



China SunSine Chemical Holdings Ltd.
Interim Financial Statements
For the six months ended 30 June 2024

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A. Condensed Consolidated Interim Statement of Comprehensive Income

| | Note | Group 6 months ended | | Change % |
|--|------|----------------------------|----------------------------|-------------|
| | | 30/06/2024 RMB' million | 30/06/2023 RMB' million | |
| Revenue | 4 | 1,749.1 | 1,729.1 | 1% |
| Cost of sales | | (1,315.5) | (1,317.1) | - |
| Gross profit | | 433.6 | 412.0 | 5% |
| Other income | | 33.5 | 30.4 | 10% |
| Other gains, net | | 18.7 | 21.2 | (12%) |
| Expenses: | | | | |
| - Selling and distribution | | (52.6) | (50.6) | 4% |
| - Administrative | | (95.2) | (105.6) | (10%) |
| - Research and development | | (69.9) | (71.3) | (2%) |
| Profit before income tax | 5 | 268.1 | 236.1 | 14% |
| Income tax expense | 6 | (79.3) | (41.5) | 91% |
| Net profit | | 188.8 | 194.6 | (3%) |
| Other comprehensive income: | | | | |
| Currency translation differences arising from consolidation, net of tax | | (3.3) | 2.2 | (250%) |
| Total comprehensive income for the financial period | | 185.5 | 196.8 | (6%) |
| Net profit attributable to: | | | | |
| Equity holders of the Company | | 188.8 | 194.6 | (3%) |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | | 185.5 | 196.8 | (6%) |
| Earnings per share for net profit attributable to equity holders of the Company (RMB cents per share) | | | | |
| Basic and diluted earnings per share | 7 | 19.71 | 20.17 | (2%) |

B. Condensed Interim Statements of Financial Position

| | Note | GROUP | | COMPANY | |
|--|------|---------------------------|----------------------------|---------------------------|----------------------------|
| | | 30/6/2024 RMB' million | 31/12/2023 RMB' million | 30/6/2024 RMB' million | 31/12/2023 RMB' million |
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Investments in subsidiary corporations | 10 | - | - | 350.0 | 350.0 |
| Property, plant and equipment | 11 | 858.6 | 863.8 | 0.3 | 0.3 |
| Intangible assets | 12 | 209.0 | 207.2 | - | - |
| | | <u>1,067.6</u> | <u>1,071.0</u> | <u>350.3</u> | <u>350.3</u> |
| CURRENT ASSETS | | | | | |
| Assets held-for-sale | 13 | 20.3 | 20.3 | - | - |
| Inventories | 14 | 341.7 | 341.3 | - | - |
| Trade and other receivables | 15 | 1,213.9 | 1,265.3 | 11.9 | 191.7 |
| Cash and bank balances | | 1,750.7 | 1,687.9 | 39.3 | 17.0 |
| | | <u>3,326.6</u> | <u>3,314.8</u> | <u>51.2</u> | <u>208.7</u> |
| TOTAL ASSETS | | <u>4,394.2</u> | <u>4,385.8</u> | <u>401.5</u> | <u>559.0</u> |
| Share capital | 16 | 313.5 | 313.5 | 313.5 | 313.5 |
| Treasury shares | 16 | (61.7) | (54.5) | (61.7) | (54.5) |
| Other reserves | | 808.6 | 811.9 | 50.1 | 53.4 |
| Retained earnings | | 2,918.1 | 2,855.7 | 86.0 | 228.0 |
| TOTAL EQUITY | | <u>3,978.5</u> | <u>3,926.6</u> | <u>387.9</u> | <u>540.4</u> |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 17 | 297.6 | 364.4 | 8.9 | 14.0 |
| Current income tax payable | | 118.1 | 94.8 | 4.7 | 4.6 |
| | | <u>415.7</u> | <u>459.2</u> | <u>13.6</u> | <u>18.6</u> |
| TOTAL LIABILITIES | | <u>415.7</u> | <u>459.2</u> | <u>13.6</u> | <u>18.6</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>4,394.2</u> | <u>4,385.8</u> | <u>401.5</u> | <u>559.0</u> |

C. Condensed Consolidated Interim Statement of Changes in Equity

| <u>GROUP</u> | Share Capital | Treasury Shares | Other Reserves | Retained Earnings | Total Equity |
|---|------------------|--------------------|-------------------|----------------------|-----------------|
| | RMB'million | RMB'million | RMB'million | RMB'million | RMB'million |
| Balance as at 1 January 2024 | 313.5 | (54.5) | 811.9 | 2,855.7 | 3,926.6 |
| <i><u>Total Comprehensive Income</u></i> | | | | | |
| Net profit for the financial period | - | - | - | 188.8 | 188.8 |
| Currency translation differences arising from consolidation, net of tax | - | - | (3.3) | - | (3.3) |
| Total comprehensive income for the financial period | - | - | (3.3) | 188.8 | 185.5 |
| <i><u>Transactions with owners, recorded directly in equity</u></i> | | | | | |
| Purchase of treasury shares | - | (7.2) | - | - | (7.2) |
| Dividend paid | - | - | - | (126.4) | (126.4) |
| Total distributions to owners | - | (7.2) | - | (126.4) | (133.6) |
| Balance as at 30 June 2024 | 313.5 | (61.7) | 808.6 | 2,918.1 | 3,978.5 |
| Balance as at 1 January 2023 | 313.5 | (40.8) | 735.2 | 2,683.9 | 3,691.8 |
| <i><u>Total Comprehensive Income</u></i> | | | | | |
| Net profit for the financial period | - | - | - | 194.6 | 194.6 |
| Currency translation differences arising from consolidation, net of tax | - | - | 2.2 | - | 2.2 |
| Total comprehensive income for the financial period | - | - | 2.2 | 194.6 | 196.8 |
| <i><u>Transactions with owners, recorded directly in equity</u></i> | | | | | |
| Purchase of treasury shares | - | (4.5) | - | - | (4.5) |
| Dividend paid | - | - | - | (126.3) | (126.3) |
| Total distributions to owners | - | (4.5) | - | (126.3) | (130.8) |
| Balance as at 30 June 2023 | 313.5 | (45.3) | 737.4 | 2,752.2 | 3,757.8 |

C. Condensed Consolidated Interim Statement of Changes in Equity (Cont'd)

| <u>COMPANY</u> | Share Capital | Treasury Shares | Other Reserves | Retained Earnings | Total Equity |
|--|------------------|--------------------|-------------------|----------------------|-----------------|
| | RMB'million | RMB'million | RMB'million | RMB'million | RMB'million |
| Balance as at 1 January 2024 | 313.5 | (54.5) | 53.4 | 228.0 | 540.4 |
| <i>Total Comprehensive Income</i> | | | | | |
| Net loss for the financial period | - | - | - | (15.6) | (15.6) |
| Exchange differences on translation, net of tax | - | - | (3.3) | - | (3.3) |
| Total comprehensive income, net of tax, for the financial period | - | - | (3.3) | (15.6) | (18.9) |
| <i>Transactions with owners, recorded directly in equity</i> | | | | | |
| Purchase of treasury shares | - | (7.2) | - | - | (7.2) |
| Dividend paid | - | - | - | (126.4) | (126.4) |
| Total distributions to owners | - | (7.2) | - | (126.4) | (133.6) |
| Balance as at 30 June 2024 | 313.5 | (61.7) | 50.1 | 86.0 | 387.9 |
| Balance as at 1 January 2023 | 313.5 | (40.8) | 51.1 | 200.3 | 524.1 |
| <i>Total Comprehensive Income</i> | | | | | |
| Net loss for the financial period | - | - | - | (17.1) | (17.1) |
| Exchange differences on translation, net of tax | - | - | 2.2 | - | 2.2 |
| Total comprehensive income, net of tax, for the financial period | - | - | 2.2 | (17.1) | (14.9) |
| <i>Transactions with owners, recorded directly in equity</i> | | | | | |
| Purchase of treasury shares | - | (4.5) | - | - | (4.5) |
| Dividend paid | - | - | - | (126.3) | (126.3) |
| Total distributions to owners | - | (4.5) | - | (126.3) | (130.8) |
| Balance as at 30 June 2023 | 313.5 | (45.3) | 53.3 | 56.9 | 378.4 |

D. Condensed Consolidated Interim Statement of Cash Flows

| | | Group | |
|---|-------------|-----------------------|-------------------|
| | | 6 months ended | |
| | | 30/06/2024 | 30/06/2023 |
| | | RMB' million | |
| Cash flows from operating activities | Note | | |
| Net profit | | 188.8 | 194.6 |
| Adjustments for: | | | |
| Income tax expense | 6 | 79.3 | 41.5 |
| Depreciation of property, plant and equipment ("PPE") | 5.1 | 68.8 | 75.2 |
| Amortisation of intangible assets | 5.1 | 1.9 | 2.7 |
| Write-off of PPE | 5.1 | 1.6 | 3.1 |
| Interest income | 5.1 | (35.2) | (19.8) |
| Translation difference | | (6.0) | (12.6) |
| Operating profit before working capital changes | | 299.2 | 284.7 |
| Changes in working capital: | | | |
| Inventories | | (0.3) | 96.2 |
| Trade and other receivables | | 51.4 | (4.1) |
| Trade and other payables | | (66.8) | (85.0) |
| Cash generated from operations | | 283.5 | 291.8 |
| Income taxes paid | | (56.0) | (55.9) |
| Net cash generated from operating activities | | 227.5 | 235.9 |
| Cash flows from investing activities | | | |
| Additions to PPE | 11 | (65.1) | (28.8) |
| Additions to intangible assets | | (3.7) | (1.1) |
| Proceeds from disposal of PPE | | - | 0.2 |
| Interest received | | 35.2 | 19.8 |
| Net cash used in investing activities | | (33.6) | (9.9) |
| Cash flows from financing activities | | | |
| Dividend paid | | (126.4) | (126.3) |
| Cash deposit released from/(pledged with) bank | | 1.6 | (7.7) |
| Purchase of treasury shares | | (7.2) | (4.5) |
| Net cash used in financing activities | | (132.0) | (138.5) |
| Net increase in cash and cash equivalents | | 61.9 | 87.5 |
| Effect of currency translation on cash and cash equivalents | | 2.5 | 15.1 |
| Cash and cash equivalents at beginning of the financial period | | 1,686.3 | 1,364.3 |
| Cash and cash equivalents at end of the financial period | | 1,750.7 | 1,466.9 |
| Cash and cash equivalents at end of the financial period include the following | | | |
| Cash and cash equivalents | | 1,750.7 | 1,475.2 |
| Cash deposit pledged with bank | | - | (8.3) |
| Cash and cash equivalents at end of the financial period | | 1,750.7 | 1,466.9 |

E. Selected Notes to the Condensed Interim Financial Statements

1. General information

China Sunshin Chemical Holdings Ltd. (the “**Company**”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The registered office and the principal place of business is located at 16 Raffles Quay, #15-08 Hong Leong Building, Singapore 048581.

The immediate and ultimate holding corporation of the Company is Success More Group Ltd (“**Success More**”), a company incorporated in the British Virgin Islands.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiary corporations are set out in Note 10 to the condensed interim financial statements.

2. Basis of preparation

2.1 Statement of Compliance

The condensed interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Committee. The interim financial statements do not include all the information required for a complete set of financial statements and should be read in conjunction with the audited financial statements for the year ended 31 December 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and the performance of the Group since the last annual financial statements for the financial year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, as the adoption of new and amended standards does not result in the material effect on the current financial period.

2.2 Basis of measurement

The interim financial statements have been prepared on the historical cost basis, and they have been prepared on a going concern basis, since the directors have verified that there are no financial, operating or other types of indicators that might cast significant doubt upon the Group’s ability to meet its obligations in the foreseeable future and particularly within the 12 months from the end of the reporting period.

The interim financial statements are presented in Chinese Renminbi (“**RMB**”) and have been rounded to the nearest million, unless otherwise stated.

2.3 New and amended standards adopted by the Group

The Group has applied the same accounting policies and methods of computation in the interim financial statements for the current financial period compared with those used in the audited financial statements for the financial year ended 31 December 2023. A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.4 Use of judgements and estimates

The preparation of the interim financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Credit loss allowance for trade receivables

Expected credit losses (“**ECL**”) on trade receivables are probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgements.

In determining the ECL of trade receivables, the Group has used four years of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the default rate to reflect the current and forward looking information. Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately.

E. Selected Notes to the Condensed Interim Financial Statements (Cont'd)

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Revenue

- (a) The Group derives revenue from the transfer of goods and services at a point in time for the following operating segments and geographical regions. Revenue is attributed to countries by location of customers.

| | <u>Group</u> | |
|-----------------------------------|----------------|----------------|
| | 6 months ended | |
| | 30/06/2024 | 30/06/2023 |
| | RMB'million | RMB'million |
| Sale of rubber chemicals | | |
| - People's Republic of China | 970.4 | 1,043.8 |
| - Rest of Asia | 584.2 | 476.2 |
| - America | 44.0 | 36.7 |
| - Europe | 93.1 | 103.9 |
| - Others | 37.2 | 44.4 |
| | <u>1,728.9</u> | <u>1,705.0</u> |
| | | |
| Provision of heating power | | |
| - People's Republic of China | <u>9.1</u> | <u>8.3</u> |
| | | |
| Waste treatment | | |
| - People's Republic of China | <u>11.1</u> | <u>15.8</u> |
| | | |
| Total | <u>1,749.1</u> | <u>1,729.1</u> |

- (b) Segment information

The Board of Directors ("**BOD**") is the Group's chief operating decision-makers. Management determined the operating segments based on the reports reviewed by the BOD that are used to make strategic decision, allocate resources, and assess performance. The BOD assesses the Group's performance mainly from business segment perspective.

The Group has three reportable business segments, namely (1) the manufacturing and sale of rubber chemicals, (2) the production and supply of heating power, and (3) waste treatment.

Other segments include investment holding in Singapore and hotel and restaurant (the "hospitality business") in People's Republic of China. These are not included within the reportable operating segments as the segments do not meet the quantitative thresholds required by SFRS(I) 8 for reportable segments. The results of these operations are included in the "Others" column.

The segment information for the reportable business segments is as follows:

E. Selected Notes to the Condensed Interim Financial Statements (Cont'd)

4. Revenue (Cont'd)

(b) Segment information (Cont'd)

| | Rubber Chemicals RMB'million | Heating Power RMB'million | Waste Treatment RMB'million | Others RMB'million | Total RMB'million |
|---|--|---|---|------------------------------|-----------------------------|
| 6 months ended | | | | | |
| 30 June 2024 | | | | | |
| Sales | | | | | |
| Total segment sales | 2,178.4 | 99.1 | 11.1 | 0.3 | 2,288.9 |
| Inter-segment sales | (449.5) | (90.0) | - | (0.3) | (539.8) |
| Sales to external parties | <u>1,728.9</u> | <u>9.1</u> | <u>11.1</u> | <u>-</u> | <u>1,749.1</u> |
| Adjusted EBITDA | <u>291.6</u> | <u>17.5</u> | <u>1.5</u> | <u>(7.0)</u> | <u>303.6</u> |
| Depreciation | (55.9) | (9.9) | (2.5) | (0.5) | (68.8) |
| Amortisation | <u>(1.3)</u> | <u>(0.1)</u> | <u>(0.3)</u> | <u>(0.2)</u> | <u>(1.9)</u> |
| Segment assets | <u>4,094.5</u> | <u>163.9</u> | <u>86.3</u> | <u>49.5</u> | <u>4,394.2</u> |
| Segment assets include: | | | | | |
| Additions to property, plant and equipment | 64.5 | 0.4 | 0.2 | - | 65.1 |
| Additions to intangible assets | <u>3.7</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3.7</u> |
| Segment liabilities | <u>294.3</u> | <u>29.9</u> | <u>53.4</u> | <u>38.1</u> | <u>415.7</u> |
| 6 months ended | | | | | |
| 30 June 2023 | | | | | |
| Sales | | | | | |
| Total segment sales | 2,161.0 | 117.4 | 15.8 | 0.3 | 2,294.5 |
| Inter-segment sales | (456.0) | (109.1) | - | (0.3) | (565.4) |
| Sales to external parties | <u>1,705.0</u> | <u>8.3</u> | <u>15.8</u> | <u>-</u> | <u>1,729.1</u> |
| Adjusted EBITDA | <u>264.5</u> | <u>33.3</u> | <u>4.1</u> | <u>(7.7)</u> | <u>294.2</u> |
| Depreciation | (62.3) | (9.8) | (2.6) | (0.5) | (75.2) |
| Amortisation | <u>(2.1)</u> | <u>(0.1)</u> | <u>(0.3)</u> | <u>(0.2)</u> | <u>(2.7)</u> |
| Segment assets | <u>3,849.2</u> | <u>167.8</u> | <u>95.4</u> | <u>78.9</u> | <u>4,191.3</u> |
| Segment assets include: | | | | | |
| Additions to property, plant and equipment | 25.9 | 1.9 | 0.6 | 0.4 | 28.8 |
| Additions to intangible assets | <u>1.1</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1.1</u> |
| Segment liabilities | <u>271.5</u> | <u>19.1</u> | <u>68.0</u> | <u>74.9</u> | <u>433.5</u> |

Sales between segments are carried out at agreed terms. The revenue from external parties reported to the BOD is measured in a manner consistent with that in the statement of comprehensive income.

The BOD assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation (“**Adjusted EBITDA**”). This measurement basis excludes the effects of expenditure from the operating segments such as impairment loss that are not expected to recur regularly in every period which are separately analysed. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Board of Directors, which manages the cash position of the Group.

E. Selected Notes to the Condensed Interim Financial Statements (Cont'd)

5. Profit before income tax

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

| | <u>Group</u> | |
|--|----------------|-------------|
| | 6 months ended | |
| | 30/06/2024 | 30/06/2023 |
| | RMB'million | RMB'million |
| Interest income | (35.2) | (19.8) |
| Depreciation of PPE | 68.8 | 75.2 |
| Amortisation of intangible assets | 1.9 | 2.7 |
| (Reversal)/Loss allowance on trade receivables | (2.9) | 0.6 |
| Foreign exchange gain, net | (17.3) | (24.4) |
| Write-off of PPE | 1.6 | 3.1 |

5.2. Related party transaction

Key management personnel compensation (representing compensation to executive directors and executive officers of the Group) are as follows:

| | <u>Group</u> | |
|--|----------------|-------------|
| | 6 months ended | |
| | 30/06/2024 | 30/06/2023 |
| | RMB'million | RMB'million |
| Wages and salaries | 8.2 | 8.3 |
| Employer's contribution to defined contribution plans including Central Provident Fund | 0.1 | 0.1 |
| | <u>8.3</u> | <u>8.4</u> |

Included in the above is total compensation to directors of the Company amounting to RMB7.0 million (1H2023: RMB6.8 million).

6. Income tax expense

| | <u>Group</u> | |
|---|----------------|-------------|
| | 6 months ended | |
| | 30/06/2024 | 30/06/2023 |
| | RMB'million | RMB'million |
| Tax expense attributable to profit is made up of: | | |
| Current income tax: | | |
| - For the financial period | 79.3 | 31.5 |
| - Under provision in prior financial years | - | 10.0 |
| | <u>79.3</u> | <u>41.5</u> |

E. Selected Notes to the Condensed Interim Financial Statements (Cont'd)

7. Earnings per share

| | Group | |
|--|-----------------------|-------------------|
| | 6 months ended | |
| | 30/06/2024 | 30/06/2023 |
| Net profit attributable to equity holders of the Company (RMB'mil) | <u>188.8</u> | <u>194.6</u> |
| Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000) | <u>957,848</u> | <u>964,947</u> |
| Basic and diluted earnings per share (RMB cents) | <u>19.71</u> | <u>20.17</u> |

There are no dilutive potential ordinary shares during the financial period.

8. Net assets per share

| | Group | | Company | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 30/06/2024 | 31/12/2023 | 30/06/2024 | 31/12/2023 |
| Net asset attributable to shareholders (RMB' million) | 3,978.5 | 3,926.6 | 387.9 | 540.4 |
| Number of issued shares excluding treasury shares ('000) | <u>955,864</u> | 959,249 | <u>955,864</u> | 959,249 |
| Net asset value per ordinary share (RMB cents) | <u>416.22*</u> | 409.34 | <u>40.58</u> | 56.34 |

* Equivalent to SGD 78.84 cents at exchange rate of 5.2790 as at 30 June 2024

9. Dividends

Please refer to Section F, Dividend Information paragraph.

10. Investments in subsidiary corporations

| | Company | |
|--|--------------------|--------------------|
| | 30/06/2024 | 31/12/2023 |
| | RMB'million | RMB'million |
| <i>Equity investments at cost</i> | | |
| Beginning and end of the financial period/year | <u>350.0</u> | <u>350.0</u> |

E. Selected Notes to the Condensed Interim Financial Statements (Cont'd)

10. Investments in subsidiary corporations (Cont'd)

The Group had the following subsidiary corporations as at 30 June 2024 and 31 December 2023:

| <u>Name</u> | <u>Principal Activities</u> | <u>Country of business/ incorporation</u> | <u>Proportion of ordinary shares directly held by parent and the Group</u> | |
|--|--|---|--|-------------------|
| | | | <u>30/06/2024</u> | <u>31/12/2023</u> |
| | | | % | % |
| <i>Held by Company</i> | | | | |
| Shandong Sunsine Chemical Co.,Ltd | Manufacturing and sale of rubber chemicals, comprising rubber accelerators, anti-oxidant agents, and insoluble sulphur | People's Republic of China | 100 | 100 |
| <i>Held by Shandong Sunsine Chemical Co.,Ltd</i> | | | | |
| Weifang Sunsine Chemical Co., Ltd | Manufacturing and sale of rubber chemicals, including rubber accelerators | People's Republic of China | 100 | 100 |
| Shandong Sheng Tao Chemical Co., Ltd | Manufacturing and sale of rubber chemicals, including insoluble sulphur | People's Republic of China | 100 | 100 |
| Shanxian Sunsine Hotel Management Co., Ltd | Hotel investment and management (dormant) | People's Republic of China | 100 | 100 |
| Shanxian Guangshun Heating Co., Ltd | Production and supply of heating power, including preparation and implementation of the project | People's Republic of China | 100 | 100 |
| Shandong Hengshun New Material Co., Ltd | Manufacturing of chemical agent and rubber chemicals | People's Republic of China | 100 | 100 |
| Heze Yongshun Environmental Protection Technology Co., Ltd | Waste treatment | People's Republic of China | 100 | 100 |
| <i>Held by Shanxian Sunsine Hotel Management Co., Ltd</i> | | | | |
| Shandong Fulong Villa Co., Ltd | Hotel and restaurant | People's Republic of China | 100 | 100 |

Significant restrictions

Cash and short-term deposits of RMB1,711.4 million (31/12/2023: RMB1,670.9 million) are held in the People's Republic of China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

11. Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired property, plant and equipment with an aggregate cost of RMB65.1 million (30/6/2023: RMB28.8 million), and disposed of assets with an aggregate carrying amount of RMBNil million (30/06/2023: RMB0.1 million).

E. Selected Notes to the Condensed Interim Financial Statements (Cont'd)

12. Intangible assets

| | <u>Group</u> | |
|--|---------------------------|---------------------------|
| | 30/06/2024 RMB'million | 31/12/2023 RMB'million |
| <u>Land use rights</u> | | |
| <i>Cost</i> | | |
| Beginning of the financial period/year | 232.8 | 234.3 |
| Addition | 3.7 | 2.7 |
| Reclassification to assets held-for-sale (Note 13) | - | (4.2) |
| End of the financial period/year | <u>236.5</u> | <u>232.8</u> |
| <i>Accumulated amortisation</i> | | |
| Beginning of the financial period/year | 25.6 | 21.3 |
| Amortisation charge | 1.9 | 5.3 |
| Reclassification to assets held-for-sale (Note 13) | - | (1.0) |
| End of the financial period/year | <u>27.5</u> | <u>25.6</u> |
| Net book value | <u>209.0</u> | <u>207.2</u> |

The amortisation charged is included in the statement of comprehensive income as part of administrative expenses.

13. Assets held-for-sale

As disclosed in our Response to Shareholders Questions for AGM dated 25 April 2022 and the Business Updates dated 11 October 2022, the Group's subsidiary corporation, Shandong Sheng Tao Chemical Co., Ltd ("Shengtao") will be eventually relocated as Shengtao is not located in a designated chemical industrial park. At the end of FY2023, Shengtao ceased its operation and some of its machineries had been relocated to the premises of the Group's other subsidiary coporation, Shandong Hengshun New Materials Co., Ltd. Part of Shengtao's non-current assets, including land use rights, infrastructures, etc which cannot be relocated, had been reclassified as assets held-for-sale under current assets. The Management is in the process of negotiating with the local authorities on the compensation issues. Management has assessed that no write down is required for these assets based on the preliminary valuation determined by a government appointed valuer.

| | 30/06/2024 and 31/12/2023 RMB'million |
|---|--|
| Reclassified from PPE | 17.1 |
| Reclassified from Intangible assets (Note 12) | 3.2 |
| | <u>20.3</u> |

14. Inventories

| | <u>Group</u> | |
|------------------------|---------------------------|---------------------------|
| | 30/06/2024 RMB'million | 31/12/2023 RMB'million |
| Raw materials | 172.7 | 156.1 |
| Finished/Trading goods | 169.0 | 185.2 |
| | <u>341.7</u> | <u>341.3</u> |

E. Selected Notes to the Condensed Interim Financial Statements (Cont'd)

15. Trade and other receivables

| | <u>Group</u> | | <u>Company</u> | |
|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 30/06/2024 RMB'million | 31/12/2023 RMB'million | 30/06/2024 RMB'million | 31/12/2023 RMB'million |
| Notes receivables | 380.2 | 438.6 | - | - |
| Trade receivables | | | | |
| - Non-related parties | 753.5 | 719.5 | - | - |
| Less: Loss allowance | (4.5) | (7.4) | - | - |
| Trade receivables - net | 749.0 | 712.1 | - | - |
| Non-trade receivables | | | | |
| - Subsidiary corporations* | - | - | 11.7 | 191.6 |
| - Non-related parties | 16.8 | 20.7 | 0.2 | - |
| | 16.8 | 20.7 | 11.9 | 191.6 |
| Advances to suppliers | 64.6 | 87.3 | - | - |
| Deposits | 0.1 | 2.7 | - | 0.1 |
| Prepayments | 3.2 | 3.9 | - | - |
| | <u>1,213.9</u> | <u>1,265.3</u> | <u>11.9</u> | <u>191.7</u> |

*The non-trade receivables from subsidiary corporations are unsecured, interest-free and are repayable on demand.

16. Share capital and treasury shares

(a) Share capital

| <u>Group and Company</u> | No. of ordinary shares | Amount | |
|-----------------------------------|------------------------------|---------------|---------------|
| | | ← SGD'million | → RMB'million |
| As at 31 Dec 2023 and 30 Jun 2024 | <u>983,388,000</u> | <u>62.6</u> | <u>313.5</u> |

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

There is no movement in the share capital of the Company during the financial period.

There is no outstanding convertibles issued by the Company as at 30 June 2024 (30 June 2023: Nil).

(b) Treasury shares

| <u>Group and Company</u> | No. of ordinary shares | Amount | |
|---------------------------|------------------------------|---------------|---------------|
| | | ← SGD'million | → RMB'million |
| 2024 | | | |
| As at 1 Jan 2024 | 24,139,500 | (10.7) | (54.5) |
| Treasury shares purchased | <u>3,384,400</u> | <u>(1.4)</u> | <u>(7.2)</u> |
| As at 30 Jun 2024 | <u>27,523,900</u> | <u>(12.1)</u> | <u>(61.7)</u> |
| 2023 | | | |
| As at 1 Jan 2023 | 17,748,400 | (8.1) | (40.8) |
| Treasury shares purchased | <u>2,044,700</u> | <u>(0.9)</u> | <u>(4.5)</u> |
| As at 30 Jun 2023 | <u>19,793,100</u> | <u>(9.0)</u> | <u>(45.3)</u> |

Treasury shares held by the Company relates to ordinary shares of the Company.

E. Selected Notes to the Condensed Interim Financial Statements (Cont'd)

16. Share capital and treasury shares (Cont'd)

(c) Number of ordinary shares excluding treasury shares

| <u>Group and Company</u> | No. of ordinary shares excluding treasury shares | Amount | |
|---------------------------|---|---------------|---------------|
| | | ← SGD'million | → RMB'million |
| 2024 | | | |
| As at 1 Jan 2024 | 959,248,500 | 51.9 | 259.0 |
| Treasury shares purchased | (3,384,400) | (1.4) | (7.2) |
| As at 30 Jun 2024 | <u>955,864,100</u> | <u>50.5</u> | <u>251.8</u> |
| 2023 | | | |
| As at 1 Jan 2023 | 965,639,600 | 54.5 | 272.7 |
| Treasury shares purchased | (2,044,700) | (0.9) | (4.5) |
| As at 30 Jun 2023 | <u>963,594,900</u> | <u>53.6</u> | <u>268.2</u> |

17. Trade and other payables

| | <u>Group</u> | | <u>Company</u> | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | 30/06/2024 RMB'million | 31/12/2023 RMB'million | 30/06/2024 RMB'million | 31/12/2023 RMB'million |
| Trade payables - Non-related parties | 38.1 | 51.1 | - | - |
| Non-trade payables - Non-related parties | 112.3 | 109.5 | - | 1.6 |
| Accruals for operating expenses | 106.1 | 164.8 | 8.9 | 12.4 |
| Deferred grants | 5.5 | 5.3 | - | - |
| Contract liabilities | 35.6 | 33.7 | - | - |
| | <u>297.6</u> | <u>364.4</u> | <u>8.9</u> | <u>14.0</u> |

Contract liabilities relate to the considerations received from customers for the unsatisfied obligation in providing treatment of waste services.

18. Borrowings and debt securities

The Group and the Company do not have any outstanding borrowings as at 30 June 2024 and 31 December 2023.

F. Other information

Audit or review

The consolidated condensed interim statements of financial position as at 30 June 2024 and the related consolidated interim statement of comprehensive income, statements of changes in equity and statement of cash flows for the six months period and the selected explanatory notes (the “**Consolidated Interim Financial Statements**”) have not been audited or reviewed by the Company’s independent auditor.

Review of the Group Performance

Condensed Consolidated Interim Statements of Comprehensive Income

Revenue increased marginally by 1% to RMB 1,749.1 million in 1H2024 as compared to RMB 1,729.1 million in 1H2023, due to an increase in the sales volume, offset by the decrease in overall Average Selling Price (“**ASP**”).

ASP decreased slightly by 4% to RMB 16,393 per tonne in 1H2024 as compared to RMB 17,093 per tonne in 1H2023. The decrease in ASP was the result of the Group continuing to adopt flexible pricing strategy in response to the intensified competition.

Analysis of Sales and Volume

| | Sales Volume (Tonnes) | | Sales (RMB'million) | |
|----------------------------|---------------------------------|---------------|-------------------------------|----------------|
| | 1H2024 | 1H2023 | 1H2024 | 1H2023 |
| Rubber Chemical | | | | |
| Accelerators | 52,636 | 46,789 | 1,043.4 | 928.4 |
| Insoluble Sulphur | 19,247 | 19,906 | 120.8 | 132.8 |
| Anti-oxidant | 32,755 | 32,457 | 551.4 | 633.6 |
| Others | 826 | 596 | 13.3 | 10.2 |
| Total | 105,464 | 99,748 | 1,728.9 | 1,705.0 |
| <i>Local Sales</i> | <i>62,383</i> | <i>63,788</i> | <i>970.4</i> | <i>1,043.7</i> |
| <i>International Sales</i> | <i>43,081</i> | <i>35,960</i> | <i>758.5</i> | <i>661.3</i> |
| Heating Power | 34,198 | 29,384 | 9.1 | 8.3 |
| Waste treatment | 6,151 | 7,692 | 11.1 | 15.8 |

The overall **Sales volume** in 1H2024 increased by 6% from 99,748 tonnes in 1H2023 to 105,464 tonnes, mainly contributed by the increased sales volume of Accelerators. This increase was mainly due to (i) the production utilisation rates of the Chinese tyre manufacturers being relatively high in 1H2024; and (ii) the Group’s adoption of a more flexible pricing strategy.

Domestic sales volume decreased slightly by 2%, while the international sales volume surged by 20%, mainly due to many Chinese tyre manufacturers establishing plants in Southeast Asia, leading to an increase in orders from the Southeast Asian market.

Gross profit increased by 5% from RMB 412.0 million in 1H2023 to RMB 433.6 million in 1H2024 mainly due to the increased revenue, while gross profit margin (“**GPM**”) increased slightly by 1.0 percentage point from 23.8% to 24.8%.

Other income was RMB 33.5 million in 1H2024, consisting of mainly interest income.

Other gains, net amounted to RMB 18.7 million in 1H2024, mainly consisting of foreign exchange gains arising from the appreciation of USD against RMB.

Selling and distribution expenses increased by 4% from RMB 50.6 million in 1H2023 to RMB 52.6 million in 1H2024 mainly due to higher freight costs and port charges caused by higher sales volume.

Administrative expenses decreased by 10% from RMB 105.6 million in 1H2023 to RMB 95.2 million in 1H2024, mainly due to the lower depreciation charges allocated to administrative expenses as a result of lesser downtime during Chinese New Year 2024, and decrease in consultation costs due to lesser expansion projects carried out in 1H2024.

Profit before income tax (“PBT”) increased by 14% from RMB 236.1 million in 1H2023 to RMB 268.1 million in 1H2024, mainly due to increase in the Group’s gross profit and decrease in administrative expenses.

Income tax expense, however, increased 91% from RMB 41.5 million in 1H2023 to RMB 79.3 million in 1H2024. The High-Tech Enterprise (“**High-Tech**”) status of the Group’s main subsidiary, Shandong Sunshin, expired in December 2023, thus no longer enjoying 15% concessionary tax rate. The Group is in the process of self-assessment and will decide whether to apply for the High-Tech status later. At this moment, Shandong Sunshin accrued and paid its income tax at the standard rate of 25%.

Due to the increase in the income tax expenses, **Net profit** decreased by 3% from RMB 194.6 million in 1H2023 to RMB 188.8 million in 1H2024.

Condensed Interim Statements of Financial Position

Property, plant and equipment decreased by RMB 5.2 million from RMB 863.8 million to RMB 858.6 million, mainly due to depreciation charged, offset by additions to PPE.

Trade and other receivables decreased by RMB 51.4 million from RMB 1,265.3 million to RMB 1,213.9 million, mainly due to decrease in Notes receivables as most matured at the end of June 2024.

The aging report of notes receivables and trade receivables as at 30 June 2024 are as follows:-

| | 1 – 3 months | 3 – 6 months | 6 – 12 months | > 12 months | Total |
|------------------------------|---------------------|---------------------|----------------------|-----------------------|--------------|
| | RMB' million | RMB' million | RMB' million | RMB' million | RMB' million |
| Notes receivables | 198.6 | 181.6 | | | 380.2 |
| | | | | | |
| Trade receivables | 627.5 | 95.3 | 29.9 | 0.8 | 753.5 |
| Loss allowance | - | - | (3.7) | (0.8) | (4.5) |
| Net trade receivables | 627.5 | 95.3 | 26.2 | - | 749.0 |

Trade and other payables decreased by RMB 66.8 million from RMB 364.4 million to RMB 297.6 million mainly due to decrease in trade payables and accrued expenses. The decrease in trade payables was mainly due to lesser MBT purchased from 3rd parties, as our new MBT production line is able to produce more MBT.

Condensed Consolidated Statements of Cash Flows

Net cash generated from operating activities amounted to RMB 227.5 million, mainly contributed from the profit generated by the financial period.

Net cash used in investing activities amounted to RMB 33.6 million, mainly due to additions to PPE offset by interest received.

Net cash used in financing activities amounted to RMB 132.0 million, mainly due to distribution of dividend in May 2024.

Variance from Prospect Statement

In Section F Prospects paragraph of our FY2023 results announcement dated 29 February 2024, the Company stated that “The Group continues to face strong competition in the rubber chemicals industry... Nevertheless, the Group will continue with its strategy of "sales production equilibrium", focus on the fulfilment of the needs of its customers, and seek to improve its sales volume in FY2024.” Therefore, the current results are in line with the Company’s commentary.

Prospects

China's GDP grew 5.0% in 1H2024, and 4.7% in 2Q2024¹, which shows the resilience and dynamism of the Chinese economy amid global economic uncertainties and domestic structural adjustments. Automakers sold a total of 14.1 million units² in China in the first half of 2024, representing an increase of 6.1% in auto sales year-on-year. It is also noted that the sales volume of New Energy Vehicles ("NEVs") rose 32% year-on-year to approximately 4.9 million units in 1H2024, accounting for 35% of total new vehicle sales. The production utilisation rate of the Chinese tyre manufacturing companies in 1H2024 also appears relatively high.

We note that the global economy is still facing challenges and uncertainties, brought about by a high interest rate environment, the Ukraine-Russia conflict, the conflict in Gaza and geopolitical tensions between the US and China, among others. Locally, the prices of our raw materials are moderating, the production utilisation rates of the tyre manufacturing companies are declining since July 2024, and the Group continues to face strong competition in the rubber chemicals industry.

On the other hand, the Group has secured more orders from Chinese tyre manufacturing companies which have set up factories overseas.

Nevertheless, the Group will continue with its strategy of "sales production equilibrium", focus on the fulfilment of the needs of its customers, and seek to improve its sales volume. We remain confident about the Group's profitability in the next 12 months.

Updates of capacity expansion plans

1. Phase 2 30,000-tonne per annum IS project

The Group is in the process of installation of machinery. And the management expects the Phase 2 IS project to be completed by the end of 2024.

2. Phase 1 20,000-tonne per annum Continuous Production of High Quality MBT project

The project is still under trial run. The management expects the trial run will be completed in 3Q2024, and commercial production to commence in 4Q2024.

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

| Tonnes | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Accelerators | 87,000 | 97,000 | 117,000 | 117,000 | 117,000 | 117,000 | 117,000 |
| Insoluble Sulphur | 30,000 | 30,000 | 30,000 | 30,000 | 60,000 | 60,000 | 60,000 |
| Anti-oxidant | 45,000 | 45,000 | 45,000 | 45,000 | 77,000 | 77,000 | 77,000 |
| Total | 162,000 | 172,000 | 192,000 | 192,000 | 254,000 | 254,000 | 254,000 |

¹ Source: National Bureau of Statistics

² Source: China Association of Automobile Manufacturing ("CAAM")

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

Dividend Information

a. Current period reported on

Any dividend recommended for the current financial period reported on?

- No. The Board of Directors will consider the recommendation of dividends only when the full year results are out.

b. Corresponding Period of the Immediately Preceding Financial Year

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

- No.

c. Date payable

Not Applicable

d. Books closure date

Not Applicable

Interested Person Transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

Confirmation of Undertakings from Directors and Executive Officers

The Company has procured undertakings from all directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

Announcement of Acquisition and Realisation pursuant to Rule 706A

There is no acquisition or realisation incurred during the reporting period.

Confirmation by the Board pursuant to Rule 705(5) 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 half-year financial results for the period ended 30 June 2024 to be false or misleading in any material respect.

On behalf of the Board of Directors

Xu Cheng Qiu
Executive Chairman

Xu Jun
Executive Director

Dated: 13 August 2024

[End]