



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 2010

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 2010

	2 nd quarter ended			6 months ended		
	30/6/2010	30/6/2009	Change %	30/6/2010	30/6/2009	Change %
	RMB 'million			RMB 'million		
Revenue	248.3	177.7	40%	451.0	311.8	45%
Cost of sales	193.3	134.1	44%	348.0	245.9	42%
Gross profit	55.0	43.6	26%	103.0	65.9	56%
Other income	2.4	2.2	9%	4.6	6.1	(25%)
Selling and distribution expenses	7.9	5.6	41%	14.6	11.6	26%
Administrative expenses	14.6	10.2	43%	22.8	18.0	27%
Other expenses	1.1	0.4	175%	1.5	0.4	275%
Finance expenses	0.6	-	n.m	1.3	0.1	1200%
Profit before tax	33.2	29.6	12%	67.4	41.9	61%
Income tax expenses	4.9	4.1	20%	8.7	5.5	58%
Profit after tax	28.3	25.5	11%	58.7	36.4	61%
Other comprehensive income:						
Exchange differences on translation, net of tax	(0.1)	0.5	(120%)	(0.1)	(2.0)	(95%)
Total comprehensive income for the period	28.2	26.0	8%	58.6	34.4	70%
Gross profit margin	22.2%	24.5%	2.3pts	22.8%	21.1%	1.7pts
Earnings per share (RMB cents) *	5.93	5.31	11.7%	12.30	7.55	62.9%

n.m. - not meaningful

Notes to the Consolidated Statement of Comprehensive Income:

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

	2nd quarter ended			6 months ended		
	30/6/2010	30/6/2009	Change	30/6/2010	30/6/2009	Change
	RMB'million		%	RMB'million		%
Interest income	(1.5)	(1.3)	15%	(2.8)	(2.3)	22%
Interest on borrowings	0.6	-	n.m	1.3	0.1	1200%
Depreciation of property, plant and equipment	5.3	5.3	-	11.2	10.3	9%
Amortisation of Intangible Assets	0.1	0.1	-	0.2	0.2	-
Foreign exchange loss/(gain)	0.9	0.1	800%	1.3	(0.5)	(360%)
Writeback of impairment on receivables	-	-	-	-	(1.8)	(100%)

[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.

Statements of Financial Position

	Note	<u>GROUP</u>		<u>COMPANY</u>	
		30/06/2010 RMB' million	31/12/2009 RMB' million	30/06/2010 RMB' million	31/12/2009 RMB' million
ASSETS					
NON-CURRENT ASSETS					
Subsidiary		-	-	371.1	371.1
Property, plant and equipment	(1)	222.9	184.1	-	-
Intangible assets		17.9	18.0	-	-
Available-for-sale financial assets		13.9	14.0	13.9	14.0
		254.7	216.1	385.0	385.1
CURRENT ASSETS					
Available-for-sale financial assets	(2)	20.0	22.4	-	2.4
Inventories	(3)	67.5	54.3	-	-
Trade receivables	(4)	205.6	181.2	-	-
Due from a subsidiary		-	-	0.1	-
Other receivables, deposits and prepayment		93.4	96.5	0.1	-
Cash and cash equivalents		126.9	195.7	4.7	4.7
		513.4	550.1	4.9	7.1
TOTAL ASSETS		768.1	766.2	389.9	392.2
Share capital		313.5	313.5	313.5	313.5
Treasury shares		(13.0)	(13.0)	(13.0)	(13.0)
Merger reserve		0.3	0.3	-	-
Statutory reserves		43.8	43.8	-	-
Exchange on translation		(7.1)	(7.0)	(5.9)	(5.8)
Retained earnings		297.2	261.8	89.6	87.4
TOTAL EQUITY		634.7	599.4	384.2	382.1
LIABILITIES					
NON-CURRENT LIABILITY					
		-	-	-	-
CURRENT LIABILITIES					
Trade payables	(5)	36.4	33.8	-	-
Other payables and accruals	(6)	53.3	67.1	5.6	10.1
Deferred grant		3.5	6.4	-	-
Due to a subsidiary		-	-	0.1	-
Bank loans	(7)	30.0	50.0	-	-
Income tax payable		10.2	9.5	-	-
		133.4	166.8	5.7	10.1
TOTAL LIABILITIES		133.4	166.8	5.7	10.1
TOTAL EQUITY AND LIABILITIES		768.1	766.2	389.9	392.2

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

Amount repayable in one year or less, or on demand

As at 30/06/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
RMB'million	RMB'million	RMB'million	RMB'million
-	30.0	-	50.0

Details of any collateral

No collateral

Notes to Statements of Financial Position

Note (1) Property, plant and equipment increased by RMB 38.8 million from RMB 184.1 million to RMB 222.9 million due mainly to purchase of machinery and equipment relating to various projects and addition of construction-in-progress in 2QFY2010 amounting to RMB 53.4 million less RMB 11.2 million depreciation and RMB 3.4mil government grant.

Note (2) Short-term available for sale investments declined by RMB 2.4 million due to the maturity of the SGD 500,000 notes in 1QFY2010.

Note (3) Inventories increased by RMB 13.2 million from RMB 54.3 million to RMB 67.5 million due to purchase of more raw material in view of the increase in production and higher raw materials cost. As antioxidant TMQ production re-commenced in March 2010, its inventory level was higher at 445 tons compared to 134 tons as at 31 December 2009. Notwithstanding this, inventory turnover has reduced from 39 days in FY2009 to 32 days in 1HFY2010.

Note (4) Trade receivables increased by RMB 24.4 million from RMB 181.2 million to RMB 205.6 million due to higher sales in 2QFY2010 compared to 4QFY2009.

Note (5) Trade payables increased by RMB 2.6 million from RMB 33.8 million to RMB 36.4 million was in line with the increase in purchases and higher price of raw materials.

Note (6) Other payables decreased by RMB 13.8 million from RMB 67.1 million to RMB 53.3 million due mainly to the payment of staff and management bonuses, staff social insurance and outstanding amount for the construction in progress projects in 1QFY2010.

Note (7) In addition to the net RMB 10.0 million repaid in 1QFY2010, unsecured bank loans of RMB 20.0 million was borrowed and RMB 30.0 million repaid during 1HFY2010.

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	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	RMB'million		RMB'million	
Cash flows from operating activities				
Profit before taxation	33.2	29.6	67.4	41.9
Adjustments for:-				
Depreciation of property, plant and equipment	5.3	5.3	11.2	10.3
Amortisation of intangible Assets	0.1	0.1	0.2	0.2
Loss on disposal of fixed assets	-	0.2	-	0.2
(Writeback)/Impairment on receivables	-	-	-	(1.8)
Interest income	(1.5)	(1.3)	(2.8)	(2.3)
Interest expense	0.6	-	1.3	0.1
Translation difference	n.m	(0.2)	n.m	(2.0)
Operating profit before working capital changes	37.7	33.7	77.3	46.6
Changes in working capital:				
Inventories	(5.5)	(6.8)	(13.2)	16.6
Trade and other receivables	0.9	(54.1)	(21.3)	(15.3)
Trade and other payables and accruals	1.3	8.6	(11.4)	19.7
Cash deposit released from /(pledged with) bank	(6.2)	(14.9)	(25.3)	(20.3)
Cash (used in)/ generated from operations	28.2	(33.5)	6.1	47.3
Income taxes paid	(4.1)	(5.6)	(8.0)	(7.3)
Net cash generated/(used in) from operating activities	(1) 24.1	(39.1)	(1.9)	40.0
Cash flows from investing activities				
Purchase of plant and equipment	(34.2)	(14.6)	(53.4)	(25.8)
Net proceeds from/ (Investment in) AVS financial asset	-	2.6	2.4	27.6
Interest income received	1.5	1.3	2.8	2.3
Net cash (used in)/generated from investing activities	(2) (32.7)	(10.7)	(48.2)	4.1
Cash flows from financing activities				
Purchase of treasury shares	-	(2.6)	-	(4.6)
Interest expense paid	(0.6)	-	(1.3)	(0.1)
Dividend paid	(23.3)	(21.6)	(23.3)	(21.6)
Grant (utilized)/received	0.6	-	0.6	0.1
Repayment of bank borrowings	(30.0)	-	(90.0)	-
Repayment of borrowings from a director	-	-	-	(16.4)
Proceeds from bank loan	20.0	80.0	70.0	80.0
Net cash (used in)/generated from financing activities	(3) (33.3)	55.8	(44.0)	37.4
Net (decrease)/ increase in cash and bank balances	(41.9)	6.0	(94.1)	81.5
Cash and bank balances at beginning of period	124.2	259.6	176.4	184.1
Cash and bank balances at end of period	82.3	265.6	82.3	265.6
Cash and bank balances at end of period includes the followings				
Cash and cash equivalents	171.5	285.9	171.5	285.9
Cash deposit pledged with bank	(44.6)	(20.3)	(44.6)	(20.3)
Cash and bank balances at end of period	(4) 126.9	265.6	126.9	265.6

Notes to Consolidated Statement of Cash flows for 2Q2010

- (1) Net cash generated from operating activities amounted to RMB 24.1 million was due mainly to the increase in operating cash profit offset by increased in inventories and cash pledged with banks for trade facilities.
- (2) Net cash used in investing activities amounting to RMB 32.7 million was mainly due to the increased payment for capital equipment and construction in progress projects.
- (3) Net cash used in financing activities amounted to RMB 33.3 million as RMB 23.3 million was used to pay dividend and RMB 10 million of internal resources were used to make full loan repayment to ICBC.

- (4) The increase in deposit pledged with the banks for trade facilities was in line with the increase in cost of raw materials.

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 2010	313.5	(13.0)	37.1	261.8	599.4
Total Comprehensive Income for the period	-	-	(0.1)	58.7	58.6
Dividend paid				(23.3)	(23.3)
Balance as at 30 June 2010	313.5	(13.0)	37.0	297.2	634.7
Balance as at 1 January 2009	313.5	(6.7)	22.4	211.3	540.5
Total Comprehensive Income for the period	-	-	(2.0)	36.4	34.4
Interim dividend declared	-	-	-	(21.6)	(21.6)
Shares buy back held in treasury	-	(4.6)	-	-	(4.6)
Balance as at 30 June 2009	313.5	(11.3)	20.4	226.1	548.7

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 2010	313.5	(13.0)	(5.8)	87.4	382.1
Total Comprehensive Income for the period	-	-	(0.1)	25.5	25.4
Dividend paid				(23.3)	(23.3)
Balance as at 30 June 2010	313.5	(13.0)	(5.9)	89.6	384.2
Balance as at 1 January 2009	313.5	(6.7)	(5.3)	94.8	396.3
Total Comprehensive Income for the period	-	-	(0.9)	18.2	17.3
Interim dividend declared	-	-	-	(21.6)	(21.6)
Share buyback-held in treasury	-	(4.6)	-	-	(4.6)
Balance as at 30 June 2009	313.5	(11.3)	(6.2)	91.4	387.4

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\$
Balance as at 1 January 2010 and 30 June 2010	<u>477,357,000</u>	<u>59,900,882</u>
Balance as at 1 January 2009 and 30 June 2009	<u>478,912,000</u>	<u>60,254,902</u>

There are no outstanding convertibles issued by the Company as at 30 June 2010.

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 2Q2010. Total number of treasury shares at end 2Q2010 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 2009 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 2010. 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.**

	2Q2010	2Q2009	1H2010	1H2009
	RMB (cents)	RMB (cents)	RMB (cents)	RMB (cents)
Basic Earnings per share (Basic EPS) - based on weighted average number of shares on issue	5.93	5.31	12.30	7.55
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)	28,322 477,357	25,515 480,306	58,706 477,357	36,389 481,694

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 30 June 2010.

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	
	30/06/2010	31/12/2009	30/06/2010	31/12/2009
Net asset attributable to shareholders (RMB'000)	634,709	599,366	384,194	382,091
Net asset value per ordinary share (RMB cents)**	132.96	125.56	80.48	80.04
Number of issued shares * ('000)	477,357	477,357	477,357	477,357

* number of issued shares excludes treasury shares

** equivalent to 27.5 SGD cents at exchange rate of about 4.8351

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	2Q2010	2Q2009	Change %	1H2010	1H2009	Change %
Group Revenue	248.3	177.7	40%	451.0	311.8	45%
Gross Profit	55.0	43.6	26%	103.0	65.9	56%
Profit before tax	32.8	29.6	12%	67.4	41.9	61%
Net profit	28.3	25.5	11%	58.7	36.4	61%

Commentaries on performance

The economic climate in this quarter continues to improve. 2QFY2010 revenue increased by 40% to RMB 248.3 million as compared to RMB 177.7 million in 2QFY2009 due to the increase in our sales volume and average selling price. Sales volume improved 24% to 13,823 tons as compared to 11,130 tons in 2QFY2009 as we continue to increase our production capacity to meet the increased demand.

Overall average selling price (ASP) for all products increased to RMB 17,967 per ton in 2QFY2010 as compared to RMB 15,966 per ton in 2QFY2009. 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)			
	2Q2010	2Q2009	1H2010	1H2009	2Q2010	2Q2009	1H2010	1H2009
Accelerators	11,797	10,061	21,905	17,989	222.2	166.7	411.5	291.7
Insoluble sulphur	995	702	1,831	1,239	11.6	6.3	20.6	10.9
Anti-oxidant	935	273	1,026	621	12.2	2.6	13.5	5.6
Others	96	94	275	154	2.2	2.1	5.4	3.6
Total	13,823	11,130	25,037	20,000	248.3	177.7	451.0	311.8
Local Sales	8,656	7,039	15,123	13,400	149.0	106.2	259.4	195.6
International Sales	5,167	4,091	9,914	6,600	99.3	71.5	191.6	116.2

Sales volume across all categories increased, especially for anti-oxidant TMQ, which volume increased to 935 tons compared to 91 tons in 1QFY2010. This was because the Group recommenced the TMQ production in March 2010 and sales had improved.

Despite the European debt crisis and depreciation of the Euro during this quarter, export sales still delivered remarkable volume surpassing the 5,000 tons level. This was mainly due to strong sales to the Asia market (excluding China). The sales to domestic market remain healthy.

Gross profit increased by 26% from RMB 43.6 million in 2QFY2009 to RMB 55.0 million in 2QFY2010, in line with the increase in revenue. Gross profit margins (GPM) decreased from 24.5% in 2QFY2009 to 22.2% in 2QFY2010 as cost of sales increased more relative to the increase in ASP.

Other operating income was RMB 2.4 million in 2QFY2010, consisting of mainly investment income and sales of scrap materials.

Selling and distribution expenses, which increased by 41% from RMB 5.6 million in 2QFY2009 to RMB 7.9 million in 2QFY2010, were in line with the increase in revenue.

Administrative expenses increased by 43% from RMB 10.2 million in 2QFY2009 to RMB 14.6 million in 2QFY2010, in line with the increase in operating activities in 2QFY2010, compared to 2QFY2009 where the Group was still undergoing cost cutting exercise due to the 2008 economic crisis.

Other operating expenses amounting to RMB 1.1 million in 2QFY2010 was mainly due to the realised transactional exchange loss as the Euro depreciated against the Chinese Yuan and Chinese Yuan appreciated against the US Dollar.

Profit before tax (PBT) improved by 13% from RMB 29.6 million in 2QFY2009 to RMB 33.3 million in 2QFY2010 due to above factors. Thus **Net profit attributable to shareholders** improved by 11% from RMB 25.5 million in 2Q2009 to RMB 28.3 million in 2QFY2010.

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.

The Group's international sales have continued to grow with continued recovery of the world economy. However, the unexpected depreciation of the Euro has increased our exchange losses in this quarter. As the Euro exchange rate remains uncertain, the Group has quoted most of its European customers in USD. Notwithstanding the Chinese Yuan's appreciation against US Dollar, the Group expects our export volume to be sustainable due to our strong customer base.

After growing more than 11% in the current and previous quarters, such growth may not be repeated as the Chinese government implements policies which include the tightening of bank loans and cooling of the property market. According to the China Association of Automobile Manufacturers (中国汽车工业协会), the pace of vehicles sales growth may taper off gradually though it will remain higher than last year. The Group expects demand for our products to be sustainable. This is because the Group has captured a bigger market share due to its continuous marketing efforts and product quality enhancement strategy.

The Group has completed the structural construction of the R&D centre and office facilities at Facility 2. Interior works are progressing as scheduled and due for completion end of the year. The construction of 15000-ton 6PPD plant at Facility 2 and 15000-ton MBT plant at Facility 3 (Weifang site) are also progressing as scheduled. In 2HFY2010, the Group will commence the shifting of some of its production facilities from Facility 1 to Facility 2.

Barring unforeseen circumstances, the Group expects to continue its profitability for FY2010.

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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

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

Not applicable.

- 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable

- 15. A breakdown of sales.**

Not applicable.

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

Not applicable.

- 17. Interested Person Transactions**

None

BY ORDER OF THE BOARD

Xu Cheng Qiu
Executive Chairman
29 July 2010

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 2010 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: 29 July 2010