

## CHINA SUNSINE CHEMICAL HOLDINGS LTD.

(Company Registration No. 200609470N)

*The initial public offering of the Company was sponsored by CIMB-GK Securities Pte. Ltd. (the "Manager"). The Manager assumes no responsibility for the contents of this announcement.*

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

#### CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	4 <sup>th</sup> Quarter ended			Full year ended		
	31/12/2008	31/12/2007	Change %	31/12/2008	31/12/2007	Change %
	RMB 'million			RMB 'million		
<b>Revenue</b>	137.1	179.6	(23.7)%	797.9	619.5	28.8%
Cost of sales	95.2	145.8	(34.7)%	571.1	494.3	15.5%
<b>Gross profit</b>	41.9	33.8	24.0%	226.8	125.2	81.2%
Other operating income	4.8	2.4	100.0%	12.3	5.0	146.0%
Selling and distribution expenses	4.6	5.7	(19.3)%	28.3	20.4	38.7%
Administrative expenses	15.9	8.7	82.8%	60.8	23.4	159.8%
Research costs	11.9	(2.2)	640.9%	16.6	0.6	2666.7%
Other operating expenses	(0.3)	2.0	(115.0)%	4.9	2.4	104.2%
Finance expenses	0.3	-	100.0 %	0.4	0.4	-
<b>Total costs and expenses</b>	32.4	14.2	128.2%	111.0	47.2	135.2%
<b>Profit from operation</b>	14.3	22.0	(35.0)%	128.1	83.0	54.3%
Share issue cost	-	-	-	-	7.8	(100.0)%
<b>Profit before taxation</b>	14.3	22.0	(35.0)%	128.1	75.2	70.3%
Taxation	6.2	(0.8)	(875.0)%	21.4	(0.8)	2775.0%
<b>Profit after taxation</b>	8.1	22.8	(64.5)%	106.7	76.0	40.4%
Gross profit margin	30.6%	18.8%	11.8pts	28.4%	20.2%	8.2pts
Earnings per share (RMB cents) *	1.67	4.63	(63.9)%	21.77	18.22	19.5%

**Notes to the Income Statement:**

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

	4 <sup>th</sup> Quarter ended		Change %	Full year ended		Change %
	31/12/2008	31/12/2007		31/12/2008	31/12/2007	
	RMB'million			RMB'million		
Interest income	(1.4)	(1.8)	(22.2)%	(5.5)	(2.6)	111.5 %
Interest on borrowings	0.3	-	100.0%	0.4	0.4	-
Depreciation of plant and equipment	6.0	4.0	50.0 %	19.6	14.6	34.2 %
Impairment on trade receivables	0.2	0.2	-	6.1	0.2	2950%
Net foreign exchange (gain)/loss	0.4	0.1	300.0%	3.4	0.9	277.8%
Cost of sales is arrived at after (crediting) export tax rebates	(3.7)	(2.6)	42.3%	(16.4)	(20.8)	21.2%

**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.**

**BALANCE SHEET (UNAUDITED)**

	Note	<u>GROUP</u>		<u>COMPANY</u>	
		31/12/2008 RMB'million	31/12/2007 RMB'million	31/12/2008 RMB'million	31/12/2007 RMB'million
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investment in a subsidiary		-	-	350.0	251.4
Property, plant and equipment	(1)	171.7	118.7	-	-
Available-for-sale Investments		14.2	15.2	14.3	15.2
		<u>185.9</u>	<u>133.9</u>	<u>364.3</u>	<u>266.6</u>
<b>CURRENT ASSETS</b>					
Available-for-sale Investments	(2)	40.0	101.3	-	-
Inventories	(3)	66.2	30.2	-	-
Trade receivables	(4)	101.2	127.9	-	-
Other receivables, deposits and prepayments	(5)	85.7	77.7	0.3	0.2
Amount owing from a subsidiary		-	-	16.3	3.6
Cash and cash equivalents		184.1	113.2	28.1	38.0
		<u>477.2</u>	<u>450.3</u>	<u>44.7</u>	<u>41.8</u>
<b>TOTAL ASSETS</b>		<b><u>663.1</u></b>	<b><u>584.2</u></b>	<b><u>409.0</u></b>	<b><u>308.4</u></b>
Share capital		313.5	313.5	313.5	313.5
Treasury shares	(6)	(6.7)	-	(6.7)	-
Merger reserve		0.3	0.3	-	-
Statutory reserves		27.5	31.1	-	-
Exchange on translation		(5.4)	-	(5.3)	0.3
Retained profits/ (Accumulated losses)		211.3	124.0	94.8	(8.2)
<b>TOTAL EQUITY</b>		<b><u>540.5</u></b>	<b><u>468.9</u></b>	<b><u>396.3</u></b>	<b><u>305.6</u></b>
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
		-	-	-	-
<b>CURRENT LIABILITIES</b>					
Trade payables	(7)	9.5	19.0	-	-
Other payables and accruals	(7)	50.6	36.0	12.7	2.8
Deferred grant		0.3	4.9	-	-
Loan from a director	(8)	37.1	50.3	-	-
Research and development costs payable		15.1	0.9	-	-
Dividend payable		-	-	-	-
Current tax payable		10.0	4.2	-	-
		<u>122.6</u>	<u>115.3</u>	<u>12.7</u>	<u>2.8</u>
<b>TOTAL LIABILITIES</b>		<b><u>122.6</u></b>	<b><u>115.3</u></b>	<b><u>12.7</u></b>	<b><u>2.8</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>663.1</u></b>	<b><u>584.2</u></b>	<b><u>409.0</u></b>	<b><u>308.4</u></b>

## 1(b)(ii) Aggregate amount of group's borrowings and debt securities.

### Amount repayable in one year or less, or on demand

As at 31/12/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
RMB'million	RMB'million	RMB'million	RMB'million
-	37.9 <sup>1</sup>	-	54.1

### Amount repayable after one year

As at 31/12/2008		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.
2. The Group has unutilized bank facilities of up to RMB 60 million that can be tapped into. These facilities are secured on the Group's properties when the facilities are drawn down.

### Notes to Balance Sheet (FY2008 vs FY2007)

Note (1) - Property, plant and equipment has increased by RMB 53.0 million from RMB 118.7 million to RMB171.7 million due to construction of buildings and purchase of machinery and equipment amounting to approximately RMB 72.9 million less depreciation of RMB 19.6 million, relating to various projects including Insoluble Sulphur plant, anti-oxidant TMQ plant, Integrated Sulphenamides Plant, waste-water treatment facilities, and sulphur-recycling facilities

Note (2) – Available-for-sale Investments has decreased by RMB 61.3 million due mainly to maturity of our structured deposit end September 2008, and investment in new structured deposit of RMB35.0 million

Note (3) - Inventory has increased by RMB 36.0 million from RMB 30.2 million to RMB 66.2 million due to higher quantity of raw materials and finished goods compared to end FY2007.

Note (4) - Trade receivables decreased by RMB 26.7 million from RMB 127.9 million to RMB 101.2 million due to lower sales in 4Q2008 compared to 4Q2007.

Note (5) – Included in the Other Receivables is Notes Receivables amounting to RMB 68.6 million. This balance may be discounted for cash should the need arises.

Note (6) - The Company continued executing its share buyback programme in current quarter as it is felt that its share price has fallen to a compelling level in comparison to the Company's profitability, business performance and net asset value per share due to the global financial crisis. Shares purchased during the year amounted to RMB 6.7 million. The Company is likely to continue its share buyback programme.

Note (7) – Trade and other payables and accruals increased by RMB 5.1 million from RMB 55.0 million to RMB 60.1 million due mainly to higher accruals in the current quarter for various costs including impairment of receivables, past years' water conservation tax, staff costs and incentives, general maintenance, and other operating costs.

Note (8) – Interest-free 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. There was no repayment in the current quarter.

- 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 CASH FLOW STATEMENT (UNAUDITED)

	Note	4 <sup>th</sup> quarter ended		Full year ended	
		31/12/2008	31/12/2007	31/12/2008	31/12/2007
		RMB'million		RMB'million	
<b>Cash flows from operating activities</b>					
Profit before taxation		14.3	22.0	128.1	75.2
Adjustments for:-					
Depreciation of plant and equipment		6.0	4.0	19.6	14.6
Loss on disposal of fixed asset		0.4	-	0.4	-
Impairment on receivables		0.2	0.2	6.1	0.2
Interest income		(1.4)	(1.8)	(5.5)	(2.6)
Interest expense		0.3	-	0.4	0.4
Translation difference		(0.9)	(0.5)	(2.4)	(0.8)
Writeback of trade and other payables		(3.0)	(3.7)	(3.0)	(3.7)
<b>Operating profit before working capital changes</b>		<b>15.9</b>	<b>20.2</b>	<b>143.7</b>	<b>83.3</b>
Changes in working capital:					
Inventories/projects-in-progress		2.3	(0.7)	(36.0)	(2.7)
Trade and other receivables		52.0	17.5	12.5	(75.3)
Trade and other payables and accruals		(6.9)	25.2	22.5	25.0
Cash deposit released from /(pledged with) bank			(1.9)	1.9	28.8
<b>Cash generated from operations</b>		<b>63.3</b>	<b>60.3</b>	<b>144.6</b>	<b>59.1</b>
Income taxes paid		(6.9)	-	(15.7)	(1.4)
<b>Net cash generated from operating activities</b>	<b>(1)</b>	<b>56.4</b>	<b>60.3</b>	<b>128.9</b>	<b>57.7</b>
<b>Cash flows from investing activities</b>					
Purchase of plant and equipment		(13.5)	(37.4)	(72.9)	(81.0)
Proceeds from sales/(Investment) in AFS financial asset		(35.0)	(15.2)	60.0	(115.2)
Grant received		-	8.9	-	8.9
Interest income received		1.7	0.5	6.9	1.2
<b>Net cash (used in) investing activities</b>	<b>(2)</b>	<b>(46.8)</b>	<b>(43.2)</b>	<b>(6.0)</b>	<b>(186.1)</b>
<b>Cash flows from financing activities</b>					
Interest expense paid		(0.3)	(0.6)	(0.4)	(1.1)
Proceeds from issue of shares		-	-	-	276.8
Share issue costs		-	-	-	(12.7)
Purchase of treasury share		(6.0)	-	(6.7)	-
Dividend paid		-	(13.8)	(25.1)	(31.3)
Grant received / (utilized)		-	-	(4.8)	-
Loans from a director		-	-	-	-
Repayment of loan from a director		-	-	(13.2)	-
Repayment of loan from employees		-	-	-	(13.4)
Repayment of bank loans		-	-	-	(12.0)
<b>Net cash (used in)/generated from financing activities</b>		<b>(6.3)</b>	<b>(14.4)</b>	<b>(50.2)</b>	<b>206.3</b>
<b>Net increase in cash and bank balances</b>		<b>3.3</b>	<b>2.7</b>	<b>72.7</b>	<b>77.9</b>
<b>Cash and bank balances at beginning of period</b>		<b>180.7</b>	<b>108.6</b>	<b>111.3</b>	<b>33.4</b>
<b>Cash and bank balances at end of period</b>		<b>184.0</b>	<b>111.3</b>	<b>184.0</b>	<b>111.3</b>

#### Notes to FY2008 Cashflows

- (1) Cashflows generated from operating activities for the full year was RMB 144.6 million due mainly to higher revenue and operating profit
- (2) Cashflows used in investing activities was RMB 6.0 million due to capital expenditures on PPE of RMB 72.9 million, offset by net proceeds from structured deposits with bank amounting to RMB 60 million.
- (3) Cashflows used in financing activities was RMB 50.2 million, mainly for payment of dividend, repayment of director loan, and purchase of treasury shares.

- 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.

**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

**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
Net profit for the period 3Q2008	-	-	45.0	45.0
Share buyback-held in treasury	(0.7)	-	-	(0.7)
Exchange on translation	-	(2.1)	(0.6)	(2.7)
Balance as at 30 September 2008	312.8	29.5	196.9	539.2
Net profit for the period 4Q2008	-	-	8.1	8.1
Share buyback-held in treasury	(6.0)	-	-	(6.0)
Deemed transfer back to retained profit	-	(15.0)	15.0	-
Transfer to statutory reserve	-	11.4	(11.4)	-
Exchange on translation	-	(3.5)	2.7	(0.8)
<b>Balance as at 31 December 2008</b>	<b>306.8</b>	<b>22.4</b>	<b>211.3</b>	<b>540.5</b>
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	49.4	-	-	49.4
Capitalisation of reserves	-	25.1	(25.1)	-
Balance as at 30 June 2007	49.4	15.3	109.4	174.1
Net profit for the period 3Q2007	-	-	8.9	8.9
Exchange on translation	-	(0.8)	-	(0.8)
Issue of shares (less issue cost)	264.1	-	-	264.1
Balance as at 30 September 2007	313.5	14.5	118.3	446.3
Net profit for the period 4Q2007	-	-	22.8	22.8
Transfer to statutory reserve	-	17.0	(17.0)	-
Exchange on translation	-	(0.1)	(0.1)	(0.2)
<b>Balance as at 31 December 2007</b>	<b>313.5</b>	<b>31.4</b>	<b>124.0</b>	<b>468.9</b>

**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
Share buyback-held in treasury	(0.7)	-	-	(0.7)
Net (loss) for the period 3Q2008	-	-	(6.9)	(6.9)
Exchange on translation	-	(2.6)	(0.8)	(3.4)
Balance as at 30 September 2008	312.8	(2.5)	(6.6)	303.7
Net (loss) for the period 4Q2008	-	-	101.4	101.4
Share buyback-held in treasury	(6.0)	-	-	(6.0)
Exchange on translation	-	(2.8)	-	(2.8)
<b>Balance as at 31 December 2008</b>	<b>306.8</b>	<b>(5.3)</b>	<b>94.8</b>	<b>396.3</b>
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
Conversion of convertible loans	49.4	-	-	49.4
Net (loss) for the period 2Q2007	-	-	n.m	n.m
Exchange on translation	-	0.9	-	0.9
Balance as at 30 June 2007	49.4	0.9	0.2	50.5
Issue of shares (less issue cost)	264.1	-	-	264.1
Net (loss) for the period 3Q2007	-	-	(9.1)	(9.1)
Exchange on translation	-	(0.8)	-	(0.8)
Balance as at 30 September 2007	313.5	0.1	(8.9)	304.7
Net (loss) for the period 4Q2007	-	-	0.7	0.7
Exchange on translation	-	0.2	-	0.2
<b>Balance as at 31 December 2007</b>	<b>313.5</b>	<b>0.3</b>	<b>(8.2)</b>	<b>305.6</b>

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
Balance 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
Balance as at 31 Dec 2007	491,694,000	62,649,185
As at 31 March 2008, 30 June 2008	491,694,000	62,649,185
Share buyback – held as treasury	(792,000)	(151,821)
As at 30 September 2008	490,902,000	62,497,364
Share buyback – held as treasury	(6,461,000)	(1,263,215)
<b>Balance as at 31 December 2008</b>	<b>484,441,000</b>	<b>61,234,149</b>

\* 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 by the Company as at 31 December 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 continue to be depreciated over 4 years. Had there been no change in accounting estimates, the depreciation expense in 4Q2008 would be higher by RMB 2.6 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.**

	4Q2008	4Q2007	FY2008	FY2007
	RMB (cents)	RMB (cents)	RMB (cents)	RMB (cents)
<b>Basic Earnings per share (Basic EPS)</b> - based on weighted average number of shares on issue	<b>1.67</b>	<b>4.63</b>	<b>21.77</b>	<b>18.22</b>
The calculations of EPS is based on net profit and number of shares shown below: Profit attributable to equity holders (RMB'000)	8,130	22,747	106,710	76,058
Weighted average number of shares applicable to basic EPS ('000)	486,125	491,694	490,273	417,525

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive ordinary shares as at 31 December 2008.

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	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Net asset attributable to shareholders (RMB'000)	540,500	468,901	396,255	305,647
<b>Net asset value per ordinary share (RMB cents)</b>	<b>111.57</b>	95.36	81.80	62.16
Number of issued shares ('000)	484,441	491,694	484,441	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.

#### Commentaries on performance

RMB million	4Q2008	4Q2007	Change %	FY2008	FY2007	Change %
Group Revenue	137.1	179.6	(23.7%)	797.9	619.5	28.8%
Gross Profit	41.9	33.8	24.0%	226.8	125.2	81.2%
Profit before tax	14.3	22.0	(35.0%)	128.1	75.2	70.3%
Net profit	8.1	22.8	(64.5%)	106.7	76.0	40.4%

**Sales revenue** for the year rose by 28.8% from RMB 619.5 million in FY2007 to RMB 797.9 million in FY2008. **Sales volume** was down 686 tons or 2.2% from 31,284 tons in FY2007 to 30,598 tons in FY2008, while overall **average selling price** (ASP) rose about 31.7% from RMB 19,804 per ton in FY2007 to RMB 26,076 per ton in FY2008.

Sales revenue and volume were down in 4Q2008 generally due to the effect of the global financial crisis on automakers and tyre makers, while the increase in ASP during the last quarter year-on-year was due to the spillover effects of the high ASP in 3Q2008.

	Sales Volume (Tons)		Local Sales FY2008	Export Sales FY2008	Local Sales FY2007	Export Sales FY2007
	FY2008	FY2007	RMB millions	RMB millions	RMB millions	RMB millions
Accelerators	30,010	31,036	441.5	347.8	358.3	259.4
Insoluble sulphur	268	-	3.0	-	-	-
Anti-oxidant TMQ	185	-	0.8	2.2	-	-
Others	135	248	1.9	0.7	0.6	1.2
<b>Total</b>	<b>30,598</b>	<b>31,284</b>	<b>447.2</b>	<b>350.7</b>	<b>358.9</b>	<b>260.6</b>

**Local sales** for FY2008 increased by 24.6% from RMB 358.9 million to RMB 447.2 million. Revenue contribution came from key customers including Hangzhou Zhongce, GITI Tires, Sumitomo Rubber (China), Michelin (China), Korean Kumho (China), Guizhou Tyres and Hankook Tire (China).

**Export sales for FY2008 rose by 34.6% from RMB 260.6 million to RMB 350.7 million.** Revenue contribution came from key customers such as Bridgestone, Sumitomo Rubber, Goodyear Tires, Michelin Tires, Pirelli, and Korean Kumho.

**Gross profit** for FY2008 rose by 81.2% from RMB 125.2 million in FY2007 to RMB 226.8 million in FY2008 due to higher prices especially in 3Q2008. Gross profit margin (GPM) increased from 20.2% in FY2007 to 28.4% in FY2008. Increase in GPM of 8.2 points was largely due to the increase in prices in the 3rd quarter of the year compared to previous year.

**Other operating income** increased by 146.0% from RMB 5.0 million in FY2007 to RMB 12.3 million in FY2008 due mainly to the increased investment income.

**Selling and distribution expenses** increased by 38.7% from RMB 20.4 million in FY2007 to RMB 28.3 million in FY2008 due to higher sales revenue and increased shipping costs.

**Administrative expenses** increased by 159.8% from RMB 23.4 million in FY2007 to RMB 60.8 million in FY2008. This increase was due mainly to impairment of receivables of RMB 6.1 million due to higher credit risks faced, start-up costs relating to the new integrated sulphenamides and antioxidant TMQ plants, as well as start-up costs relating to the 10,000-ton MBT workshop, higher overall headcounts, wage

adjustments, incentive compensation accruals, past years' local water tax fees, general maintenance costs and professional fees, and other compliance costs.

**Research costs** increased by RMB 16 million from RMB 0.6 million in FY2007 (after write-back of RMB 3 million) to RMB 16.6 million in FY2008 as the company invested in some R&D projects in the last quarter of the year. **Other operating expenses** increased by RMB 2.5 million from RMB 2.4 million in FY2007 to RMB 4.9 million in FY2008 due mainly to higher foreign exchange losses at subsidiary, while **finance expenses** remained low at RMB 0.3 million in 4Q2008, mainly for interest costs for discounting of notes.

**Profit before tax (PBT)** rose 70.3% from RMB 75.2 million in FY2007 to RMB 128.1 million in FY2008 as a result of the strong revenue achieved in the first 9 months of the year.

**Net profit attributable to shareholders** rose 40.4% from RMB 76.0 million to RMB 106.7 million after accounting for corporate taxation of RMB 21.4 million at preferential rate of 12.5% in current year while corporate tax was exempted in previous year

**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.**

Since 4Q2008, the global financial crisis has evolved into a global economic crisis, with many regions entering into economic recession and demand dropped sharply. The immediate outlook for the tyre industry for next reporting period and FY2009 is uncertain which may affect the overall global demand for rubber in FY2009.

The Group's strategy to meet the global challenge in a difficult year is to grow its market share in the global marketplace, meeting the needs of customers through multiple channels - direct sales and distribution channels. The Group's growth in China would be dependent on the economic measures announced by the Chinese government, including measures to encourage demand in cars and other vehicles, as well as other new measures to stimulate domestic growth. Readiness of customers to use our new products Insoluble Sulphur and antioxidant TMQ is another key to our growth.

The non-tyre sector is also a huge potential growth market for the Group, especially for the industrial segments. The Group may gain if our industry consolidation accelerates as a result of the global economic crisis. The Group is actively seeking opportunities to grow its product range, capacity, distribution channels and new markets through partnerships

With its large scale and highly efficient model coupled with strong financial resources - no bank loan, cash position of RMB 184 million at year-end, strong support from its bankers who have provided unutilized bank facilities of RMB 60 million, a large customer base of more than 600 in China and the world, the Group is highly competitive and stable, and offers reliability of supplies to its global customers.

In view of the above, the Group remains confident of its profitability for FY2009. The Group intends to continue its dividend payout in the first quarter of FY2009.

**In light of current situation, the Group has reviewed and updated its expansion plans for FY2009.**

The expansion of the Insoluble Sulphur plant and anti-oxidant TMQ plant from 5,000 tons to 10,000 tons continue to be targeted by 1H2009, while the Group monitors external demand for these two products. The Group has started work on its 3000-ton DCBS production workshop at Facility 1, scheduled to complete by 1H2009 which will replace its current 1,000-ton workshop, with a budget of not more than RMB 15 million. The Group is also allocating RMB 20 million to build a new 7,000-ton MBTS plant by 3Q2009 at Facility 2 which will replace its current 4,000-ton plant at Facility 1, as demand for accelerator MBTS is expected to increase with planned increase in sales towards the pharmaceutical sector for the production of antibiotics medicine.

**Updated Annual Capacity (Tons)**

	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009e</b>
Accelerators	39,000	50,000	55,000
Insoluble Sulphur	5,000	5,000	10,000
Anti-oxidant	-	5,000	10,000

The Group is currently upgrading the waste-water treatment plant at Facility 2, scheduled for completion end 1H2009. The Group has allocated RMB 20 million to construct a R&D centre, office building, workers' canteen and rest quarters at Facility 2 by end of FY2009. The expansion of our R&D team will help the Group to improve on its manufacturing processes, reduce waste-water and waste-gas treatment which the Group may qualify for certain tax incentives, and improve its capacity to assist customers' in carrying out certain testing and analysis better. All the funds required shall be funded by internal resources and/or banking facilities.

**11. Dividend****(a) Current Financial Period Reported On**

Any dividend declared for the current financial period 4Q2008 reported on?

No dividend declared or recommended for this period 4Q2008.

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.**

The group is substantially in one business segment, namely the production and sale of rubber chemicals. For geographical segment information, we provide different export 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)

Revenue	FY2008	%	FY2007	%
PRC	447.2	56.1	358.9	57.9
Rest of Asia	254.4	31.9	162.2	26.2
America	18.7	2.3	40.4	6.5
Europe	49.4	6.2	23.5	3.8
Others	28.2	3.5	34.5	5.6
Total	797.9	100.0	619.5	100.0

**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.**

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

**15. A breakdown of sales.**

Group	Year ended 31/12/2008 RMB'million	Year ended 31/12/2007 RMB'million	Change %
	Actual	Actual	
(a) Sales reported for first half year	402.1	285.2	41.0%
(b) Operating profit/loss after tax before deducting minority interests reported for first half year	53.5	44.5	20.2%
(c) Sales reported for second half year	395.8	334.3	18.4%
(d) Operating profit/loss after tax before deducting minority interests reported for second half year	53.2	31.5	68.9%

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

	FY2008 (S\$)	FY2007 (S\$)
Ordinary	4,916,940	-
Preference	-	-
Total:	<b>4,916,940</b>	-

**17. Interested Person Transactions**

None

**BY ORDER OF THE BOARD**

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**Xu Cheng Qiu**  
**Executive Chairman**  
**25 February 2009**

**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 third quarter financial results for the period ended 31 December 2008 to be false or misleading in any material respect.

On behalf of the Board of Directors

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**Xu Cheng Qiu**  
**Executive Chairman**

\_\_\_\_\_  
**Liu Jing Fu**  
**Executive Director**