



China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 3rd Quarter Ended 30 September 2010

| | 3 rd quarter ended | | Change % | 9 months ended | | Change % |
|--|-------------------------------|--------------|---------------|----------------|--------------|---------------|
| | 30/9/2010 | 30/9/2009 | | 30/9/2010 | 30/9/2009 | |
| | RMB 'million | | | RMB 'million | | |
| Revenue | 267.1 | 201.7 | 32% | 718.1 | 513.5 | 40% |
| Cost of sales | 201.8 | 157.2 | 28% | 549.8 | 403.1 | 36% |
| Gross profit | 65.3 | 44.5 | 47% | 168.3 | 110.4 | 52% |
| Other income | 4.2 | 1.4 | 200% | 8.8 | 7.5 | 17% |
| Selling and distribution expenses | 9.7 | 5.3 | 83% | 24.3 | 16.9 | 44% |
| Administrative expenses | 18.1 | 11.6 | 56% | 40.9 | 29.6 | 38% |
| Other expenses | 0.7 | - | n.m | 2.2 | 0.4 | 450% |
| Finance expenses | 0.9 | 0.2 | 350% | 2.2 | 0.3 | 633% |
| Profit before tax | 40.1 | 28.8 | 39% | 107.5 | 70.7 | 52% |
| Income tax expenses | 6.3 | 3.8 | 62% | 15.0 | 9.3 | 61% |
| Profit after tax | 33.8 | 25.0 | 35% | 92.5 | 61.4 | 50% |
| Other comprehensive income: | | | | | | |
| Exchange differences on translation, net of tax | 0.2 | 0.4 | (50%) | 0.1 | (1.7) | 106% |
| Total comprehensive income for the period | 34.0 | 25.4 | 34% | 92.6 | 59.7 | 55% |
| Gross profit margin | 24.4% | 22.1% | 2.3pts | 23.4% | 21.5% | 1.9pts |
| Earnings per share (RMB cents) * | 7.07 | 5.24 | 35% | 19.37 | 12.79 | 51% |

n.m. - not meaningful

Notes to the Consolidated Statement of Comprehensive Income:

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

| | 3rd quarter ended | | | 9 months ended | | |
|--|-------------------------------------|------------------|---------------|-----------------------|------------------|---------------|
| | 30/9/2010 | 30/9/2009 | Change | 30/9/2010 | 30/9/2009 | Change |
| | RMB'million | | % | RMB'million | | % |
| Interest income | (0.8) | (0.1) | 700% | (3.6) | (2.4) | 50% |
| Interest on borrowings | 0.9 | 0.2 | 350% | 2.2 | 0.3 | 633% |
| Depreciation of property, plant and equipment | 5.5 | 6.3 | (13%) | 16.7 | 16.6 | (1%) |
| Amortisation of Intangible Assets | 0.1 | 0.1 | - | 0.3 | 0.3 | - |
| Foreign exchange loss/(gain) | 0.5 | (0.1) | (600%) | 1.8 | (0.6) | (400%) |
| Writeback of impairment on receivables | (1.2) | - | n.m | (1.2) | (1.8) | (33%) |

[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> | |
|--|------|----------------------------|----------------------------|----------------------------|----------------------------|
| | | 30/09/2010 RMB' million | 31/12/2009 RMB' million | 30/09/2010 RMB' million | 31/12/2009 RMB' million |
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Subsidiary | | - | - | 371.1 | 371.1 |
| Property, plant and equipment | (1) | 244.4 | 184.1 | - | - |
| Intangible assets | | 17.8 | 18.0 | - | - |
| Available-for-sale financial assets | | 14.6 | 14.0 | 14.6 | 14.0 |
| | | 276.8 | 216.1 | 385.7 | 385.1 |
| CURRENT ASSETS | | | | | |
| Available-for-sale financial assets | (2) | 20.0 | 22.4 | - | 2.4 |
| Inventories | (3) | 70.6 | 54.3 | - | - |
| Trade receivables | (4) | 247.3 | 181.2 | - | - |
| Due from a subsidiary | | - | - | 0.9 | - |
| Other receivables, deposits and prepayment | | 98.8 | 96.5 | 0.1 | - |
| Cash and cash equivalents | | 158.7 | 195.7 | 4.0 | 4.7 |
| | | 595.4 | 550.1 | 5.0 | 7.1 |
| TOTAL ASSETS | | 872.2 | 766.2 | 390.7 | 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 | | (6.9) | (7.0) | (5.7) | (5.8) |
| Retained earnings | | 331.0 | 261.8 | 87.8 | 87.4 |
| TOTAL EQUITY | | 668.7 | 599.4 | 382.6 | 382.1 |
| LIABILITIES | | | | | |
| NON-CURRENT LIABILITY | | | | | |
| | | - | - | - | - |
| CURRENT LIABILITIES | | | | | |
| Trade payables | (5) | 43.1 | 33.8 | - | - |
| Other payables and accruals | (6) | 60.8 | 67.1 | 7.8 | 10.1 |
| Deferred grant | (7) | 2.9 | 6.4 | - | - |
| Bank loans | (8) | 90.0 | 50.0 | - | - |
| Income tax payable | | 6.7 | 9.5 | 0.3 | - |
| | | 203.5 | 166.8 | 8.1 | 10.1 |
| TOTAL LIABILITIES | | 203.5 | 166.8 | 8.1 | 10.1 |
| TOTAL EQUITY AND LIABILITIES | | 872.2 | 766.2 | 390.7 | 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 30/09/2010 | | As at 31/12/2009 | |
|------------------|-------------|------------------|-------------|
| Secured | Unsecured | Secured | Unsecured |
| RMB'million | RMB'million | RMB'million | RMB'million |
| - | 90.00 | - | 50.0 |

Details of any collateral

No collateral

Notes to Statements of Financial Position

Note (1) Property, plant and equipment increased by RMB 60.3 million from RMB 184.1 million to RMB 244.4 million due mainly to purchase of machinery and equipment relating to various projects, and construction-in-progress in 9MFY2010 amounting to RMB 80.9 million less RMB 16.7 million depreciation and RMB 3.9 million 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 16.3 million from RMB 54.3 million to RMB 70.6 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 541 tons compared to 134 tons as at 31 December 2009. Notwithstanding this, inventory turnover reduced from 39 days in FY2009 to 31 days in 9MFY2010.

Note (4) Trade receivables increased by RMB 66.1 million from RMB 181.2 million to RMB 247.3 million due to higher sales in 3QFY2010 compared to 4QFY2009. Notwithstanding this, trade receivables turnover reduced from 89 days in FY2009 to 82 days in 9MFY2010.

Note (5) Trade payables increased by RMB 9.3 million from RMB 33.8 million to RMB 43.1 million, in line with the increase in purchases and higher price of raw materials.

Note (6) Other payables decreased by RMB 6.3 million from RMB 67.1 million to RMB 60.8 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, partially offset by the increase in advance from customers.

Note (7) Deferred grant decreased by RMB 3.5 million from RMB 6.4 million to RMB 2.9 million as several payments were made for the research on the insoluble sulphur technology.

Note (8) Bank loan increased to RMB 90.0 million in view of the various projects as stated in the commentary in Para 10 Pg 10. RMB 30.0 million of unsecured loans each was borrowed from Industrial and Commercial Bank of China, Agriculture Bank of China and China Construction Bank in China.

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 | 3 rd quarter ended | | 9 months ended | |
|--|-------------------------------|---------------|----------------|---------------|
| | 30/09/2010 | 30/09/2009 | 30/09/2010 | 30/09/2009 |
| | RMB'million | | RMB'million | |
| Cash flows from operating activities | | | | |
| Profit before taxation | 40.1 | 28.8 | 107.5 | 70.7 |
| Adjustments for:- | | | | |
| Depreciation of property, plant and equipment | 5.5 | 6.3 | 16.7 | 16.6 |
| Amortisation of intangible Assets | 0.1 | 0.1 | 0.3 | 0.3 |
| Loss on disposal of fixed assets | - | - | - | 0.2 |
| (Writeback)/Impairment on receivables | (1.2) | - | (1.2) | (1.8) |
| Interest income | (0.8) | (0.1) | (3.6) | (2.4) |
| Interest expense | 0.9 | 0.2 | 2.2 | 0.3 |
| Translation difference | (0.6) | 0.1 | (0.6) | (1.9) |
| Operating profit before working capital changes | 44.0 | 35.4 | 121.3 | 82.0 |
| Changes in working capital: | | | | |
| Inventories | (3.1) | 5.8 | (16.3) | 22.4 |
| Trade and other receivables | (45.9) | (43.1) | (67.2) | (58.4) |
| Trade and other payables and accruals | 14.3 | 1.0 | 2.9 | 20.7 |
| Cash deposit released from /(pledged with) bank | 15.6 | (8.8) | (9.7) | (29.1) |
| Cash (used in)/ generated from operations | 24.9 | (9.7) | 31.0 | 37.6 |
| Income taxes paid | (9.9) | (4.0) | (17.9) | (11.4) |
| Net cash (used in)/generated from operating activities | (1) 15.0 | (13.7) | 13.1 | 26.2 |
| Cash flows from investing activities | | | | |
| Purchase of plant and equipment | (27.5) | (15.5) | (80.9) | (41.3) |
| Net proceeds from/ (Investment in) AVS financial asset | - | (10.0) | 2.4 | 17.6 |
| Interest income received | 0.8 | 0.1 | 3.6 | 2.4 |
| Net cash used in investing activities | (2) (26.7) | (25.4) | (74.9) | (21.3) |
| Cash flows from financing activities | | | | |
| Purchase of treasury shares | - | (1.4) | - | (6.0) |
| Interest expense paid | (0.9) | (0.2) | (2.2) | (0.3) |
| Dividend paid | - | - | (23.3) | (21.6) |
| Grant (utilized)/received | - | 3.0 | 0.6 | 3.1 |
| Repayment of bank borrowings | - | (30.0) | (90.0) | (30.0) |
| Repayment of borrowings from a director | - | - | - | (16.4) |
| Proceeds from bank loan | 60.0 | - | 130.0 | 80.0 |
| Net cash generated from/(used in) financing activities | (3) 59.1 | (28.6) | 15.1 | 8.8 |
| Net (decrease)/ increase in cash and bank balances | 47.4 | (67.7) | (46.7) | 13.7 |
| Cash and bank balances at beginning of period | 82.3 | 265.6 | 176.4 | 184.2 |
| Cash and bank balances at end of period | 129.7 | 197.9 | 129.7 | 197.9 |
| Cash and bank balances at end of period includes the followings | | | | |
| Cash and cash equivalents | 158.7 | 227.0 | 158.7 | 227.0 |
| Cash deposit pledged with bank | (29.0) | (29.1) | (29.0) | (29.1) |
| Cash and bank balances at end of period | 129.7 | 197.9 | 129.7 | 197.9 |

Notes to Consolidated Statement of Cash flows for 3Q2010

- (1) Net cash generated from operating activities amounted to RMB 15.0 million was due mainly to the increase in operating cash profit partially offset by increased in inventories and trade receivables.
- (2) Net cash used in investing activities amounting to RMB 26.7 million was mainly due to the increased payment for capital equipment and construction in progress projects.
- (3) Net cash generated from financing activities amounted to RMB 59.1 million as the local banks disbursed RMB 60.0 million of loans.

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 | 92.5 | 92.6 |
| Dividend paid | - | - | - | (23.3) | (23.3) |
| Balance as at 30 September 2010 | 313.5 | (13.0) | 37.2 | 331.0 | 668.7 |
| Balance as at 1 January 2009 | 313.5 | (6.7) | 22.4 | 211.3 | 540.5 |
| Total Comprehensive Income for the period | - | - | (1.6) | 61.4 | 59.8 |
| Interim dividend declared | - | - | - | (21.6) | (21.6) |
| Shares buy back held in treasury | - | (6.0) | - | - | (6.0) |
| Balance as at 30 September 2009 | 313.5 | (12.7) | 20.8 | 251.1 | 572.7 |

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 | 23.7 | 23.8 |
| Dividend paid | - | - | - | (23.3) | (23.3) |
| Balance as at 30 September 2010 | 313.5 | (13.0) | (5.7) | 87.8 | 382.6 |
| Balance as at 1 January 2009 | 313.5 | (6.7) | (5.3) | 94.8 | 396.3 |
| Total Comprehensive Income for the period | - | - | (0.4) | 18.7 | 18.3 |
| Interim dividend declared | - | - | - | (21.6) | (21.6) |
| Share buyback-held in treasury | - | (6.0) | - | - | (6.0) |
| Balance as at 30 September 2009 | 313.5 | (12.7) | (5.7) | 91.9 | 387.0 |

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 September 2010 | <u>477,357,000</u> | <u>59,900,882</u> |
| As at 1 January 2009 | <u>484,441,000</u> | <u>61,234,149</u> |
| Share buyback – held as treasury | <u>(6,879,000)</u> | <u>(1,280,686)</u> |
| As at 30 September 2009 | <u>477,562,000</u> | <u>59,953,463</u> |

There are no outstanding convertibles issued by the Company as at 30 September 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 3Q2010. Total number of treasury shares at end 3Q2010 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.

| | 3Q2010 | 3Q2009 | 9M2010 | 9M2009 |
|---|-------------------|-------------------|-------------------|-------------------|
| | RMB (cents) | RMB (cents) | RMB (cents) | RMB (cents) |
| Basic Earnings per share (Basic EPS) - based on weighted average number of shares on issue | 7.07 | 5.24 | 19.37 | 12.79 |
| 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) | 33,778 477,357 | 25,048 477,808 | 92,483 477,357 | 61,437 480,384 |

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 30 September 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 | |
|--|------------|------------|------------|------------|
| | 30/09/2010 | 31/12/2009 | 30/09/2010 | 31/12/2009 |
| Net asset attributable to shareholders (RMB'000) | 668,642 | 599,366 | 382,574 | 382,091 |
| Net asset value per ordinary share (RMB cents)** | 140.07 | 125.56 | 80.14 | 80.04 |
| Number of issued shares * ('000) | 477,357 | 477,357 | 477,357 | 477,357 |

* number of issued shares excludes treasury shares

** equivalent to 27.6 SGD cents at exchange rate of about 5.0824

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 | 3Q2010 | 3Q2009 | Change % | 9M2010 | 9M2009 | Change % |
|-------------------|--------|--------|----------|--------|--------|----------|
| Group Revenue | 267.1 | 201.7 | 32% | 718.1 | 513.5 | 40% |
| Gross Profit | 65.3 | 44.5 | 47% | 168.3 | 110.4 | 52% |
| Profit before tax | 40.1 | 28.8 | 39% | 107.5 | 70.7 | 52% |
| Net profit | 33.8 | 25.0 | 35% | 92.5 | 61.4 | 50% |

Commentaries on performance

Despite the cautious outlook for 3QFY2010 due to the European debt crisis and potential slowdown in the Chinese economy, the Group's financial results continue to improve, achieving another record sales volume as the demand for our products remain strong. 3QFY2010 revenue increased by 32% to RMB 267.1 million as compared to RMB 201.7 million in 3QFY2009 due to the increase in our sales volume and average selling price. Sales volume improved 16% to 14,585 tons as compared to 12,554 tons in 3QFY2009.

Overall average selling price (ASP) for all products increased to RMB 18,313 per ton in 3QFY2010 as compared to RMB 16,066 per ton in 3QFY2009. 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) | | | |
|---------------------|------------------------|--------|---------------|--------|------------------|--------|--------------|--------|
| | 3Q2010 | 3Q2009 | 9M2010 | 9M2009 | 3Q2010 | 3Q2009 | 9M2010 | 9M2009 |
| Accelerators | 12,211 | 11,135 | 34,115 | 29,427 | 237.9 | 187.0 | 649.4 | 478.7 |
| Insoluble sulphur | 1,331 | 1,182 | 3,161 | 2,421 | 15.3 | 11.0 | 35.8 | 21.9 |
| Anti-oxidant | 935 | 125 | 1,962 | 746 | 11.4 | 1.4 | 24.9 | 7.0 |
| Others | 108 | 112 | 382 | 277 | 2.5 | 2.3 | 8.0 | 5.9 |
| | | | | | | | | |
| Total | 14,585 | 12,554 | 39,620 | 32,871 | 267.1 | 201.7 | 718.1 | 513.5 |
| | | | | | | | | |
| Local Sales | 9,269 | 8,066 | 24,390 | 21,467 | 157.6 | 121.7 | 417.1 | 317.3 |
| International Sales | 5,316 | 4,488 | 15,230 | 11,404 | 109.5 | 80.0 | 301.0 | 196.2 |

After reaching record sales volume of 13,823 tons in 2QFY2010, the Group achieved consecutive record sales volume of 14,585 tons in 3QFY2010, with sales volume increasing across all categories and markets.

Gross profit increased by 47% from RMB 44.5 million in 3QFY2009 to RMB 65.3 million in 3QFY2010, in line with the increase in revenue. Gross profit margins (GPM) increased from 22.1% in 3QFY2009 to 24.4% in 3QFY2010 as the increase in cost of sales is less than the increase in ASP.

Other operating income was RMB 4.2 million in 3QFY2010, consisting of mainly sales of scrap materials.

Selling and distribution expenses, which increased by 83% from RMB 5.3 million in 3QFY2009 to RMB 9.7 million in 3QFY2010, was due mainly to higher port charges and freight costs as the China ports increased its charge per ton while more goods were exported. Furthermore, the Group delivered more goods to Europe and America resulting in higher port charges as delivery to such destinations requires stringent check at the ports.

Administrative expenses increased by 56% from RMB 11.6 million in 3QFY2009 to RMB 18.1 million in 3QFY2010, in line with the increase in operating activities. This is in addition to a RMB4 million research & development charge in 3QFY2010.

Other operating expenses amounting to RMB 0.7 million in 3QFY2010 was mainly due to the exchange loss as Chinese Yuan appreciated against the US Dollars.

Finance expenses increased from RMB 0.2 million in 3QFY2009 to RMB 0.9 million in 3QFY2010 as bank loan interest rate and loan amount increased.

Profit before tax (PBT) improved by 39% from RMB 28.8 million in 3QFY2009 to RMB 40.1 million in 3QFY2010 due to the above factors. Accordingly, **Net profit attributable to shareholders** improved by 35% from RMB 25.0 million in 3Q2009 to RMB 33.8 million in 3QFY2010.

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.

Most tire manufacturers have increased their prices in Q2 and Q3 this year in view of the rising cost of raw material, especially rubber. However, management believes that the demand for tires will be sustainable as car population has been growing steadily especially in China and Asia. According to the China Association of Automobile Manufacturers (中国汽车工业协会), China will maintain its position as the largest automobile market for this year because the sales of vehicles will top 17 million units. Given the robust domestic outlook, the Group expects demand for its products to remain strong. The Group will continue to push ahead with its marketing efforts, diversify its customer base, expand its capacity and enhance its product quality to capture a bigger market share.

During 9MFY2010, the Group has completed the following expansions:

- structural construction of the R&D centre and office facilities at Facility 2 in June.
- capacity expansion of insoluble sulphur to 10000 tons pa in September along with the commencement trial production.
- construction of 15000-ton 6PPD plant at Facility 2 in September with trial production commencing in 3Q2011 after completion of its intermediary material (4-Aminodiphenylamine) production plant construction.

The Group will continue with the following projects:

- Complete the interior works of the R&D centre and office facilities at Facility 2 by end FY2010.
- Complete Phase 1 of Facility 3 at Weifang plant (15,000-ton MBT) by 1QFY2011.
- Complete the shifting of all production facilities from Facility 1 to Facility 2 by 1H2011. As a consequence, we shall recognise impairment of plant and equipment progressively. Due to Facility 1's proximity to commercial development within Shanxian city, the local government intends to rezone this site for commercial and residential use. The Group is negotiating with the local government on the change of land use rights and/or compensation for vacating the site. An appropriate announcement will be made should there be further developments on the same.
- Complete the construction of 6PPD's intermediary material (4-Aminodiphenylamine) production plant by 1H2011.

Upon the completion of these projects, the Group is confident that they will augment its competitive advantage and widen its market lead over its nearest competitors.

Barring unforeseen circumstances, the Group expects to achieve record results 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

Dated: 29 October 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 September 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 October 2010