



China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

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 2nd Quarter Ended 30 June 2014

	2nd quarter ended		Change %	6 months ended		Change %
	30/06/2014	30/06/2013		30/06/2014	30/06/2013	
	RMB' million			RMB' million		
Revenue	544.6	426.5	28%	972.0	810.5	20%
Cost of sales	407.0	347.2	17%	752.3	675.2	11%
Gross profit	137.6	79.3	74%	219.7	135.3	62%
Other operating income	3.6	3.8	(5%)	5.2	6.2	(16%)
Selling and distribution expenses	12.5	14.8	(16%)	25.7	25.1	2%
Administrative expenses	35.9	29.8	20%	71.5	57.8	24%
Other expenses	3.4	2.2	55%	3.6	3.6	0%
Finance expenses	3.5	3.8	(8%)	7.0	6.8	3%
Profit before tax	85.9	32.5	164%	117.1	48.2	143%
Income tax expenses	25.7	12.0	114%	34.1	16.1	112%
Profit after tax	60.2	20.5	194%	83.0	32.1	159%
Other Comprehensive income:						
Exchange differences on translation, net of tax	0.3	(0.9)	133%	0.6	(1.3)	146%
Total comprehensive income for the period	60.5	19.6	209%	83.6	30.8	171%
Gross profit margin	25.3%	18.6%	6.7pts	22.6%	16.7%	5.9pts
Earnings per share (RMB cents)	12.92	4.39	194%	17.82	6.90	158%

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Notes to the Group Statement of Comprehensive Income:

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

	2nd quarter ended			6 months ended		
	30/06/2014	30/06/2013	Change	30/06/2014	30/06/2013	Change
	RMB' million		%	RMB' million		%
Interest income	(0.1)	(0.2)	(50%)	(0.4)	(0.5)	(20%)
Interest on borrowing	3.5	3.3	6%	7.0	6.3	11%
Depreciation of property, plant and equipment	17.2	18.4	(7%)	35.7	36.1	(1%)
Amortisation of land use rights	0.2	0.2	0%	0.3	0.3	0%
Allowance for impairment on receivables	*	0.7	n.m	*	0.5	n.m
Foreign exchange (gain)/loss	(0.6)	2.2	(127%)	(0.7)	3.6	(119%)

* - amount less than RMB 0.1 million

n.m – not meaningful

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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>	
		30/06/2014 RMB' million	30/12/2013 RMB' million	30/06/2014 RMB' million	30/12/2013 RMB' million
ASSETS					
NON-CURRENT ASSETS					
Investment in a subsidiary		-	-	350.0	350.0
Property, plant and equipment	(1)	535.4	470.3	-	-
Land use rights		25.4	25.6	-	-
		<u>560.8</u>	<u>495.9</u>	<u>350.0</u>	<u>350.0</u>
CURRENT ASSETS					
Inventories	(2)	127.8	143.5	-	-
Trade receivables	(3)	568.8	479.0	-	-
Other receivables, deposits and prepayment	(4)	50.2	60.6	*	-
Amount owing from a subsidiary		-	-	13.0	12.4
Cash and bank balances		133.3	107.8	3.7	11.5
		<u>880.1</u>	<u>790.9</u>	<u>16.7</u>	<u>23.9</u>
TOTAL ASSETS		<u>1,440.9</u>	<u>1,286.8</u>	<u>366.7</u>	<u>373.9</u>
Share capital		313.5	313.5	313.5	313.5
Treasury shares		(28.2)	(28.2)	(28.2)	(28.2)
Merger reserve		0.3	0.3	-	-
Statutory reserves		141.1	141.1	-	-
Exchange on translation		(5.9)	(6.5)	(5.6)	(6.1)
Retained profits		453.3	393.2	83.5	89.4
TOTAL EQUITY		<u>874.1</u>	<u>813.4</u>	<u>363.2</u>	<u>368.6</u>
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	(5)	77.2	63.1	-	-
Other payables and accruals	(6)	108.0	133.1	2.2	4.1
Deferred grant		13.6	8.6	-	-
Bank borrowings	(7)	318.9	230.0	-	-
Income tax liabilities		49.1	38.6	1.3	1.2
TOTAL LIABILITIES		<u>566.8</u>	<u>473.4</u>	<u>3.5</u>	<u>5.3</u>
TOTAL EQUITY AND LIABILITIES		<u>1,440.9</u>	<u>1,286.8</u>	<u>366.7</u>	<u>373.9</u>

* - amount less than RMB 0.1 million

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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 30/06/2014		As at 31/12/2013	
Secured RMB' million	Unsecured RMB' million	Secured RMB' million	Unsecured RMB' million
120.0	198.9	100.0	130.0

Details of any collateral

RMB 100.0 million short term bank borrowings were secured by personal guarantee from Mr Xu Chengqiu, the Company's Executive Chairman; RMB 20.0 million short term bank borrowings were secured by both personal guarantee from Mr Xu Chengqiu and corporate guarantee from Weifang Sunshine Chemical Co., Ltd., the Company's subsidiary.

Notes to Statements of Financial Position

Note (1) Property, plant and equipment increased by RMB65.1 million from RMB470.3 million to RMB535.4 million due to RMB 100.8 million additions in construction in progress and capital equipment less RMB 35.7 million of depreciation.

Note (2) Inventories decreased by RMB 15.7 million from RMB 143.5 million to RMB 127.8 million mainly due to the increased sales in 2Q2014.

Note (3) Trade receivables increased by RMB 89.8 million from RMB 479.0 million to RMB 568.8 million due mainly to increase in sales. Trade receivables included notes receivables provided by trade debtors which were promissory notes issued by 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 June 2014 and 31 December 2013, the notes receivables were RMB 171.0 million and RMB 158.1 million, respectively. Excluding the notes receivables, the trade receivables from trade debtors would have increased by RMB 76.9 million from RMB 320.9 million to RMB 397.8 million.

Note (4) Other receivables decreased by RMB 10.4 million from RMB 60.6 million to RMB 50.2 million mainly due to lower advance payments to contractors as most of the construction in-progress projects for heating company had been completed.

Note (5) Trade payables increased by RMB 14.1million from RMB 63.1 million to RMB 77.2 million as the Group was able to obtain longer credit terms from suppliers as a result of higher purchases.

Note (6) Other payables decreased by RMB 25.1 million from RMB 133.1 million to RMB 108.0 million as most of the outstanding payments to building contractors for the construction projects had been settled. This was partially offset by higher accruals for social insurance and higher advance payments from customers.

Note(7) Bank loans increased by RMB 88.9 million from RMB 230.0 million to RMB 318.9 million as higher working capital was required for our increased production and capex expansion.

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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	2 nd quarter ended		6 months ended	
		30/06/2014	30/06/2013	30/06/2014	30/06/2013
		RMB' million		RMB' million	
Cash flows from operating activities					
Profit before taxation		85.9	32.5	117.1	48.3
Adjustments for:-					
Depreciation of property, plant and equipment		17.2	18.4	35.7	36.1
Amortisation of intangible assets		0.2	0.1	0.3	0.3
Gain on disposal of PPE		*	-	*	-
Grants reversed from/(recognised in) income statement		0.3	-	(0.8)	-
Interest income		(0.1)	(0.2)	(0.4)	(0.5)
Interest expense		3.5	3.8	7.0	6.8
Translation difference		0.2	-	0.4	(0.4)
Operating profit before working capital changes		107.2	54.6	159.3	90.6
Changes in working capital:					
Inventories		(14.0)	(31.9)	15.7	(2.1)
Trade and other receivables		(115.7)	49.5	(79.4)	(6.4)
Trade and other payables and accruals		9.5	0.3	(11.3)	9.1
Cash deposit (pledged with)/released from bank		(8.9)	(6.3)	(9.0)	20.1
Cash (used in)/generated from operations		(21.9)	66.2	75.3	111.3
Income taxes paid		(14.8)	(5.8)	(23.6)	(8.3)
Net cash (used in)/generated from operating activities	(1)	(36.7)	60.4	51.7	103.0
Cash flows from investing activities					
Purchase of plant and equipment and additional CIP		(24.1)	(14.4)	(100.8)	(26.5)
Proceeds from disposal of PPE		0.2	-	0.2	-
Proceeds from sale of AFS financial asset		-	9.8	-	9.8
Interest income received		0.1	0.2	0.4	0.5
Net cash used in investing activities	(2)	(23.8)	(4.4)	(100.2)	(16.2)
Cash flows from financing activities					
Interest expense paid		(3.5)	(3.8)	(7.0)	(6.8)
Dividend paid		(22.9)	(23.1)	(22.9)	(23.1)
Grant received		5.8	(1.8)	5.8	(0.5)
Repayment of bank borrowings		(100.0)	(70.0)	(100.0)	(70.0)
Proceeds from bank loan		158.9	80.0	188.9	80.0
Net cash generated from/(used in) financing activities	(3)	38.3	(18.7)	64.8	(20.4)
Net (decrease)/increase in cash and cash equivalents		(22.2)	37.3	16.3	66.4
Effect of currency translation on cash & cash equivalents		*	(0.6)	0.2	(0.3)
Cash and cash equivalents at beginning of period		144.6	101.2	105.9	71.8
Cash and cash equivalents at end of period		122.4	137.9	122.4	137.9
Cash and cash equivalents at end of period includes the followings					
Cash and bank balances		133.3	150.9	133.3	150.9
Cash deposit pledged with bank		(10.9)	(13.0)	(10.9)	(13.0)
Cash and cash equivalents at end of period		122.4	137.9	122.4	137.9

Notes to cash flows for 2Q2014

- (1) Net cash used in operating activities amounted to RMB 36.7 million mainly due to higher trade receivables as a result of higher sales, partially offset by higher profit.
- (2) Net cash used in investing activities amounted to RMB 23.8 million due mainly to payment to the capital equipment and construction in progress.
- (3) Net cash generated from financing activities amounted to RMB 38.3 million mainly due to RMB 58.9 million net proceeds drawn from the banks offset by the distribution of dividends and payment of loan interests.

* - amount less than RMB 0.1 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

GROUP	Share Capital	Treasury Shares	Other reserves	Retained Profits	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2014	313.5	(28.2)	134.9	393.2	813.4
<i>Total Comprehensive Income</i>					
Profit for the period	-	-	-	83.0	83.0
Exchange differences on translation, net of tax	-	-	0.6	-	0.6
Total comprehensive income, net of tax, for the period	-	-	0.6	83.0	83.6
<i>Transactions with owners, recorded directly in equity</i>					
Dividend paid	-	-	-	(22.9)	(22.9)
Total distributions to owners	-	-	-	(22.9)	(22.9)
Balance as at 30 June 2014	313.5	(28.2)	135.5	453.3	874.1
Balance as at 1 January 2013	313.5	(28.2)	111.6	364.1	761.0
<i>Total Comprehensive Income</i>					
Profit for the period	-	-	-	32.1	32.1
Exchange differences on translation, net of tax	-	-	(1.3)	-	(1.3)
Total comprehensive income, net of tax, for the period	-	-	(1.3)	32.1	30.8
<i>Transactions with owners, recorded directly in equity</i>					
Dividend paid	-	-	-	(23.1)	(23.1)
Total contributions to owners	-	-	-	(23.1)	(23.1)
Balance as at 30 June 2013	313.5	(28.2)	110.3	373.1	768.7

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COMPANY

	Share Capital	Treasury Shares	Other reserves	Retained Profits	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2014	313.5	(28.2)	(6.1)	89.4	368.6
<i>Total Comprehensive Income</i>					
Profit for the period	-	-	-	17.0	17.0
Exchange differences on translation, net of tax	-	-	0.5	-	0.5
Total comprehensive income, net of tax, for the period	-	-	0.5	17.0	17.5
<i>Transactions with owners, recorded directly in equity</i>					
Dividend paid	-	-	-	(22.9)	(22.9)
Total distributions to owners	-	-	-	(22.9)	(22.9)
Balance as at 30 June 2014	313.5	(28.2)	(5.6)	83.5	363.2
Balance as at 1 January 2013	313.5	(28.2)	(4.9)	88.9	369.3
<i>Total Comprehensive Income</i>					
Profit for the period	-	-	-	26.0	26.0
Exchange differences on translation, net of tax	-	-	(1.4)	-	(1.4)
Total comprehensive income, net of tax, for the period	-	-	(1.4)	26.0	24.6
<i>Transactions with owners, recorded directly in equity</i>					
Dividend paid	-	-	-	(23.1)	(23.1)
Total distributions to owners	-	-	-	(23.1)	(23.1)
Balance as at 30 June 2013	313.5	(28.2)	(6.3)	91.8	370.8

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 2014 and 30 June 2014	465,504,000	56,856,844
As at 1 January 2013 and 31 June 2013	465,504,000	56,856,844

There were no outstanding convertibles issued by the Company as at 30 June 2014

*Number of issued shares excludes 26,190,000 treasury shares (FY2013: 26,190,000, FY2012: 26,190,000)

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 was no sale, transfer, disposal, cancellation of treasury shares at the end of 2Q2014. Total number of treasury shares at end 2Q2014 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 2013 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 2014. The adoption of these new and revised accounting standards did not give rise to any significant impact on the financial statements for the financial year ending 31 December 2014.

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.

	2Q2014 RMB (cents)	2Q2013 RMB (cents)	1H2014 RMB (cents)	1H2013 RMB (cents)
Basic Earnings per share (Basic EPS) - based on weighted average number of shares on issue	12.92	4.39	17.82	6.90
The calculations of EPS was based on net profit and number of shares shown below:				
Profit attributable to equity holders (RMB' million)	60.2	20.5	83.0	32.1
Weighted average number of shares applicable to basic EPS ('000)	465,504	465,504	465,504	465,504

There was no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 30 June 2014.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Net asset attributable to shareholders (RMB' million)	874.1	813.4	363.2	368.6
Net asset value per ordinary share (RMB cents)	187.77**	174.74	78.0	79.18
Number of issued shares * ('000)	465,504	465,504	465,504	465,504

* number of issued shares excludes treasury shares

** equivalent to SGD 38.15cents at exchange rate of 4.9215as at 30 June 2014

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	2Q2014	2Q2013	Change %	1H2014	1H2013	Change %
Group Revenue	544.6	426.5	28%	972.0	810.5	20%
Gross Profit	137.6	79.3	74%	219.7	135.3	62%
Profit before tax	85.9	32.5	164%	117.1	48.2	143%
Net profit	60.2	20.5	194%	83.0	32.1	159%

Commentaries on performance

2Q2014 revenue increased by 28% to RMB 544.6 million as compared to RMB 426.5 million in 2Q2013 due to increase in both sales volume and overall Average Selling Price ("**ASP**"). Sales volume improved 19% to another record level at 29,470 tons as compared to 24,749 tons in 2Q2013 as a result of short supply in the market.

ASP for all products increased to RMB18,480 per ton in 2Q2014 as compared to RMB 17,233 per ton in 2Q2013. The increase in ASP was due to the short supply of Accelerator products in the market. On a quarter to quarter comparison, the ASP was RMB 17,881 in 1Q2014.

Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB'm)			
	2Q2014	2Q2013	1H2014	1H2013	2Q2014	2Q2013	1H2014	1H2013
Accelerators	20,557	18,360	37,596	35,020	419.6	339.4	749.1	650.2
Insoluble sulphur	3,292	3,145	5,888	6,157	36.8	36.6	66.8	71.4
Anti-oxidant	5,347	2,900	9,349	4,972	82.8	44.5	145.6	77.6
Others	274	344	536	649	5.4	6.0	10.5	11.3
Total	29,470	24,749	53,369	46,798	544.6	426.5	972.0	810.5
Local Sales	19,322	17,201	33,982	31,853	334.8	277.9	578.9	516.8
International Sales	10,148	7,548	19,387	14,945	209.8	148.6	393.1	293.7

Sales volume across all products increased in 2Q2014. The increase in the sales volume of accelerator products was due mainly to the short supply in the market. Insoluble Sulphur sales volume increased as our increased production capacity was able to meet increased demand. The sales volume of Anti-oxidant products increased due mainly to accreditation obtained from more of our customers. The Group continued to increase its domestic market share. International sales volume increased mainly due to improved sales to Asia Pacific countries.

Gross profit increased by 74% from RMB 79.3 million in 2Q2013 to RMB 137.6 million in 2Q2014, as the Gross Profit Margin (“GPM”) increased 6.7 percentage points from 18.6% to 25.3%. The increase in GPM was due mainly to the increase in the ASP.

Other operating income was RMB 3.6 million in 2Q2014, consisting of mainly sales of scrap materials.

Selling and distribution expenses decreased by 16% from RMB 14.8 million in 2Q2013 to RMB 12.5 million in 2Q2014 due mainly to no commission paid as we did not sell to agents during this quarter, as well as decreased entertainment expense and travelling costs as a result of lesser visits to customers by sales personnel.

Administrative expenses increased by 20% from RMB 29.8 million in 2Q2013 to RMB35.9 million in 2Q2014 mainly due to higher sewerage cost, higher staff cost, as well as higher directors’ remunerations.

Other operating expenses was RMB 3.4 million in 2Q2014, consisting of mainly donations of RMB 2.6 million and other expenses of RMB 0.8 million.

Profit before tax (PBT) increased by 164% from RMB 32.5 million in 2Q2013 to RMB85.9 million in 2Q2014 mainly due to increase in revenue and gross profit margin.

Net profit attributable to shareholders increased by 194% from RMB 20.5 million in 2Q2013 to RMB 60.2 million in 2Q2014 for the reasons mentioned above.

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.

In the 1st half of 2014, China’s economy grew 7.4%¹. The automakers sold 11.68² million vehicles in the world’s largest car market, growing 8.4 percent year-on-year. Moving forward, with the rapid increase of the middle class population, auto sales are likely to increase. However, the increase in car sales may slow down as more cities have implemented curbing policies in its effort to ease air pollution and traffic congestion.

As the Chinese government is continuously placing more emphasis on environmental protection, some players which have failed to meet the relevant environmental regulations were forced to suspend their production. However, those players which comply with environmental regulations will slowly resume production. As such, the market supply of accelerators will progressively increase in the coming year. The Group anticipates the price of accelerators will normalise when supply increases. The Group also anticipates that Insoluble Sulphur will continue to face intense competition. The sales volume of our Anti-oxidant products will increase as our products are accredited by more customers.

The global economy appears to be recovering, albeit unevenly. Locally, the rubber chemicals industry in China continues to face overcapacity problem generally. Moving forward, the rubber chemicals industry is expected to undergo a re-structuring process, where some smaller players may exit the industry and the industry may see some consolidation, which may benefit our Group. On the whole, barring unforeseen circumstances, the Group expects to achieve new record profits for this year.

Status Update

The Group intends to complete the new heating plant at Shanxian and start its trial production by the third quarter.

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

¹ Source: National Bureau of Statistics

² Source: China Association of Automobile Manufacturers

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

Tons	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014e
Accelerators	55,000	56,500	56,500	66,500	70,500	75,000
Insoluble Sulphur	8,000	10,000	10,000	10,000	20,000	20,000
Anti-oxidant	10,000	10,000	25,000	25,000	25,000	30,000
Total	73,000	76,500	91,500	101,500	115,500	125,000

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

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: 7 August 2014

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 second quarter financial results for the period ended 30 June 2014 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: 7 August 2014

[End of Report]