



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 2014

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 2014

	4th quarter ended			Full year ended		
	31/12/2014	31/12/2013	Change %	31/12/2014	31/12/2013	Change %
	RMB' million			RMB' million		
Revenue	523.1	445.1	18%	2,077.3	1,695.9	22%
Cost of sales	356.4	356.8	0%	1,509.9	1,387.9	9%
Gross profit	166.7	88.3	89%	567.4	308.0	84%
Other income	2.4	2.9	(17%)	6.9	11.0	(37%)
Selling and distribution expenses	15.9	13.1	21%	57.1	50.2	14%
Administrative expenses	71.5	41.5	73%	192.8	129.2	49%
Other expenses	0.1	1.4	(93%)	3.8	7.1	(46%)
Finance expenses	5.7	4.8	19%	18.1	14.6	24%
Profit before tax	75.9	30.4	150%	302.5	117.9	157%
Income tax expenses	21.7	12.9	68%	82.3	41.2	100%
Net Profit	54.2	17.5	210%	220.2	76.7	187%
Other comprehensive income/(losses):						
Exchange differences on translation, net of tax	0.2	(0.1)	300%	0.5	(1.2)	142%
Total comprehensive income for the period	54.4	17.4	213%	220.7	75.5	192%
Gross profit margin	31.9%	19.8%	12.1pts	27.3%	18.2%	9.1pts
Earnings per share (RMB cents)	11.66	3.76	210%	47.31	16.49	187%

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		
	31/12/2014	31/12/2013	Change	31/12/2014	31/12/2013	Change
	RMB' million		%	RMB' million		%
Interest income	(0.7)	(0.7)	0%	(1.1)	(1.2)	(8%)
Interest on borrowings	5.7	4.8	19%	18.1	14.6	24%
Depreciation of property, plant and equipment	19.3	20.0	(3.5%)	73.5	74.8	(2%)
Amortisation of land use rights	0.1	0.1	0%	0.5	0.5	0%
Allowance for Impairment on receivables	4.7	0.3	1467%	4.5	0.8	463%
Allowance for Impairment on plant and machinery	13.3	-	n.m	13.3	-	n.m
Foreign exchange (gain)/loss	(1.0)	0.9	(211%)	(0.8)	6.1	(113%)

n.m. - not meaningful

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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>	
		31/12/2014	31/12/2013	31/12/2014	31/12/2013
		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)	613.1	470.3	-	-
Land use rights	(2)	29.5	25.6	-	-
		<u>642.6</u>	<u>495.9</u>	<u>350.0</u>	<u>350.0</u>
CURRENT ASSETS					
Inventories	(3)	168.0	143.5	-	-
Trade receivables	(4)	609.4	479.0	-	-
Other receivables, deposits and prepayment	(5)	95.3	60.6	-	-
Amount owing from a subsidiary		-	-	10.7	12.4
Cash and bank balances		122.8	107.8	4.7	11.5
		<u>995.5</u>	<u>790.9</u>	<u>15.4</u>	<u>23.9</u>
TOTAL ASSETS		<u>1,638.1</u>	<u>1,286.8</u>	<u>365.4</u>	<u>373.9</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		189.5	141.1	-	-
Currency translation reserves		(5.9)	(6.5)	(5.6)	(6.1)
Retained profits		542.0	393.2	69.1	89.4
TOTAL EQUITY		<u>1,011.2</u>	<u>813.4</u>	<u>348.8</u>	<u>368.6</u>
LIABILITIES					
NON CURRENT LIABILITIES					
Bank loans	(8)	<u>44.0</u>	-	-	-
CURRENT LIABILITIES					
Trade payables	(6)	75.2	63.1	-	-
Other payables and accruals	(7)	236.4	133.1	15.6	4.1
Deferred grant		-	8.6	-	-
Bank loans	(8)	214.0	230.0	-	-
Current tax payable		57.3	38.6	1.0	1.2
		<u>582.9</u>	<u>473.4</u>	<u>16.6</u>	<u>5.3</u>
TOTAL LIABILITIES		<u>626.9</u>	<u>473.4</u>	<u>16.6</u>	<u>5.3</u>
TOTAL EQUITY AND LIABILITIES		<u>1,638.1</u>	<u>1,286.8</u>	<u>365.4</u>	<u>373.9</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 31/12/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
RMB'million	RMB'million	RMB'million	RMB'million
24.0	190.0	100.0	130.0

Amount repayable after one year

As at 31/12/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
RMB'million	RMB'million	RMB'million	RMB'million
44.0	-	-	-

Details of any collateral

RMB 48.0 million bank borrowings were secured by personal guarantee from Mr Xu Chengqiu, the Company's Executive Chairman; RMB 20.0 million short term bank borrowings were secured by both personal guarantee from Mr Xu Chengqiu and corporate guarantee from Weifang Sunsine Chemical Co., Ltd., the Company's subsidiary.

Notes to Statements of Financial Position

Note (1) Property, plant and equipment increased by RMB 142.8 million from RMB 470.3 million to RMB 613.1 million mainly due to RMB 229.6 million additions in construction in progress and capital equipment, which were mainly related to building up our new heating plant, Shanxian Guangshun Heating Co., Ltd, less RMB 73.5 million of depreciation and RMB 13.3 million allowance for impairment.

Note (2) Land use right (LUR) increased from RMB 25.6 million to RMB 29.5 million mainly due to RMB 4.4 million additions of LUR in our subsidiaries, Shandong Shengtao Chemical Co., Ltd and Shanxian Guangshun Heating Co., Ltd, less RMB 0.5 million amortisation.

Note (3) Inventories increased by RMB 24.5 million from RMB 143.5 million to RMB 168.0 million as the Group increased its purchase of raw materials when the prices of raw materials were low in 4Q2014.

Note (4) Trade receivables increased by RMB 130.4 million from RMB 479.0 million to RMB 609.4 million due to increase in sales. 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 2014 and 31 December 2013, the notes receivables were RMB 236.4 million and RMB 158.1 million, respectively. Excluding the notes receivables, the trade receivables from trade debtors would have increased by RMB 52.1 million from RMB 320.9 million to RMB 373.0 million.

Note (5) Other receivables increased by RMB 34.7 million from RMB 60.6 million to RMB 95.3 million mainly due to higher advance payments to some suppliers.

Note (6) Trade payables increased by RMB 12.1 million from RMB 63.1 million to RMB 75.2 million as the Group was able to obtain longer credit terms from suppliers as a result of higher purchases.

Note (7) Other payables increased by RMB 103.3 million from RMB 133.1 million to RMB 236.4 million mainly due to higher accruals for social insurances, staff salaries and bonus, as well as higher accrued operating expenses.

Note (8) Bank loans increased by RMB 28.0 million from RMB 230.0 million to RMB 258.0 million in total 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	
		31/12/2014	31/12/2013	31/12/2014	31/12/2013
		RMB' million		RMB' million	
Cash flows from operating activities					
Profit before tax		75.9	30.4	302.5	117.9
Adjustments for:-					
Depreciation of property, plant and equipment (PPE)		19.3	20.0	73.5	74.8
Amortisation of land use rights (LUR)		0.1	0.1	0.5	0.5
Gain on disposal of PPE		*	*	*	*
Allowance for Impairment on plant and machinery		13.3	-	13.3	-
Grants recognised in income statement		(8.9)	(4.9)	(8.6)	(4.9)
Interest income		(0.7)	(0.6)	(1.1)	(1.2)
Interest expense		5.7	4.8	18.1	14.6
Translation difference		0.7	*	0.9	(0.1)
Operating profit before working capital changes		105.4	49.8	399.1	201.6
Changes in working capital:					
Inventories		(23.9)	(29.8)	(24.5)	(1.1)
Trade and other receivables		11.6	5.2	(165.1)	(96.7)
Trade and other payables and accruals		111.5	34.9	115.3	59.7
Cash deposit released from bank		4.7	8.0	(10.1)	31.2
Cash generated from operations		209.3	68.1	314.7	194.7
Income taxes paid		(24.7)	(11.7)	(63.5)	(31.3)
Net cash generated from operating activities	(1)	184.6	56.4	251.2	163.4
Cash flows from investing activities					
Additions to PPE		(87.5)	(90.0)	(229.8)	(146.8)
Additions to LUR		(4.4)	-	(4.4)	-
Interest income received		0.7	0.7	1.1	1.2
Proceed from sales of AFS financial assets		-	-	-	9.8
Proceeds from disposal of PPE		*	*	0.2	*
Net cash used in investing activities	(2)	(91.2)	(89.3)	(232.9)	(135.8)
Cash flows from financing activities					
Interest expense paid		(5.7)	(4.8)	(18.1)	(14.6)
Dividend paid		-	-	(22.9)	(23.1)
Grant received		-	10.0	-	14.5
Repayment of bank borrowings		(108.9)	(115.0)	(280.9)	(245.0)
Proceeds from bank loan		-	140.0	308.9	275.0
Net cash (used in)/generated from financing activities	(3)	(114.6)	30.2	(13.0)	6.8
Net (decrease)/increase in cash and cash equivalents		(21.2)	(2.7)	5.3	34.4
Effect of currency translation on cash & cash equivalents		(0.4)	(0.1)	(0.4)	(0.4)
Cash and cash equivalents at beginning of period/year		132.4	108.7	105.9	71.9
Cash and cash equivalents at end of period/year		110.8	105.9	110.8	105.9
Cash and cash equivalents at end of period/year includes the followings					
Cash and bank balances		122.8	107.8	122.8	107.8
Cash deposit pledged with bank		(12.0)	(1.9)	(12.0)	(1.9)
Cash and cash equivalents at end of period/year		110.8	105.9	110.8	105.9

Notes to Consolidated Statement of Cash flows for 4QFY2014

- (1) Net cash generated from operating activities amounted to RMB 184.6 million was mainly due to higher operating profit generated as well as increased trade and other payables.
- (2) Net cash used in investing activities amounted to RMB 91.2 million was mainly due to the purchase of PPE and LUR.
- (3) Net cash used in financing activities amounted to RMB 114.6 million was mainly due to bank loans repayment and interest expenses paid.

* - 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 2014	313.5	(28.2)	134.9	393.2	813.4
<i><u>Total Comprehensive Income</u></i>					
Profit for the year	-	-	-	220.2	220.2
Exchange differences on translation, net of tax	-	-	0.5	-	0.5
Total comprehensive income, net of tax	-	-	0.5	220.2	220.7
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Transfer to reserves	-	-	48.5	(48.5)	-
Dividend paid	-	-	-	(22.9)	(22.9)
Total distributions to owners	-	-	48.5	(71.4)	(22.9)
Balance as at 31 December 2014	313.5	(28.2)	183.9	542.0	1,011.2
Balance as at 1 January 2013	313.5	(28.2)	111.7	364.0	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>					
Dividend paid	-	-	-	(23.1)	(23.1)
Transfer to reserve	-	-	24.4	(24.4)	-
Total distributions to owners	-	-	24.4	(47.5)	(23.1)
Balance as at 31 December 2013	313.5	(28.2)	134.9	393.2	813.4

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 2014	313.5	(28.2)	(6.1)	89.4	368.6
<i><u>Total Comprehensive Income</u></i>					
Profit for the year	-	-	-	2.6	2.6
Exchange differences on translation, net of tax	-	-	0.5	-	0.5
Total comprehensive income, net of tax	-	-	0.5	2.6	3.1
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Dividend paid	-	-	-	(22.9)	(22.9)
Total distributions to owners	-	-	-	(22.9)	(22.9)
Balance as at 31 December 2014	313.5	(28.2)	(5.6)	69.1	348.8
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

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 2014 and 31 December 2014	<u>465,504,000</u>	<u>56,856,844</u>
As at 1 January 2013 and 31 December 2013	<u>465,504,000</u>	<u>56,856,844</u>

There are no outstanding convertibles issued by the Company as at 31 December 2014.

*Number of issued shares excludes 26,190,000 treasury shares (FY2013: 26,190,000)

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 4QFY2014. Total number of treasury shares at end 4QFY2014 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 2013 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 2014. 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 2014.

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.

	4Q2014 RMB	4Q2013 RMB	FY2014 RMB	FY2013 RMB
Basic earnings per share (Basic EPS' cents) - based on weighted average number of shares on issue	11.66	3.76	47.31	16.49
The calculations of EPS is based on net profit and number of shares shown below: Profit attributable to equity holders (RMB' million)	54.2	17.5	220.2	76.7
Weighted average number of shares applicable to basic EPS ('000)	465,504	465,504	465,504	465,504

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 31 December 2014.

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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Net asset attributable to shareholders (RMB' million)	1,011.2	813.4	348.8	368.6
Net asset value per ordinary share (RMB' cents)	217.23**	174.74	74.93	79.18
Number of issued shares * ('000)	465,504	465,504	465,504	465,504

* number of issued shares excludes treasury shares

** equivalent to SGD 46.84 cents at exchange rate of 4.6379 as at 31 December 2014

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	4Q2014	4Q2013	Change	FY2014	FY2013	Change
Group Revenue	523.1	445.1	18%	2,077.3	1,695.9	22%
Gross Profit	166.7	88.3	89%	567.4	308.0	84%
Profit before tax	75.9	30.4	150%	302.5	117.9	157%
Net profit	54.2	17.5	210%	220.2	76.7	187%

Commentaries on performance

Revenue in 4Q2014 increased by 18% to RMB 523.1 million as compared to RMB 445.1 million in 4Q2013 due to increase in both sales volume and overall average selling price ("ASP"). Sales volume improved from 26,141 tons in 4Q2013 to 26,699 tons in 4Q2014 as a result of short supply in the market.

ASP for all products increased 15% to RMB 19,592 per ton in 4Q2014 as compared to RMB 17,028 per ton in 4Q2013, due mainly to the short supply of Accelerator products in the market. On a quarter to quarter comparison, the ASP was slightly decreased by 3% as compared to RMB 20,142 per ton in 3Q2014. The decrease was mainly due to the decreased price of our main raw material – Aniline. On a 12-month basis, the ASP increased by 11% to RMB 19,062 per ton in FY2014 as compared to RMB 17,245 per ton in FY2013.

	Sales Volume (Tons)				Sales (RMB' million)			
	4Q14	4Q13	FY14	FY13	4Q14	4Q13	FY14	FY13
Accelerators	18,429	18,995	76,089	72,710	407.6	346.2	1,614.5	1,343.5
Insoluble Sulphur	2,926	2,951	12,102	11,948	31.2	34.0	134.4	137.7
Anti-oxidant	5,145	3,820	19,903	12,281	80.6	57.7	310.8	189.2
Others	199	375	879	1,406	3.7	7.2	17.6	25.5
Total	26,699	26,141	108,973	98,345	523.1	445.1	2,077.3	1,695.9
Domestic Sales	17,768	18,289	71,459	67,391	322.4	296.5	1,273.0	1,090.7
International sales	8,931	7,852	37,514	30,954	200.7	148.6	804.3	605.2

In 4Q2014, **Sales volume** of Accelerator and Insoluble Sulphur products decreased slightly due mainly to reduced demands from tire makers. As disclosed in our 3Q2014 results announcements released on 12 November 2014, US's anti-dumping and countervailing measures against China's tire makers, as well as the over-capacity and under-utilisation issues which have continued to plague the China tire industry, combined to dampen the demands for our products. However, the sales volume of Anti-oxidant products increased due mainly to accreditation obtained from our customers as more orders came in. On a 12-month basis, sales volume across all main categories of products increased 11% from 98,345 tons in FY2013 to 108,973 tons in FY2014, which is another record high, driven by the short supply of our rubber chemical products in the market. As such, the Group continued to increase its domestic market share. International sales also increased mainly due to improved sales to Asia Pacific countries.

Gross profit increased by 89% from RMB 88.3 million in 4Q2013 to RMB 166.7 million in 4Q2014, as sales volume increased and the average gross profit margin (GPM) increased 12.1 percentage points from 19.8% in 4Q2013 to 31.9% in 4Q2014. The increase in GPM was due mainly to the combined effect of increased ASP and decreased cost of raw materials, such as Aniline, the main raw material for accelerators. Average unit cost of Aniline decreased more than 20% in 4Q2014 as compared to 4Q2013 as a result of decrease in international crude oil prices.

On a 12-month basis, gross profit increased 84% from RMB 308.0 million in FY2013 to RMB 567.4 million in FY2014 as sales volume increased and GPM increased 9.1 percentage points from 18.2% to 27.3%. This was mainly caused by increase in ASP of our products.

Other operating income was RMB 2.4 million in 4Q2014, consisting of mainly sales of scrap materials. On a 12-month basis, other operating income decreased from RMB 11.0 million in FY2013 to RMB 6.9 million in FY2014 due mainly to lower selling price of scrap materials.

Selling and distribution expenses increased by 21% from RMB 13.1 million in 4Q2013 to RMB 15.9 million in 4Q2014. On a 12-month basis, there was a 14% increase as compared to FY2013. The increase was mainly due to increased sales.

Administrative expenses increased by 73% from RMB 41.5 million in 4Q2013 to RMB 71.5 million in 4Q2014, mainly due to increase in staff salaries and bonus, additional allowance for impairment on receivables as well as allowance for impairment on plant and equipment provided during the quarter.

On a 12-month basis, administrative expenses increased by 49% from RMB 129.2 million in FY2013 to RMB 192.8 million in FY2014, due mainly to increase in staff salaries and bonus by RMB 37.6 million; increase in allowance for impairment on receivables by RMB 3.7 million; allowance for impairment on plant and equipment by RMB 13.3 million, increase in business taxes by RMB 5.3 million and increase in other administrative expense by RMB 3.7 million.

Other operating expenses amounted to RMB 0.1 million in 4Q2014. On a 12-month basis, other operating expenses amounted to RMB 3.8 million, consisting mainly of donations.

Profit before tax (PBT) increased 150% from RMB 30.4 million in 4Q2013 to RMB 75.9 million in 4Q2014. On a 12-month basis, the PBT increased by 157% from RMB 117.9 million in FY2013 to RMB 302.5 million in FY2014. These were mainly due to increase in revenue and GPM.

Due to the reasons mentioned above, **Net profit attributable to shareholders** increased by 210% from RMB 17.5 million in 4Q2013 to RMB 54.2 million in 4Q2014, and on a 12-month basis, net profit increased 187% from RMB 76.7 million in FY2013 to RMB 220.2 million in FY2014.

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 4Q2014, China's economy grew 7.3%¹, unchanged from 3Q2014. For the whole year of 2014, China's economy grew 7.4%¹. Automakers sold a total of 23.5² million units in China in the year of 2014, representing 6.9% growth in auto sales as compared to a year ago. Moving forward, with the rapid increase of the middle class population, auto sales are likely to increase.

Although the automobile industry in China is poised for further growth which will indirectly benefit our Group, US's anti-dumping and countervailing measures against China's tire makers, as well as the over-capacity and under-utilisation issues faced by the China tire industry, may dampen demand for our rubber chemical products.

The new Environmental Protection Law of China has come into force on 1 January 2015. As environmental regulations become increasingly stringent, there may be further consolidation in the rubber chemicals industry in China. However, as more of our competitors adjust to the new regulations and meet compliance standards, the market supply of accelerators will progressively increase. Further, given that international crude oil prices have fallen sharply over the past several months, which has resulted in our main raw material prices remaining at low levels, our selling prices may increasingly come under pressure.

Notwithstanding this challenging environment, the Group remains cautiously positive on the outlook for the next 12 months.

Project and Capacity Update

The construction of our new heating plant at Shanxian has been completed, and its commercial production has commenced at the end of FY2014.

As previously announced, the Group has expanded its production capacities. Below is a summary of our estimated Annual Capacity³ at the end of each financial year:

Tons	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015e
Accelerators	56,500	56,500	66,500	70,500	87,000	87,000
Insoluble Sulphur	10,000	10,000	10,000	20,000	20,000	20,000
Anti-oxidant	10,000	25,000	25,000	25,000	45,000	45,000
Total	76,500	91,500	101,500	115,500	152,000	152,000

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

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
Special dividend amount per share	SGD0.005 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 4Q2013.

(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.

Business Segment

The Group has two business segments, namely (1) the production and sale of rubber chemicals, and (2) the production and supply of heating power.

RMB' million	Rubber Chemicals		Heating Power		Total	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
External Revenue	2,077.3	1,695.9	-	-	2,077.3	1,695.9
Inter-segments revenue	575.0	520.5	15.9	-	590.9	520.5
Elimination	(575.0)	(520.5)	(15.9)	-	(590.9)	(520.5)
Revenue	2,077.3	1,695.9	-	-	2,077.3	1,695.9
Segment profit before tax	299.9	117.9	0.8	-	300.7	117.9

Geographical segment

Except for the Group's revenue, which were disclosed in below table, all the expenses, results, assets and liabilities and capital expenditures are principally attributable to a single geographical region, which is the People's Republic of China.

RMB' million	FY2014	%	FY2013	%
PRC	1,273.0	61%	1,090.7	64%
Rest of Asia	507.0	24%	320.7	19%
America	143.7	7%	131.9	8%
Europe	95.1	5%	66.4	4%
Others	58.5	3%	86.2	5%
Total	2,077.3	100%	1,695.9	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 31/12/2014 RMB' million	Year ended 31/12/2013 RMB' million	Change
(a) Sales reported for first half year	972.0	810.5	20%
(b) Operating profit after tax before deducting minority interests reported for first half year	117.1	32.1	265%
(c) Sales reported for second half year	1,105.3	885.4	25%
(d) Operating profit after tax before deducting minority interests reported for second half year	183.6	44.6	312%

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:-

	FY2014 S\$	FY2013 S\$
Ordinary Shares*	6,982,560	4,655,040
Preference Shares	-	-
Total:	6,982,560	4,655,040

*Based on number of Ordinary Shares (excluding Treasury Shares) as at 31 January 2015

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	71	Father of Xu Jun, Executive Director and Vice Chairman of Shandong Sunshine Chemical Co., Ltd	Executive Chairman Responsible for the overall management, formulation and implementation of business strategies for the Group (since 2006)	No Change
Xu Jun	45	Son of Xu Cheng Qiu, Executive Chairman and Substantial Shareholder	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)	No Change

BY ORDER OF THE BOARD

Xu Cheng Qiu
Executive Chairman
26 February 2015