

CHINA SUNSINE CHEMICAL HOLDINGS LTD.
(Company Registration No. 200609470N)

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UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2008

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.

Group Income Statement for the 2nd Quarter ended 30 June 2008.
These figures have not been audited.

	2 nd quarter ended		Change %	6 months ended		Change %
	30/6/2008	30/6/2007		30/6/2008	30/6/2007	
	RMB 'million			RMB 'million		
Revenue	234.9	159.6	47.2%	402.1	285.2	41.0%
Cost of sales	175.5	124.8	40.6%	309.3	222.8	38.8%
Gross profit	59.4	34.8	70.7%	92.8	62.4	48.7%
Other operating income	2.2	1.0	120.0%	3.9	2.2	77.3%
Selling and distribution expenses	6.0	5.6	7.1%	12.2	10.1	20.8%
Administrative expenses	9.0	3.5	157.1%	16.2	6.9	134.8%
Research costs	2.1	2.3	(8.7%)	2.4	2.6	(7.7%)
Other operating expenses	2.1	0.0	100%	4.8	0.2	2300%
Finance expenses	0	0.1	(100%)	0	0.3	(100%)
Profit before taxation	42.4	24.3	74.5%	61.1	44.5	37.3%
Taxation	5.4	0	100%	7.6	0	100%
Profit after taxation	37.0	24.3	52.3%	53.5	44.5	20.2%
Gross profit margin	25.3%	21.8%	3.5pts	23.1%	21.9%	1.2pts
Earnings per share (RMB cents) *	7.53	6.94	8.5%	10.89	12.71	(14.3%)

* EPS for comparative periods based on Pre-invitation share capital of 350 million shares while current period based on 491.694 million shares.

Notes to the Income Statement:

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

	2nd quarter ended			6 months ended		
	30/6/2008	30/6/2007	Change	30/6/2008	30/6/2007	Change
	RMB'million			RMB'million		
			%			%
Interest income	(1.5)	(0.2)	650%	(3.1)	(0.5)	520%
Interest on borrowings	-	0.1	(100%)	-	0.4	(100%)
Depreciation of plant and equipment	4.4	4.0	10%	8.7	7.3	19%
Foreign exchange loss	1.8	0.3	500%	4.3	0.6	617%
Cost of sales is arrived at after (crediting) export tax rebates	(4.0)	(6.8)	(41%)	(7.2)	(13.7)	(47%)

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.

	Note	<u>GROUP</u>		<u>COMPANY</u>	
		30/06/2008	31/12/2007	30/06/2008	31/12/2007
		RMB'million	RMB'million	RMB'million	RMB'million
ASSETS					
NON-CURRENT ASSETS					
Investment in a subsidiary		-	-	251.4	251.4
Property, plant and equipment	(1)	148.5	118.7	-	-
Available-for-sale Investments		15.1	15.2	15.1	15.2
		<u>163.6</u>	<u>133.9</u>	<u>266.5</u>	<u>266.6</u>
CURRENT ASSETS					
Available-for-sale Investments		108.8	101.3	-	-
Inventories	(2)	60.0	30.2	-	-
Trade receivables	(3)	150.2	127.9	-	-
Other receivables, deposits and prepayments		95.4	77.7	0.1	0.2
Amount owing from a subsidiary		-	-	44.3	3.6
Cash and cash equivalents		37.4	113.2	7.5	38.0
		<u>451.8</u>	<u>450.3</u>	<u>51.9</u>	<u>41.8</u>
TOTAL ASSETS		<u>615.4</u>	<u>584.2</u>	<u>318.4</u>	<u>308.4</u>
Share capital		313.5	313.5	313.5	313.5
Merger reserve		0.3	0.3	-	-
Statutory reserves		31.1	31.1	-	-
Exchange on translation		0.2	-	0.1	0.3
Retained profits/ (Accumulated losses)		152.5	124.0	1.1	(8.2)
TOTAL EQUITY		<u>497.6</u>	<u>468.9</u>	<u>314.7</u>	<u>305.6</u>
LIABILITIES					
NON-CURRENT LIABILITIES					
		-	-	-	-
CURRENT LIABILITIES					
Trade payables		19.5	19.0	-	-
Other payables and accruals		46.5	36.0	3.7	2.8
Deferred grant		2.9	4.9	-	-
Loans from a director	(4)	37.1	50.3	-	-
Research and development costs payable		3.4	0.9	-	-
Dividend payable		-	-	-	-
Current tax payable		8.4	4.2	-	-
		<u>117.8</u>	<u>115.3</u>	<u>3.7</u>	<u>2.8</u>
TOTAL LIABILITIES		<u>117.8</u>	<u>115.3</u>	<u>3.7</u>	<u>2.8</u>
TOTAL EQUITY AND LIABILITIES		<u>615.4</u>	<u>584.2</u>	<u>318.4</u>	<u>308.4</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 30/06/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
RMB'million	RMB'million	RMB'million	RMB'million
-	40.9 ¹	-	54.1

Amount repayable after one year

As at 30/06/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
RMB'million	RMB'million	RMB'million	RMB'million
-	-	-	-

Details of any collateral

1. Includes loan from director amounting to RMB 37.1 million. The loan is unsecured and interest-free. Our Audit Committee has approved its full repayment in FY2009.

Notes to Balance Sheet

Note (1) - Property, plant and equipment has increased by RMB 29.8 million from RMB 118.7 million to RMB 148.5 million due to purchase of machinery and equipment relating to various projects in 1Q2008 and 2Q2008 amounting to approximately RMB 38.5 million less depreciation of RMB 8.7 million.

Note (2) - Inventory has increased by RMB 29.8 million from RMB 30.2 million to RMB 60.0 million due to higher quantity of raw materials required for the increased production volume, as well as higher raw material costs.

Note (3) - Trade receivables have increased by RMB 22.3 million from RMB 127.9 million to RMB 150.2 million due to the increase in sales in 1H2008. The Group has tightened its collections from customers. Average debtors collection in days has improved to 57 days in 2Q2008 compared to 68 days for FY2007 and 74 days for 1Q2008.

Note (4) - Loan from director was reduced by approximately RMB 13.2 million due to part repayment in 1Q2008 and 2Q2008. Repayment was authorized by Audit Committee and the Board.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Note	2 nd quarter ended		6 months ended	
	30/06/2008	30/06/2007	30/06/2008	30/06/2007
	RMB'million		RMB'million	
Cash flows from operating activities				
Profit before taxation	42.4	24.3	61.1	44.5
Adjustments for:-				
Depreciation of plant and equipment	4.4	4.0	8.7	7.3
Interest income	(1.5)	(0.2)	(3.1)	(0.5)
Interest expense	-	0.1	-	0.4
Translation difference	(0.0)	(0.1)	0.3	-
Operating profit before working capital changes	45.3	28.1	67.0	51.7
Changes in working capital:				
Inventories	(28.3)	4.5	(29.8)	8.1
Trade and other receivables	(20.9)	(26.7)	(40.0)	(33.7)
Trade and other payables and accruals	20.2	(35.7)	13.5	(17.9)
Cash deposit released from /(pledged with) bank	3.8	13.4	(0.8)	29.0
Cash generated from / (used in) operations	20.1	(16.4)	9.9	37.2
Income taxes paid	(1.9)	-	(3.4)	(1.4)
Net cash (used in)/generated from operating activities	(1) 18.2	(16.4)	6.5	35.8
Cash flows from investing activities				
Purchase of plant and equipment	(22.1)	(16.5)	(38.4)	(23.3)
Proceeds from/ (Investment) in AVS financial asset	5.0	-	(5.0)	-
Interest income received	0.1	0.2	0.6	0.5
Net cash (used in) investing activities	(2) (17.0)	(16.3)	(42.8)	(22.8)
Cash flows from financing activities				
Interest expense paid	-	(0.1)	-	(1.0)
Dividend paid	(25.1)	-	(25.1)	(17.5)
Grant received / (utilized)	(2.4)	-	(2.0)	-
Repayment of borrowings from a director	(9.0)	-	(13.2)	-
Repayment of loan from employees	-	(0.2)	-	(0.2)
Net cash (used in)/generated from financing activities	(3) (36.5)	(0.3)	(40.3)	(18.7)
Net (decrease) in cash and bank balances	(35.3)	(33.0)	(76.6)	(5.7)
Cash and bank balances at beginning of period	70.0	60.7	111.3	33.4
Cash and bank balances at end of period	(4) 34.7	27.7	34.7	27.7

Notes to 2Q2008 Cashflows

- (1) Cashflows generated from operating activities was RMB 18.2 million due mainly to the higher revenue and operating profit, with tighter collections from customers.
- (2) The group continued its plant expansion plans with payment of RMB 22.1 million during the quarter, offset by investment and interest income received, resulting in RMB 17.0 million used in investing activities.
- (3) During the quarter the Group paid an interim dividend of RMB 25.1 million, as well as repaid partly the loan from a director of RMB 9.0 million as the cashflows of the Group is adequate.
- (4) Balance shown here for 2Q2008 exclude an amount of approximately RMB 2.7 million pledged with 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 STATEMENT OF CHANGES IN EQUITY

GROUP

	Share Capital RMB'million	Statutory, Merger, Exchange reserves RMB'million	Retained Profits RMB'million	Total RMB'million
Balance as at 1 January 2008	313.5	31.4	124.0	468.9
Net profit for the period 1Q2008	-	-	16.5	16.5
Exchange on translation	-	0.4	-	0.4
Interim dividend declared	-	-	(25.0)	(25.0)
Balance as at 31 March 2008	313.5	31.8	115.5	460.8
Net profit for the period 2Q2008	-	-	37.0	37.0
Exchange on translation	-	(0.2)	-	(0.2)
Balance as at 30 June 2008	313.5	31.6	152.5	497.6
Balance as at 1 January 2007	n.m	(10.7)	90.0	79.3
Net profit for the period 1Q2007	-	-	20.2	20.2
Balance as at 31 March 2007	n.m	(10.7)	110.2	99.5
Net profit for the period 2Q2007	-	-	24.3	24.3
Exchange on translation	-	0.9	-	0.9
Conversion of convertible loan into share capital	49.4	-	-	49.4
Balance as at 30 June 2007	49.4	(9.8)	134.5	174.1

COMPANY

	Share Capital RMB'million	Exchange reserve RMB'million	Retained Profits RMB'million	Total RMB'million
Balance as at 1 January 2008	313.5	0.3	(8.2)	305.6
Net profit for the period 1Q2008	-	-	35.2	35.2
Exchange on translation	-	0.5	-	0.5
Interim dividend declared	-	-	(25.0)	(25.0)
Balance as at 31 March 2008	313.5	0.8	2.0	316.3
Net (loss) for the period 2Q2008	-	-	(0.9)	(0.9)
Exchange on translation	-	(0.7)	-	(0.7)
Balance as at 30 June 2008	313.5	0.1	1.1	314.7
Balance as at 1 January 2007	n.m	-	0.2	0.2
Net profit for the period 1Q2007	-	-	n.m	n.m
Balance as at 31 March 2007	n.m	-	0.2	0.2
Net (loss) for the period 2Q2007	-	-	n.m	n.m
Balance as at 30 June 2007	n.m	-	0.2	0.2

n.m not meaningful as amount is less than RMB50,000

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\$
Balance as at 1 January 2007 and 31 March 2007 as based on Pre-IPO share capital *	350,000,000	9,931,700
As at 30 June 2007	350,000,000	9,931,700
Issue of fully paid-up ordinary shares which rank <i>pari passu</i> in all respects with earlier issued and fully paid-up shares pursuant to the IPO in July 2007 **	141,694,000	52,717,485
As at 31 Dec 2007	491,694,000	62,649,185
As at 31 March 2008	491,694,000	62,649,185
Balance as at 30 June 2008	491,694,000	62,649,185

* actual number of shares as at 31 March 2007 before share split was 1,000 shares.

** comprising 120 million new ordinary shares issued during the IPO and 21.694 million additional new ordinary shares issued pursuant to over-allotment option exercised by our Manager of the IPO, less IPO-related expenses.

There are no outstanding convertibles issued or treasury shares held by the Company as at 30 June 2008.

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

[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 computations in the financial statements for the current financial year compared with those of the audited financial statements as at 31 December 2007.

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.**

The useful lives of **new** plant and machinery assets acquired in FY2008 have been changed to 7 years from 4 years to better reflect the nature of wear and tear of such assets. Current plant and machinery assets acquired prior to FY2008 have been depreciated over 4 years. Had there been no change in accounting estimates, the depreciation expense in 2Q2008 would be higher by RMB 0.3 million.

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.**

	2Q2008	2Q2007	1H2008	1H2007
	RMB (cents)	RMB (cents)	RMB (cents)	RMB (cents)
Basic Earnings per share (Basic EPS) - based on weighted average number of shares on issue	7.53	6.94	10.89	12.71
The calculations of EPS is based on net profit and number of shares shown below: Profit attributable to equity holders (RMB'000)	37,047	24,294	53,555	44,495
Weighted average number of shares applicable to basic EPS ('000) (1)	491,694	350,000	491,694	350,000

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive ordinary shares as at 30 June 2008.

- (1) The weighted average number of shares for comparative period/year is based on pre-invitation share capital of 350 million shares.

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	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007
Net asset attributable to shareholders (RMB'000)	497,558	468,901	314,685	305,647
Net asset value per ordinary share (RMB cents)	101.19	95.36	64.00	62.16
Number of issued shares ('000)	491,694	491,694	491,694	491,694

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	2Q2008	2Q2007	Change %	1H2008	1H2007	Change %
Group Revenue	234.9	159.6	47.2%	402.1	285.2	41.0%
Gross Profit	59.4	34.8	70.7%	92.8	62.4	48.7%
Profit before tax	42.4	24.3	74.5%	61.1	44.5	37.3%
Net profit	37.0	24.3	52.3%	53.5	44.5	20.2%

Commentaries on performance

Sales revenue rose by 47.2% from RMB 159.6 million in 2Q2007 to RMB 234.9 million in 2Q2008. **Sales volume was up 15.7%** or 1,291 tons from 8,205 tons in 2Q2007 to 9,496 tons in 2Q2008, while **overall average selling price (ASP)** increased about 27.3% or RMB5,309 from RMB 19,455 in 2Q2007 to RMB 24,764 in 2Q2008. The increase in sales volume is in line with the increase in the effective production capacity.

	Production Capacity*	Local Sales	Export Sales	Total	
2Q2008 Breakdowns	Tons	RMB millions	RMB millions	RMB millions	%
Thiazoles accelerators	1,500	26.1	6.9	33.0	14%
Sulphenamides accelerators	7,200	106.3	68.7	175.0	75%
Guanidines accelerators	600	7.5	6.1	13.6	6%
Thiurams accelerators	700	8.2	1.1	9.3	4%
Insoluble sulphur	-	0.6	-	0.6	-
Anti-scorching agent / others	-**	2.2	1.2	3.4	1%
Total for 2Q2008	10,000	150.9	84.0	234.9	100%
Sales Volume for 2Q2008 (tons)		6,149	3,347	9,496	
Local /Export Sales %		64.8%	35.2%		
Total for 2Q2007	8,000	85.9	73.7	159.6	
Sales Volume for 2Q2007 (tons)		4,469	3,736	8,205	
Local /Export Sales %		54.5%	44.5%		
Approximate Utilisation Rate (%)					
Accelerator 2Q2008	92.2%				
Accelerator 2Q2007	91.7%				

* note production capacity refers to the effective production capacity for the respective quarters

** we used to have 500tons of annual capacity to produce anti-scorching CTP which are not in use as it is not efficient to produce small quantities for customers, as such we have reconfigured it to produce other accelerators

Local sales increased by 75.7% or RMB 65.0 million from RMB 85.9 million in 2Q2007 to RMB 150.9 million in 2Q2008 due to strong demand from local customers, and as such we allocated more supplies to satisfy the local market. Local sales contributed 64.8% of total sales, up from 54.5% in 2Q2007. Growth in sales to key customers were noted, including **Hangzhou Zhongce, Shanghai Tyres, GITI Tyres, Sumitomo Rubber (China), Michelin (China), Korean Kumho (Nanjing), and Hankook Tire (China)**.

Export sales increased by 14.0% or RMB 10.3 million from RMB 73.7 million in 2Q2007 to RMB 84.0 million in 2Q2008. We noted increase in sales to key customers such as **Bridgestone, Sumitomo Rubber**, while sales to Goodyear, Korean Kumho Petrochemical were steady. Maiden contribution from **Pirelli Tyres** and Indonesian tyre maker **Gajah Tunggal** were noted. Korean customers **Korean Nexen Tire** and **Korean Cho Yang** increased their orders. Due to limited capacity, these new orders were given at the expense of sales to other distributors.

Gross profit increased by 70.7% or RMB 24.6 million from RMB 34.8 million in 2Q2007 to RMB 59.4 million in 2Q2008. Gross profit margins (GPM) increased from 21.8% in 2Q2007 to 25.3% in 2Q2008. Increase in GPM of 3.5 pts was largely due to the increase in average selling price (ASP) of accelerators. ASP increased by 27.3% year-on-year from RMB 19,455 per ton in 2Q2007 to RMB24,764 per ton in 2Q2008 as a result of increased raw materials costs as the Group passed its costs increases to customers. Increased costs also came from the reduction in the export tax rebates from 13% in 2Q2007 to 5% currently. Increase in the overall average unit costs of approximately 21.5% were noted. The Group has now responded faster in adjusting selling prices due to raw materials costs increases.

Other operating income increased by 120.0% or RMB 1.2 million from RMB 1.0 million in 2Q2007 to RMB 2.2 million in 2Q2008 due mainly to the investment income recognized in this quarter where there was none last year.

Selling and distribution expenses increased by 7.1% or RMB 0.4 million from RMB 5.6 million in 2Q2007 to RMB 6.0 million in 2Q2008 due to increase in the sales volume and slightly higher shipping costs.

Administrative expenses increased by 157.1% or RMB 5.5 million from RMB 3.5 million in 2Q2007 to RMB 9.0 million in 2Q2008. This increase was due mainly to higher headcount arising from the company's new integrated and antioxidant TMQ plants which were completed end 2Q2008, but not as yet operational. In addition, wage adjustment, incentive payments as well as higher compliance costs incurred in its capacity as a listed entity resulted in higher administrative expenses this quarter.

Research costs declined slightly by 8.7% or RMB 0.1 million to RMB 2.1 million as the Group remains cautious on the nature of research projects entered into, while **other operating expenses** increased by 100% or approximately RMB 2.1 million from near nil in 2Q2007 to RMB 2.1 million in 2Q2008 due mainly to exchange loss of RMB 1.8 million, while **finance expenses** have reduced to nil in 2Q2008 from RMB 0.1 million in 2Q2007 as the company has no interest-bearing bank loans in this quarter.

Profit before tax (PBT) surged 74.5% or RMB 18.1 million from RMB 24.3 million in 2Q2007 to RMB 42.4 million in 2Q2008. **Net profit attributable to shareholders** rose by 52.3 % or RMB 12.7 million from RMB 24.3 million in 2Q2007 to RMB 37.0 million in 2Q2008 despite incurring taxation expenses of RMB 5.4 million which represents concession tax rate of 12.5% compared to full exemption for 2Q2007.

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.

The Group is on track in its execution of its capacity expansion plans. The recent completion of the 5,000-ton anti-oxidant TMQ plant and 10,000-ton integrated plant (sulphenamides accelerators) brings the Group's total annual capacity for accelerators to 49,000 tons as at end 2Q2008, compared to 32,000 tons as at end 2Q2007.

The plan for the remainder of the financial year is to further expand the 5,000-ton anti-oxidant TMQ plant and 5,000-ton Insoluble Sulphur plant to 10,000 tons each. In addition, the Group is increasing the capacity of its 20,000-ton MBT workshop by a further 10,000 tons. With the expected completion of the 10,000-ton MBT workshop by 3Q2008, the Group expects its reliance on external MBT supply to reduce, thereby improving margins moving forward.

Annual Capacity (Tonnes)

	FY2007	2Q2008	FY2008e
Accelerators	39,000	49,000	50,000
Insoluble Sulphur	5,000	5,000	10,000
Anti-oxidants	-	5,000	10,000

The Group is also currently working on upgrading the waste-water and waste-gas facilities at our Second Facility to process the increased production capacity. Both are scheduled for completion at end of FY2008.

Barring unforeseen circumstances, the Group expects to continue its growth for FY2008.

Use of IPO proceeds is updated as follows.

We are pleased to report that the projects budgeted for in our IPO Prospectus dated 25 June 2007 have been fully completed. Total budgeted amount of RMB 110 million were set aside for the following projects:-

Plans per Prospectus dated 25 Jun 2007	Amount Budgeted RMB 'millions	Utilised FY2007-2Q2008 RMB 'millions
Insoluble sulphur workshop (5,000 tons) – completed	30	21.1
Integrated Plant for sulphenamides accelerators (10,000) – completed	20	17.1
Anti-oxidant TMQ plant (5,000) – completed	20	16.1
Upgrade of waste-water treatment plant (Facility 1) and waste gas recycling plant (Facility 1) - completed	30	16.7
Enhancement of Research & Development capabilities	10	6.1

We are pleased to report that the total amounts utilized for the above projects to date are 77.1 million, resulting in a surplus of RMB 32.9 million as a result of stringent costs control. As the projects are completed, the surplus of RMB 32.9 million shall be transferred to working capital to fund the Group's operations and expansion. This will be our final report of our use of IPO proceeds. The Group will continue to update shareholders on its expansion plans and capital expenditures on its projects.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend declared or recommended for this period.

Name of Dividend	-
Dividend Type	-
Dividend Amount	-
Par value of shares	-
Tax Rate	-

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No dividend declared or recommended in FY2007.

(c) Date payable

n.a.

(d) Books closure date

n.a.

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

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

- 13. 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.**

Not applicable.

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

Not applicable

- 15. A breakdown of sales.**

Not applicable.

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

Not applicable.

- 17. Interested Person Transactions**

None

BY ORDER OF THE BOARD

**Xu Cheng Qiu
Executive Chairman
31 July 2008**

Confirmation by the Board pursuant to Rule 705(4) 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 2008 to be false or misleading in any material respect.

On behalf of the Board of Directors

Xu Cheng Qiu
Executive Chairman

Liu Jing Fu
Executive Director