



China SunSine Chemical Holdings Ltd.

112 Robinson Road #11-01 Singapore 068902
Tel: (65) 6220-9070 Web: www.ChinaSunSine.com

Company Registration No.: 200609470N

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2018

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

1(a) A Consolidated Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited Consolidated Statement of Comprehensive Income for 4th Quarter Ended 31 December 2018

	4th quarter ended			Full year ended		
	31/12/2018	31/12/2017	Change %	31/12/2018	31/12/2017	Change %
	RMB' million			RMB' million		
Revenue	770.1	873.3	(12%)	3,283.3	2,738.4	20%
Cost of sales	(520.7)	(582.1)	(11%)	(2,157.4)	(1,950.3)	11%
Gross profit	249.4	291.2	(14%)	1,125.9	788.1	43%
Other operating (losses)/incomes	(0.4)	5.9	(107%)	38.7	16.1	140%
Other gains/(losses), net	0.6	(3.5)	(117%)	(5.6)	(23.9)	(77%)
Selling and distribution expenses	(28.8)	(19.0)	52%	(99.5)	(75.7)	31%
Administrative expenses	(78.5)	(79.0)	(1%)	(347.9)	(227.8)	53%
Profit before tax	142.3	195.6	(27%)	711.6	476.8	49%
Income tax expenses	(33.7)	(63.6)	(47%)	(70.3)	(135.5)	(48%)
Net Profit	108.6	132.0	(18%)	641.3	341.3	88%
Other comprehensive income:						
Exchange differences on translation, net of tax	4.5	(0.3)	(1600%)	2.4	0.1	2300%
Total comprehensive income for the period	113.1	131.7	(14%)	643.7	341.4	89%
Gross profit margin	32.4%	33.3%	(0.9 pts)	34.3%	28.8%	5.5 pts
Earnings per share (RMB cents)	22.11	26.85	(18%)	130.45	70.82	84%

Notes to the Consolidated Statement of Comprehensive Income:

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

	4th quarter ended			Full year ended		
	31/12/2018	31/12/2017	Change %	31/12/2018	31/12/2017	Change %
	RMB' million			RMB' million		
Interest income	(3.1)	(1.5)	107%	(4.2)	(3.7)	14%
Depreciation of property, plant and equipment ("PPE")	24.8	20.9	19%	96.4	88.8	9%
Amortisation of land use rights	0.3	0.3	-	1.2	1.2	-
(Reversal)/allowance for impairment on receivables	(3.3)	(0.3)	1000%	3.5	(0.4)	(975%)
Foreign exchange loss/(gain)	4.4	5.7	(23%)	(20.1)	23.3	(186%)
Write-off of PPE	1.1	4.3	(74%)	2.1	4.3	(51%)
Loss on disposal of PPE	0.2	-	n.m.	0.2	0.6	(67%)

[Empty Below]

1(b)(i) Statements of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

		<u>GROUP</u>		<u>COMPANY</u>	
	Note	31/12/2018	31/12/2017	31/12/2018	31/12/2017
		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)	690.8	661.8	-	-
Land use rights		40.1	41.3	-	-
		730.9	703.1	350.0	350.0
CURRENT ASSETS					
Inventories		217.3	212.1	-	-
Trade receivables	(2)	690.6	637.8	-	-
Other receivables, deposits and prepayment		69.9	75.1	*	0.2
Amount owing from a subsidiary corporation		-	-	206.0	149.3
Cash and bank balances		1,038.6	499.6	49.0	4.0
		2,016.4	1,424.6	255.0	153.5
TOTAL ASSETS		2,747.3	2,127.7	605.0	503.5
Share capital		313.5	313.5	313.5	313.5
Treasury shares		(2.1)	-	(2.1)	-
Other reserves		453.8	389.7	52.7	50.3
Retained profits		1,560.3	1,039.2	161.2	100.9
TOTAL EQUITY		2,325.5	1,742.4	525.3	464.7
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	(3)	63.2	71.1	-	-
Other payables and accruals	(4)	278.0	219.2	71.9	37.6
Deferred grants		-	0.7	-	-
Current tax payable		80.6	94.3	7.8	1.2
		421.8	385.3	79.7	38.8
TOTAL LIABILITIES		421.8	385.3	79.7	38.8
TOTAL EQUITY AND LIABILITIES		2,747.3	2,127.7	605.0	503.5

* - 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 31/12/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
RMB' million	RMB' million	RMB' million	RMB' million
-	-	-	-

Details of any collateral

No collateral.

Notes to Statements of Financial Position

Note (1) Property, plant and equipment increased by RMB 29 million from RMB 661.8 million to RMB 690.8 million mainly due to additions to property, plant and equipment, offset by depreciation charged.

Note (2) Trade receivables increased by RMB 52.8 million from RMB 637.8 million to RMB 690.6 million. Trade receivables included notes receivables provided by trade debtors. These notes receivables are promissory notes issued by local banks with low risks of non-recoverability. As at 31 December 2018 and 31 December 2017, the notes receivables were RMB 238.5 million and RMB 176.2 million, respectively. Excluding the notes receivables, the trade receivables attributable to trade debtors would have decreased by RMB 9.5 million from RMB 461.6 million to RMB 452.1 million, mainly due to tighter collection.

The aging report of our trade receivables as at 31 December 2018 was as follows:-

	< 3 months	3 – 6 months	6 – 12 months	> 12 months	Total
	RMB ' million	RMB ' million	RMB ' million	RMB ' million	RMB ' million
Notes receivables	238.5	-	-	-	238.5
Trade receivables	430.6	21.5	5.8	10.2	468.1
Allowance for impairment	-	-	(5.8)	(10.2)	(16.0)
Net trade receivables	669.1	21.5	-	-	690.6

Note (3) Trade payables decreased by RMB 7.9 million from RMB 71.1 million to RMB 63.2 million mainly due to the decrease in prices of raw materials purchased at the end of 4Q2018.

Note (4) Other payables increased by RMB 58.8 million from RMB 219.2 million to RMB 278.0 million mainly due to higher accrued operating expenses, as well as increase in staff incentive payables due to better performance.

1(c) **A Consolidated Statement of Cash Flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Consolidated Statement of Cash Flows

	Note	4th quarter ended		12 months ended	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
		RMB' million		RMB' million	
Cash flows from operating activities					
Profit after tax		108.6	132.0	641.3	341.3
Adjustments for:-					
Income tax expenses		33.7	63.6	70.3	135.5
Depreciation of property, plant and equipment (PPE)		24.8	20.9	96.4	88.8
Amortisation of intangible assets		0.3	0.3	1.2	1.2
Allowance for impairment of PPE		-	1.9	-	1.9
PPE written off		1.1	2.0	2.1	2.4
Loss on disposal of plant and machinery		0.2	0.6	0.2	0.6
Interest income		(3.1)	(1.5)	(4.2)	(3.7)
Government grant income		-	(5.0)	(7.2)	(9.0)
Translation difference		5.5	2.6	(13.0)	9.6
Operating profit before working capital changes		171.1	217.4	787.1	568.6
Changes in working capital:					
Inventories		(19.8)	(44.6)	(5.2)	(66.7)
Trade and other receivables		152.6	(45.7)	(47.6)	(83.6)
Trade and other payables and accruals		(48.9)	25.5	50.8	67.7
Cash generated from operations		255.0	152.6	785.1	486.0
Income taxes paid		(5.8)	(31.2)	(84.1)	(99.5)
Net cash generated from operating activities	(1)	249.2	121.4	701.0	386.5
Cash flows from investing activities					
Additions to PPE		(35.2)	(54.2)	(129.7)	(209.0)
Interest income received		3.1	1.5	4.2	3.7
Proceeds from disposal of PPE		0.2	0.2	0.2	0.2
Net cash used in investing activities	(2)	(31.9)	(52.5)	(125.3)	(205.1)
Cash flows from financing activities					
Dividend paid		-	-	(58.5)	(46.5)
Purchase of treasury shares		-	-	(2.1)	-
Placement of treasury shares		-	-	-	85.9
Cash deposit pledged in bank		(1.4)	(1.3)	(0.2)	(1.9)
Government grants (utilised)/received		(0.2)	5.0	8.4	12.3
Repayment of notes payable		-	(34.0)	(9.0)	(53.5)
Proceeds from notes payable		-	-	9.0	53.5
Net cash (used in)/provided by financing activities	(3)	(1.6)	(30.3)	(52.4)	49.8
Net increase in cash and cash equivalents		215.7	38.6	523.3	231.2
Effect of currency translation on cash & cash equivalents		(0.7)	(3.0)	15.6	(9.4)
Cash and cash equivalents at beginning of period/year		819.9	460.4	496.0	274.2
Cash and cash equivalents at end of period/year		1,034.9	496.0	1,034.9	496.0
Cash and cash equivalents at end of period/year includes the followings					
Cash and bank balances		1,038.6	499.6	1,038.6	499.6
Cash deposit pledged with bank		(3.7)	(3.6)	(3.7)	(3.6)
Cash and cash equivalents at end of period/year		1,034.9	496.0	1,034.9	496.0

Notes to Consolidated Statement of Cash flows for 4QFY2018

- (1) Net cash generated from operating activities amounted to RMB 249.2 million mainly due to operating profit generated during the quarter, as well as tighter management of the collection of accounts receivables.
- (2) Net cash used in investing activities amounted to RMB 31.9 million mainly due to additions to plant and equipment.
- (3) Net cash used in financing activities amounted to RMB 1.6 million mainly due to cash pledged in bank in order to issue letters of credit.

- 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

<u>GROUP</u>	Share Capital	Treasury Shares	Other reserves	Retained Profits	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2018	313.5	-	389.7	1,039.2	1,742.4
<i>Total Comprehensive Income</i>					
Profit for the period	-	-	-	641.3	641.3
Exchange differences on translation, net of tax	-	-	2.4	-	2.4
Total comprehensive income, net of tax, for the period	-	-	2.4	641.3	643.7
<i>Transactions with owners, recorded directly in equity</i>					
Purchase of treasury shares	-	(2.1)	-	-	(2.1)
Transfer to reserves	-	-	61.7	(61.7)	-
Dividend paid	-	-	-	(58.5)	(58.5)
Total distributions to owners	-	(2.1)	61.7	(120.2)	(60.6)
Balance as at 31 December 2018	313.5	(2.1)	453.8	1,560.3	2,325.5
Balance as at 1 January 2017	313.5	(31.3)	271.5	807.9	1,361.6
<i>Total Comprehensive Income</i>					
Profit for the period	-	-	-	341.3	341.3
Exchange differences on translation, net of tax	-	-	0.1	-	0.1
Total comprehensive income, net of tax, for the period	-	-	0.1	341.3	341.4
<i>Transactions with owners, recorded directly in equity</i>					
Placement of treasury shares	-	31.3	54.6	-	85.9
Transfer to reserves	-	-	63.5	(63.5)	-
Dividend paid	-	-	-	(46.5)	(46.5)
Total contributions to owners	-	31.3	118.1	(110.0)	39.4
Balance as at 31 December 2017	313.5	-	389.7	1,039.2	1,742.4

COMPANY

	Share Capital	Treasury Shares	Other reserves	Retained Earnings	Total
	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million
Balance as at 1 January 2018	313.5	-	50.3	100.9	464.7
<i><u>Total Comprehensive Income</u></i>					
Profit for the year	-	-	-	118.8	118.8
Exchange differences on translation, net of tax	-	-	2.4	-	2.4
Total comprehensive income, net of tax	-	-	2.4	118.8	121.2
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Purchase of treasury shares	-	(2.1)	-	-	(2.1)
Dividend paid	-	-	-	(58.5)	(58.5)
Total distributions to owners	-	(2.1)	-	(58.5)	(60.6)
Balance as at 31 December 2018	313.5	(2.1)	52.7	161.2	525.3
Balance as at 1 January 2017	313.5	(31.3)	(4.4)	84.1	361.9
<i><u>Total Comprehensive Income</u></i>					
Profit for the year	-	-	-	63.3	63.3
Exchange differences on translation, net of tax	-	-	0.1	-	0.1
Total comprehensive income, net of tax	-	-	0.1	63.3	63.4
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Purchase of treasury shares	-	31.3	54.6	-	85.9
Dividend paid	-	-	-	(46.5)	(46.5)
Total distributions to owners	-	31.3	54.6	(46.5)	39.4
Balance as at 31 December 2017	313.5	-	50.3	100.9	464.7

- 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*	S\$
As at 1 January 2018	491,694,000	62,649,185
Purchase of treasury shares	(382,300)	(418,490)
As at 31 December 2018	491,311,700	62,230,695
As at 1 January 2017	464,040,800	56,202,460
Placement of treasury shares	27,653,200	6,446,725
As at 31 December 2017	491,694,000	62,649,185

There are no outstanding convertibles issued by the Company as at 31 December 2018

* Number of issued shares excludes treasury shares. The number of treasury shares as at 31 December 2018 was 382,300 (FY2017: Nil)

- 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.

	Number of treasury shares	S\$
As at 1 January 2018	-	-
Purchase of treasury shares	(382,300)	(418,490)
As at 31 December 2018	(382,300)	(418,490)
As at 1 January 2017	27,653,200	6,446,725
Placement of treasury shares	(27,653,200)	(6,446,725)
As at 31 December 2017	-	-

[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.

Except as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those used in the audited financial statements for the financial year ended 31 December 2017.

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 Group has adopted the Singapore Financial Reporting Standards (International) (“SFRS(I)”), that is identical to the International Financial Reporting Standards with effect from 1 January 2018. The adoption of SFRS(I) for the first time for the financial year ended 31 December 2018 did not result in any material changes to the Group’s and the Company’s current accounting policies and no material adjustments are required on transition to this new framework.

Specifically, the Group has adopted SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers that are effective for annual periods beginning on or after 1 January 2018 and are relevant to the Group’s operations. The adoption of these new SFRS(I)s does not result in any changes to the Group’s and the Company’s accounting policies and has no material effect on the amounts reported for the current financial period or prior financial years.

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.

	4Q2018 RMB	4Q2017 RMB	FY2018 RMB	FY2017 RMB
Basic earnings per share (Basic EPS’ cents) - based on weighted average number of shares on issue	22.11	26.85	130.45	70.82
The calculations of EPS is based on net profit and number of shares shown below: Profit attributable to equity holders (RMB’ million)	108.6	132.0	641.3	341.3
Weighted average number of shares applicable to basic EPS (’000)	491,312	491,694	491,576	481,921

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 31 December 2018.

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	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Net asset attributable to shareholders (RMB’ million)	2,325.5	1,742.4	525.3	464.7
Net asset value per ordinary share (RMB’ cents)	473.32**	354.37	106.92	94.51
Number of issued shares * (’000)	491,312	491,694	491,312	491,694

*number of issued shares excludes treasury shares

**equivalent to SGD 94.55 cents at exchange rate of 5.0062 as at 31 December 2018

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:
- 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
 - 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	4Q2018	4Q2017	Change	FY2018	FY2017	Change
Group Revenue	770.1	873.3	(12%)	3,283.3	2,738.4	20%
Gross Profit	249.4	291.2	(14%)	1,125.9	788.1	43%
Profit before tax	142.3	195.6	(27%)	711.6	476.8	49%
Net profit	108.6	132.0	(18%)	641.3	341.3	88%

Commentaries on performance

The Group's **4Q2018 revenue** decreased by 12% from RMB 873.3 million in 4Q2017 to RMB 770.1 million, mainly due to the decrease in overall Average Selling Price ("**ASP**").

On a 12-month basis, the Group's **revenue** increased by 20% to RMB 3,283.3 million as compared to RMB 2,738.4 million in FY2017, mainly due to the increase in both ASP and sales volume.

Overall **ASP** decreased by 15% to RMB 19,110 per ton in 4Q2018 as compared to RMB 22,384 per ton in 4Q2017. On a quarter to quarter comparison, the ASP decreased by 8% as compared to RMB 20,706 per ton in 3Q2018. The decrease in ASP was mainly due to the decrease in price of raw materials, in particular, Aniline.

On a 12-month basis, the **ASP** increased by 11% to RMB 21,535 per ton in FY2018 as compared to RMB 19,398 per ton in FY2017 due to short supply of rubber chemicals in China during the past few quarters.

	Sales Volume (Tons)				Sales (RMB' million)			
	4Q18	4Q17	FY18	FY17	4Q18	4Q17	FY18	FY17
Rubber Chemical								
Accelerators	20,961	21,722	83,255	83,335	517.6	597.6	2,283.2	1,915.1
Insoluble Sulphur	6,725	6,010	25,759	22,283	72.1	68.6	292.7	239.7
Anti-oxidant	11,850	10,665	41,095	33,258	165.1	192.1	655.1	535.4
Others	421	377	1,377	1,600	8.8	9.6	31.2	34.8
Total	39,957	38,774	151,486	140,476	763.6	867.9	3,262.2	2,725.0
Domestic sales	27,256	26,952	101,708	95,560	482.0	571.1	2,009.4	1,753.3
International sales	12,701	11,822	49,778	44,916	281.6	296.8	1,252.8	971.7
Heating Power	34,103	31,030	111,249	74,777	6.3	5.1	20.1	12.2
Hotel & Restaurant	-	-	-	-	0.2	0.2	1.0	1.2

4Q2018 Sales volume for Accelerators decreased by 4% from 21,722 tons in 4Q2017 to 20,961 tons, mainly due to our Weifang plant's MBTS workshop undergoing a technical upgrading in 4Q2018 to reduce waste gas discharge, which has resulted in lower production volume. However, the sales volume for IS and Anti-oxidant products increased by 12% and 11%, respectively, as a result of our increased marketing efforts.

On a 12-month basis, the Group's **sales volume** for Accelerators remained flat, while its sales volume for IS and Anti-oxidant products increased by 16% and 24%, respectively. The total sales volume in FY2018 continued to increase to a new record high, totaling 151,486 tons, as compared to 140,476 tons in FY2017. Both domestic and international sales continued to grow.

Gross profit for 4Q2018 decreased by 14% to RMB 249.4 million from RMB 291.2 million in 4Q2017, while the Gross Profit Margin ("**GPM**") decreased by 0.9 percentage points from 33.3% to 32.4%, as a result of lower ASP.

On a 12-month basis, **gross profit** increased by 43% from RMB 788.1 million in FY2017 to RMB 1,125.9 million in FY2018. **GPM** also increased by 5.5 percentage points from 28.8% to 34.3%.

Other loss of RMB 0.4 million was mainly due to foreign exchange loss net off against interest income. On a 12-month basis, other income amounted to RMB 38.7 million, consisting mainly of foreign exchange gains, interest income, as well as government grants received

Selling and distribution expenses increased by 52% from RMB 19.0 million in 4Q2017 to RMB 28.8 million in 4Q2018. On a 12-month basis, selling and distribution expenses increased by 31% to RMB 99.5 million as compared to RMB 75.7 million in FY2017, mainly due to higher freight cost and higher incentive payments to sales personnel.

Administrative expenses decreased slightly by 1% from RMB 79.0 million in 4Q2017 to RMB 78.5 million in 4Q2018. On a 12-month basis, administrative expenses increased by 53% from RMB 227.8 million in FY2017 to RMB 347.9 million in FY2018, mainly due to (i) increase in R&D expenses by RMB 78.3 million; (ii) higher staff incentives by RMB 25.0 million; (iii) increase in safety production expenses by RMB 11.9 million; (iv) increase in allowance for impairment on receivables by RMB 3.9 million, and (v) increase in other administrative expenses by RMB 1.0 million.

Profit before tax (PBT) decreased by 27% from RMB 195.6 million in 4Q2017 to RMB 142.3 million in 4Q2018, mainly due to the decrease in sales revenue. On a 12-month basis, PBT increased by 49% from RMB 476.8 million in FY2017 to RMB 711.6 million in FY2018, mainly due to higher profits generated in the last 3 quarters.

Income tax expenses were RMB 33.7 million in 4Q2018, which was 47% lower than RMB 63.3 million in 4Q2017, as a result of the “High-tech Enterprise” status obtained by our main subsidiary, Shandong Sunshine, which was entitled to a concessionary tax rate of 15%, as compared to headline corporate income tax rate of 25%.

On a 12-month basis, income tax expenses decreased by 48% from RMB 135.5 million in FY2017 to RMB 70.3 million, mainly due to (i) Shandong Sunshine was entitled to enjoy the above mentioned concessionary tax rate; (ii) approximately RMB 48 million was credited against 2Q2018’s income tax expenses (please refer to our 2Q2018 result announcement released on 7 August 2018 for more details).

Net profit attributable to shareholders (PAT) decreased by 18% from RMB 132.0 million in 4Q2017 to RMB 108.6 million in 4Q2018 as a result of lower PBT. However, FY2018 PAT increased 88% from RMB 341.3 million in FY2017 to RMB 641.3 million.

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 3Q2018 results announcement, the Company stated that “the ASP for rubber chemicals started to decline since the end of June 2018...” “We will also continue to focus on production technology and innovation, and investment in R&D, to gain a competitive edge over other producers. We remain cautiously optimistic about the Group’s performance in the next 12 months, and are confident of its sustainable and stable growth.” 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.

China’s GDP grew 6.4%¹ and 6.6% in 4Q2018 and FY2018, respectively. Automakers sold a total of 28.08² million units in China in FY2018, a decrease of 2.76% year-on-year.

¹ Source: National Bureau of Statistics

² Source: China Association of Automobile Manufacturing

The outcome of the trade discussion between the US and China is still unclear, and both geopolitical and economic conditions remain uncertain.

China's economy is continuing to slow down. Raw material prices are hovering at lower levels, and as such, the Group's ASP for rubber chemicals is under pressure. The US has started to impose anti-dumping and counter-vailing duties on China's truck and commercial vehicles tires, which has further weakened the exports of tires to the US market.

In addition, some players in our industry have, through investing more in technological upgrading and environmental protection & safety production equipment, resumed their operations. As such, more competition will be expected, which will further challenge our ASP.

The Group will continue to maintain our strategy that "higher production leads to higher sales volume, which in turn stimulates even higher production". We will also continue to focus on production technology and innovation, and investment in R&D, to gain a competitive edge over other producers. We remain cautious about the Group's performance and confident of our profitability in the next 12 months.

The Group is currently negotiating with the local government to purchase more land for our capacity expansion purposes. The Group will update shareholders at the appropriate time.

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

Tons	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019e
Accelerators	70,500	87,000	87,000	87,000	87,000	87,000	117,000
Insoluble Sulphur	20,000	20,000	20,000	20,000	20,000	30,000	30,000
Anti-oxidant	25,000	45,000	45,000	45,000	45,000	45,000	45,000
Total	115,500	152,000	152,000	152,000	152,000	162,000	192,000

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of dividend	Proposed Final
Dividend Type	Cash
Dividend amount per share	SGD0.055 per ordinary share
Tax Rate	One-tier Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Dividend of S\$0.025 per ordinary share were declared in 4Q2017.

(c) Date payable

To be announced at a later date

(d) Books closure date

To be announced at a later date

(e) Last cum-dividend Trading Date

To be announced at a later date

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

Not applicable.

³ Annual Capacity excludes capacity of intermediary materials such as 4ADPA and MBT

- 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.**

No general mandate from shareholders for IPTs.

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

Not applicable as it is not required for announcement on full year results.

- 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).

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

16. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Business Segment

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

RMB' million	Rubber Chemicals		Heating Power		Others		Total	
	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017
External Revenue	3,262.2	2,725.0	20.1	12.2	1.0	1.2	3,283.3	2,738.4
Inter-segments revenue	902.1	615.2	101.6	98.7	0.6	0.6	1,004.3	714.5
Elimination	(902.1)	(615.2)	(101.6)	(98.7)	(0.6)	(0.6)	(1,004.3)	(714.5)
Revenue	3,262.2	2,725.0	20.1	12.2	1.0	1.2	3,283.3	2,738.4
Segment profit/(loss) before tax	777.1	525.2	3.4	0.5	(68.9)	(48.9)	711.6	476.8

Geographical segment

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

RMB' million	FY2018	%	FY2017	%
PRC	2,030.5	62%	1,766.6	64%
Rest of Asia	814.5	25%	652.8	24%
America	73.3	2%	126.8	5%
Europe	284.4	9%	147.9	5%
Others	80.6	2%	44.3	2%
Total	3,283.3	100%	2,738.4	100%

17. **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.

18. **A breakdown of sales as follows:-.**

Group	Year ended 31/12/2018 RMB' million	Year ended 31/12/2017 RMB' million	Change
(a) Sales reported for first half year	1,737.5	1,230.7	41%
(b) Operating profit after tax before deducting minority interests reported for first half year	389.2	131.7	196%
(c) Sales reported for second half year	1,545.8	1,507.7	3%
(d) Operating profit after tax before deducting minority interests reported for second half year	252.1	209.6	20%

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

	FY2018 S\$	FY2017 S\$
Ordinary Shares*	27,022,144	14,750,820
Preference Shares	-	-
Total:	27,022,144	14,750,820

*Based on number of Ordinary Shares (excluding Treasury Shares) as at 31 January 2019

20. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director, chief executive officer or substantial shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Xu Cheng Qiu	75	Father of Xu Jun, Executive Director and Vice Chairman of Shandong Sunsine Chemical Co., Ltd; Uncle of Xu Xianlei, Executive Director and General Manager of Shandong Sunsine Chemical Co., Ltd	Executive Chairman Responsible for the overall management, formulation and implementation of business strategies for the Group (since 2006).	No Change
Xu Jun	49	Son of Xu Cheng Qiu, Executive Chairman and Substantial Shareholder; Cousin of Xu Xianlei, Executive Director and General Manager of Shandong Sunsine Chemical Co., Ltd	Executive Director (since 2007) and Vice Chairman of Shandong Sunsine Chemical Co., Ltd, assisting Chairman in strategic planning, direction and overall management of subsidiary (since 2013).	No Change
Xu Xianlei	40	Nephew of Xu Cheng Qiu, Executive Chairman and Substantial Shareholder; Cousin of Xu Jun, Executive Director and Vice Chairman of Shandong Sunsine Chemical Co., Ltd;	Executive Director (since 2018) and General Manager of Shandong Sunsine Chemical Co., Ltd, responsible for overseeing the management and operations of China subsidiaries (since 2018).	Group First Deputy General Manager, assisting our Executive Director cum General Manger of Shandong Sunsine, on the day-to-day operation of the China subsidiaries (since 2017).

BY ORDER OF THE BOARD

Xu Cheng Qiu
Executive Chairman
28 February 2019