



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 2017

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 2017

	3rd quarter ended		Change %	9 months ended		Change %
	30/09/2017	30/09/2016		30/09/2017	30/09/2016	
	RMB' million			RMB' million		
Revenue	634.4	547.3	16%	1,865.1	1,483.5	26%
Cost of sales	464.6	392.7	18%	1,368.2	1,086.9	26%
Gross profit	169.8	154.6	10%	496.9	396.6	25%
Other operating income	6.2	4.5	38%	10.2	7.0	46%
Selling and distribution expenses	16.6	18.0	(8%)	56.7	53.4	6%
Administrative expenses	43.3	44.3	(2%)	148.8	133.1	12%
Other expenses	12.5	1.1	1036%	20.4	2.4	750%
Finance expenses	-	0.6	n.m	-	4.0	n.m
Profit before tax	103.6	95.1	9%	281.2	210.7	33%
Income tax expenses	26.0	22.3	17%	71.9	55.3	30%
Net Profit	77.6	72.8	7%	209.3	155.4	35%
Other Comprehensive income:						
Exchange differences on translation, net of tax	(0.3)	*	n.m	0.4	1.3	(69%)
Total comprehensive income for the period	77.3	72.8	6%	209.7	156.7	34%
Gross profit margin	26.8%	28.2%	(1.4 pts)	26.6%	26.7%	(0.1 pts)
Earnings per share (RMB cents)	15.79	15.65	1%	43.74	33.39	31%

* - amount less than RMB 0.1 million

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		
	30/09/2017	30/09/2016	Change	30/09/2017	30/09/2016	Change
	RMB' million			RMB' million		
			%			%
Interest income	(0.3)	(0.7)	(57%)	(2.2)	(1.0)	120%
Interest on borrowing	-	0.6	n.m	-	4.0	n.m
Depreciation of property, plant and equipment	21.0	23.9	(12%)	67.9	70.3	(3%)
Amortisation of land use rights	0.3	0.3	-	0.9	0.9	-
Reversal of allowance for impairment on receivables	(0.8)	(0.1)	700%	(0.1)	(3.3)	(97%)
Foreign exchange loss/(gain)	10.6	(3.7)	(386%)	17.6	(5.0)	(452%)

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

		<u>GROUP</u>		<u>COMPANY</u>	
	Note	30/9/2017	31/12/2016	30/9/2017	31/12/2016
		RMB' million	RMB' million	RMB' million	RMB' million
ASSETS					
NON-CURRENT ASSETS					
Investment in a subsidiary corporation		-	-	350.0	350.0
Property, plant and equipment	(1)	633.2	549.4	-	-
Land use rights		41.6	42.5	-	-
		<u>674.8</u>	<u>591.9</u>	<u>350.0</u>	<u>350.0</u>
CURRENT ASSETS					
Inventories	(2)	167.5	145.4	-	-
Trade receivables	(3)	578.6	547.5	-	-
Other receivables, deposits and prepayment	(4)	88.6	81.7	0.2	-
Amount owing from a subsidiary corporation		-	-	89.5	29.7
Cash and bank balances		462.7	275.9	4.7	*
		<u>1,297.4</u>	<u>1,050.5</u>	<u>94.4</u>	<u>29.7</u>
TOTAL ASSETS		<u>1,972.2</u>	<u>1,642.4</u>	<u>444.4</u>	<u>379.7</u>
Share capital		313.5	313.5	313.5	313.5
Treasury shares	(5)	-	(31.3)	-	(31.3)
Other reserves	(5)	326.5	271.5	50.6	(4.4)
Retained profits		970.7	807.9	60.4	84.1
TOTAL EQUITY		<u>1,610.7</u>	<u>1,361.6</u>	<u>424.5</u>	<u>361.9</u>
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	(6)	72.0	52.2	-	-
Other payables and accruals	(7)	192.9	170.4	18.7	16.6
Deferred grants		0.7	-	-	-
Bills payable	(8)	34.0	-	-	-
Current tax payable		61.9	58.2	1.2	1.2
		<u>361.5</u>	<u>280.8</u>	<u>19.9</u>	<u>17.8</u>
TOTAL LIABILITIES		<u>361.5</u>	<u>280.8</u>	<u>19.9</u>	<u>17.8</u>
TOTAL EQUITY AND LIABILITIES		<u>1,972.2</u>	<u>1,642.4</u>	<u>444.4</u>	<u>379.7</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 30/09/2017		As at 31/12/2016	
Secured RMB'million	Unsecured RMB'million	Secured RMB'million	Unsecured RMB'million
-	-	-	-

Details of any collateral

No collateral

Notes to Statements of Financial Position

Note (1) Property, plant and equipment increased by RMB 83.8 million from RMB 549.4 million to RMB 633.2 million mainly due to additions to construction in progress and property, plant and equipment, offset by depreciation charged.

Note (2) Inventories increased by RMB 22.1 million from RMB 145.4 million to RMB 167.5 million mainly due to the increase in raw material prices.

Note (3) Trade receivables increased by RMB 31.1 million from RMB 547.5 million to RMB 578.6 million. Trade receivables included notes receivables provided by trade debtors. These notes receivables are promissory notes issued by local banks with lower risks of non-recoverability. As at 30 September 2017 and 31 December 2016, the notes receivables were RMB 181.0 million and RMB 150.2 million respectively. Excluding the notes receivables, the trade receivables attributable to trade debtors would have increased slightly by RMB 0.3 million from RMB 397.3 million to RMB 397.6 million.

The aging report of our trade receivables as at 30 September 2017 was 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	181.0	-	-	-	181.0
Trade receivables	389.3	8.7	0.7	11.6	410.3
Allowance for impairment	(0.4)	-	(0.7)	(11.6)	(12.7)
Net trade receivables	569.9	8.7	-	-	578.6

Note (4) Other receivables increased by RMB 6.9 million from RMB 81.7 million to RMB 88.6 million mainly due to higher advance payments made to contractors for the ongoing new projects as at 30 September 2017.

Note (5) The Company successfully placed out all its treasury shares to various investors for a net cash consideration of approximately S\$17.5 million (equivalent to RMB 85.9 million). Therefore, the treasury shares decreased from RMB 31.3 million to Nil, and the other reserves increased by RMB 55.0 million from RMB 271.5 million to RMB 326.5 million.

Note (6) Trade payables increased by RMB 19.8 million from RMB 52.2 million to RMB 72.0 million mainly due to the increase in prices of raw materials purchased at the end of 3Q2017.

Note (7) Other payables increased by RMB 22.5 million from RMB 170.4 million to RMB 192.9 million mainly due to higher advance payments received from customers in order for them to secure the supply of our products, as well as higher accrued operating expense.

Note (8) Bills payable are bank notes issued by the Group to pay its suppliers.

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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	
		30/09/2017	30/09/2016	30/09/2017	30/09/2016
		RMB'million		RMB'million	
Cash flows from operating activities					
Profit before taxation		103.6	95.1	281.2	210.7
Adjustments for:-					
Depreciation of property, plant and equipment		21.0	23.9	67.9	70.3
Amortisation of intangible assets		0.3	0.3	0.9	0.8
Loss on disposal of PPE		-	-	-	*
PPE written off		*	-	0.5	0.6
Interest income		(0.3)	(0.7)	(2.2)	(1.0)
Interest expense		-	0.6	-	4.0
Grant income		(4.0)	-	(4.0)	-
Translation difference		6.2	0.6	6.9	(0.8)
Operating profit before working capital changes		126.8	119.8	351.2	284.6
Changes in working capital:					
Inventories		6.1	(11.0)	(22.1)	2.5
Trade and other receivables		(15.6)	(86.9)	(38.0)	(139.0)
Trade and other payables and accruals		37.0	43.3	42.3	39.7
Cash generated from operations		154.3	65.2	333.4	187.8
Income taxes paid		(33.2)	(18.5)	(68.2)	(65.2)
Net cash generated from operating activities	(1)	121.1	46.7	265.2	122.6
Cash flows from investing activities					
Purchase of plant and equipment and additional CIP		(79.3)	(24.6)	(154.8)	(55.7)
Proceeds from disposal of PPE		-	-	-	0.3
Interest income received		0.3	0.6	2.2	1.0
Net cash used in investing activities	(2)	(79.0)	(24.0)	(152.6)	(54.4)
Cash flows from financing activities					
Interest expense paid		-	(0.6)	-	(4.0)
Dividend paid		(12.0)	-	(46.5)	(33.2)
Cash deposit released from/(pledged with) bank		0.2	0.8	(0.6)	0.5
Grant received		4.0	-	7.3	-
Purchase of treasury shares		-	-	-	(0.9)
Repayment of notes payable/bank borrowings		(7.5)	(40.1)	(19.5)	(79.3)
Placement of treasury shares		-	-	85.9	-
Proceeds from notes payables/bank borrowing		34.0	20.0	53.5	20.0
Net cash generated from/(used in) financing activities	(3)	18.7	(19.9)	80.1	(96.9)
Net increase/(decrease) in cash and cash equivalents		60.8	2.8	192.7	(28.7)
Effect of currency translation on cash & cash equivalents		(6.5)	*	(6.5)	*
Cash and cash equivalents at beginning of period		406.1	308.0	274.2	339.5
Cash and cash equivalents at end of period		460.4	310.8	460.4	310.8
Cash and cash equivalents at end of period includes the followings					
Cash and bank balances		462.7	312.1	462.7	312.1
Cash deposit pledged with bank		(2.3)	(1.3)	(2.3)	(1.3)
Cash and cash equivalents at end of period		460.4	310.8	460.4	310.8

Notes to cashflows for 3Q2017

- (1) Net cash generated from operating activities amounted to RMB 121.1 million mainly due to higher operating profit generated during the quarter, as well as tighter management of the collection of accounts receivables.
- (2) Net cash used in investing activities amounted to RMB 79.0 million mainly due to additions to construction in progress, plant and equipment.
- (3) Net cash generated from financing activities amounted to RMB 18.7 million mainly due to higher notes payables issued, offset by the distribution of interim dividends.

* - amount less than RMB 0.1 million

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- 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 2017	313.5	(31.3)	271.5	807.9	1,361.6
<i><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	209.3	209.3
Exchange differences on translation, net of tax	-	-	0.4	-	0.4
Total comprehensive income, net of tax, for the period	-	-	0.4	209.3	209.7
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Placement of treasury shares	-	31.3	54.6	-	85.9
Dividend paid	-	-	-	(46.5)	(46.5)
Total distributions to owners	-	31.3	54.6	(46.5)	39.4
Balance as at 30 September 2017	313.5	-	326.5	970.7	1,610.7
Balance as at 1 January 2016	313.5	(28.2)	226.5	663.5	1,175.3
<i><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	155.4	155.4
Exchange differences on translation, net of tax	-	-	1.3	-	1.3
Total comprehensive income, net of tax, for the period	-	-	1.3	155.4	156.7
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Purchase of treasury shares	-	(0.9)	-	-	(0.9)
Dividend paid	-	-	-	(33.2)	(33.2)
Total contributions to owners	-	(0.9)	-	(33.2)	(34.1)
Balance as at 30 September 2016	313.5	(29.1)	227.8	785.7	1,297.9

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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 2017	313.5	(31.3)	(4.4)	84.1	361.9
<i><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	22.8	22.8
Exchange differences on translation, net of tax	-	-	0.4	-	0.4
Total comprehensive income, net of tax, for the period	-	-	0.4	22.8	23.2
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Placement of treasury shares	-	31.3	54.6	-	85.9
Dividend paid	-	-	-	(46.5)	(46.5)
Total distributions to owners	-	31.3	54.6	(46.5)	39.4
Balance as at 30 September 2017	313.5	-	50.6	60.4	424.5
Balance as at 1 January 2016	313.5	(28.2)	(5.3)	98.4	378.4
<i><u>Total Comprehensive Income</u></i>					
Profit for the period	-	-	-	24.1	24.1
Exchange differences on translation, net of tax	-	-	1.4	-	1.4
Total comprehensive income, net of tax, for the period	-	-	1.4	24.1	25.5
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Purchase of treasury shares	-	(0.9)	-	-	(0.9)
Dividend paid	-	-	-	(33.2)	(33.2)
Total distributions to owners	-	(0.9)	-	(33.2)	(34.1)
Balance as at 30 September 2016	313.5	(29.1)	(3.9)	89.3	369.8

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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*	S\$
As at 1 January 2017	464,040,800	56,202,460
Placement of treasury shares	27,653,200	6,446,725
As at 30 September 2017	491,694,000	62,649,185
As at 1 January 2016	465,504,000	56,856,844
Purchase of treasury shares	(490,000)	(190,338)
As at 30 September 2016	465,014,000	56,666,506

There were no outstanding convertibles issued by the Company as at 30 September 2017

*Number of issued shares excludes treasury shares. The number of treasury shares as at 30 September 2017 was Nil (30 September 2016: 26,680,000)

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.

	Number of treasury shares	S\$
As at 1 January 2017	27,653,200	6,446,725
Placement of treasury shares*	(27,653,200)	(6,446,725)
As at 30 September 2017	-	-
As at 1 January 2016	26,190,000	5,792,341
Purchase of treasury shares	490,000	190,338
As at 30 September 2016	26,680,000	5,982,679

* The Company had on 9 May 2017 successfully placed out all of its treasury shares to various investors for a net cash consideration of approximately S\$17.5 million. For more details, please refer to Company's announcement dated 10 May 2017.

[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 2016 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 2017. 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 2017.

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.

	3Q2017 RMB (cents)	3Q2016 RMB (cents)	9M2017 RMB (cents)	9M2016 RMB (cents)
Basic Earnings per share (Basic EPS) - based on weighted average number of shares on issue	15.79	15.65	43.74	33.39
The calculations of EPS was based on net profit and number of shares shown below:				
Profit attributable to equity holders (RMB'million)	77.6	72.8	209.3	155.4
Weighted average number of shares applicable to basic EPS ('000)	491,694	465,014	478,627	465,286

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 30 September 2017.

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	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Net asset attributable to shareholders (RMB' million)	1,610.7	1,361.6	424.5	361.9
Net asset value per ordinary share (RMB cents)	327.58**	293.42	86.33	77.99
Number of issued shares * ('000)	491,694	464,041	491,694	464,041

* number of issued shares excludes treasury shares

** equivalent to SGD 66.81 cents at exchange rate of about 4.9028 as at 30 September 2017

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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	3Q2017	3Q2016	Change %	9M2017	9M2016	Change %
Group Revenue	634.4	547.3	16%	1,865.1	1,483.5	26%
Gross Profit	169.8	154.6	10%	496.9	396.6	25%
Profit before tax	103.6	95.1	9%	281.2	210.7	33%
Net profit	77.6	72.8	7%	209.3	155.4	35%

Commentaries on performance

The Group's **3Q2017 Sales revenue** increased by 16% to RMB 634.4 million as compared to RMB 547.3 million in 3Q2016, mainly due to the increase in its overall Average Selling Price ("**ASP**").

Overall ASP increased by 25% to RMB 18,541 per ton in 3Q2017 as compared to RMB 14,849 per ton in 3Q2016. The increase in ASP was mainly due to the short supply situation relating to rubber chemicals in China during 3Q2017, as frequent environmental inspections in China affected the productions of many rubber chemical producers which have failed to meet the requirements of environmental protection laws and regulations.

On a quarter to quarter comparison, the overall ASP decreased slightly by 2% from RMB 18,904 per ton in 2Q2017, mainly due to different sales mix in the form of a higher sales proportion of Insoluble Sulphur ("**IS**") which has a lower ASP.

Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB'm)			
	3Q2017	3Q2016	9M2017	9M2016	3Q2017	3Q2016	9M2017	9M2016
Rubber Chemical								
Accelerators	19,921	22,159	61,613	61,483	446.2	390.3	1,317.5	1,066.8
Insoluble Sulphur	6,249	5,375	16,273	14,528	65.5	51.2	171.1	137.9
Anti-oxidant	7,519	8,881	22,593	23,942	111.6	98.6	343.3	252.5
Others	409	382	1,223	1,378	8.9	6.3	25.2	22.3
Total	34,098	36,797	101,702	101,331	632.2	546.4	1,857.1	1,479.5
<i>Local Sales</i>	<i>22,698</i>	<i>24,537</i>	<i>68,608</i>	<i>68,979</i>	<i>397.6</i>	<i>337.7</i>	<i>1,182.2</i>	<i>928.5</i>
<i>International Sales</i>	<i>11,400</i>	<i>12,260</i>	<i>33,094</i>	<i>32,352</i>	<i>234.6</i>	<i>208.7</i>	<i>674.9</i>	<i>551.0</i>
Heating Power	11,240	3,792	43,746	14,552	1.8	0.6	7.1	3.0
Hotel & Restaurant	-	-	-	-	0.4	0.3	0.9	1.0

3Q2017 Sales volume for Accelerators and Anti-oxidant products decreased by 10% and 15% respectively, mainly due to our production being slightly affected by China's rigorous environmental inspections, notwithstanding that we have fully complied with the relevant environmental protection laws and regulations. However, we managed to increase our IS products' sales volume by 16%, as the production of IS does not cause any material environmental issues, thereby allowing the Group to satisfy the higher demand from tire makers.

For the 9 months ended 30 September 2017 ("**9M2017**"), the Group's sales volume for Accelerators and IS products continued to increase. However the Anti-oxidant products' sales volume decreased by 6%. This was mainly due to the production of Anti-oxidant being affected when the Group replaced its furnaces during the quarter. With the new furnaces, natural gas is used as fuel instead of coal,

which is more environmental friendly. The total sales volume for all categories increased slightly to a total of 101,702 tons from 101,331 tons in 9M2016.

Gross profit for 3Q2017 increased by 10% to RMB 169.8 million from RMB 154.6 million in 3Q2016 as a result of higher ASP. However, the Gross Profit Margin (“**GPM**”) decreased by 1.4 percentage points from 28.2% to 26.8% mainly due to the increase in raw material prices which were not fully passed on to our customers. On a 9-month basis, gross profit increased by 25% from RMB 396.6 million in 9M2016 to RMB 496.9 million in 9M2017. However GPM decreased slightly by 0.1 percentage points from 26.7% to 26.6% due to increase in raw material costs.

Other operating income was RMB 6.2 million in 3Q2017, consisting of mainly sales of scrap materials and government grants received.

Selling and distribution expenses decreased by 8% from RMB 18.0 million in 3Q2016 to RMB 16.6 million in 3Q2017 mainly due to decrease in freight and handling charges as a result of lower sales volume. On a 9-month basis, selling and distribution expenses increased by 6% from RMB 53.4 million in 9M2016 to RMB 56.7 million in 9M2017 mainly due to higher freight costs and higher incentive given to sales personnel.

Administrative expenses decreased slightly by 2% from RMB 44.3 million in 3Q2016 to RMB 43.3 million in 3Q2017, mainly due to (i) reversal of impairment for trade receivables recorded in 3Q2017 amounting to RMB 0.8 million, as compared to a reversal of RMB 0.1 million in 3Q2016, giving rise to a net impact of a decrease in administrative expenses of RMB 0.7 million; (ii) additional provision of social insurance of RMB 2.5 million in 3Q2016, as opposed to a reversal of RMB 1.6 million for social insurance in 3Q2017, which resulted in a decrease in administrative expenses by RMB 4.1 million; (iii) decrease in accrual of staff incentive by RMB 5.3 million as most of the 2016 incentive was accrued in 3Q2016; offset by (iv) increase in R&D expense of RMB 5.6 million for 3 new projects; (v) increase in entertainment expense by RMB 2.2 million mainly due to the Company’s 10th Anniversary celebration; and (vi) increase in other expenses by RMB 1.3 million.

On a 9-month basis, the administrative expenses increased by 12% from RMB 133.1 million in 9M2016 to RMB 148.8 million in 9M2017, mainly due to (i) increase in R&D expenses by RMB 5.7 million; (ii) higher staff cost and incentives by RMB 6.0 million; (iii) lower reversal of impairment for trade receivables which resulted in higher administrative expense by RMB 3.2 million, (iv) higher entertainment expenses by RMB 2.3 million; offset by (v) decrease in depreciation charge by RMB 1.1 million; and (vi) decrease in other expense by RMB 0.4 million.

Other operating expenses was RMB 12.5 million in 3Q2017, mainly consisting of unrealised exchange losses caused by weakening of USD against RMB.

Profit before tax (“PBT”) increased by 9% from RMB 95.1 million in 3Q2016 to RMB 103.6 million in 3Q2017. PBT for 9M2017 increased by 33% from RMB 210.7 million in 9M2016 to RMB 281.2 million, mainly due to higher gross profit generated.

Net profit attributable to shareholders increased by 7% from RMB 72.8 million in 3Q2016 to RMB 77.6 million in 3Q2017; Net profit for 9M2017 increased by 35% from RMB 155.4 million in 9M2016 to RMB 209.3 million, mainly due to increase in PBT generated.

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

In paragraph 10 of 2Q2017 results announcement, the Company stated that “Our Group will continue to maintain our strategy of growing sales volume to stimulate higher production, thereby achieving economies of scale, and increasing our competitiveness. We remain cautiously positive of our performance in the next 12 months.” Therefore, the current results are in line with the Company’s commentary in paragraph 10 of its previous quarterly results announcement.

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.

For 9M2017, China's economy grew 6.9%¹. Automakers sold a total of 20.22² million units in China in 9M2017, representing 4.46% growth in auto sales year-on-year.

As the frequency of environmental inspections has now become commonplace, the Group has observed that the rubber chemicals industry has started to consolidate. The Group expects the bigger players to make greater investments to improve their environmental protection measures, which will lead to a gradual normalisation of prices eventually.

However, given our high quality and comprehensive range of products, and scale of production, we believe we will continue to maintain our market leadership position. We remain positive of our performance in the next 12 months.

Project updates

We are still waiting for the approval from the relevant Government Authorities for the trial run of the new Phase 1 10,000-ton TBBS production line. The management hopes to receive the approval by the end of the year.

The construction of the new 10,000-ton Insoluble Sulphur production line in Ding Tao facility has been completed, and is undergoing the machinery testing. We will submit the trial-run application to the Authorities in due course.

The expansion of Guangshun Heating Plant is on schedule, and is expected to be completed by end of 2017.

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

Tons	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018e
Accelerators	66,500	70,500	87,000	87,000	87,000	87,000	97,000
Insoluble Sulphur	10,000	20,000	20,000	20,000	20,000	20,000	30,000
Anti-oxidant	25,000	25,000	45,000	45,000	45,000	45,000	45,000
Total	101,500	115,500	152,000	152,000	152,000	152,000	172,000

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

¹ Source: National Bureau of Statistics

² Source: China Association of Automobile Manufacturing

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

(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.

No dividend has been declared/recommended for 3Q2017.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No general mandate from shareholders for interested person transactions.

14. Negative confirmation pursuant to Rule 705(5)

Please see below confirmation.

15. Confirmation that issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

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

BY ORDER OF THE BOARD

Xu Cheng Qiu
Executive Chairman
Dated: 13 November 2017

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 third quarter financial results for the period ended 30 September 2017 to be false or misleading in any material respect.

On behalf of the Board of Directors

Xu Cheng Qiu
Executive Chairman

Dated: 13 November 2017

Liu Jing Fu
Executive Director and CEO

[End of Report]