



China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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 1st Quarter Ended 31 March 2016

	1 st quarter ended		
	31/3/2016	31/3/2015	Change
	RMB'million		%
Revenue	445.1	432.1	3%
Cost of sales	337.2	295.1	14%
Gross profit	107.9	137.0	(21%)
Other income	2.0	4.0	(50%)
Selling and distribution expenses	17.1	15.1	13%
Administrative expenses	44.0	58.1	(24%)
Other operating expenses	0.6	0.2	200%
Finance expenses	2.6	5.1	(49%)
Profit before tax	45.6	62.5	(27%)
Income tax expenses	12.0	15.1	(21%)
Net profit	33.6	47.4	(29%)
Other comprehensive income:			
Exchange differences on translation, net of tax	1.1	0.2	450%
Total comprehensive income for the period	34.7	47.6	(27%)
Gross profit margin	24.2%	31.7%	(7.5 pts)
Earnings per share (RMB cents)	7.22	10.18	(29%)

Notes to the Consolidated Statement of Comprehensive Income:

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

	31/3/2016	1 st quarter ended 31/3/2015	Change %
	RMB'million		
Interest income	(0.2)	(0.2)	-
Interest on borrowing	2.6	5.1	(49%)
Depreciation of property, plant and equipment	22.9	21.9	5%
Amortisation of land use rights	0.3	0.2	50%
Allowance for Impairment on receivables	0.2	8.0	(98%)
Foreign exchange gain	(1.0)	(2.3)	(57%)

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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>	
		31/3/2016	31/12/2015	31/3/2016	31/12/2015
		RMB' million	RMB' million	RMB' million	RMB' million
ASSETS					
NON-CURRENT ASSETS					
Investment in a subsidiary corporation		-	-	350.0	350.0
Property, plant and equipment	(1)	548.1	562.8	-	-
Land use rights		43.4	43.7	-	-
		<u>591.5</u>	<u>606.5</u>	<u>350.0</u>	<u>350.0</u>
CURRENT ASSETS					
Inventories	(2)	114.4	141.5	-	-
Trade receivables	(3)	461.4	413.5	-	-
Other receivables, deposits and prepayment	(4)	50.6	83.2	*	-
Amount owing from a subsidiary corporation		-	-	44.5	42.1
Cash and bank balances		408.5	341.2	0.1	1.1
		<u>1,034.9</u>	<u>979.4</u>	<u>44.6</u>	<u>43.2</u>
TOTAL ASSETS		<u>1,626.4</u>	<u>1,585.9</u>	<u>394.6</u>	<u>393.2</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		231.7	231.7	-	-
Currency translation reserves		(4.4)	(5.5)	(4.2)	(5.3)
Retained profits		711.2	677.6	96.9	98.4
TOTAL EQUITY		<u>1,224.1</u>	<u>1,189.4</u>	<u>378.0</u>	<u>378.4</u>
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	(5)	59.4	43.0	-	-
Other payables and accruals	(6)	161.5	167.3	15.6	13.8
Bank loans		143.7	144.9	-	-
Current tax payable		37.7	41.3	1.0	1.0
		<u>402.3</u>	<u>396.5</u>	<u>16.6</u>	<u>14.8</u>
TOTAL LIABILITIES		<u>402.3</u>	<u>396.5</u>	<u>16.6</u>	<u>14.8</u>
TOTAL EQUITY AND LIABILITIES		<u>1,626.4</u>	<u>1,585.9</u>	<u>394.6</u>	<u>393.2</u>

* -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 31/3/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
RMB'million	RMB'million	RMB'million	RMB'million
-		-	144.9

Details of any collateral

No collateral

Notes to Statements of Financial Position

Note (1) Property, plant and equipment (PPE) decreased by RMB 14.7 million from RMB 562.8 million to RMB 548.1 million mainly due to depreciation charged during the quarter offset by additions to construction in progress and property, plant and equipment.

Note (2) Inventories decreased by RMB 27.1 million from RMB 141.5 million to RMB 114.4 million mainly due to the decrease in Finished Goods as the Group sold more products in 1Q 2016.

Note (3) Trade receivables increased by RMB 47.9 million from RMB 413.5 million to RMB 461.4 million mainly due to the increase in notes receivables which are not due at the end of March 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 31 March 2016 and 31 December 2015, the notes receivables were RMB 118.5 million and RMB 72.3 million, respectively. Excluding the notes receivables, the trade receivables from trade debtors would have increased by RMB 1.7 million from RMB 341.2 million to RMB 342.9 million.

Note (4) Other receivables decreased by RMB 32.6 million from RMB 83.2 million to RMB 50.6 million mainly due to lesser advance payments made to contractors as most of the current projects are substantially completed.

Note (5) Trade payables increased by RMB 16.4 million from RMB 43.0 million to RMB 59.4 million mainly due to the Group having purchased more raw materials in March 2016 in order to fulfill the higher production needs.

Note (6) Other payables decreased by RMB 5.8 million from RMB 167.3 million to RMB 161.5 million mainly due to the reversal of accrued projects costs for completed projects. These were partially offset by the increase in accruals for operating expenses.

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

		1st quarter ended	
		31/3/2016	31/3/2015
	Note	RMB'million	
Cash flows from operating activities			
Profit before tax		45.6	62.5
Adjustments for:-			
Depreciation of property, plant and equipment (PPE)		22.9	21.9
Amortisation of land use rights		0.3	0.2
PPE written off		0.6	-
Interest income		(0.2)	(0.2)
Interest expense		2.6	5.1
Translation difference		0.5	0.3
Operating profit before working capital changes		72.3	89.8
Changes in working capital:			
Inventories		27.1	23.3
Trade and other receivables		(15.3)	54.6
Trade and other payables and accruals		10.6	(41.9)
Cash generated from operations		94.7	125.8
Income taxes paid		(15.7)	(33.8)
Net cash generated from operating activities	(1)	79.0	92.0
Cash flows from investing activities			
Additions to PPE		(8.9)	-
Additions to intangible assets		-	(0.3)
Interest income received		0.2	0.2
Net cash used in investing activities	(2)	(8.7)	(0.1)
Cash flows from financing activities			
Interest expense paid		(2.6)	(5.1)
Cash deposit pledged in banks		(6.8)	(3.8)
Repayment of notes payables (net)		(0.5)	-
Repayment of bank loans		-	(148.0)
Proceeds from bank loans		-	172.8
Net cash (used in)/generated from financing activities	(3)	(9.9)	15.9
Net increase in cash and cash equivalents balances		60.4	107.8
Effect of currency translation on cash & cash equivalents		*	(0.2)
Cash and cash equivalents at beginning of period		339.5	110.8
Cash and cash equivalents at end of period		399.9	218.4
Cash and bank balances at end of period includes the followings			
Cash and cash equivalents		408.5	234.2
Cash deposit pledged with bank		(8.6)	(15.8)
Cash and bank balances at end of period		399.9	218.4

Notes to Consolidated Statement of Cash Flows for 1Q2016

- (1) Net cash generated from operating activities amounted to RMB 79.0 million was mainly due to profit generated as well as decreased inventories.
- (2) Net cash used in investing activities amounted to RMB 8.7 million was mainly due to the additions to PPE.
- (3) Net cash used in financing activities amounted to RMB 9.9 million was mainly due to cash pledged in banks of RMB 6.8 million as well as interest expenses of RMB 2.6 million.

* -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 Profits	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2016	313.5	(28.2)	226.5	677.6	1,189.4
<i>Total Comprehensive Income</i>					
Profit for the period	-	-	-	33.6	33.6
Exchange differences on translation, net of tax	-	-	1.1	-	1.1
Total comprehensive income, net of tax	-	-	1.1	33.6	34.7
Balance as at 31 March 2016	313.5	(28.2)	227.6	711.2	1,224.1
Balance as at 1 January 2015	313.5	(28.2)	183.9	542.0	1,011.2
<i>Total Comprehensive Income</i>					
Profit for the period	-	-	-	47.4	47.4
Exchange differences on translation, net of tax	-	-	0.2	-	0.2
Total comprehensive income, net of tax	-	-	0.2	47.4	47.6
Balance as at 31 March 2015	313.5	(28.2)	184.1	589.4	1,058.8

COMPANY

	Share Capital	Treasury Shares	Statutory, Merger, Exchange reserves	Retained Profits	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2016	313.5	(28.2)	(5.3)	98.4	378.4
<i>Total Comprehensive Income</i>					
Loss for the period	-	-	-	(1.5)	(1.5)
Exchange differences on translation, net of tax	-	-	1.1	-	1.1
Total comprehensive income, net of tax	-	-	1.1	(1.5)	(0.4)
Balance as at 31 March 2016	313.5	(28.2)	(4.2)	96.9	378.0
Balance as at 1 January 2015	313.5	(28.2)	(5.6)	69.1	348.8
<i>Total Comprehensive Income</i>					
Profit for the period	-	-	-	(5.5)	(5.5)
Exchange differences on translation, net of tax	-	-	0.1	-	0.1
Total comprehensive income, net of tax	-	-	0.1	(5.5)	(5.4)
Balance as at 31 March 2015	313.5	(28.2)	(5.5)	63.6	343.4

- 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 and 31 March 2016	465,504,000	56,856,844
As at 1 January 2015 and 31 March 2015	465,504,000	56,856,844

There are no outstanding convertibles issued by the Company as at 31 March 2016.

*Number of issued shares excludes 26,190,000 treasury shares (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 is no sale, transfer, disposal, cancellation of treasury shares at the end of 1Q2016. Total number of treasury shares at end 1Q2016 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 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.

	1Q2016 RMB	1Q2015 RMB
Basic earnings per share (Basic EPS' cents) - based on weighted average number of shares on issue	7.22	10.18
The calculations of EPS is based on net profit and number of shares shown below: Profit attributable to equity holders (RMB'million) Weighted average number of shares applicable to basic EPS ('000)	33.6 465,504	47.4 465,504

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 31 March 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	
	31/3/2016	31/12/2015	31/3/2016	31/12/2015
Net asset attributable to shareholders (RMB'million)	1,224.1	1,189.4	378.0	378.4
Net asset value per ordinary share (RMB cents)	262.96**	255.51	81.20	81.29
Number of issued shares * ('000)	465,504	465,504	465,504	465,504

* number of issued shares excludes treasury shares

** equivalent to SGD55.03 cents at exchange rate of 4.7787 as at 31 March 2016

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	1Q2016	1Q2015	Change
Group Revenue	445.1	432.1	3%
Gross Profit	107.9	137.0	(21%)
Profit before tax	45.6	62.5	(27%)
Net profit	33.6	47.4	(29%)

Commentaries on performance

Revenue increased from RMB 432.1 million in 1Q2015 to RMB 445.1 million in 1Q2016, due to the increase in our sales volume, offset by the decrease in the overall Average Selling Price ("ASP").

ASP decreased by 13% from RMB 17,009 per ton in 1Q2015 to RMB 14,765 per ton in 1Q2016. In 1Q2015, the Group was able to sell its products at higher ASP mainly due to the carry-over effect of the short supply of accelerators in FY2014. However, ASP in 1Q2016 decreased due to the depressed raw material prices in the previous quarters. On a quarter to quarter comparison, the ASP was RMB 15,566 per ton in 4Q2015.

	Sales Volume (Tons)		Sales (RMB' million)	
	1Q2016	1Q2015	1Q2016	1Q2015
Rubber Chemical				
Accelerators	19,102	17,788	331.1	336.9
Insoluble sulphur	3,941	3,144	37.8	32.1
Anti-oxidant	6,562	4,220	67.1	58.4
Others	446	225	7.7	4.2
Total	30,051	25,377	443.7	431.6
Domestic Sales	19,995	17,040	268.6	261.0
International sales	10,056	8,337	175.1	170.6
Heating Power	6,840	2,715	1.1	0.5
Hotel& Restaurant	-	-	0.3	-

Sales volume across all products continued to increase in 1Q2016, mainly due to some of our competitors not having fully adjusted to the stringent environmental protection standards required by the China government. As a result, the Group's 1Q2016 sales volume increased by 18% to 30,051 tons from 25,377 tons in 1Q2015.

In 1Q2016, our heating company sold 6,840 tons of steam to a third party and generated RMB 1.1 million revenue.

Our new subsidiary, Shandong Fulong Villa Co., Ltd has also started initial operations and generated revenue of RMB 0.3 million.

Gross profit decreased by 21% from RMB 137.0 million in 1Q2015 to RMB 107.9 million in 1Q2016. The average gross profit margin ("GPM") also decreased by 7.5 percentage points from 31.7% to 24.2%. The decrease in gross profit as well as GPM was due mainly to the decrease in the ASP.

Other operating income was RMB 2.0 million in 1Q2016, consisting of mainly sales of scrap materials.

Selling and distribution expenses increased by 13% from RMB 15.1 million in 1Q2015 to RMB 17.1 million in 1Q2016 mainly due to higher freight cost incurred which is consistent with the increase in sales volume and higher sales incentive payments were made to sales personnel for the sales of our products.

Administrative expenses decreased by 24% from RMB 58.1 million in 1Q2015 to RMB 44.0 million in 1Q2016 mainly due to: (i) An accrual of RMB 10.0 million R&D expenses being provided in 1Q2015, but nil in 1Q2016; (ii) An allowance for trade receivables of RMB 8.0 million being provided in 1Q2015, whereas there was only RMB 0.2 million net provision in 1Q2016; and (iii) offset by higher accrual of staff costs.

Other operating expenses was RMB 0.6 million in 1Q2016, mainly consisting of plant and machinery being written-off.

Profit before tax (PBT) decreased by 27% from RMB 62.5 million in 1Q2015 to RMB 45.6 million in 1Q2016 mainly due to the decrease in gross profit.

Net profit attributable to shareholders decreased by 29% from RMB 47.4 million in 1Q2015 to RMB 33.6 million in 1Q2016 due to the reasons mentioned above.

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

In paragraph 10 of 4Q2015 results announcement, the Company mentioned that "our selling prices may continue to come under pressure." 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 1Q2016, China's economic growth further weakened to 6.7%¹, the slowest growth rate since 2009. Automakers sold a total of 6.53² million units in China in the first quarter of 2016, representing 5.98% growth in auto sales, which is 2.08 percentage points higher as compared to a year ago.

International crude oil prices have remained depressed, which has resulted in our main raw material prices remaining at low levels. However, as the China tire industry generally experienced under-utilisation issues during the second half of 2015, which may have depleted their inventory levels, the Group believes that utilisation rate of tire industry will increase starting from 2Q2016, which will indirectly increase the demand for our products, and may have a positive effect on our ASP in subsequent quarters.

Notwithstanding the above, the global economic situation remains uncertain. However, the Group remains positive on its performance and profitability for FY2016.

As part of its expansion plan, the Group has made the relevant applications to the local authorities for the establishment of a new 30,000-ton per annum production line to produce TBBS in Shanxian, and it is currently awaiting regulatory approvals.

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

Tons	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016e
Accelerators	56,500	66,500	70,500	87,000	87,000	87,000
Insoluble Sulphur	10,000	10,000	20,000	20,000	20,000	20,000
Anti-oxidant	25,000	25,000	25,000	45,000	45,000	45,000
Total	91,500	101,500	115,500	152,000	152,000	152,000

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

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

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: 26 April 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 first quarter financial results for the period ended 31 March 2016 to be false or misleading in any material respect.

On behalf of the Board of Directors

Xu Cheng Qiu
Executive Chairman

Dated: 26 April 2016

Liu Jing Fu
Executive Director and CEO

[End of Report]