



## 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 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 1<sup>st</sup> Quarter Ended 31 March 2010

|  | 1st quarter ended |              | Change |
|--|-------------------|--------------|--------|
|  | 31/03/2010        | 31/03/2009   |        |
|  | RMB' million      |              |        |
| <b>Revenue</b>                                   | 202.7             | 134.1        | 51%    |
| Cost of sales                                    | 154.7             | 111.8        | 38%    |
| <b>Gross profit</b>                              | <b>48.0</b>       | <b>22.3</b>  | 115%   |
| Other income                                     | 2.2               | 3.9          | (44%)  |
| Selling and distribution expenses                | 6.7               | 6.0          | 12%    |
| Administrative expenses                          | 8.2               | 7.8          | 5%     |
| Other expenses                                   | 0.4               | -            | n.m    |
| Finance expenses                                 | 0.7               | 0.1          | 600%   |
| <b>Profit before tax</b>                         | <b>34.2</b>       | <b>12.3</b>  | 178%   |
| Income tax expenses                              | 3.8               | 1.4          | 171%   |
| <b>Profit after tax</b>                          | <b>30.4</b>       | <b>10.9</b>  | 179%   |
| <b>Other Comprehensive income:</b>               |                   |              |        |
| Exchange differences on translation, net of tax  | 0.0               | (2.5)        | n.m    |
| <b>Total comprehensive income for the period</b> | <b>30.4</b>       | <b>8.4</b>   | 262%   |
| Gross profit margin                              | <b>23.7%</b>      | <b>16.6%</b> | 7.1pts |
| Earnings per share (RMB cents)                   | <b>6.37</b>       | <b>2.25</b>  | 183%   |

n.m. - not meaningful

**Notes to the Consolidated Statement of Comprehensive Income:**

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

|   | 1st quarter ended |            | Change |
|---|-------------------|------------|--------|
|   | 31/03/2010        | 31/03/2009 |        |
|   | RMB' million      |            |        |
| Interest income                               | (1.3)             | (1.0)      | 30%    |
| Interest on borrowings                        | 0.7               | 0.1        | 600%   |
| Depreciation of property, plant and equipment | 5.9               | 5.0        | 18%    |
| Amortisation of Intangible Assets             | 0.1               | 0.1        | -      |
| Written back of impairment on receivables     | -                 | (1.8)      | n.m    |
| Net foreign exchange loss/(gain)              | 0.4               | (0.6)      | 166.7% |

[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>             |                            |
|--|------|----------------------------|----------------------------|----------------------------|----------------------------|
|  |      | 31/03/2010<br>RMB' million | 31/12/2009<br>RMB' million | 31/03/2010<br>RMB' million | 31/12/2009<br>RMB' million |
| <b>ASSETS</b>                              |      |                            |                            |                            |                            |
| <b>NON-CURRENT ASSETS</b>                  |      |                            |                            |                            |                            |
| Subsidiary                                 |      | -                          | -                          | 371.1                      | 371.1                      |
| Property, plant and equipment              | (1)  | 197.3                      | 184.1                      | -                          | -                          |
| Intangible assets                          |      | 17.9                       | 18.0                       | -                          | -                          |
| Available-for-sale financial assets        |      | 14.0                       | 14.0                       | 14.0                       | 14.0                       |
|  |      | <b>229.2</b>               | <b>216.1</b>               | <b>385.1</b>               | <b>385.1</b>               |
| <b>CURRENT ASSETS</b>                      |      |                            |                            |                            |                            |
| Available-for-sale financial assets        | (2)  | 20.0                       | 22.4                       | -                          | 2.4                        |
| Inventories                                | (3)  | 62.0                       | 54.3                       | -                          | -                          |
| Trade receivables                          | (4)  | 184.6                      | 181.2                      | -                          | -                          |
| Other receivables, deposits and prepayment | (5)  | 115.3                      | 96.5                       | 0.1                        | -                          |
| Cash and cash equivalents                  |      | 162.6                      | 195.7                      | 5.2                        | 4.7                        |
|  |      | <b>544.5</b>               | <b>550.1</b>               | <b>5.3</b>                 | <b>7.1</b>                 |
| <b>TOTAL ASSETS</b>                        |      | <b>773.7</b>               | <b>766.2</b>               | <b>390.4</b>               | <b>392.2</b>               |
| 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                    |      | (7.0)                      | (7.0)                      | (5.7)                      | (5.8)                      |
| Retained earnings                          |      | 292.2                      | 261.8                      | 87.1                       | 87.4                       |
| <b>TOTAL EQUITY</b>                        |      | <b>629.8</b>               | <b>599.4</b>               | <b>381.9</b>               | <b>382.1</b>               |
| <b>LIABILITIES</b>                         |      |                            |                            |                            |                            |
| <b>NON-CURRENT LIABILITY</b>               |      |                            |                            |                            |                            |
|  |      | -                          | -                          | -                          | -                          |
| <b>CURRENT LIABILITIES</b>                 |      |                            |                            |                            |                            |
| Trade payables                             | (6)  | 36.6                       | 33.8                       | -                          | -                          |
| Other payables and accruals                | (7)  | 51.6                       | 67.1                       | 8.4                        | 10.1                       |
| Deferred grant                             |      | 6.3                        | 6.4                        | -                          | -                          |
| Due to a subsidiary                        |      | -                          | -                          | 0.1                        | -                          |
| Bank loans                                 | (8)  | 40.0                       | 50.0                       | -                          | -                          |
| Income tax payable                         |      | 9.4                        | 9.5                        | -                          | -                          |
|  |      | <b>143.9</b>               | <b>166.8</b>               | <b>8.5</b>                 | <b>10.1</b>                |
| <b>TOTAL LIABILITIES</b>                   |      | <b>143.9</b>               | <b>166.8</b>               | <b>8.5</b>                 | <b>10.1</b>                |
| <b>TOTAL EQUITY AND LIABILITIES</b>        |      | <b>773.7</b>               | <b>766.2</b>               | <b>390.4</b>               | <b>392.2</b>               |

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

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

| As at 31/03/2009        |                           | As at 31/12/2009        |                           |
|-------------------------|---------------------------|-------------------------|---------------------------|
| Secured<br>RMB' million | Unsecured<br>RMB' million | Secured<br>RMB' million | Unsecured<br>RMB' million |
| -                       | 40.0 <sup>(1)</sup>       | -                       | 50.0                      |

**Details of any collateral**

No collateral

**Notes to Statement of Financial Position**

Note (1) Property, plant and equipment has increased by RMB 13.2 million from RMB 184.1 million to RMB 197.3 million due mainly to purchase of machinery and equipment relating to various projects and addition of construction-in-progress in 1QFY2010 amounting to approximately RMB 19.2 million less net depreciation of RMB 5.9 million.

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

Note (3) Inventories has increased by RMB 7.7 million from RMB 54.3 million to RMB 62.0 million due to higher cost of raw materials which also translated to higher cost of finished goods. As TMQ production re-commenced in March 2010, its inventory level was higher.

Note (4) Trade receivables increased by RMB 3.4 million from RMB 181.2 million to RMB 184.6 million due to higher sales in March 2010 compared to December 2009.

Note (5) Other receivables and prepayment increased by RMB 18.8 million from RMB 96.5 million to RMB 115.3 million due mainly to the followings:

- interest-bearing loan to 3<sup>rd</sup> parties amounting to RMB 18.0 million secured with corporate guarantee and/or option to acquire borrower's equity; and
- increase in pre-operating expenses prepayment for Weifang Project as the construction would commence once the land purchase formalities are completed.

Note (6) Trade payables increased by RMB 2.8 million from RMB 33.8 million to RMB 36.6 million was in line with the increase in price of raw materials.

Note (7) Other payables decreased by RMB 15.5 million from RMB 67.1 million to RMB 51.6 million due mainly to the payment of staff and management bonuses, staff social insurance and outstanding amount for the construction projects.

Note (8) Unsecured bank loans of RMB 50.0 million was borrowed and RMB 60 million was repaid during 1QFY2010.

**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       | 1st quarter ended |               |
|--|------------|-------------------|---------------|
|  |            | 31/03/2010        | 31/03/2009    |
|  |            | RMB' million      |               |
| <b>Cash flows from operating activities</b>                            |            |                   |               |
| Profit before tax  |            | 34.2              | 12.3          |
| Adjustments for:-  |            |                   |               |
| Depreciation of property, plant and equipment                          |            | 5.9               | 5.0           |
| Amortisation of intangible Assets                                      |            | 0.1               | 0.1           |
| Allowance/ (written back) of impairment on receivables                 |            | -                 | (1.8)         |
| Interest income  |            | (1.3)             | (1.0)         |
| Interest expense   |            | 0.7               | 0.1           |
| Translation difference   |            | n.m               | (1.8)         |
| <b>Operating profit before working capital changes</b>                 |            | <b>39.6</b>       | <b>12.9</b>   |
| Changes in working capital:  |            |                   |               |
| Inventories  |            | (7.7)             | 23.4          |
| Trade and other receivables, deposits and prepayment                   |            | (22.2)            | 38.8          |
| Trade and other payables   |            | (12.7)            | 11.0          |
| Cash deposit restricted in use by banks                                |            | (19.1)            | (5.4)         |
| <b>Cash (used in)/generated from operations</b>                        |            | <b>(22.1)</b>     | <b>80.7</b>   |
| Income tax paid  |            | (3.9)             | (1.7)         |
| <b>Net cash (used in)/generated from operating activities</b>          | <b>(1)</b> | <b>(26.0)</b>     | <b>79.0</b>   |
| <b>Cash flows from investing activities</b>                            |            |                   |               |
| Purchase of plant and equipment  |            | (19.2)            | (11.2)        |
| Proceeds from AFS financial asset                                      |            | 2.4               | 25.0          |
| Interest income received   |            | 1.3               | 1.0           |
| <b>Net cash (used in)/generated from investing activities</b>          | <b>(2)</b> | <b>(15.5)</b>     | <b>14.8</b>   |
| <b>Cash flows from financing activities</b>                            |            |                   |               |
| Interest expense paid  |            | (0.7)             | (0.1)         |
| Share buyback  |            | -                 | (2.0)         |
| Grant received   |            | -                 | 0.1           |
| Proceeds from bank loan  |            | 50.0              | -             |
| Repayment of bank loans  |            | (60.0)            | -             |
| Repayment of borrowings from a director                                |            | -                 | (16.4)        |
| <b>Net cash used in financing activities</b>                           | <b>(3)</b> | <b>(10.7)</b>     | <b>(18.4)</b> |
| <b>Net (decrease)/increase in cash and bank balances</b>               |            | <b>(52.2)</b>     | <b>75.4</b>   |
| <b>Cash and bank balances at beginning of period</b>                   |            | <b>176.4</b>      | <b>184.2</b>  |
| <b>Cash and bank balances at end of period</b>                         |            | <b>124.2</b>      | <b>259.6</b>  |
| <b>Cash and bank balances at end of period includes the followings</b> |            |                   |               |
| Cash and cash equivalents  |            | 162.6             | 265.0         |
| Cash deposit pledged with bank   | <b>(4)</b> | (38.4)            | (5.4)         |
| <b>Cash and bank balances at end of period</b>                         |            | <b>124.2</b>      | <b>259.6</b>  |

**Notes to Cash flows for 1Q2010**

(1) Net cash used in the operating activities amounting to RMB 26.0 million was mainly due to the increase in loans to third parties as described in Note (5) in Pg 4.

- (2) Net cash used in investing activities amounting to RMB 15.5 million was mainly due to the increased payment for capital equipment and construction work projects and lower proceeds from maturity of AFS financial asset.
- (3) Net cash used in financing activities amounted to RMB 10.7 million as RMB 10 million of internal resources were used to make partial loan repayment to ICBC.
- (4) The increase in deposit pledged with the banks for trade facilities was in line with the increase in imported 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<br>Capital | Treasury<br>Shares | Statutory,<br>Merger,<br>Exchange<br>reserves | Retained<br>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 | -                | -                  | n.m   | 30.4                 | 30.4         |
| <b>Balance as at 31 March 2010</b>        | <b>313.5</b>     | <b>(13.0)</b>      | <b>37.1</b>                                   | <b>292.2</b>         | <b>629.8</b> |
| Balance as at 1 January 2009              | 313.5            | (6.7)              | 22.4  | 211.3                | 540.5        |
| Total Comprehensive Income for the period | -                | -                  | (2.5)   | 10.9                 | 8.4          |
| Interim dividend declared                 | -                | -                  | -   | (21.6)               | (21.6)       |
| Shares buy back held in treasury          | -                | (2.0)              | -   | -                    | (2.0)        |
| <b>Balance as at 31 March 2009</b>        | <b>313.5</b>     | <b>(8.7)</b>       | <b>19.9</b>                                   | <b>200.6</b>         | <b>525.3</b> |

**COMPANY**

|   | Share<br>Capital | Treasury<br>Shares | Statutory,<br>Merger,<br>Exchange<br>reserves | Retained<br>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   | (0.3)                | (0.2)        |
| <b>Balance as at 31 March 2010</b>        | <b>313.5</b>     | <b>(13.0)</b>      | <b>(5.7)</b>                                  | <b>87.1</b>          | <b>381.9</b> |
| Balance as at 1 January 2009              | 313.5            | (6.7)              | (5.3)   | 94.8                 | 396.3        |
| Total Comprehensive Income for the year   | -                | -                  | (2.9)   | 0.2                  | (2.7)        |
| Interim dividend declared                 | -                | -                  | -   | (21.6)               | (21.6)       |
| Share buyback-held in treasury            | -                | (2.0)              | -   | -                    | (2.0)        |
| <b>Balance as at 31 March 2009</b>        | <b>313.5</b>     | <b>(8.7)</b>       | <b>(8.2)</b>                                  | <b>73.4</b>          | <b>370.0</b> |

**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<br>S\$ |
|---------------------------------------|--------------------|---|
| As at 1 January 2009                  | <b>484,441,000</b> | <b>61,234,149</b>                                 |
| Share buyback – held as treasury      | (7,084,000)        | (1,333,267)                                       |
| <b>Balance as at 31 December 2009</b> | <b>477,357,000</b> | <b>59,900,882</b>                                 |
| Share buyback – held as treasury      | -                  | -   |
| <b>Balance as at 31 March 2010</b>    | <b>477,357,000</b> | <b>59,900,882</b>                                 |

There are no outstanding convertibles issued by the Company as at 31 March 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 1QFY2010. Total number of treasury shares at end 1QFY2010 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.**

|   | <b>1Q2010<br/>RMB<br/>(cents)</b> | <b>1Q2009<br/>RMB<br/>(cents)</b> |
|---|-----------------------------------|-----------------------------------|
| <b>Basic Earnings per share (Basic EPS)</b><br>- based on weighted average number of shares on issue  | <b>6.37</b>                       | <b>2.25</b>                       |
| The calculations of EPS is based on net profit and number of shares shown below:<br>Profit attributable to equity holders (RMB'000)<br>Weighted average number of shares applicable to basic EPS ('000) | 30,384<br>477,357                 | 10,873<br>483,098                 |

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

|  | <b>Group</b>      |                   | <b>Company</b>    |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | <b>31/03/2010</b> | <b>31/12/2009</b> | <b>31/03/2010</b> | <b>31/12/2009</b> |
| Net asset attributable to shareholders (RMB'000) | 629,778           | 599,366           | 381,883           | 382,091           |
| Net asset value per ordinary share (RMB cents)   | 131.93**          | 125.56            | 80.00             | 80.04             |
| Number of issued shares* ('000)                  | 477,357           | 477,357           | 477,357           | 477,357           |

\* number of issued shares excludes treasury shares

\*\* equivalent to 27.07 SGD cents at exchange rate of about 4.8733



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       | 1Q2010 | 1Q2009 | Change |
|-------------------|--------|--------|--------|
| Group Revenue     | 202.7  | 134.1  | 51%    |
| Gross Profit      | 48.0   | 22.3   | 115%   |
| Profit before tax | 34.2   | 12.3   | 178%   |
| Net profit        | 30.4   | 10.9   | 179%   |

#### **Commentaries on performance**

The economic outlook in this quarter has improved substantially compared to 1QFY2009 which was the worst quarter in FY2009 as the global economic crisis commenced in late 2008. 1QFY2010 revenue increased by 51% to RMB 202.7 million as compared to RMB 134.1 million in 1QFY2009 due to the increase in our sales volume and average selling price. Sales Volume improved 26% to 11,214 tons as compared to 8,870 tons in 1QFY2009 as we are able to increase our production capacity to meet the increased demand.

**Overall average selling price (ASP)** for all products increased to RMB 18,100 per ton in 1QFY2010 as compared to RMB 15,100 per ton in 1QFY2009. Besides the increased demand for our products, the ASP increased was partly due to increase in raw material prices.

#### **Analysis of Sales and Volume**

|                     | Sales Volume<br>(Tons) |              | Sales<br>(RMB' million) |              |
|---------------------|------------------------|--------------|-------------------------|--------------|
|                     | 1Q2010                 | 1Q2009       | 1Q2010                  | 1Q2009       |
| Accelerators        | 10,108                 | 7,930        | 189.3                   | 125.2        |
| Insoluble sulphur   | 836                    | 534          | 9.0                     | 4.6          |
| Anti-oxidant        | 91                     | 348          | 1.2                     | 2.9          |
| Others              | 179                    | 58           | 3.2                     | 1.4          |
| <b>Total</b>        | <b>11,214</b>          | <b>8,870</b> | <b>202.7</b>            | <b>134.1</b> |
| Domestic Sales      | 6,467                  | 6,362        | 110.4                   | 89.4         |
| International sales | 4,747                  | 2,508        | 92.3                    | 44.7         |

Sales volume across all categories increased except for anti-oxidant, TMQ. The selling price of TMQ remains competitive. As China remained in winter during 1QFY2010, heat from our generators were channeled to the production of higher profit-margin products such as accelerators and insoluble sulphur. This reduced the production volume of TMQ available for sales.

Due to the improved global economic situation, export sales increased substantially to 4,747 tons in 1QFY2010 against 2,508 tons in 1QFY2009 when some US and European car manufacturing companies were undergoing restructuring. The sales to domestic market remained healthy.

**Gross profit** increased by 115% from RMB 22.3 million in 1QFY2009 to RMB 48.0 million in 1QFY2010, in line with the increase in revenue. Gross profit margins (GPM) improved from 16.6% in 1QFY2009 to 23.7% in 1QFY2010 as demand for our products increased resulting in the increase in our ASP relative to average increase in cost of sales.

**Other operating income** was RMB 2.2 million in 1QFY2010, consisting of mainly investment income and sales of scrap materials.

**Selling and distribution expenses**, which increased by 12% from RMB 6.0 million in 1QFY2009 to RMB 6.7 million in 1QFY2010, were in line with the increase in revenue.

**Administrative expenses** increased by 5% from RMB 7.8 million in 1QFY2009 to RMB 8.2 million in 1QFY2010, as more expenditure were spent on staff welfare and corporate branding while such expenditure were reduced in 1QFY2009 due to the global economic crisis.

**Other operating expenses** amounting to RMB 0.4 million in 1QFY2010 was the realised transactional exchange loss as Chinese Yuan appreciated against the US dollar.

**Profit before tax (PBT)** improved by 178% from RMB 12.3 million in 1QFY2009 to RMB 34.2 million in 1QFY2010 due to above factors. Thus **Net profit attributable to shareholders** improved substantially by 171% from RMB 10.9 million in 1Q2009 to RMB 30.4 million in 1QFY2010.

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

Not applicable.

**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.**

Our international sales appear to have stabilized as our quarterly export volume has maintained at about 4500 tons since 4QFY2009. Given the strong automobile sales in China, the domestic market remains resilient. In view of this, the Group expects demand for our accelerators and insoluble sulphur to remain healthy. Selling prices could trend upward in line with the price increase of raw materials.

There has been pressure by the local government in China to revalue the RMB upwards. This would inevitably make our products more expensive in the export market. However, we believe any RMB appreciation will be gradual and with our ability to deliver quality products, export customers will continue to find value in us.

With the completion of the 7000-ton MBTS and 8000-ton insoluble sulphur plants in 2009, the Group will continue to boost its efficiency to increase its supply and thus sales volume. As stated in FY2009 results announcement dated 25 Feb 2010, the construction of the 15,000-ton 6PPD as well as R&D centre and office facilities at Facility 2 are progressing as scheduled. In addition to these on-going projects, the Group has recently announced the purchase of a 280 mu land at Weifang Binhai Economic Zone, Shandong Province. This site can potentially accommodate production lines and ancillary facilities producing 50,000 tons of accelerators per year. In Phase 1, the Group will build a 15,000-ton plant of MBT accelerator, an intermediary material for other accelerator products. Together with the cost of land, Phase 1 is budgeted at RMB 100 million. This investment will be funded by internal resources, bank financing and/or strategic investors. Phase 1 is expected to be completed in 1QFY2011.

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?

None

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

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

S\$0.01 per ordinary share was declared in 1Q2009.

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

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

Not applicable

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

Not applicable.

**13. Interested Person Transactions**

None

**BY ORDER OF THE BOARD**

**Xu Cheng Qiu  
Executive Chairman**

**29 April 2010**

[End of Report]

**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 first quarter financial results for the period ended 31 March 2010 to be false or misleading in any material respect.

On behalf of the Board of Directors

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**Xu Cheng Qiu**  
**Executive Chairman**

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**Liu Jing Fu**  
**Executive Director**