



China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2013

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

1(a) A Consolidated Statement of Comprehensive Income (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 4th Quarter Ended 31 December 2013

	4th quarter ended			Full year ended		
	31/12/2013	31/12/2012	Change %	31/12/2013	31/12/2012	Change %
	RMB 'million			RMB 'million		
Revenue	445.1	361.0	23%	1,695.9	1,417.3	20%
Cost of sales	356.8	309.9	15%	1,387.9	1,173.4	18%
Gross profit	88.3	51.1	73%	308.0	243.9	27%
Other income	2.9	2.6	12%	11.0	8.9	24%
Selling and distribution expenses	13.1	12.6	4%	50.2	47.0	7%
Administrative expenses	41.5	31.9	30%	129.2	130.9	(1%)
Other expenses	1.4	4.2	(67%)	7.1	5.7	25%
Finance expenses	4.8	3.8	26%	14.6	12.5	17%
Profit before tax	30.4	1.2	2433%	117.9	56.7	108%
Income tax expenses	12.9	2.1	514%	41.2	24.7	67%
Net Profit/(loss)	17.5	(0.9)	2044%	76.7	32.0	140%
Other comprehensive (losses)/income:						
Exchange differences on translation, net of tax	(0.1)	0.1	(200%)	(1.2)	1.2	(200%)
Available-for-sale financial assets:						
- Fair value gains	-	0.3	n.m	-	0.3	n.m
- Reclassification to Profit & Loss	-	(0.6)	n.m	-	(0.6)	n.m
Total comprehensive income/(loss) for the period	17.4	(1.1)	1682%	75.5	32.9	129%
Gross profit margin	19.8%	14.2%	5.6pts	18.2%	17.2%	1.0pts
Earnings/(loss) per share (RMB cents)	3.76	(0.19)	2079%	16.49	6.85	141%

n.m. - not meaningful

Notes to the Consolidated Statement of Comprehensive Income:

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

	4th quarter ended			Full year ended		
	31/12/2013	31/12/2012	Change	31/12/2013	31/12/2012	Change
	RMB'million		%	RMB'million		%
Interest income	(0.7)	(0.5)	40%	(1.2)	(1.2)	0%
Interest on borrowings	4.8	3.8	26%	14.6	12.5	17%
Depreciation of property, plant and equipment	20.0	24.4	(18%)	74.8	62.8	19%
Amortisation of land use rights	0.1	0.1	0%	0.5	0.5	0%
Allowance/(Reversal) for Impairment on receivables	0.3	(1.0)	(130%)	0.8	(0.5)	(260%)
Grants recognised	(4.9)	-	n.m	(4.9)	-	n.m
Foreign exchange loss	0.9	1.5	(40%)	6.1	1.4	336%

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1(b)(i) A Statements of Financial Position (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>	
		31/12/2013	31/12/2012	31/12/2013	31/12/2012
		RMB' million	RMB' million	RMB' million	RMB' million
ASSETS					
NON-CURRENT ASSETS					
Investment in a subsidiary			-	350.0	350.0
Property, plant and equipment	(1)	470.3	399.3	-	-
Land use rights		25.6	26.2	-	-
		<u>495.9</u>	<u>425.5</u>	<u>350.0</u>	<u>350.0</u>
CURRENT ASSETS					
Inventories		143.5	142.4	-	-
Trade receivables	(2)	479.0	403.5	-	-
Other receivables, deposits and prepayment	(3)	60.6	39.3	-	-
Amount owing from a subsidiary		-	-	12.4	10.6
Available-for-sale financial assets		-	10.3	-	10.3
Cash and bank balances		107.8	105.0	11.5	5.6
		<u>790.9</u>	<u>700.5</u>	<u>23.9</u>	<u>26.5</u>
TOTAL ASSETS		<u>1,286.8</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		141.1	116.6	-	-
Currency translation reserves		(6.5)	(5.3)	(6.1)	(4.9)
Retained profits		393.2	364.1	89.4	88.9
TOTAL EQUITY		<u>813.4</u>	<u>761.0</u>	<u>368.6</u>	<u>369.3</u>
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	(4)	63.1	46.5	-	-
Other payables and accruals	(5)	133.1	90.0	4.1	4.5
Deferred grant		8.6	-	-	-
Bank loans	(6)	230.0	200.0	-	-
Current tax payable		38.6	28.5	1.2	2.7
TOTAL LIABILITIES		<u>473.4</u>	<u>365.0</u>	<u>5.3</u>	<u>7.2</u>
TOTAL EQUITY AND LIABILITIES		<u>1,286.8</u>	<u>1,126.0</u>	<u>373.9</u>	<u>376.5</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 31/12/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
RMB'million	RMB'million	RMB'million	RMB'million
100.0	130.0	-	200.0

Details of any collateral

Secured by personal guarantee from Mr Xu Chengqiu, the Company's Executive Chairman.

Notes to Statements of Financial Position

Note (1) Property, plant and equipment (PPE) increased by RMB 71.0 million from RMB 399.3 million to RMB 470.3 million due mainly to RMB 146.8 million additions in construction in progress and purchase of capital equipment less RMB 74.8 million of depreciation.

Note (2) Trade receivables increased by RMB 75.5 million from RMB 403.5 million to RMB 479.0 million due to higher sales in 4QFY2013 compared to 4QFY2012. However, trade receivables included notes receivables provided by trade debtors which were promissory notes issued by local banks. Consequently, the risks of non-recoverability of these notes receivables by local banks are significantly lower than those amounts owing by trade debtors. As at 31 December 2013 and 31 December 2012, the notes receivables were RMB 158.1 million and RMB 148.9 million, respectively. Excluding the notes receivables, the trade receivables from trade debtors would have increased by RMB 66.3 million from RMB 254.6 million to RMB 320.9 million.

Note (3) Other receivables increased by RMB 21.3 million from RMB 39.3 million to RMB 60.6 million mainly due to higher advance payments to contractors of our new heating subsidiary, Shanxian Guangshun Heating Co., Ltd.

Note (4) Trade payables increased by RMB 16.6 million from RMB 46.5 million to RMB 63.1 million as the Group increased purchases in anticipation of increased demand for our products and increased capacity.

Note (5) Other payables increased by RMB 43.1 million from RMB 90.0 million to RMB 133.1 million due mainly to higher accruals for social insurances, more advances from customers, as well as higher accrued operating expenses.

Note (6) Bank loans increased by RMB 30.0 million from RMB 200.0 million to RMB 230.0 million as higher working capital was required for our increased production.

1(c) **A Consolidated Statement of Cash Flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Consolidated Statement of Cash Flows

Note	4th quarter ended		12 months ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RMB'million		RMB'million	
Cash flows from operating activities				
Profit before tax	30.4	1.2	117.9	56.7
Adjustments for:-				
Depreciation of property, plant and equipment (PPE)	20.0	24.4	74.8	62.8
Amortisation of land use rights	0.1	0.1	0.5	0.5
Gain on disposal of PPE	*	-	*	-
Allowance/(Reversal) for Impairment on receivables	0.3	(1.1)	0.8	(0.5)
Investment Income - AFS	-	(0.6)	-	(0.6)
Grants recognised in income statement	(4.9)	-	(4.9)	-
Interest income	(0.6)	(0.5)	(1.2)	(1.2)
Interest expense	4.8	3.8	14.6	12.5
Translation difference	*	1.3	(0.1)	0.8
Operating profit before working capital changes	50.1	28.6	202.4	131.0
Changes in working capital:				
Inventories	(29.8)	(24.7)	(1.1)	5.5
Trade and other receivables	4.9	27.0	(97.5)	(122.7)
Trade and other payables and accruals	34.9	(21.0)	59.7	(1.1)
Cash deposit released from bank	8.0	10.9	31.2	0.9
Cash generated from operations	68.1	20.8	194.7	13.6
Income taxes paid	(11.7)	(2.7)	(31.3)	(3.4)
Net cash generated from operating activities	(1) 56.4	18.1	163.4	10.2
Cash flows from investing activities				
Additions to PPE	(90.0)	(11.9)	(146.8)	(43.8)
Interest income received	0.7	0.5	1.2	1.2
Proceed from sales of AFS financial assets	-	4.9	9.8	4.9
Proceeds from disposal of PPE	*	-	*	*
Net cash used in investing activities	(2) (89.3)	(6.5)	(135.8)	(37.7)
Cash flows from financing activities				
Interest expense paid	(4.8)	(3.8)	(14.6)	(12.5)
Dividend paid	-	-	(23.1)	(23.1)
Grant received	10.0	-	14.5	4.0
Repayment of bank borrowings	(115.0)	(140.0)	(245.0)	(290.0)
Purchase of Treasury Shares	-	-	-	(13.7)
Proceeds from bank loan	140.0	120.0	275.0	350.0
Net cash generated from/(used in) financing activities	(3) 30.2	(23.8)	6.8	14.7
Net (decrease)/increase in cash and cash equivalents	(2.7)	(12.2)	34.4	(12.8)
Effect of currency translation on cash & cash equivalents	(0.1)	-	(0.4)	*
Cash and cash equivalents at beginning of period/year	108.7	84.1	71.9	84.7
Cash and cash equivalents at end of period/year	105.9	71.9	105.9	71.9
Cash and cash equivalents at end of period/year includes the followings				
Cash and bank balances	107.8	105.0	107.8	105.0
Cash deposit pledged with bank	(1.9)	(33.1)	(1.9)	(33.1)
Cash and cash equivalents at end of period/year	105.9	71.9	105.9	71.9

Notes to Consolidated Statement of Cash flows for 4QFY2013

- (1) Net cash generated from operating activities amounting to RMB 56.4 million was due mainly to increased profit as well as increased trade and other payables.
- (2) Net cash used in investing activities amounting to RMB 89.3 million was due mainly to the purchase of PPE.
- (3) Net cash generated from financing activities amounting to RMB 30.2 million was mainly due to net drawdown of RMB 25.0 million loans, RMB 10.0 million grant received, offset by RMB 4.8 million interest expenses.

* - amount less than RMB 0.1 million.

- 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 Statements of Changes in Equity

GROUP

	Share Capital	Treasury Shares	Statutory, Merger, Exchange reserves	Retained Earnings	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 year	-	-	-	76.7	76.7
Exchange differences on translation, net of tax	-	-	(1.2)	-	(1.2)
Total comprehensive income, net of tax	-	-	(1.2)	76.7	75.5
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Transfer to reserves	-	-	24.5	(24.5)	-
Dividend paid	-	-	-	(23.1)	(23.1)
Total distributions to owners	-	-	24.5	(47.6)	(23.1)
Balance as at 31 December 2013	313.5	(28.2)	134.9	393.2	813.4
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 year	-	-	-	32.0	32.0
Exchange differences on translation, net of tax	-	-	0.9	-	0.9
Total comprehensive income, net of tax	-	-	0.9	32.0	32.9
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Dividend paid	-	-	-	(23.1)	(23.1)
Transfer to statutory reserve	-	-	15.7	(15.7)	-
Shares buyback-held in treasury	-	(13.7)	-	-	(13.7)
Total distributions to owners	-	(13.7)	15.7	(38.8)	(36.8)
Balance as at 31 December 2012	313.5	(28.2)	111.6	364.1	761.0

COMPANY

	Share Capital	Treasury Shares	Statutory, Merger, Exchange reserves	Retained Earnings	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><u>Total Comprehensive Income</u></i>					
Profit for the year	-	-	-	23.6	23.6
Exchange differences on translation, net of tax	-	-	(1.2)	-	(1.2)
Total comprehensive income, net of tax	-	-	(1.2)	23.6	22.4
<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 31 December 2013	313.5	(28.2)	(6.1)	89.4	368.6
Balance as at 1 January 2012	313.5	(14.5)	(6.0)	100.8	393.8
<i><u>Total Comprehensive Income</u></i>					
Profit for the year	-	-	-	11.2	11.2
Exchange differences on translation, net of tax	-	-	1.1	-	1.1
Total comprehensive income, net of tax	-	-	1.1	11.2	12.3
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Dividend paid	-	-	-	(23.1)	(23.1)
Share buyback-held in treasury	-	(13.7)	-	-	(13.7)
Total distributions to owners	-	(13.7)	-	(23.1)	(36.8)
Balance as at 31 December 2012	313.5	(28.2)	(4.9)	88.9	369.3

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 31 December 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

There are no outstanding convertibles issued by the Company as at 31 December 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 is no sale, transfer, disposal, cancellation of treasury shares at the end of 4QFY2013. Total number of treasury shares at end 4QFY2013 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).

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 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 ended 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.**

	4Q2013 RMB	4Q2012 RMB	FY2013 RMB	FY2012 RMB
Basic earnings/(loss) per share (Basic EPS' cents) - based on weighted average number of shares on issue	3.76	(0.19)	16.49	6.85
The calculations of EPS is based on net profit and number of shares shown below: Profit/(Loss) attributable to equity holders (RMB'million)	17.5	(0.9)	76.7	32.0
Weighted average number of shares applicable to basic EPS ('000)	465,504	465,504	465,504	467,282

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 31 December 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	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Net asset attributable to shareholders (RMB'million)	813.4	761.0	368.6	369.3
Net asset value per ordinary share (RMB cents)	174.74**	163.49	79.18	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 36.28 cents at exchange rate of 4.81595 as at 31 December 2013

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	4Q2013	4Q2012	Change	FY2013	FY2012	Change
Group Revenue	445.1	361.0	23%	1,695.9	1,417.3	20%
Gross Profit	88.3	51.1	73%	308.0	243.9	27%
Profit before tax	30.4	1.2	2433%	117.9	56.7	108%
Net profit/(loss)	17.5	(0.9)	2044%	76.7	32.0	140%

Commentaries on performance

Revenue in 4QFY2013 increased by 23% to RMB 445.1 million as compared to RMB 361.0 million in 4QFY2012 due to the increase in our sales volume. Sales volume improved 23.4% to 26,141 tons as compared to 21,190 tons in 4QFY2012 due to increased demand and increased marketing efforts.

Overall average selling price (ASP) for all products decreased slightly to RMB 17,028 per ton in 4QFY2013 as compared to RMB 17,038 per ton in 4QFY2012. The decrease in ASP was mainly due to the combine effect of decreased price of Aniline with increased demand of rubber chemical products. On a quarter to quarter comparison, the ASP was RMB 17,330 per ton in 3Q2013. On 12-month basis, the ASP decreased by 10% to RMB 17,245 per ton in FY2013 as compared to RMB 17,418 per ton in FY2012.

	Sales Volume (Tons)				Sales (RMB' million)			
	4Q13	4Q12	FY13	FY12	4Q13	4Q12	FY13	FY12
Accelerators	18,995	15,892	72,710	64,252	346.2	292.4	1,343.5	1,196.0
Insoluble sulphur	2,951	3,194	11,948	10,724	34.0	35.8	137.7	121.2
Anti-oxidant	3,820	1,842	12,281	5,183	57.7	28.2	189.2	76.9
Others	375	262	1,406	1,212	7.2	4.6	25.5	23.2
Total	26,141	21,190	98,345	81,371	445.1	361.0	1,695.9	1,417.3
Domestic Sales	18,289	15,635	67,391	56,033	296.5	249.9	1,090.7	902.5
International sales	7,852	5,555	30,954	25,338	148.6	111.1	605.2	514.8

Sales volume for Accelerators, Anti-oxidant and other products increased due to the Group's ability to increase its production capacity to meet the increased demand. The decrease in sales volume of insoluble sulphur in Q4FY2013 was mainly due to higher competition as more competitors had come in-to this business segment. On a 12-month basis, sales volume across all products increased 21% from 81,371 tons in FY2012 to 98,345 tons in FY2013 driven by the Group's continual increase in domestic market share. International sales volume increased mainly due to improved sales to the US and the European markets.

Gross profit increased by 73% from RMB 51.1 million in 4QFY2012 to RMB 88.3 million in 4QFY2013, as sales volume increased and the average gross profit margin (GPM) increased from 14.2% in 4QFY2012 to 19.8% in 4QFY2013. The increase in GPM was due mainly to the decrease in the cost of raw materials such as Aniline, the main raw material for accelerators. Unit cost of Aniline had decreased 13% in 4QFY2013 as compared to 4QFY2012 as a result of over-supply of Aniline in the market due to overproduction.

On a 12-month basis, gross profit increased 27% from RMB 243.9 million in FY2012 to RMB 308.0 million in FY2013 as sales volume increased and GPM increased 1.0 percentage point from 17.2% to 18.2%. This was caused by the reduction in raw material cost.

Other operating income increased by 12% from RMB 2.6 million in 4QFY2012 to RMB 2.9 million in 4QFY2013 due to higher income from sales of scrap materials.

Selling and distribution expenses increased by 4% from RMB 12.6 million in 4QFY2012 to RMB 13.1 million in 4QFY2013, as sales increased. On a 12-month basis, the 7% increase in expenses was due to higher freight charges caused by increased sales.

Administrative expenses increased by 30% from RMB 31.9 million in 4QFY2012 to RMB 41.5 million in 4QFY2013, mainly due to:-

- Increased in staff salaries by RMB 7.7 million; increased in social insurance by RMB 5.8 million as more staffs were employed, and increase in other administrative expenses by RMB 0.3 million;
- The above was offset by a RMB 4.2 million decreases in research & development expenses relating to 6PPD product.

However, on a 12-month basis, administrative expenses decreased by 1% from RMB 130.9 million in FY2012 to RMB 129.2 million in FY2013 mainly due to higher staff salaries and social insurance offset by lower research & development expenses.

Other operating expenses amounting to RMB 1.4 million mainly consisted of foreign exchange losses. On a 12-month basis, other operating expenses amounting to RMB 7.1 million mainly consisted of RMB 6.1 million foreign exchange losses, RMB 0.7 million donations and RMB 0.3 million other expenses.

Profit before tax (PBT) increased 24 times from RMB 1.2 million in 4QFY2012 to RMB 30.4 million in 4QFY2013 mainly due to increase in revenue and GPM. On a 12-month basis, the PBT increased by 108% from RMB 56.7 million in FY2012 to RMB 117.9 million in FY2013 as revenue increased.

Net profit attributable to shareholders increased by 140% from RMB 32.0 million in FY2012 to RMB 76.7 million in FY2013 due to the reasons mentioned above.

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 was made.

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 2013, the PRC economy grew at 7.7%¹, the slowest growth rate since 1999. However, Auto sales reached another record high of 21.98² million in 2013. Moving forward, with the rapid increase of the middle class population and the introduction of new technology to be used in the automobile industry, auto sales are likely to increase. However, the increase in car sales may slow down as more cities have implemented curbing policies in its effort to ease air pollution and traffic congestion.

The outlook for the global economic recovery is still uncertain. Locally, 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 expects the market to face upward costs pressure over the next 12 months. Notwithstanding this challenging environment, the Group remains cautiously positive on the outlook for the next 12 months.

Status Update

During FY2013, the Group has completed the following 2 projects:

- Completed 10,000-ton Insoluble Sulphur plant at Dingtao facility in December;
- Completed 4,000-ton DPG plant at Weifang facility in June, and completed its trial production in September.

The Group will continue to liaise with its major customers on the accreditation of 6PPD.

Moving forward, the Group intends to complete the new heating plant at Shanxian by the third quarter.

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

Tons	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014e
Accelerators	55,000	56,500	56,500	66,500	70,500	70,500
Insoluble Sulphur	8,000	10,000	10,000	10,000	20,000	20,000
Anti-oxidant	10,000	10,000	25,000	25,000	25,000	25,000
Total	73,000	76,500	91,500	101,500	115,500	115,500

¹ Source: National Bureau of Statistics

² Source: China Association of Automobile Manufacturers

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

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of dividend	Proposed Final
Dividend Type	Cash
Dividend amount per share	SGD0.01 per ordinary share
Tax Rate	One-tier Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

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

S\$0.01 per ordinary share was declared in 4Q2012.

(c) Date payable

To be announced at a later date

(d) Books closure date

To be announced at a later date

(e) Last cum-dividend Trading Date

To be announced at a later date

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

Not applicable.

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.

None

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. 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.

The Group is substantially in one business segment, namely the production and sale of rubber chemicals. For geographical segment information, see table below for different markets.

The Group's revenue, expenses, results, assets and liabilities and capital expenditures are principally attributable to a single geographical region, which is the People's Republic of China.

Geographical segment

RMB' million	FY2013	%	FY2012	%
PRC	1,090.7	64%	902.4	64%
Rest of Asia	320.7	19%	304.5	21%
America	131.9	8%	107.8	8%
Europe	66.4	4%	44.6	3%
Others	86.2	5%	58.0	4%
Total	1,695.9	100%	1,417.3	100%

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

See Para 8 above for factors leading to material changes in contributions to turnover and earnings.

16. A breakdown of sales as follows:-.

Group	Year ended 31/12/2013 RMB' million	Year ended 31/12/2012 RMB' million	Change
(a) Sales reported for first half year	810.5	687.3	18%
(b) Operating profit after tax before deducting minority interests reported for first half year	32.1	27.1	18%
(c) Sales reported for second half year	885.4	730.0	21%
(d) Operating profit after tax before deducting minority interests reported for second half year	44.6	4.9	810%

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-.

	FY2013 S\$	FY2012 S\$
Ordinary Shares*	4,655,040	4,655,040
Preference Shares	-	-
Total:	4,655,040**	4,655,040

*Based on number of Ordinary Shares (excluding Treasury Shares) as at 31 January 2014

** Represented 29.2% of FY2013 Net Profit at exchange rate of 4.81595 as at 31 December 2013

18. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director, chief executive officer or substantial shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Xu Cheng Qiu	70	(i) Father of Xu Jun, Executive Director and Vice Chairman of Shandong Sunshine Chemical Co., Ltd (ii) Father of Xu Chi	Executive Chairman Responsible for the overall management, formulation and implementation of business strategies for the Group (since 2006)	No Change
Xu Jun	44	(i) Son of Xu Cheng Qiu, Executive Chairman and Substantial Shareholder (ii) Brother of Xu Chi	Executive Director (since 2007) and Vice Chairman of Shandong Sunshine Chemical Co., Ltd, assisting Chairman in strategic planning, direction and overall management of subsidiary. (since 2013)	He was the Deputy General Manager (Management and Operations) responsible for overseeing the overall management and operations of Shandong Sunshine Chemical Co., Ltd.
Xu Chi	40	(i) Son of Xu Cheng Qiu, Executive Chairman and Substantial Shareholder (ii) Brother of Xu Jun, Executive Director and Vice Chairman of Shandong Sunshine Chemical Co., Ltd	No longer occupying managerial position. (Since 2013)	From 2011 to 2012, he was the Assistant General Manager of Purchasing Department

BY ORDER OF THE BOARD

Xu Cheng Qiu
Executive Chairman
26 February 2014