



# China SunSine Chemical Holdings Ltd.

112 Robinson Road #12-04 Singapore 068902  
Tel: (65) 6220-9070 Web: www.ChinaSunSine.com

Company Registration No.: 200609470N

## UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

#### Unaudited Consolidated Statement of Comprehensive Income for 3<sup>rd</sup> Quarter Ended 30 September 2016

	3rd quarter ended		Change %	9 months ended		Change %
	30/09/2016	30/09/2015		30/09/2016	30/09/2015	
	RMB' million			RMB' million		
<b>Revenue</b>	<b>547.3</b>	<b>475.9</b>	15%	<b>1,483.5</b>	<b>1,405.3</b>	6%
Cost of sales	392.7	348.5	13%	1,086.9	1,019.9	7%
<b>Gross profit</b>	<b>154.6</b>	<b>127.4</b>	21%	<b>396.6</b>	<b>385.4</b>	3%
Other operating income	4.5	5.8	(22%)	7.0	12.5	(44%)
Selling and distribution expenses	18.0	17.0	6%	53.4	49.5	8%
Administrative expenses	44.3	39.2	13%	133.1	130.1	2%
Other expenses	1.1	2.1	(48%)	2.4	2.3	4%
Finance expenses	0.6	1.9	(68%)	4.0	9.5	(58%)
<b>Profit before tax</b>	<b>95.1</b>	<b>73.0</b>	30%	<b>210.7</b>	<b>206.5</b>	2%
Income tax expenses	22.3	17.7	26%	55.3	56.8	(3%)
<b>Net Profit</b>	<b>72.8</b>	<b>55.3</b>	32%	<b>155.4</b>	<b>149.7</b>	4%
<b>Other Comprehensive income:</b>						
Exchange differences on translation, net of tax	*	*	n.m	1.3	(0.1)	n.m
<b>Total comprehensive income for the period</b>	<b>72.8</b>	<b>55.3</b>	32%	<b>156.7</b>	<b>149.6</b>	5%
Gross profit margin	<b>28.2%</b>	<b>26.8%</b>	1.4 pts	<b>26.7%</b>	<b>27.4%</b>	(0.7 pts)
Earnings per share (RMB cents)	<b>15.65</b>	<b>11.88</b>	32%	<b>33.39</b>	<b>32.16</b>	4%

\* - amount less than RMB 0.1 million

n.m- not meaningful

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## Notes to the Group Statement of Comprehensive Income:

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

	3rd quarter ended			9 months ended		
	30/09/2016	30/09/2015	Change	30/09/2016	30/09/2015	Change
	RMB' million			RMB' million		
			%			%
Interest income	(0.7)	(0.3)	133%	(1.0)	(0.8)	25%
Interest on borrowing	0.6	1.9	(68%)	4.0	9.5	(58%)
Depreciation of property, plant and equipment	23.9	23.3	3%	70.3	68.2	3%
Amortisation of land use rights	0.3	0.2	50%	0.9	0.5	80%
(Reversal)/allowance for impairment on receivables	(0.1)	(3.2)	(96%)	(3.3)	3.9	n.m
Foreign exchange (gain)/loss	(3.7)	(2.9)	28%	(5.0)	(7.2)	(31%)

n.m– not meaningful

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**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**Statements of Financial Position**

	Note	GROUP			COMPANY	
		30/09/2016	31/12/2015	01/01/2015	30/09/2016	31/12/2015
		RMB' million	RMB' million Restated <sup>(a)</sup>	RMB' million	RMB' million	RMB' million
<b>ASSETS</b>						
<b>Non-current Assets</b>						
Investment in a subsidiary corporation		-	-	-	350.0	350.0
Property, plant and equipment	(1)	547.3	562.8	613.1	-	-
Land use rights		42.8	43.7	29.5	-	-
		<b>590.1</b>	<b>606.5</b>	<b>642.6</b>	<b>350.0</b>	<b>350.0</b>
<b>Current Assets</b>						
Inventories	(2)	139.0	141.5	168.0	-	-
Trade receivables	(3)	570.0	413.5	609.4	-	-
Other receivables, deposits and prepayment	(4)	65.7	83.2	95.3	*	-
Amount owing from a subsidiary corporation		-	-	-	12.4	42.1
Cash and bank balances		312.1	341.2	122.8	20.0	1.1
		<b>1,086.8</b>	<b>979.4</b>	<b>995.5</b>	<b>32.4</b>	<b>43.2</b>
<b>TOTAL ASSETS</b>		<b>1,676.9</b>	<b>1,585.9</b>	<b>1,638.1</b>	<b>382.4</b>	<b>393.2</b>
Share capital		313.5	313.5	313.5	313.5	313.5
Treasury shares		(29.1)	(28.2)	(28.2)	(29.1)	(28.2)
Merger reserve		0.3	0.3	0.3	-	-
Statutory reserves		231.7	231.7	189.5	-	-
Currency translation reserves		(4.2)	(5.5)	(5.9)	(3.9)	(5.3)
Retained profits		785.7	663.5	542.0	89.3	98.4
<b>TOTAL EQUITY</b>		<b>1,297.9</b>	<b>1,175.3</b>	<b>1,011.2</b>	<b>369.8</b>	<b>378.4</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Bank loan		-	-	44.0	-	-
<b>Current Liabilities</b>						
Trade payables	(5)	77.2	43.0	47.8		
Other payables and accruals	(6)	172.8	167.3	263.8	11.5	13.8
Bank loans	(7)	83.4	144.9	214.0	-	-
Income tax liabilities		45.6	55.4	57.3	1.1	1.0
		<b>379.0</b>	<b>410.6</b>	<b>582.9</b>	<b>12.6</b>	<b>14.8</b>
<b>TOTAL LIABILITIES</b>		<b>379.0</b>	<b>410.6</b>	<b>626.9</b>	<b>12.6</b>	<b>14.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,676.9</b>	<b>1,585.9</b>	<b>1,638.1</b>	<b>382.4</b>	<b>393.2</b>

<sup>(a)</sup> A prior year adjustment was made in relation to RMB 14.1 million under-provision of income tax expense. For more details, please refer to the Company's announcement dated 29 July 2016.

\* - amount less than RMB 0.1 million

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

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

As at 30/09/2016		As at 31/12/2015	
Secured RMB'million	Unsecured RMB'million	Secured RMB'million	Unsecured RMB'million
-	83.4	-	144.9

**Details of any collateral**

No collateral

**Notes to Statements of Financial Position**

Note (1) Property, plant and equipment (PPE) decreased by RMB 15.5 million from RMB 562.8 million to RMB 547.3 million, due mainly to depreciation charged during the nine-month period, offset by the additions of construction in progress and property, plant and equipment.

Note (2) Inventories decreased by RMB 2.5 million from RMB 141.5 million to RMB 139.0 million due mainly to the decrease in finished goods as the Group sold more products in 3Q2016, despite the increase in the cost of raw materials. In September 2016, the Aniline prices increased significantly due to market anticipation that some Aniline suppliers' production may be affected by inspection of environmental protection authorities. The Group, in order to fulfill its production needs, increased its inventories levels on Aniline in September 2016.

Note (3) Trade receivables increased by RMB 156.5 million from RMB 413.5 million to RMB 570.0 million due mainly to the increase in notes receivables which are not due at the end of September 2016. 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 30 September 2016 and 31 December 2015, the notes receivables were RMB 189.2 million and RMB 72.3 million respectively. Excluding the notes receivables, the trade receivables from trade debtors would have increased by RMB 39.6 million from RMB 341.2 million to RMB 380.8 million. This increase was mainly due to higher sales in 3Q2016 as compared to 4Q2015.

Note (4) Other receivables decreased by RMB 17.5 million from RMB 83.2 million to RMB 65.7 million due mainly to the utilisation of advance payments made to contractors as these machineries were delivered and installed as at 30 September 2016.

Note (5) Trade payables increased by RMB 34.2 million from RMB 43.0 million to RMB 77.2 million due mainly to the increase in purchase of raw materials in September 2016. Please refer to Note (2) above.

Note (6) Other payables increased by RMB 5.5 million from RMB 167.3 million to RMB 172.8 million due mainly to accruals being provided for in relation to operating expenses.

Note (7) Bank loans decreased by RMB 61.5 million from RMB 144.9 million to RMB 83.4 million due mainly to repayment made during the year, offset by addition of notes payables.

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

**Consolidated Statement of Cash Flows**

	Note	3rd quarter ended		9 months ended	
		30/09/2016	30/09/2015	30/09/2016	30/09/2015
		RMB'million		RMB'million	
<b>Cash flows from operating activities</b>					
Profit before taxation		95.1	73.0	210.7	206.5
Adjustments for:-					
Depreciation of property, plant and equipment		23.9	23.3	70.3	68.2
Amortisation of intangible assets		0.3	0.2	0.8	0.5
Loss on disposal of PPE		-	-	*	*
PPE written off		-	-	0.6	-
Interest income		(0.7)	(0.3)	(1.0)	(0.8)
Interest expense		0.6	1.9	4.0	9.5
Translation difference		0.6	5.2	(0.8)	4.6
<b>Operating profit before working capital changes</b>		<b>119.8</b>	<b>103.3</b>	<b>284.6</b>	<b>288.5</b>
Changes in working capital:					
Inventories		(11.0)	4.1	2.5	35.9
Trade and other receivables		(86.9)	68.2	(139.0)	131.3
Trade and other payables and accruals		43.3	(15.0)	39.7	(48.1)
<b>Cash generated from operations</b>		<b>65.2</b>	<b>160.6</b>	<b>187.8</b>	<b>407.6</b>
Income taxes paid		(18.5)	(19.1)	(65.2)	(71.6)
<b>Net cash generated from operating activities</b>	(1)	<b>46.7</b>	<b>141.5</b>	<b>122.6</b>	<b>336.0</b>
<b>Cash flows from investing activities</b>					
Purchase of plant and equipment and additional CIP		(24.6)	(10.3)	(55.7)	(22.6)
Proceeds from disposal of PPE		-	-	0.3	0.1
Purchase of intangible assets		-	-	-	(0.3)
Interest income received		0.6	0.3	1.0	0.8
<b>Net cash used in investing activities</b>	(2)	<b>(24.0)</b>	<b>(10.0)</b>	<b>(54.4)</b>	<b>(22.0)</b>
<b>Cash flows from financing activities</b>					
Interest expense paid		(0.6)	(1.9)	(4.0)	(9.5)
Dividend paid		-	-	(33.2)	(31.5)
Cash deposit released from/(pledged with) bank		0.8	(1.3)	0.5	8.9
Grant received		-	-	-	2.5
Purchase of treasury shares		-	-	(0.9)	-
Repayment of bank borrowings		(40.1)	(90.0)	(79.3)	(308.0)
Proceeds from notes payables		20.0	-	20.0	172.8
<b>Net cash (used in)/generated from financing activities</b>	(3)	<b>(19.9)</b>	<b>93.2</b>	<b>(96.9)</b>	<b>(164.8)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2.8</b>	<b>38.3</b>	<b>(28.7)</b>	<b>149.2</b>
<b>Effect of currency translation on cash &amp; cash equivalents</b>		<b>*</b>	<b>(0.1)</b>	<b>*</b>	<b>(0.2)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>308.0</b>	<b>221.6</b>	<b>339.5</b>	<b>110.8</b>
<b>Cash and cash equivalents at end of period</b>		<b>310.8</b>	<b>259.8</b>	<b>310.8</b>	<b>259.8</b>
<b>Cash and cash equivalents at end of period includes the followings</b>					
Cash and bank balances		312.1	262.9	312.1	262.9
Cash deposit pledged with bank		(1.3)	(3.1)	(1.3)	(3.1)
<b>Cash and cash equivalents at end of period</b>		<b>310.8</b>	<b>259.8</b>	<b>310.8</b>	<b>259.8</b>

**Notes to cashflows for 3Q2016**

- (1) Net cash generated from operating activities amounted to RMB 46.7 million due mainly to operating profit generated, and offset by the increase in trade receivables.
- (2) Net cash used in investing activities amounted to RMB 24.0 million due mainly to additions to plant and equipment.
- (3) Net cash used in financing activities amounted to RMB 19.9 million due mainly to repayment of bank loans, offset by addition in notes payables.

\* - 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 Consolidated Statement of Changes in Equity**

<b>GROUP</b>	<b>Share Capital</b>	<b>Treasury Shares</b>	<b>Other reserves</b>	<b>Retained Profits</b>	<b>Total</b>
	<b>RMB'million</b>	<b>RMB'million</b>	<b>RMB'million</b>	<b>RMB'million</b>	<b>RMB'million</b>
<b>Balance as at 1 January 2016, as previously reported</b>	<b>313.5</b>	<b>(28.2)</b>	<b>226.5</b>	<b>677.6</b>	<b>1,189.4</b>
Prior year adjustment	-	-	-	(14.1)	(14.1)
<b>Balance as at 1 January 2016, as restated</b>	<b>313.5</b>	<b>(28.2)</b>	<b>226.5</b>	<b>663.5</b>	<b>1,175.3</b>
<i><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	155.4	155.4
Exchange differences on translation, net of tax	-	-	1.3	-	1.3
Total comprehensive income, net of tax, for the period	-	-	1.3	155.4	156.7
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Purchase of treasury shares	-	(0.9)	-	-	(0.9)
Dividend paid	-	-	-	(33.2)	(33.2)
Total distributions to owners	-	(0.9)	-	(33.2)	(34.1)
<b>Balance as at 30 September 2016</b>	<b>313.5</b>	<b>(29.1)</b>	<b>227.8</b>	<b>785.7</b>	<b>1,297.9</b>
<b>Balance as at 1 January 2015</b>	<b>313.5</b>	<b>(28.2)</b>	<b>183.9</b>	<b>542.0</b>	<b>1,011.2</b>
<i><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	149.7	149.7
Exchange differences on translation, net of tax	-	-	(0.1)	-	(0.1)
Total comprehensive income, net of tax, for the period	-	-	(0.1)	149.7	149.6
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Dividend paid	-	-	-	(31.5)	(31.5)
Total contributions to owners	-	-	-	(31.5)	(31.5)
<b>Balance as at 30 September 2015</b>	<b>313.5</b>	<b>(28.2)</b>	<b>183.8</b>	<b>660.2</b>	<b>1,129.3</b>

**COMPANY**

	Share Capital	Treasury Shares	Otherreserv es	Retained Profits	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
<b>Balance as at 1 January 2016</b>	<b>313.5</b>	<b>(28.2)</b>	<b>(5.3)</b>	<b>98.4</b>	<b>378.4</b>
<i><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	24.1	24.1
Exchange differences on translation, net of tax	-	-	1.4	-	1.4
<b>Total comprehensive income, net of tax, for the period</b>	<b>-</b>	<b>-</b>	<b>1.4</b>	<b>24.1</b>	<b>25.5</b>
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Purchase of treasury shares	-	(0.9)	-	-	(0.9)
Dividend paid	-	-	-	(33.2)	(33.2)
Total distributions to owners	-	(0.9)	-	(33.2)	(34.1)
<b>Balance as at 30 September 2016</b>	<b>313.5</b>	<b>(29.1)</b>	<b>(3.9)</b>	<b>89.3</b>	<b>369.8</b>
<b>Balance as at 1 January 2015</b>	<b>313.5</b>	<b>(28.2)</b>	<b>(5.6)</b>	<b>69.1</b>	<b>348.8</b>
<i><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	36.0	36.0
Exchange differences on translation, net of tax	-	-	(0.1)	-	(0.1)
<b>Total comprehensive income, net of tax, for the period</b>	<b>-</b>	<b>-</b>	<b>(0.1)</b>	<b>36.0</b>	<b>35.9</b>
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Dividend paid	-	-	-	(31.5)	(31.5)
Total distributions to owners	-	-	-	(31.5)	(31.5)
<b>Balance as at 30 September 2015</b>	<b>313.5</b>	<b>(28.2)</b>	<b>(5.7)</b>	<b>73.6</b>	<b>353.2</b>

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**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

**State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of shares*	Resultant issued and paid up share capital S\$
As at 1 January 2016	465,504,000	56,856,844
Purchase of treasury shares	(490,000)	(190,338)
<b>As at 30 September 2016</b>	<b>465,014,000</b>	<b>56,666,506</b>
As at 1 January 2015 and 30 September 2015	<b>465,504,000</b>	<b>56,856,844</b>

\* number of issued shares excludes treasury shares

There were no outstanding convertibles issued by the Company as at 30 September 2016

\*Number of issued shares excludes treasury shares. The number of treasury shares as at 30 September 2016 was 26,680,000 (FY2015: 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 was no sale, transfer, disposal, cancellation of treasury shares at the end of 3Q2016. Total number of treasury shares at the end of 3Q2016 stands at 26,680,000.

*[Note – The disclosures required in 1(d)(ii), (iii) and (iv) may be made in form of statement paragraphs or, in tabular form.]*

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Nil

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ("FY") ended 31 December 2015 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 2016. The adoption of these new and revised accounting standards did not give rise to any significant impact on the financial statements for the financial year ending 31 December 2016.



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.

	3Q2016 RMB (cents)	3Q2015 RMB (cents)	9M2016 RMB (cents)	9M2015 RMB (cents)
<b>Basic Earnings per share (Basic EPS)</b> - based on weighted average number of shares on issue	<b>15.65</b>	<b>11.88</b>	<b>33.39</b>	<b>32.16</b>
The calculations of EPS was based on net profit and number of shares shown below:				
Profit attributable to equity holders (RMB'million)	72.8	55.3	155.4	149.7
Weighted average number of shares applicable to basic EPS ('000)	465,014	465,504	465,286	465,504

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 30 September 2016.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	30/09/2016	31/12/2015	30/09/2016	31/12/2015
Net asset attributable to shareholders (RMB'million)	1,297.9	1,129.3	369.8	353.2
Net asset value per ordinary share (RMB cents)	<b>279.11**</b>	<b>242.60</b>	<b>79.52</b>	<b>75.87</b>
Number of issued shares * ('000)	465,014	465,504	465,014	465,504

\* number of issued shares excludes treasury shares

\*\* equivalent to SGD 57.03 cents at exchange rate of about 4.8941

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	3Q2016	3Q2015	Change %	9M2016	9M2015	Change %
Group Revenue	547.3	475.9	15%	1,483.5	1,405.3	6%
Gross Profit	154.6	127.4	21%	396.6	385.4	3%
Profit before tax	95.1	73.0	30%	210.7	206.5	2%
Net profit	72.8	55.3	32%	155.4	149.7	4%

### Commentaries on performance

The Group's **3Q2016 Sales volume** reached another new record of 36,797 tons, representing a 26% improvement as compared to 29,203 tons in 3Q2015. 3Q2016 **revenue** increased by 15% to RMB 547.3 million as compared to RMB 475.9 million in 3Q2015, due mainly to the higher sales volume, offset by the decrease in overall Average Selling Price ("**ASP**").

**ASP** decreased by 9% to RMB14,849 per ton in 3Q2016 as compared to RMB 16,281 per ton in 3Q2015. The decrease in ASP was due mainly to two reasons: (i) the overall raw material prices remained at a low level although some raw material prices, in particular, Aniline, started to increase in September 2016; and (ii) the increased sales volume of Insoluble Sulphur (“IS”) and Anti-oxidant products with lower selling prices as compared to Accelerators. On a quarter to quarter comparison, the ASP increased 5% from RMB 14,193 per ton in 2Q2016.

### Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB'm)			
	3Q2016	3Q2015	9M2016	9M2015	3Q2016	3Q2015	9M2016	9M2015
<b>Rubber Chemical</b>								
Accelerators	22,159	18,475	61,483	57,076	390.3	350.3	1,066.8	1,061.4
Insoluble Sulphur	5,375	4,218	14,528	11,113	51.2	41.4	137.9	111.4
Anti-oxidant	8,881	6,115	23,942	16,240	98.6	76.7	252.5	210.6
Others	382	395	1,378	1,098	6.3	7.0	22.3	19.4
<b>Total</b>	<b>36,797</b>	<b>29,203</b>	<b>101,331</b>	<b>85,527</b>	<b>546.4</b>	<b>475.4</b>	<b>1,479.5</b>	<b>1,402.8</b>
<i>Local Sales</i>	<i>24,537</i>	<i>19,415</i>	<i>68,979</i>	<i>58,296</i>	<i>337.7</i>	<i>309.3</i>	<i>928.5</i>	<i>959.5</i>
<i>International Sales</i>	<i>12,260</i>	<i>9,788</i>	<i>32,352</i>	<i>27,231</i>	<i>208.7</i>	<i>166.1</i>	<i>551.0</i>	<i>443.3</i>
<b>Heating Power</b>	<b>3,792</b>	<b>2,701</b>	<b>14,552</b>	<b>14,552</b>	<b>0.6</b>	<b>0.5</b>	<b>3.0</b>	<b>2.5</b>
<b>Hotel &amp; Restaurant</b>	-	-	-	-	<b>0.3</b>	-	<b>1.0</b>	-

**3Q2016 Sales volume** for Accelerators, IS and Anti-oxidant products increased by 20%, 27% and 45% respectively, and reached another new record high of 36,797 tons in total. This is due mainly to more orders received from tire makers, as some of our main competitors' production were affected by inspections of environmental protection authorities.

For the 9 months ended 30 September 2016 (“**9M2016**”), the Group's sales volume across all categories continued to increase to a total of 101,331 tons, equivalent to approximately 18% increase as compared to 85,527 tons in 9M2015.

**Gross profit** for 3Q2016 increased by 21% to RMB 154.6 million from RMB 127.4 million in 3Q2015, while the Gross Profit Margin (“**GPM**”) increased by 1.4 percentage points from 26.8% to 28.2%. The increase was due mainly to the decrease in unit costs as a result of higher production. On 9-month basis, gross profit increased by 3% from RMB 385.4 million in 9M2015 to RMB 396.6 million in 9M2016. However GPM decreased by 0.7 percentage points from 27.4% to 26.7%. The decline was due mainly to lower ASP.

**Other operating income** was RMB 4.5 million in 3Q2016, consisting of mainly foreign exchange gain.

**Selling and distribution expenses** increased by 6% from RMB 17.0 million in 3Q2015 to RMB 18.0 million in 3Q2016. On a 9-month basis, selling and distribution expenses increased by 8% from RMB 49.5 million in 9M2015 to RMB 53.4 million in 9M2016. The increase in selling and distribution expenses were due mainly to higher freight cost incurred which is consistent with the increase in sales volume.

**Administrative expenses** increased by 13% from RMB 39.2 million in 3Q2015 to RMB 44.3 million in 3Q2016, due mainly to (i) an RMB 3.2 million reversal of allowance for impairment of trade receivables previously provided for in 3Q2015, but only RMB 0.1 million reversal was provided for in 3Q2016, resulting in an increase of RMB 3.1 million in administrative expenses; (ii) the accrual of RMB 1.3 million “Safety Production” expenses incurred in 3Q2016, and (iii) increase in other expenses by RMB 0.7 million.

On a 9-month basis, the administrative expenses increased slightly by 2% from RMB 130.1 million in 9M2015 to RMB 133.1 million in 9M2016, due mainly to (i) higher accrual of incentive payment of RMB 3.5 million; (ii) the accrual of RMB 7.9 million “Safety Production” expenses incurred in 9M2016,

offset by (iii) lower allowance for impairment of trade receivables of RMB 7.2 million, and (iv) decrease in other expenses by RMB 1.2 million.

**Other operating expenses** was RMB 1.1 million in 3Q2016, mainly consisting of donations to charitable organisations.

**Finance cost** decreased by 68% from RMB 1.9 million in 3Q2015 to RMB 0.6 million in 3Q2016 duemainly to the decrease in bank borrowing.

Due to increase in sales revenue and gross profit, **Profit before tax (PBT)** increased by 30% from RMB 73.0 million in 3Q2015 to RMB 95.1 million in 3Q2016. On a 9-month basis, PBT increased by 2% from RMB 206.5 million in 9M2015 to RMB 210.7 million in 9M2016.

As a result, **net profit attributable to shareholders (PAT)** increased by 32% from RMB 55.3 million in 3Q2015 to RMB 72.8 million in 3Q2016, and 9M2016 PAT increased 4% from RMB 149.7 million in 9M2015 to RMB 155.4 million in 9M2016.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

In paragraph 10 of 2Q2016 results announcement, the Company stated that “our selling prices may continue to come under pressure”, “some smaller rubber chemical producers which fail to meet the stringent standards will continue to face suspension of their production by the authorities, which will benefit us.” Therefore, the current results are in line with the Company’s commentary in paragraph 10 of its previous quarterly results announcement.

**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 3Q2016, China’s economy grew 6.7%<sup>1</sup>, which is the same as that of 1Q2016 and 2Q2016, the slowest growth rate since 2009. However, China’s auto industry continued to grow. Automakers sold a total of 19.36<sup>2</sup> million units in China in 9M2016, representing 13.17% growth in auto sales year-on-year.

Although some of the raw material prices increased in 3Q2016, with international crude oil prices remaining depressed, we do not expect that our overall raw material prices will increase significantly, similarly our selling prices.

Our Group’s focus on growing sales volume and market share to achieve economies of scale is continuing to bear fruits, and we believe that this is the right strategy in the current uncertain economic environment. We will continue to maintain equilibrium in production and sales volume for sustainable growth.

Project updates

The construction of Phase 1 of 10,000-ton TBBS production line is in progress, and is expected to be completed by end of 2016.

Below is a summary of our estimated Annual Capacity<sup>3</sup> at the end of each financial year:

Tons	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017e
Accelerators	66,500	70,500	87,000	87,000	87,000	97,000
Insoluble Sulphur	10,000	20,000	20,000	20,000	20,000	20,000
Anti-oxidant	25,000	25,000	45,000	45,000	45,000	45,000
<b>Total</b>	<b>101,500</b>	<b>115,500</b>	<b>152,000</b>	<b>152,000</b>	<b>152,000</b>	<b>162,000</b>

<sup>1</sup> Source: National Bureau of Statistics

<sup>2</sup> Source: China Association of Automobile Manufacturing

<sup>3</sup> 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?

None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

None

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

**(e) Last cum-dividend Trading Date**

Not applicable

**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

**14. Negative confirmation pursuant to Rule 705(5)**

Please see below confirmation.

**15. Confirmation that issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company has procured undertakings from all directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

**BY ORDER OF THE BOARD**

**Xu Cheng Qiu**  
**Executive Chairman**  
**Dated: 8 November 2016**

**Confirmation by the Board pursuant to Rule 705(5) of the SGX Listing Manual**

On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited third quarter financial results for the period ended 30 September 2016 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 and CEO

Dated: 8 November 2016

[End of Report]