



China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

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 2nd Quarter Ended 30 June 2011

	2 nd quarter ended		Change %	6 months ended		Change %
	30/6/2011	30/6/2010		30/6/2011	30/6/2010	
	RMB 'million			RMB 'million		
Revenue	314.2	248.3	27%	569.0	451.0	26%
Cost of sales	237.2	193.3	23%	424.6	348.0	22%
Gross profit	77.0	55.0	40%	144.4	103.0	40%
Other income	3.2	2.4	33%	5.3	4.6	15%
Selling and distribution expenses	9.1	7.9	15%	16.1	14.6	10%
Administrative expenses	18.3	14.6	25%	33.9	22.8	49%
Other expenses	0.6	1.1	(45%)	20.9	1.5	1293%
Finance expenses	1.1	0.6	83%	2.3	1.3	77%
Profit before tax	51.1	33.2	54%	76.5	67.4	14%
Income tax expenses	13.9	4.9	184%	26.3	8.7	202%
Profit after tax	37.2	28.3	31%	50.2	58.7	(14%)
Other comprehensive income:						
Exchange differences on translation, net of tax	0.4	(0.1)	n.m	0.5	(0.1)	n.m
Total comprehensive income for the period	37.6	28.2	33%	50.7	58.6	(13%)
Gross profit margin	24.5%	22.2%	2.3pts	25.4%	22.8%	2.6pts
Earnings per share (RMB cents) *	7.79	5.93	31%	10.52	12.30	(14%)

n.m. - not meaningful

Notes to the Consolidated Statement of Comprehensive Income:

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

	2 nd quarter ended			6 months ended		
	30/6/2011	30/6/2010	Change %	30/6/2011	30/6/2010	Change %
	RMB'million			RMB'million		
Interest income	(0.7)	(1.5)	(53%)	(1.0)	(2.8)	(64%)
(Writeback) of impaired property, plant and equipment	(1.3)	-	n.m	(1.3)	-	n.m
Interest on borrowing	1.1	0.6	83%	2.3	1.3	77%
Depreciation of property, plant and equipment	6.3	5.3	19%	12.9	11.2	15%
Amortization of intangible assets	0.1	0.1	-	0.2	0.2	-
Impairment/(writeback) on receivables	0.1	-	n.m	1.0	-	n.m
Net foreign exchange (gain)/loss	0.7	0.9	(22%)	1.2	1.3	(8%)
Impairment on property, plant and equipment	-	-	-	18.3	-	-

[Empty Below]

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>	
		30/06/2011 RMB' million	31/12/2010 RMB' million	30/06/2011 RMB' million	31/12/2010 RMB' million
ASSETS					
NON-CURRENT ASSETS					
Investment in a subsidiary		-	-	371.1	371.1
Property, plant and equipment	(1)	352.2	328.2	-	-
Land use rights	(2)	32.1	17.1	-	-
Available-for-sale financial assets		15.4	15.0	15.4	15.0
		399.7	360.3	386.5	386.1
CURRENT ASSETS					
Inventories	(3)	74.2	77.3	-	-
Trade receivables		279.7	242.2	-	-
Other receivables, deposits and prepayment	(4)	41.6	62.9	3.0	1.6
Amount owing from a subsidiary		-	-	0.1	0.1
Cash and cash equivalents		132.6	165.1	4.6	3.5
		528.1	547.5	7.7	5.2
TOTAL ASSETS		927.8	907.8	394.2	391.3
Share capital		313.5	313.5	313.5	313.5
Treasury shares		(13.0)	(13.0)	(13.0)	(13.0)
Fair Value Reserve		0.3	0.3	0.3	0.3
Merger reserve		0.3	0.3	-	-
Statutory reserves		71.5	71.5	-	-
Exchange on translation		(6.5)	(7.0)	(5.2)	(5.7)
Retained profits		351.1	326.1	82.6	84.4
TOTAL EQUITY		717.2	691.7	378.2	379.5
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	(5)	39.5	32.8	-	-
Other payables and accruals	(6)	76.2	85.7	13.4	9.3
Deferred grant		-	1.6	-	-
Bank loans	(7)	80.0	90.0	-	-
Current tax payable	(8)	14.9	6.0	2.6	2.5
		210.6	216.1	16.0	11.8
TOTAL LIABILITIES		210.6	216.1	16.0	11.8
TOTAL EQUITY AND LIABILITIES		927.8	907.8	394.2	391.3

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

Amount repayable in one year or less, or on demand

As at 30/06/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
RMB'million	RMB'million	RMB'million	RMB'million
-	80.0	-	90.0

Details of any collateral

No collateral

Notes to Statements of Financial Position

Note (1) Property, plant and equipment increased by RMB 24.0 million from RMB 328.2 million to RMB 352.2 million due mainly to the followings:

- RMB 53.9 million for purchase of machinery and equipment relating to various projects in 1Q2011; less
- RMB 12.9 million depreciation and RMB 18.3 million asset impairment; and add back
- RMB 1.3 million of asset impairment written back as they were reused in either Facility 2 or 3.

Note (2) Land use rights increased by RMB 15 million from RMB 17.1 million to RMB 32.1 million upon completion of the purchase of and payment for the Facility 3 land.

Note (3) Inventories decreased by RMB 3.1 million from RMB 77.3 million as at 31 December 2010 to RMB 74.2 million as at 30 June 2011 as both the cost of material and finished goods inventory volume reduced.

Note (4) Other receivables decreased by RMB 21.3 million from RMB 62.9 million to RMB 41.6 million mainly due to lower advance payment to suppliers, and full utilisation of VAT receivables when current VAT Output Tax is more than VAT Input Tax. Lower retention sum held by contractors as several construction-in-progress projects were completed also contributed to the decrease.

Note (5) Trade payables increased by RMB 6.7 million from RMB 32.8 million to RMB 39.5 million as more raw materials were purchased as Facility 3 at Weifang commenced MBT production in April 2011.

Note (6) Total Other Payables decreased by RMB 9.5 million from RMB 85.7 million to RMB 76.2 million due to several settlement of payables for construction materials and equipment classified under the CIP projects.

Note (7) Bank loan decreased by RMB 10 million from RMB 90.0 million to RMB 80.0 million as RMB 10 million loan due for repayment in March 2011 was fully settled.

Note (8) Tax payables increased by RMB 8.9 million from RMB 6.0 million to RMB 14.9 million as China income tax rate was restored to 25% from 12.5% after the tax incentive granted to the Company's subsidiary as a Wholly Foreign Owned Enterprise, ceased on 31 December 2010.

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	2 nd quarter ended		6 months ended	
		30/06/2011	30/06/2010	30/06/2011	30/06/2010
		RMB'million		RMB'million	
Cash flows from operating activities					
Profit before taxation		51.1	33.2	76.5	67.4
Adjustments for:-					
Depreciation of property, plant and equipment		6.3	5.3	12.9	11.2
Amortisation of intangible assets		0.1	0.1	0.2	0.2
Impairment of fixed assets			-	18.3	-
(Writeback) of impaired fixed assets		(1.3)		(1.3)	
(Writeback)/Impairment on receivables		0.1	-	0.5	-
Interest income		(0.7)	(1.5)	(1.0)	(2.8)
Interest expense		1.1	0.6	2.3	1.3
Translation difference		0.2	n.m	0.1	n.m
Operating profit before working capital changes		56.9	37.7	108.5	77.3
Changes in working capital:					
Inventories		(4.3)	(5.5)	3.2	(13.2)
Trade and other receivables		(29.4)	0.9	(16.6)	(21.3)
Trade and other payables and accruals		(1.0)	1.3	(2.8)	(11.4)
Cash deposit released from /(pledged with) bank		6.0	(6.2)	(8.1)	(25.3)
Cash generated from operations		28.2	28.2	84.2	6.1
Income taxes paid		(13.9)	(4.1)	(17.4)	(8.0)
Net cash generated/(used in) from operating activities	(1)	14.3	24.1	66.8	(1.9)
Cash flows from investing activities					
Purchase of plant and equipment and additional CIP		(26.2)	(34.2)	(57.5)	(53.4)
Purchase of Intangible assets		(15.2)	-	(15.2)	-
Net proceeds from/ (Investment in) AVS financial asset		-	-	-	2.4
Interest income received		0.7	1.5	1.0	2.8
Net cash used in investing activities	(2)	(40.7)	(32.7)	(71.7)	(48.2)
Cash flows from financing activities					
Interest expense paid		(1.1)	(0.6)	(2.3)	(1.3)
Dividend paid		(25.2)	(23.3)	(25.2)	(23.3)
Grant (utilized)/received		1.0	0.6	1.8	0.6
Repayment of bank borrowings		(50.0)	(30.0)	(60.0)	(90.0)
Proceeds from bank loan		50.0	20.0	50.0	70.0
Net cash used in financing activities	(3)	(25.3)	(33.3)	(35.7)	(44.0)
Net decrease in cash and bank balances		(51.7)	(41.9)	(40.6)	(94.1)
Cash and bank balances at beginning of period		141.1	124.2	130.0	176.4
Cash and bank balances at end of period		89.4	82.3	89.4	82.3
Cash and bank balances at end of period includes the followings					
Cash and cash equivalents		132.6	171.5	132.6	171.5
Cash deposit pledged with bank		(43.2)	(44.6)	(43.2)	(44.6)
Cash and bank balances at end of period		89.4	126.9	89.4	126.9

Notes to Consolidated Statement of Cash flows for 2Q2011

- (1) Net cash generated from operating activities amounted to RMB 14.3 million was due mainly to operating cash profit generated, offset by the increase in receivables and higher taxes paid.
- (2) Net cash used in investing activities amounting to RMB 40.7 million was mainly due to the increased payment for capital equipment and construction in progress projects as well as for the land use rights at Facility 3.
- (3) Net cash used in financing activities amounted to RMB 25.3 million as RMB 25.2 million was used to pay dividend.

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 Earnings	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2011	313.5	(13.0)	65.1	326.1	691.7
Total Comprehensive Income for the period	-	-	0.5	50.2	50.7
Dividend paid	-	-	-	(25.2)	(25.2)
Balance as at 30 June 2011	313.5	(13.0)	65.6	351.1	717.2
Balance as at 1 January 2010	313.5	(13.0)	37.1	261.8	599.4
Total Comprehensive Income for the period	-	-	(0.1)	58.7	58.6
Interim dividend declared	-	-	-	(23.3)	(23.3)
Shares buy back held in treasury	-	-	-	-	-
Balance as at 30 June 2010	313.5	(13.0)	37.0	297.2	634.7

COMPANY

	Share Capital	Treasury Shares	Statutory, Merger, Exchange reserves	Retained Earnings	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2011	313.5	(13.0)	(5.4)	84.4	379.5
Total Comprehensive Income for the period	-	-	0.5	23.4	23.9
Dividend paid	-	-	-	(25.2)	(25.2)
Balance as at 30 June 2011	313.5	(13.0)	(4.9)	82.6	378.2
Balance as at 1 January 2010	313.5	(13.0)	(5.8)	87.4	382.1
Total Comprehensive Income for the period	-	-	(0.1)	25.5	25.4
Interim dividend declared	-	-	-	(23.3)	(23.3)
Share buyback-held in treasury	-	-	-	-	-
Balance as at 30 June 2010	313.5	(13.0)	(5.9)	89.6	384.2

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 2011 and 30 June 2011	<u>477,357,000</u>	<u>59,900,882</u>
Balance as at 1 January 2010 and 30 June 2010	<u>477,357,000</u>	<u>59,900,882</u>

There are no outstanding convertibles issued by the Company as at 30 June 2011.

*number of issued shares excludes 14,337,000 treasury shares

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 2Q2011. Total number of treasury shares at end 2Q2011 stands at 14,337,000.

[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 2010 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 2011. The adoption of these new and revised accounting standards did not give rise to any significant impact on the financial statements.

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.

	2Q2011	2Q2010	1H2011	1H2010
	RMB (cents)	RMB (cents)	RMB (cents)	RMB (cents)
Basic Earnings per share (Basic EPS) - based on weighted average number of shares on issue	7.79	5.93	10.52	12.30
The calculations of EPS is based on net profit and number of shares shown below: Profit attributable to equity holders (RMB'000) Weighted average number of shares applicable to basic EPS ('000)	37,184 477,357	28,322 477,357	50,199 477,357	58,706 477,357

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 30 June 2011.

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

	Group		Company	
	30/06/2011	31/12/2010	30/06/2011	31/12/2010
Net asset attributable to shareholders (RMB'000)	717,216	634,709	378,215	384,194
Net asset value per ordinary share (RMB cents)**	150.25	132.96	79.23	80.48
Number of issued shares * ('000)	477,357	477,357	477,357	477,357

* number of issued shares excludes treasury shares

** equivalent to 28.72 SGD cents at exchange rate of about 5.2311

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	2Q2011	2Q2010	Change %	1H2011	1H2010	Change %
Group Revenue	314.2	248.3	27%	569.0	451.0	26%
Gross Profit	77.0	55.0	40%	144.4	103.0	40%
Profit before tax	51.1	33.2	54%	76.5	67.4	14%
Net profit	37.2	28.3	31%	50.2	58.7	(14%)

Commentaries on performance

2QFY2011 revenue increased by 27% to RMB 314.2 million as compared to RMB 248.3 million in 2QFY2010 due to the increase in our sales volume and increase in average selling price. Sales volume improved 14% to 15,796 tons as compared to 13,823 tons in 2QFY2010 due to increased demand.

Overall average selling price (ASP) for all products increased to RMB 19,894 per ton in 2QFY2011 as compared to RMB 17,967 per ton in 2QFY2010. Besides the increased demand for our products, the ASP increase was partly due to increase in raw material prices.

	Sales Volume (Tons)				Sales (RMB'm)			
	2Q2011	2Q2010	1H2011	1H2010	2Q2011	2Q2010	1H2011	1H2010
Accelerators	13,192	11,797	24,173	21,905	281.3	222.2	510.9	411.5
Insoluble sulphur	1,625	995	3,054	1,831	19.1	11.6	35.8	20.6
Anti-oxidant	836	935	1,279	1,026	10.9	12.2	16.7	13.5
Others	143	96	261	275	2.9	2.2	5.6	5.4
Total	15,796	13,823	28,767	25,037	314.2	248.3	569.0	451.0
Local Sales	9,184	8,656	17,239	15,123	169.0	149.0	314.0	259.4
International Sales	6,612	5,167	11,528	9,914	145.2	99.3	255.0	191.6

Sales volume across all categories increased except for anti-oxidant TMQ, which volume decreased to 836 tons compared from 935 tons in 2QFY2010. This was because of intense competition as TMQ has low production entry barrier.

Despite the continued European debt crisis and slow recovery in the US economy, export sales still delivered healthy volume, surpassing the 6,000 tons level, mainly due to strong sales to the Asian market (excluding China), especially Japan. This was because the existing accelerators supply within Japan has been affected by the earthquake, tsunami and radioactive crisis.

Gross profit increased by 40% from RMB 55.0 million in 2QFY2010 to RMB 77.0 million in 2QFY2011, in line with the increase in revenue and gross profit margins (GPM). GPM increased from 22.2% in 2QFY2010 to 24.5% in 2QFY2011 as ASP increased more relative to the increase in cost of sales.

Other operating income was RMB 3.2 million in 2QFY2011, consisting of mainly investment income and sales of scrap materials.

Selling and distribution expenses, which increased by 15% from RMB 7.9 million in 2QFY2010 to RMB 9.1 million in 2QFY2011, were in line with the increase in revenue.

Administrative expenses increased by 25% from RMB 14.6 million in 2QFY2010 to RMB 18.3 million in 2QFY2011, mainly due to:

- RMB 1.3 million in new tax collections for City Construction and Education, equivalent to 10% of the net VAT
- RMB 0.5 million in higher depreciation expenses as office and R&D buildings have been completed
- RMB 1.95 million in new expenses due to commencement of operations at Facility 3

Other operating expenses amounting to RMB 0.6 million in 2QFY2011 was mainly due to the realised transactional exchange loss as the US Dollar depreciated against Chinese Yuan.

Profit before tax (PBT) improved by 54% from RMB 33.2 million in 2QFY2010 to RMB 51.1 million in 2QFY2011 due to above factors. Thus **Net profit attributable to shareholders** improved by 31% from RMB 28.3 million in 2QFY2010 to RMB 37.2 million in 2QFY2011.

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.**

After selling 4.98 million units of vehicles in 1QFY2011, China's auto sales only booked 4.34 million units in 2QFY2011, registering a decline of 12.9% quarter-on-quarter. However, up to June 2011, the aggregate sales volume was 9.32 million units, a moderate 3.4% growth against the same period in 2010. The auto sales market in China appears to have 'normalized' after skyrocketing growth in 2009 and 2010. Despite the high inflation rate and anticipated reduced GDP growth rate in China in 2011, the local automobile market remains strong and sales are expected to cross 18 million units for the whole year¹. The export market to Japan is likely to improve in the short term as the accelerators supply within Japan has not been restored.

During 2QFY2011, cost of raw materials such as Aniline, Tert-butylamine and Cyclohexylamine were less volatile. However, upward pressure on prices of raw materials will creep in as inflation is likely to plague all industries. Nevertheless, the Group expects demand to remain resilient, and will adjust selling prices accordingly based on prices of raw materials and exchange rate of US Dollar and Chinese Yuan.

Updates

During 2QFY2011, the Group completed the following projects:

- Relocated all personnel to the new premises in Facility 2.
- Commenced MBT production at the 15,000-ton MBT plant at Facility 3 (Phase 1).

The Group will continue with the following projects:

- Complete the construction of 6PPD's intermediary material 4ADPA production plant by 3QFY2011.
- Commence and complete Phase 2 of Facility 3 where existing 15,000-ton MBT equipment from Facility 1 will be relocated to new facilities in Facility 3 by 4QFY2011.
- Continue negotiating with the local government on the conversion of the land use right at Facility 1 from industrial to commercial and residential use.

Below is a summary of our Annual Capacity at end of each financial year:

Tons	FY2007	FY2008	FY2009	FY2010	FY2011e
Accelerators	39,000	50,000	55,000	56,500	56,500
Insoluble Sulphur	5,000	5,000	8,000	10,000	10,000
Anti-oxidant	-	5,000	10,000	10,000	25,000
Total	44,000	60,000	73,000	76,500	91,500

Barring unforeseen circumstances, the Group expects to continue its profitability for FY2011.

¹ Source: The Development Research Center (DRC) of the State Council
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11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?
The directors do not declare any dividend for current period.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Nil

(d) Books closure date

Nil

(e) Last cum-dividend Trading Date

Nil

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

Not applicable.

13. Interested Person Transactions

None

BY ORDER OF THE BOARD

Xu Cheng Qiu
Executive Chairman
11 August 2011

Confirmation by the Board pursuant to Rule 705(4) of the SGX Listing Manual

On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited second quarter financial results for the period ended 30 June 2011 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

Dated: 11 August 2011