional CIP		(14.4)	(11.2)	(26.5)	(26.4)
Proceeds from sale of AFS financial asset		9.8	-	9.8	-
Interest income received		0.2	0.4	0.5	0.6
Net cash used in investing activities	(2)	(4.4)	(10.8)	(16.2)	(25.8)
Cash flows from financing activities					
Interest expense paid		(3.8)	(3.3)	(6.8)	(5.6)
Dividend paid		(23.1)	(23.1)	(23.1)	(23.1)
Purchase of Treasury Shares		-	-	-	(13.7)
Grant received		(1.8)	-	(0.5)	4.0
Repayment of bank borrowings		(70.0)	(80.0)	(70.0)	(83.0)
Proceeds from bank loan		80.0	100.0	80.0	120.0
Net cash used in financing activities	(3)	(18.7)	(6.4)	(20.4)	(1.4)
Net increase/(decrease) in cash and bank balances		37.3	(0.4)	66.4	(19.0)
Effect of currency translation on cash & cash equivalents		(0.6)	-	(0.3)	-
Cash and bank balances at beginning of period		101.2	66.1	71.8	84.7
Cash and bank balances at end of period		137.9	65.7	137.9	65.7
Cash and bank balances at end of period includes the followings					
Cash and cash equivalents		150.9	106.3	150.9	106.3
Cash deposit pledged with bank		(13.0)	(40.6)	(13.0)	(40.6)
Cash and bank balances at end of period		137.9	65.7	137.9	65.7

Notes to cash flows for 2Q2013

- (1) Net cash generated from operating activities amounted to RMB 60.4 million mainly due to higher operating profit generated and decrease in receivables offset by increase in inventories.
- (2) Net cash used in investing activities amounted to RMB 4.4 million due mainly to the RMB 14.4 million payment for capital equipment and construction in progress offset by the proceeds received upon the maturity of AFS financial asset.
- (3) Net cash generated used in financing activities amounted to RMB 18.7 million mainly due to the distribution of dividends and payment of loan interest which was partially funded by net proceeds drawn from 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 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 2013	313.5	(28.2)	111.6	364.1	761.0
<i>Total Comprehensive Income</i>					
Profit for the period	-	-	-	32.1	32.1
Exchange differences on translation, net of tax	-	-	(1.3)	-	(1.3)
Total comprehensive income, net of tax, for the period	-	-	(1.3)	32.1	30.8
<i>Transactions with owners, recorded directly in equity</i>					
Dividend paid	-	-	-	(23.1)	(23.1)
Total distributions to owners	-	-	-	(23.1)	(23.1)
Balance as at 30 June 2013	313.5	(28.2)	110.3	373.1	768.7
Balance as at 1 January 2012	313.5	(14.5)	95.0	370.9	764.9
<i>Total Comprehensive Income</i>					
Profit for the period	-	-	-	27.1	27.1
Exchange differences on translation, net of tax	-	-	0.7	-	0.7
Total comprehensive income, net of tax, for the period	-	-	0.7	27.1	27.8
<i>Transactions with owners, recorded directly in equity</i>					
Repurchase of shares	-	(13.7)	-	-	(13.7)
Dividend paid	-	-	-	(23.1)	(23.1)
Total contributions to owners	-	(13.7)	-	(23.1)	(36.8)
Balance as at 30 June 2012	313.5	(28.2)	95.7	374.9	755.9

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COMPANY

	Share Capital	Treasury Shares	Other reserves	Retained Profits	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2013	313.5	(28.2)	(4.9)	88.9	369.3
<i>Total Comprehensive Income</i>					
Profit for the period	-	-	-	26.0	26.0
Exchange differences on translation, net of tax	-	-	(1.4)	-	(1.4)
Total comprehensive income, net of tax, for the period	-	-	(1.4)	26.0	24.6
<i>Transactions with owners, recorded directly in equity</i>					
Dividend paid	-	-	-	(23.1)	(23.1)
Total distributions to owners	-	-	-	(23.1)	(23.1)
Balance as at 30 June 2013	313.5	(28.2)	(6.3)	91.8	370.8
Balance as at 1 January 2012	313.5	(14.5)	(6.0)	100.8	393.8
<i>Total Comprehensive Income</i>					
Profit for the period	-	-	-	10.9	10.9
Exchange differences on translation, net of tax	-	-	0.7	-	0.7
Total comprehensive income, net of tax, for the period	-	-	0.7	10.9	11.6
<i>Transactions with owners, recorded directly in equity</i>					
Repurchase of shares	-	(13.7)	-	-	(13.7)
Dividend paid	-	-	-	(23.1)	(23.1)
Total distributions to owners	-	(13.7)	-	(23.1)	(36.8)
Balance as at 30 June 2012	313.5	(28.2)	(5.3)	88.6	368.6

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares*	Resultant issued and paid up share capital S\$
As at 1 January 2013	465,504,000	56,856,844
Share buyback – held as treasury	-	-
Balance as at 30 June 2013	465,504,000	56,856,844
As at 1 January 2012	476,096,000	59,589,547
Share buyback – held as treasury	(10,592,000)	(2,732,703)
Balance as at 31 December 2012	465,504,000	56,856,844

* number of issued shares excludes treasury shares

There were no outstanding convertibles issued by the Company as at 30 June 2013

*Number of issued shares excludes 26,190,000 treasury shares (FY2012: 26,190,000, FY2011: 15,598,000)

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

See above table.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

See above table. There was no sale, transfer, disposal, cancellation of treasury shares at the end of 2Q2013. Total number of treasury shares at end 2Q2013 stands at 26,190,000.

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

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

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

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

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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ("FY") ended 31 December 2012 except for the adoption of the new and revised Financial Reporting Standards which became effective for the financial period beginning on or after 1 January 2013. The adoption of these new and revised accounting standards did not give rise to any significant impact on the financial statements for the financial year ending 31 December 2013.

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.

None

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.

	2Q2013 RMB (cents)	2Q2012 RMB (cents)	1H2013 RMB (cents)	1H2012 RMB (cents)
Basic Earnings per share (Basic EPS) - based on weighted average number of shares on issue	4.39	2.42	6.90	5.79
The calculations of EPS was based on net profit and number of shares shown below:				
Profit attributable to equity holders (RMB'000)	20,427	11,269	32,163	27,175
Weighted average number of shares applicable to basic EPS ('000)	465,504	465,504	465,504	469,071

There was no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 30 June 2013.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30/06/2013	31/12/2012	30/06/2013	31/12/2012
Net asset attributable to shareholders (RMB'000)	768,667	761,039	370,722	369,242
Net asset value per ordinary share (RMB cents)	165.13	163.49	79.64	79.32
Number of issued shares * ('000)	465,504	465,504	465,504	465,504

* number of issued shares excludes treasury shares

** equivalent to 33.81 SGD cents at exchange rate of about 4.8847

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	2Q2013	2Q2012	Change %	1H2013	1H2012	Change %
Group Revenue	426.5	363.3	17%	810.5	687.3	18%
Gross Profit	79.3	72.7	9%	135.3	130.2	4%
Profit before tax	32.5	19.3	68%	48.2	42.4	14%
Net profit	20.5	11.2	83%	32.1	27.1	18%

Commentaries on performance

2Q2013 revenue increased by 17% to RMB 426.5 million as compared to RMB 363.3 million in 2Q2012 due to increase in sales volume partially offset by the decrease in average selling price. Sales volume improved 21% to another record level at 24,749 tons as compared to 20,411 tons in 2Q2012 as the Group increased its production capacity and marketing efforts.

Overall average selling price (ASP) for all products decreased to RMB 17,233 per ton in 2Q2013 as compared to RMB 17,801 per ton in 2Q2012. The decrease in ASP was in line with the Group's marketing strategy to expand its market share. On a quarter to quarter comparison, the ASP was RMB 17,417 in 1Q2013.

Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB'm)			
	2Q2013	2Q2012	1H2013	1H2012	2Q2013	2Q2012	1H2013	1H2012
Accelerators	18,360	16,567	35,020	31,697	339.4	313.3	650.2	597.2
Insoluble sulphur	3,145	2,672	6,157	5,154	36.6	31.0	71.4	58.9
Anti-oxidant	2,900	857	4,972	1,271	44.5	12.9	77.6	19.2
Others	344	315	649	624	6.0	6.1	11.3	12.0
Total	24,749	20,411	46,798	38,746	426.5	363.3	810.5	687.3
Local Sales	17,201	13,455	31,853	25,434	277.9	221.3	516.8	413.7
International Sales	7,548	6,956	14,945	13,312	148.6	142.0	293.7	273.6

Sales volume across all products increased due to the Group's ability to increase its production capacity to meet the increased demand given its marketing and pricing strategies. The Group also continued to gain market share in the domestic market despite the slowdown in auto sales and the overcapacity situation facing the rubber chemicals industry.

Gross profit increased by 9% from RMB 72.7 million in 2Q2012 to RMB 79.3 million in 2Q2013 as sales volume increased while the gross profit margin (GPM) dropped from 20.0% in 2Q2012 to 18.6% in 2Q2013. The fall in GPM was mainly due to the reduction in ASP and higher cost of raw materials.

Other operating income was RMB 3.8 million in 2Q2013, consisting of mainly sales of scrap materials.

Selling and distribution expenses increased by 38% from RMB 10.7 million in 2QFY2012 to RMB 14.8 million in 2QFY2013 as sales volume and freight charges increased.

Administrative expenses decreased by 27% from RMB 40.7 million in 2QFY2012 to RMB 29.8 million in 2QFY2013 mainly due to savings from research and development expenses of RMB 9.3 million related to the trial production of 6PPD which was in 2QFY2012.

Other operating expenses was RMB 3.8 million in 2QFY2013, consisting mainly of exchange losses.

Profit before tax (PBT) increased by 68% from RMB 19.3 million in 2QFY2012 to RMB 32.5 million in 2QFY2013 mainly due to increase in sales and lower research and development expenses offset by lower gross profit margin.

Net profit attributable to shareholders increased by 83% from RMB 11.2 million in 2QFY2012 to RMB 20.5 million in 2QFY2013 for the above reasons offset by lower income tax.

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 2QFY2013, China's economic growth further weakened to 7.5%¹ as industrial production and fixed asset investment continued to dip. However, automobile sales posted strong growth. Sales grew 12% year-on-year to 10.8² million units of vehicles. Moving forward, car sales may slow as more cities² may implement curbing policies in an effort to ease air pollution and traffic congestion. Despite such curbing policies, China Association of Automobile Manufacturing has maintained its projection of 7% annual growth in car sales, reaching 20.8 million units in 2013.

The rubber chemicals industry, on the other hand, has continued to face an overcapacity problem. Although the costs of raw materials dipped slightly in the second quarter, the market continues to face upward cost pressure. The market in general is facing pressure in profit margin as it is difficult to pass on the higher cost to customers, namely tyre makers. The automakers are facing overcapacity issues due to past years of aggressive expansion. Nevertheless, the Group remains cautiously positive on the outlook for this year given its established track record, healthy cash flows and portfolio of quality products.

Status Update

The Group has continued to liaise with its major customers on the accreditation of 6PPD. So far it has received accreditation mainly from PRC customers. The Group will continue its efforts on achieving successful accreditation from the rest of its customers.

In June 2013, the Group completed the new 4,000-ton DPG plant at Weifang facility and commenced trial production. Commercial production will likely start in September 2013.

In a bid to expand our market for insoluble sulphur and increase our production capacity, Shandong Sunsine Chemical Co Ltd. ("Shandong Sunsine") has entered into a MOU with the Dingtao local government to acquire a 280 mu (approximately 187,000 sqm) of land at Dingtao Economic

¹ Source: National Bureau of Statistics

² Source: China Association of Automobile Manufacturing

Development Zone (定陶经济开发区), Dingtao City, Shandong Province. The site is connected to a highway and easily accessible, and is about 1 hour drive from the current Shanxian Facility. When fully developed, it will have a production capacity of at least 30,000 tons of insoluble sulphur per year. Construction will be carried out in phases. Phase 1 includes the construction of a 10,000-ton per year production plant and other ancillary facilities. Together with the land cost, the initial cost of investment is budgeted at approximately RMB 100 million. This investment will be funded by internal resources and bank borrowings. The land purchase and development will be executed via a wholly-owned subsidiary under Shandong Sunshine (further details of the subsidiary will be set out in a separate announcement once it is incorporated). Construction of Phase 1 is scheduled to be completed by year end, and is not expected to have any material impact on our earnings per share and net tangible assets per share for FY2013.

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

Tons	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013e
Accelerators	39,000	50,000	55,000	56,500	56,500	66,500	70,500
Insoluble Sulphur	5,000	5,000	8,000	10,000	10,000	10,000	20,000
Anti-oxidant	-	5,000	10,000	10,000	25,000	25,000	25,000
Total	44,000	60,000	73,000	76,500	91,500	101,500	115,500

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.

Not applicable

13. Interested Person Transactions

None

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

BY ORDER OF THE BOARD

Xu Cheng Qiu
Executive Chairman
Dated: 5 August 2013

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 second quarter financial results for the period ended 30 June 2013 to be false or misleading in any material respect.

On behalf of the Board of Directors

Xu Cheng Qiu
Executive Chairman

Dated: 5 August 2013

Liu Jing Fu
Executive Director

[End of Report]