



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 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 3rd Quarter Ended 30 September 2013

	3rd quarter ended		Change %	9 months ended		Change %
	30/09/2013	30/09/2012		30/09/2013	30/09/2012	
	RMB' million			RMB' million		
Revenue	440.3	368.9	19%	1,250.8	1,056.3	18%
Cost of sales	355.9	306.5	16%	1,031.1	863.6	19%
Gross profit	84.4	62.4	35%	219.7	192.7	14%
Other operating income	1.9	2.3	(17%)	8.1	6.4	27%
Selling and distribution expenses	12.0	12.7	(6%)	37.1	34.4	8%
Administrative expenses	29.9	35.3	(15%)	87.7	98.9	(11%)
Other expenses	2.1	0.5	320%	5.7	1.5	280%
Finance expenses	3.0	3.1	(3%)	9.8	8.7	13%
Profit before tax	39.3	13.1	200%	87.5	55.6	57%
Income tax expenses	12.2	7.4	65%	28.3	22.7	25%
Net Profit	27.1	5.7	375%	59.2	32.9	80%
Other Comprehensive income:						
Exchange differences on translation, net of tax	0.3	0.7	(57%)	(1.1)	1.2	(192%)
Total comprehensive income for the period	27.4	6.4	328%	58.1	34.1	70%
Gross profit margin	19.2%	16.9%	2.3pts	17.6%	18.2%	(0.6pts)
Earnings per share (RMB cents)	5.82	1.23	373%	12.73	7.03	81%

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		
	30/09/2013	30/09/2012	Change	30/09/2013	30/09/2012	Change
	RMB' million		%	RMB' million		
Interest income	-	(0.1)	n.m	(0.5)	(0.7)	(29%)
Interest on borrowing	3.0	3.1	(3%)	9.8	8.7	13%
Depreciation of property, plant and equipment	18.7	15.6	20%	54.8	38.4	43%
Amortisation of land use rights	0.1	0.1	0%	0.4	0.4	0%
Allowance/(reversal) for impairment on receivables	-	0.5	n.m	0.5	0.5	0%
Foreign exchange loss/(gain)	1.6	(0.1)	1,700%	5.2	(0.1)	5,300%

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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>	
		30/09/2013 RMB' million	31/12/2012 RMB' million	30/09/2013 RMB' million	31/12/2012 RMB' million
ASSETS					
NON-CURRENT ASSETS					
Investment in a subsidiary		-	-	350.0	350.0
Property, plant and equipment	(1)	401.2	399.3	-	-
Land use rights		25.8	26.2	-	-
		<u>427.0</u>	<u>425.5</u>	<u>350.0</u>	<u>350.0</u>
CURRENT ASSETS					
Inventories	(2)	113.7	142.4	-	-
Trade receivables	(3)	508.2	403.5	-	-
Other receivables, deposits and prepayment	(4)	36.6	39.3	-	-
Amount owing from a subsidiary		-	-	11.9	10.6
Available-for-sale financial assets		-	10.3	-	10.3
Cash and bank balances		118.6	105.0	12.0	5.6
		<u>777.1</u>	<u>700.5</u>	<u>23.9</u>	<u>26.5</u>
TOTAL ASSETS		<u>1,204.1</u>	<u>1,126.0</u>	<u>373.9</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	-	-
Currency translation reserve		(6.4)	(5.3)	(6.0)	(4.9)
Retained profits		400.2	364.1	90.8	88.9
TOTAL EQUITY		<u>796.0</u>	<u>761.0</u>	<u>370.1</u>	<u>369.3</u>
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	(5)	69.4	46.5	-	-
Other payables and accruals	(6)	96.3	90.0	2.6	4.5
Bank borrowings		205.0	200.0	-	-
Income tax liabilities		37.4	28.5	1.2	2.7
TOTAL LIABILITIES		<u>408.1</u>	<u>365.0</u>	<u>3.8</u>	<u>7.2</u>
TOTAL EQUITY AND LIABILITIES		<u>1,204.1</u>	<u>1,126.0</u>	<u>373.9</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 30/09/2013		As at 31/12/2012	
Secured RMB' million	Unsecured RMB' million	Secured RMB' million	Unsecured RMB' million
-	205.0	-	200.0

Details of any collateral

No collateral

Notes to Statements of Financial Position

Note (1) Property, plant and equipment increased by RMB 1.9 million from RMB 399.3 million to RMB 401.2 million due to RMB 56.7 million of additions to construction in-progress projects and existing plants, less RMB 54.8 million of depreciation.

Note (2) Inventories decreased by RMB 28.7 million from RMB 142.4 million to RMB 113.7 million mainly due to the increased sales for the 9 months ended 30 September 2013.

Note (3) Trade receivables increased by RMB 104.7 million from RMB 403.5 million to RMB 508.2 million due to higher sales in 3QFY2013 compared to 4QFY2012.

Note (4) Other receivables decreased by RMB 2.7 million from RMB 39.3 million to RMB 36.6 million mainly due to lower advance payments to contractors as most of the construction in-progress projects which commenced prior to 2013 had completed.

Note (5) Trade payables increased by RMB 22.9 million from RMB 46.5 million to RMB 69.4 million as the Group increased purchases in anticipation of increased demand for our products and increased capacity.

Note (6) Other payables increased by RMB 6.3 million from RMB 90.0 million to RMB 96.3 million due mainly to increased accruals for social welfare.

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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	
		30/09/2013	30/09/2012	30/09/2013	30/09/2012
		RMB'million		RMB'million	
Cash flows from operating activities					
Profit before taxation		39.3	13.1	87.5	55.6
Adjustments for:-					
Depreciation of property, plant and equipment		18.7	15.6	54.8	38.4
Amortisation of intangible assets		0.1	0.1	0.3	0.4
Allowance for impairment on receivables		-	0.6	0.5	0.5
Interest income		-	(0.1)	(0.5)	(0.7)
Interest expense		3.0	3.1	9.8	8.7
Translation difference		0.3	0.2	-	(0.4)
Operating profit before working capital changes		61.4	32.6	152.4	102.5
Changes in working capital:					
Inventories		30.8	(2.8)	28.6	30.3
Trade and other receivables		(95.5)	(56.4)	(102.4)	(149.8)
Trade and other payables and accruals		15.7	14.4	24.8	19.9
Cash deposit released from/(pledged with) bank		3.1	(3.4)	23.2	(10.0)
Cash generated from/(used in) operations		15.5	(15.6)	126.6	(7.1)
Income taxes paid		(11.3)	(0.5)	(19.6)	(0.7)
Net cash generated from/(used in) operating activities	(1)	4.2	(16.1)	107.0	(7.8)
Cash flows from investing activities					
Purchase of plant and equipment and additional CIP		(30.3)	(5.5)	(56.7)	(32.0)
Proceed from sales of AFS financial asset		-	-	9.8	-
Interest income received		-	0.1	0.6	0.7
Net cash used in investing activities	(2)	(30.3)	(5.4)	(46.3)	(31.3)
Cash flows from financing activities					
Interest expense paid		(3.0)	(3.1)	(9.8)	(8.7)
Dividend paid		-	-	(23.1)	(23.1)
Purchase of Treasury Shares		-	-	-	(13.7)
Grant received		4.9	-	4.4	4.0
Repayment of bank borrowings		(60.0)	(67.0)	(130.0)	(150.0)
Proceeds from bank loan		55.0	110.0	135.0	230.0
Net cash (used in)/generated from financing activities	(3)	(3.1)	39.9	(23.5)	38.5
Net (decrease)/increase in cash and cash equivalents		(29.2)	18.4	37.2	(0.6)
Effect of currency translation on cash & cash equivalents		-	-	(0.3)	-
Cash and cash equivalents at beginning of period		137.9	65.7	71.8	84.7
Cash and cash equivalents at end of period		108.7	84.1	108.7	84.1
Cash and cash equivalents at end of period includes the followings					
Cash and bank balances		118.6	128.1	118.6	128.1
Cash deposit pledged with bank		(9.9)	(44.0)	(9.9)	(44.0)
Cash and cash equivalents at end of period		108.7	84.1	108.7	84.1

Notes to Cash flows for 3QFY2013

- (1) Net cash generated from operating activities amounted to RMB 4.2 million due mainly to higher operating profit generated and decrease in inventories offset by increase in receivables.
- (2) Net cash used in investing activities amounted to RMB 30.3 million due mainly to payment for capital equipment and construction in progress.
- (3) Net cash used in financing activities amounted to RMB 3.1 million mainly due to payment of loan interest, net repayment of bank loans, and partially offset by government grants received.

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><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	59.2	59.2
Exchange differences on translation, net of tax	-	-	(1.1)	-	(1.1)
Total comprehensive income, net of tax, for the period	-	-	(1.1)	59.2	58.1
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Dividend paid	-	-	-	(23.1)	(23.1)
Total distributions to owners	-	-	-	(23.1)	(23.1)
Balance as at 30 September 2013	313.5	(28.2)	110.5	400.2	796.0
Balance as at 1 January 2012	313.5	(14.5)	95.0	370.9	764.9
<i><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	32.9	32.9
Exchange differences on translation, net of tax	-	-	1.2	-	1.2
Total comprehensive income, net of tax, for the period	-	-	1.2	32.9	34.1
<i><u>Transactions with owners, recorded directly in equity</u></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 September 2012	313.5	(28.2)	96.2	380.7	762.2

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	-	-	-	25.0	25.0
Exchange differences on translation, net of tax	-	-	(1.1)	-	(1.1)
Total comprehensive income, net of tax, for the period	-	-	(1.1)	25.0	23.9
<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 September 2013	313.5	(28.2)	(6.0)	90.8	370.1
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	-	-	-	9.5	9.5
Exchange differences on translation, net of tax	-	-	1.4	-	1.4
Total comprehensive income, net of tax, for the period	-	-	1.4	9.5	10.9
<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 September 2012	313.5	(28.2)	(4.6)	87.2	367.9

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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*	Resultant issued and paid up share capital S\$
As at 1 January 2013 and 30 September 2013	<u>465,504,000</u>	<u>56,856,844</u>
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	<u>465,504,000</u>	<u>56,856,844</u>

* number of issued shares excludes treasury shares

There were no outstanding convertibles issued by the Company as at 30 September 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 3QFY2013. Total number of treasury shares at the end 3QFY2013 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.

	3Q2013 RMB (cents)	3Q2012 RMB (cents)	9M2013 RMB (cents)	9M2012 RMB (cents)
Basic Earnings per share (Basic EPS) - based on weighted average number of shares on issue	5.82	1.23	12.73	7.03
The calculations of EPS was based on net profit and number of shares shown below: Profit attributable to equity holders (RMB'million)	27.1	5.7	59.2	32.9
Weighted average number of shares applicable to basic EPS ('000)	465,504	465,504	465,504	467,873

There was no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 30 September 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	
	30/09/2013	31/12/2012	30/09/2013	31/12/2012
Net asset attributable to shareholders (RMB'million)	796.0	761.0	370.1	369.3
Net asset value per ordinary share (RMB cents)	171.01**	163.49	79.51	79.32
Number of issued shares * ('000)	465,504	465,504	465,504	465,504

* number of issued shares excludes treasury shares

** equivalent to SGD 35.04 cents at exchange rate of about 4.8810

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	3Q2013	3Q2012	Change %	9M2013	9M2012	Change %
Group Revenue	440.3	368.9	19%	1,250.8	1,056.3	18%
Gross Profit	84.4	62.4	35%	219.7	192.7	14%
Profit before tax	39.3	13.1	200%	87.5	55.6	57%
Net profit	27.1	5.7	375%	59.2	32.9	80%

Commentaries on performance

3QFY2013 revenue increased by 19% to RMB 440.3 million as compared to RMB 368.9 million in 3QFY2012 due to increase in both sales volume and average selling price. Sales volume improved 18.5% to another record level at 25,406 tons as compared to 21,437 tons in 3QFY2012 as the Group increased its production capacity and marketing efforts.

Overall average selling price (ASP) for all products increased to RMB 17,330 per ton in 3QFY2013 as compared to RMB 17,210 per ton in 3QFY2012. The increase in ASP was due mainly to higher demand in the market. On a quarter to quarter comparison, the ASP was RMB 17,233 in 2QFY2013.

Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB'm)			
	3Q2013	3Q2012	9M2013	9M2012	3Q2013	3Q2012	9M2013	9M2012
Accelerators	18,695	16,664	53,715	48,360	347.1	306.4	997.2	903.7
Insoluble sulphur	2,840	2,376	8,997	7,530	32.3	26.5	103.7	85.4
Anti-oxidant	3,489	2,070	8,461	3,340	53.8	29.5	131.5	48.7
Others	382	327	1,031	950	7.1	6.5	18.4	18.5
Total	25,406	21,437	72,204	60,180	440.3	368.9	1,250.8	1,056.3
Local Sales	17,249	14,965	49,102	40,396	277.4	238.8	794.2	652.6
International Sales	8,157	6,472	23,102	19,784	162.9	130.1	456.6	403.7

Sales volume across all products increased due to the Group's ability to increase its production capacity to meet the increased demand. The Group also continued to gain market share in the domestic market despite the overcapacity situation facing the rubber chemicals industry in China. International sales volume increased mainly due to the strong sales to Asia Pacific region.

Gross profit increased by 35% from RMB 62.4 million in 3QFY2012 to RMB 84.4 million in 3QFY2013 as sales volume increased and the average gross profit margin (GPM) increased from 16.9% in 3QFY2012 to 19.2% in 3QFY2013. The increase in average GPM was mainly due to the increase in ASP and the GPM for all our product categories.

Other operating income was RMB 1.9 million in 3QFY2013, consisting of mainly sales of scrap materials.

Selling and distribution expenses decreased by 6% from RMB 12.7 million in 3QFY2012 to RMB 12.0 million in 3QFY2013 due mainly to decreased shipping expenses and sales commission.

Administrative expenses decreased by 15% from RMB 35.3 million in 3QFY2012 to RMB 29.9 million in 3QFY2013 due mainly to no research and development expenses relating to 6PPD product.

Other operating expenses was RMB 2.1 million in 3QFY2013, consisting mainly of foreign exchange losses.

Profit before tax (PBT) increased by 200% from RMB 13.1 million in 3QFY2012 to RMB 39.3 million in 3QFY2013 mainly due to increase in sales revenue and GPM.

Due to above mentioned reasons, **net profit attributable to shareholders** increased by 375% from RMB 5.7 million in 3QFY2012 to RMB 27.1 million in 3QFY2013.

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 3QFY2013, China's economic growth increased to 7.7%¹ from 7.5% in 2QFY2013, automobile sales grew 12.7% year on year to 15.9² million units for the past nine months. Moving forward, car sales may slow as more cities may implement curbing policies in its effort to ease air pollution and

¹ Source: National Bureau of Statistics

² Source: China Association of Automobile Manufacturing

traffic congestion. Despite such curbing policies, China Association of Automobile Manufacturing maintained its projection of 7% annual growth for 2013 to achieve 20.8 million units.

Global economic recovery is still mired in uncertainty. The rubber chemicals industry in China continues to face overcapacity problem, and the automakers are facing overcapacity issues due to past years of aggressive expansion. The Company also expects the market to face upward cost pressure over the next 12 months. Notwithstanding this challenging environment, the Group remains cautiously positive on the outlook for the next 12 months given its established track record, healthy cashflows and portfolio of quality products.

Status Update

The accreditation process of the Group's 6PPD product is ongoing.

The new 4,000-ton DPG plant at Weifang facility had commenced commercial production in September 2013.

As previously announced, the Company's subsidiary, Shandong Sunsine Chemical Co Ltd. ("**Shandong Sunsine**") had established a wholly owned subsidiary, Shandong Sheng Tao Chemical Co., Ltd ("**Sheng Tao**") on 17 September 2013, in order to expand our market for insoluble sulphur and increase our production capacity. Construction of Sheng Tao will be carried out in various phases. Phase 1, which includes a 10,000 ton per year insoluble sulphur production plant and other ancillary facilities, has commenced construction and is scheduled to be completed by year end. As a result, there will not be any material impact on our earnings per share and net tangible asset per share for FY2013.

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

Tons	FY2009	FY2010	FY2011	FY2012	FY2013e
Accelerators	55,000	56,500	56,500	66,500	70,500
Insoluble Sulphur	8,000	10,000	10,000	10,000	20,000
Anti-oxidant	10,000	10,000	25,000	25,000	25,000
Total	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

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

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

Not applicable

13. Interested Person Transactions

None

BY ORDER OF THE BOARD

Xu Cheng Qiu
Executive Chairman
Dated: 13 November 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 September 2013 to be false or misleading in any material respect.

On behalf of the Board of Directors

Xu Cheng Qiu
Executive Chairman

Dated: 13 November 2013

Liu Jing Fu
Executive Director

[End of Report]