



## 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 2012

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) An income statement (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 2012

	3rd quarter ended			9 months ended		
	30/09/2012	30/09/2011	Change %	30/09/2012	30/09/2011	Change %
	RMB' million			RMB' million		
<b>Revenue</b>	368.9	310.6	19%	1,056.3	879.6	20%
Cost of sales	306.5	233.3	31%	852.6	657.9	30%
<b>Gross profit</b>	<b>62.4</b>	<b>77.3</b>	(19%)	<b>203.7</b>	<b>221.7</b>	(8%)
Other operating income	2.3	2.9	(21%)	6.4	8.1	(21%)
Selling and distribution expenses	12.7	9.9	28%	34.4	26.1	32%
Administrative expenses	35.3	23.2	52%	98.9	57.0	74%
Other expenses	0.5	2.6	(81%)	1.5	23.4	(94%)
Finance expenses	3.1	1.6	94%	8.7	3.9	123%
<b>Profit before tax</b>	<b>13.1</b>	<b>42.9</b>	(69%)	<b>66.6</b>	<b>119.4</b>	(44%)
Income tax expenses	7.4	14.7	(50%)	22.7	41.0	(45%)
<b>Profit after tax</b>	<b>5.7</b>	<b>28.2</b>	(80%)	<b>43.9</b>	<b>78.4</b>	(44%)
<b>Other Comprehensive income:</b>						
Exchange differences on translation, net of tax	0.7	(1.2)	158%	1.2	(0.7)	271%
<b>Total comprehensive income for the period</b>	<b>6.4</b>	<b>27.0</b>	(76%)	<b>45.1</b>	<b>77.7</b>	(42%)
Gross profit margin	<b>16.9%</b>	<b>24.9%</b>	(8 pts)	<b>19.3%</b>	<b>25.2%</b>	(5.9 pts)
Earnings per share (RMB cents)	<b>1.23</b>	<b>5.91</b>	(79%)	<b>9.37</b>	<b>16.43</b>	(43%)

n.m. - not meaningful

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

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

	3rd quarter ended			9 months ended		
	30/09/2012	30/09/2011	Change	30/09/2012	30/09/2011	Change
	RMB' million			RMB' million		
Interest income	(0.1)	(0.4)	(75%)	(0.7)	(1.4)	(50%)
Interest on borrowing	3.1	1.6	94%	8.7	3.9	123%
Depreciation of property, plant and equipment	15.6	6.8	129%	38.4	19.7	95%
Amortization of intangible assets	0.1	0.2	(50%)	0.4	0.4	-
Impairment on receivables	0.5	-	n.m	0.5	0.5	-
Net foreign exchange (gain)/loss	(0.1)	1.8	106%	(0.1)	3.0	103%
Impairment on property, plant and equipment	-	0.4	n.m	-	18.7	n.m
Writeback of impaired property, plant and equipment	-	(3.8)	n.m	-	(5.1)	n.m

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**1(b)(i) A balance sheet (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>	
		30/09/2012 RMB' million	30/12/2011 RMB' million	30/09/2012 RMB' million	30/12/2011 RMB' million
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investment in a subsidiary		-	-	350.0	350.0
Property, plant and equipment	(1)	413.4	422.9	-	-
Land use rights		27.3	27.7	-	-
Available-for-sale financial assets		-	9.5	-	9.5
		<b>440.7</b>	<b>460.1</b>	<b>350.0</b>	<b>359.5</b>
<b>CURRENT ASSETS</b>					
Inventories	(2)	117.6	137.1	-	-
Trade receivables	(3)	432.4	276.9	-	-
Other receivables, deposits and prepayment	(4)	36.6	42.6		0.1
Amount owing from a subsidiary		-	-	9.9	20.4
Available-for-sale financial assets		15.2	4.9	15.2	4.9
Cash and cash equivalents		128.1	118.6	1.6	16.8
		<b>729.9</b>	<b>580.1</b>	<b>26.7</b>	<b>42.2</b>
<b>TOTAL ASSETS</b>		<b>1,170.6</b>	<b>1,040.2</b>	<b>376.7</b>	<b>401.7</b>
Share capital		313.5	313.5	313.5	313.5
Treasury shares		(28.2)	(14.5)	(28.2)	(14.5)
Fair Value Reserve		0.3	0.3	0.3	0.3
Merger reserve		0.3	0.3	-	-
Statutory reserves		100.9	100.9	-	-
Exchange on translation		(5.2)	(6.5)	(4.9)	(6.3)
Retained profits		380.7	360.0	87.2	100.8
<b>TOTAL EQUITY</b>		<b>762.3</b>	<b>754.0</b>	<b>367.9</b>	<b>393.8</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade payables	(5)	60.9	45.5	-	-
Other payables and accruals		97.7	93.1	6.2	5.3
Deferred grant		1.6	0.6	-	-
Bank loans	(6)	220.0	140.0	-	-
Current tax payable		28.1	7.0	2.6	2.6
<b>TOTAL LIABILITIES</b>		<b>408.3</b>	<b>286.2</b>	<b>8.8</b>	<b>7.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,170.6</b>	<b>1,040.2</b>	<b>376.7</b>	<b>401.7</b>

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

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

As at 30/09/2012		As at 31/12/2011	
Secured RMB' million	Unsecured RMB' million	Secured RMB' million	Unsecured RMB' million
-	220.0	-	140.0

**Details of any collateral**

No collateral

**Notes to Statements of Financial Position**

Note (1) Property, plant and equipment decreased by RMB 9.5 million from RMB 422.9 million to RMB 413.4 million due mainly to RMB 28.9 million purchase of machinery and equipment relating to various projects less RMB 38.4 million depreciation.

Note (2) Inventories decreased by RMB 19.5 million from RMB 137.1 million to RMB 117.6 million as the Group boosted its production level and stocked up larger than usual level of raw materials in December 2011 in view of the Chinese New Year holiday in January 2012. Thus the base level of inventory in 2011 was high.

Note (3) Trade receivables increased by RMB 155.5 million from RMB 276.9 million to RMB 432.4 million due to higher sales in 3QFY2012 compared to 4QFY2011. However, trade receivables included notes receivables provided by trade debtors which were promissory notes issued by the local banks. Consequently, the risks of non-recoverability of these notes receivables by local banks are significantly lower than those amounts owing by trade debtors. As at 30 September 2012 and 31 December 2011, the notes receivables were RMB 164.4 million and RMB 58.8 million, respectively. Excluding the notes receivables, the trade receivables from trade debtors would have increased by RMB 49.9 million from RMB 218.1 million to RMB 268.0 million.

Note (4) Other receivables, deposits and prepayment decreased by RMB 6.0 million from RMB 42.6 million to RMB 36.6 million mainly due to lower advance payment to building contractors as the Group completed most of the construction works at both Shanxian and Weifang facilities.

Note (5) Trade payables increased by RMB 15.4 million from RMB 45.5 million to RMB 60.9 million in line with the increase in purchases as production capacity increased.

Note (6) Bank loans increased by RMB 80.0 million from RMB 140.0 million to RMB 220.0 million as higher working capital was required for the trial production of 6PPD as well as the increase in the production of accelerators.

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1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated Statement of Cash Flows**

Note	3rd quarter ended		9 months ended	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RMB'million		RMB'million	
<b>Cash flows from operating activities</b>				
Profit before taxation	13.1	42.9	66.5	119.4
Adjustments for:-				
Depreciation of property, plant and equipment	15.6	6.8	38.4	19.7
Amortisation of intangible assets	0.1	0.2	0.4	0.4
Impairment of fixed assets	-	0.4	-	18.7
(Writeback) of impaired fixed assets	-	(3.9)	-	(5.1)
Impairment on receivables	0.6	-	0.5	0.5
Interest income	(0.1)	(0.3)	(0.7)	(1.4)
Interest expense	3.1	1.6	8.7	3.9
Translation difference	0.2	(4.7)	(0.4)	(4.5)
<b>Operating profit before working capital changes</b>	<b>32.6</b>	<b>43.0</b>	<b>113.4</b>	<b>151.6</b>
Changes in working capital:				
Inventories	(2.8)	(17.5)	19.6	(14.4)
Trade and other receivables	(56.4)	(15.5)	(150.1)	(32.2)
Trade and other payables and accruals	14.4	22.4	20.0	19.7
Cash deposit (pledged with)/released from bank	(3.4)	(7.7)	(10.0)	(15.8)
<b>Cash (used in)/generated from operations</b>	<b>(15.6)</b>	<b>24.7</b>	<b>(7.1)</b>	<b>108.9</b>
Income taxes paid	(0.5)	(12.7)	(0.7)	(30.1)
<b>Net cash (used in)/generated from operating activities</b>	<b>(16.1)</b>	<b>12.0</b>	<b>(7.8)</b>	<b>78.8</b>
	(1)			
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment and additional CIP	(5.5)	(42.3)	(32.0)	(99.9)
Purchase of Intangible assets	-	2.3	-	(13.0)
Interest income received	0.1	0.3	0.7	1.4
<b>Net cash used in investing activities</b>	<b>(5.4)</b>	<b>(39.7)</b>	<b>(31.3)</b>	<b>(111.5)</b>
	(2)			
<b>Cash flows from financing activities</b>				
Interest expense paid	(3.1)	(1.6)	(8.7)	(3.9)
Dividend paid	-	-	(23.1)	(25.2)
Purchase of Treasury Shares	-	-	(13.7)	-
Grant received	-	-	4.0	1.9
Repayment of bank borrowings	(67.0)	-	(150.0)	(60.0)
Proceeds from bank loan	110.0	30.0	230.0	80.0
<b>Net cash generated from /(used in) financing activities</b>	<b>39.9</b>	<b>28.4</b>	<b>38.5</b>	<b>(7.2)</b>
	(3)			
<b>Net decrease in cash and bank balances</b>	<b>18.4</b>	<b>0.7</b>	<b>(0.6)</b>	<b>(39.9)</b>
<b>Cash and bank balances at beginning of period</b>	<b>65.7</b>	<b>89.4</b>	<b>84.7</b>	<b>130.0</b>
<b>Cash and bank balances at end of period</b>	<b>84.1</b>	<b>90.1</b>	<b>84.1</b>	<b>90.1</b>
<b>Cash and bank balances at end of period includes the followings</b>				
Cash and cash equivalents	128.1	140.9	128.1	140.9
Cash deposit pledged with bank	(44.0)	(50.8)	(44.0)	(50.8)
<b>Cash and bank balances at end of period</b>	<b>84.1</b>	<b>90.1</b>	<b>84.1</b>	<b>90.1</b>

**Notes to Cash flows for 3Q2012**

- (1) Net cash used in operating activities amounted to RMB 16.1 million due mainly to the higher level of receivables as the revenue increases. This is partially offset by the higher depreciation and increase in level of payables.
- (2) Net cash used in investing activities amounted to RMB 5.4 million due mainly to the RMB 5.5 million payment for capital equipment and construction in progress.
- (3) Net cash generated from financing activities amounted to RMB 39.9 million due mainly to the drawdown of new RMB 110 million loan which was partially offset by the repayment of existing loan totalling USD 67 million.

- 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 Consolidated Statement of Changes in Equity**

<b><u>GROUP</u></b>	<b>Share Capital</b>	<b>Treasury Shares</b>	<b>Other reserves</b>	<b>Retained Profits</b>	<b>Total</b>
	<b>RMB'million</b>	<b>RMB'million</b>	<b>RMB'million</b>	<b>RMB'million</b>	<b>RMB'million</b>
Balance as at 1 January 2012	<b>313.5</b>	<b>(14.5)</b>	<b>95.0</b>	<b>360.0</b>	<b>754.0</b>
Total Comprehensive Income for the year	-	-	1.2	43.9	45.1
Shares buy back held in treasury	-	(13.7)	-	-	(13.7)
Dividend paid	-	-	-	(23.1)	(23.1)
<b>Balance as at 30 September 2012</b>	<b>313.5</b>	<b>(28.2)</b>	<b>96.2</b>	<b>380.8</b>	<b>762.3</b>
Balance as at 1 January 2011	<b>313.5</b>	<b>(13.0)</b>	<b>65.1</b>	<b>326.1</b>	<b>691.7</b>
Total Comprehensive Income for the year	-	-	(0.7)	78.4	77.7
Dividend paid	-	-	-	(25.2)	(25.2)
<b>Balance as at 30 September 2011</b>	<b>313.5</b>	<b>(13.0)</b>	<b>64.4</b>	<b>379.3</b>	<b>744.2</b>
<b><u>COMPANY</u></b>	<b>Share Capital</b>	<b>Treasury Shares</b>	<b>Other Reserves</b>	<b>Retained Profits</b>	<b>Total</b>
	<b>RMB'million</b>	<b>RMB'million</b>	<b>RMB'million</b>	<b>RMB'million</b>	<b>RMB'million</b>
Balance as at 1 January 2012	<b>313.5</b>	<b>(14.5)</b>	<b>(6.0)</b>	<b>100.8</b>	<b>393.8</b>
Total Comprehensive Income/ (loss) for the year	-	(13.7)	1.4	9.5	(2.8)
Dividend paid	-	-	-	(23.1)	(23.1)
<b>Balance as at 30 September 2012</b>	<b>313.5</b>	<b>(28.2)</b>	<b>(4.6)</b>	<b>87.2</b>	<b>367.9</b>
Balance as at 1 January 2011	<b>313.5</b>	<b>(13.0)</b>	<b>(5.4)</b>	<b>84.4</b>	<b>379.5</b>
Total Comprehensive loss for the year	-	-	(0.7)	38.9	38.2
Dividend paid	-	-	-	(25.2)	(25.2)
<b>Balance as at 30 September 2011</b>	<b>313.5</b>	<b>(13.0)</b>	<b>(6.1)</b>	<b>98.1</b>	<b>392.5</b>

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**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\$
As at 1 January 2012	476,096,000	59,589,547
Share buyback – held as treasury	(10,592,000)	(2,732,703)
Balance as at 30 September 2012	<u>465,504,000</u>	<u>56,856,844</u>
Balance as at 1 January and 30 September 2011	<u>477,357,000</u>	<u>59,900,882</u>

\* number of issued shares excludes treasury shares

There are no outstanding convertibles issued by the Company as at 30 September 2012.

**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 3Q2012. Total number of treasury shares at end 3Q2012 stands at 26,190,000.

*[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).**

Nil

**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 2011 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 2012. 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.**

	3Q2012 RMB (cents)	3Q2011 RMB (cents)	9M2012 RMB (cents)	9M2011 RMB (cents)
<b>Basic Earnings per share (Basic EPS)</b> - based on weighted average number of shares on issue	1.23	5.91	9.37	16.43
The calculations of EPS is based on net profit and number of shares shown below: Profit attributable to equity holders (RMB'000)	5,710	28,231	43,856	78,430
Weighted average number of shares applicable to basic EPS ('000)	465,504	477,357	467,873	477,357

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 30 September 2012.

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	
	30/09/2012	31/12/2011	30/09/2012	31/12/2011
Net asset attributable to shareholders (RMB'000)	762,214	744,244	376,696	392,498
Net asset value per ordinary share (RMB cents)	163.74	155.91	80.92	82.22
Number of issued shares * ('000)	465,504	477,357	465,504	477,357

\* number of issued shares excludes treasury shares

\*\* equivalent to 31.73 SGD cents at exchange rate of about 5.1612

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	3Q2012	3Q2011	Change %	9M2012	9M2011	Change %
Group Revenue	368.9	310.6	19%	1,056.3	879.6	20%
Gross Profit	62.4	77.3	(19%)	852.6	221.7	30%
Profit before tax	13.1	42.9	(70%)	66.6	119.4	(44%)
Net profit	5.7	28.2	(80%)	43.9	78.4	(44%)

**Commentaries on performance**

**3Q2012 revenue** increased by 19% to RMB 368.9 million as compared to RMB 310.6 million in 3Q2011 due to the increase in sales volume partially offset by the decrease in average selling price. Sales volume improved 35% to another record level at 21,437 tons as compared to 15,847 tons in 3Q2011 as the Group increased its production capacity and marketing efforts.

**Overall average selling price (ASP)** for all products decreased to RMB 17,210 per ton in 3Q2012 as compared to RMB 19,598 per ton in 3Q2011. The decrease in ASP was in line with the Group's marketing strategy to expand its market share. On a quarter to quarter comparison, the ASP was RMB 17,801 in 2Q2012.



## Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB'm)			
	3Q2012	3Q2011	9M2012	9M2011	3Q2012	3Q2011	9M2012	9M2011
Accelerators	16,664	12,944	48,360	37,117	306.4	274.2	903.7	785.0
Insoluble sulphur	2,376	2,115	7,530	5,170	26.5	24.1	85.4	60.0
Anti-oxidant	2,070	450	3,340	1,729	29.5	6.0	48.7	22.7
Others	327	338	950	599	6.5	6.3	18.5	11.9
<b>Total</b>	<b>21,437</b>	<b>15,847</b>	<b>60,180</b>	<b>44,615</b>	<b>368.9</b>	<b>310.6</b>	<b>1,056.3</b>	<b>879.6</b>
Local Sales	<b>14,965</b>	<b>10,090</b>	<b>40,396</b>	<b>25,228</b>	<b>238.8</b>	<b>156.7</b>	<b>652.6</b>	<b>470.7</b>
International Sales	<b>6,472</b>	<b>5,757</b>	<b>19,784</b>	<b>19,387</b>	<b>130.1</b>	<b>153.9</b>	<b>403.7</b>	<b>408.9</b>

**Sales volume** across all products increased due to the Group's ability to increase its production capacity to meet the increased demand given its marketing and pricing strategies. The Group also gained market share in the domestic market despite the slowdown in auto sales and the overcapacity situation facing the rubber chemicals industry. International sales volume increased mainly due to the strong sales to Asia (excluding Japan).

**Gross profit** decreased by 19% from RMB 77.3 million in 3Q2011 to RMB 62.4 million in 3Q2012 as the gross profit margins (GPM) dropped from 24.9% in 3Q2011 to 16.9% in 3Q2012. This was mainly due to the reduction in ASP.

**Other operating income** was RMB 2.3 million in 3Q2012, consisting of mainly sales of scrap materials.

**Selling and distribution expenses** increased by 28% from RMB 9.9 million in 3Q2011 to RMB 12.7 million in 3Q2012, in line with the increase in sales volume.

**Administrative expenses** increased by 52% from RMB 23.2 million in 3Q2011 to RMB 35.3 million in 3Q2012, mainly due to:

- RMB 5.3 million of additional accruals for social insurance, namely retirement, medical, injury, unemployment and pregnancy insurance;
- RMB 4.5 million of additional depreciation as the R&D centre, office facilities and other common facilities in Shanxian and certain facilities in Weifang were completed in 2Q2011 but commenced depreciation only in 3Q2011; and
- RMB 2.6 million of additional research and development expenses due to its expanded R&D capability.

**Other expenses** amounting to RMB 0.5 million in 3Q2012 was mainly due to donations to charitable organizations.

**Finance expenses** increased from RMB 1.6 million in 3Q2011 to RMB 3.1 million in 3Q2012 in line with the increase of loan amounts.

**Profit before tax (PBT)** decreased by 70% from RMB 42.9 million in 3Q2011 to RMB 13.1 million in 3Q2012 due to the above factors. However, tax decreased by 50% from RMB 14.7 million in 3Q2011 to RMB 7.4 million in 3Q2012 in line with decrease in taxable profit. As a result, **Net profit attributable to shareholders** decreased by 80% from RMB 28.2 million in 3Q2011 to RMB 5.7 million in 3Q2012.

**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.**

China's 3Q2012 economic growth slowed to 7.4%<sup>1</sup> year-on-year. This was the lowest growth in China for the past 14 quarters. However, there are signs of recovery as its industrial activity, investment and retail sales picked up in September 2012. Auto sales grew a marginal 3.4% in the first 9 months from a year earlier to 14.1<sup>2</sup> million units. Despite the challenging operating environment, the Group has been able to increase its sales volume to another record level. Moving forward, both the domestic and global tyre companies will continue to face tough challenges in view of the over capacity situation. The Group has been actively engaging its customers in order to achieve higher sales at competitive prices. Gross profit margin ("GPM") may face slight downward pressure in 4Q2012 but will likely stabilise thereafter. At the same time, the Group will continue to manage its expenses and cash flows prudently.

The cost of major raw material Aniline has been volatile in this quarter and is likely to continue into the next quarter. Any unforeseen increase in material costs will add further pressure on the Group's profit margin. Nevertheless, the Group remains cautiously optimistic of maintaining its sales volume given its established track record and portfolio of quality products. Selling prices will be adjusted according to the prices of raw materials, the exchange rate between US Dollar and Chinese Yuan, and prevailing market conditions.

**Status Update**

The Group has been liaising with major customers on the accreditation of 6PPD. It will continue to focus on achieving successful accreditation. Depending on the internal procedures of each customer, product certification could take 2 to 6 months or longer. The Group is positive of attaining certifications from its customers.

Below is a summary of our Annual Capacity<sup>3</sup> at the end of each financial year.

<b>Tons</b>	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012e</b>
Accelerators	39,000	50,000	55,000	56,500	56,500	66,500
Insoluble Sulphur	5,000	5,000	8,000	10,000	10,000	10,000
Anti-oxidant	-	5,000	10,000	10,000	25,000	25,000
<b>Total</b>	<b>44,000</b>	<b>60,000</b>	<b>73,000</b>	<b>76,500</b>	<b>91,500</b>	<b>101,500</b>

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

<sup>1</sup> Source: National Bureau of Statistics

<sup>2</sup> Source: China Association of Automobile Manufacturers

<sup>3</sup> Excludes capacity of intermediary material

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

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

None

**(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**  
**Dated: 30 October 2012**

**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 quarter financial results for the period ended 30 September 2012 to be false or misleading in any material respect.

On behalf of the Board of Directors

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

**Dated: 30 October 2012**

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

[End of Report]