



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 2011

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

1(a) A Consolidated Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited Consolidated Statement of Comprehensive Income for 3rd Quarter Ended 30 September 2011

	3rd quarter ended			9 months ended		
	30/9/2011	30/9/2010	Change %	30/9/2011	30/9/2010	Change %
	RMB 'million			RMB 'million		
Revenue	310.6	267.1	16%	879.6	718.1	22%
Cost of sales	233.3	201.8	16%	657.9	549.8	20%
Gross profit	77.3	65.3	18%	221.7	168.3	32%
Other income	2.9	4.2	(31%)	8.1	8.8	(8%)
Selling and distribution expenses	9.9	9.7	2%	26.1	24.3	7%
Administrative expenses	23.2	18.1	28%	57.0	40.9	39%
Other expenses	2.6	0.7	271%	23.4	2.2	963%
Finance expenses	1.6	0.9	78%	3.9	2.2	77%
Profit before tax	42.9	40.1	7%	119.4	107.5	11%
Income tax expenses	14.7	6.3	133%	41.0	15.0	173%
Profit after tax	28.2	33.8	(17%)	78.4	92.5	(15%)
Other comprehensive income:						
Exchange differences on translation, net of tax	(1.2)	0.2	n.m	(0.7)	0.1	n.m
Total comprehensive income for the period	27.0	34.0	(21%)	77.7	92.6	(16%)
Gross profit margin	24.9%	24.4%	0.5pts	25.2%	23.4%	1.8pts
Earnings per share (RMB cents) *	5.91	7.07	(16%)	16.43	19.37	(15%)

n.m. - not meaningful

Notes to the Consolidated Statement of Comprehensive Income:

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

	3rd quarter ended			9 months ended		
	30/9/2011	30/9/2010	Change	30/9/2011	30/9/2010	Change
	RMB'million		%	RMB'million		%
Interest income	(0.4)	(0.8)	(50%)	(1.4)	(3.6)	(61%)
Interest on borrowing	1.6	0.9	78%	3.9	2.2	77%
Depreciation of property, plant and equipment	6.8	5.5	24%	19.7	16.7	18%
Amortization of intangible assets	0.2	0.1	100%	0.4	0.3	33%
Impairment/(writeback) on receivables	-	(1.2)	n.m	0.5	(1.2)	(142%)
Net foreign exchange loss	1.8	0.5	260%	3.0	1.8	67%
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 Statements of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	<u>GROUP</u>		<u>COMPANY</u>	
		30/09/2011 RMB' million	31/12/2010 RMB' million	30/09/2011 RMB' million	31/12/2010 RMB' million
ASSETS					
NON-CURRENT ASSETS					
Investment in a subsidiary		-	-	366.1	371.1
Property, plant and equipment	(1)	391.2	328.2	-	-
Land use rights	(2)	29.7	17.1	-	-
Available-for-sale financial assets		14.5	15.0	14.5	15.0
		435.4	360.3	380.6	386.1
CURRENT ASSETS					
Inventories	(3)	91.8	77.3	-	-
Trade receivables	(4)	284.8	242.2	-	-
Other receivables, deposits and prepayment	(5)	52.0	62.9	3.6	1.6
Amount owing from a subsidiary		-	-	0.1	0.1
Available-for-sale financial assets		4.4	-	4.4	-
Cash and cash equivalents		140.9	165.1	15.3	3.5
		573.9	547.5	23.4	5.2
TOTAL ASSETS		1,009.3	907.8	404.0	391.3
Share capital		313.5	313.5	313.5	313.5
Treasury shares		(13.0)	(13.0)	(13.0)	(13.0)
Fair Value Reserve		0.3	0.3	0.3	0.3
Merger reserve		0.3	0.3	-	-
Statutory reserves		71.5	71.5	-	-
Exchange on translation		(7.7)	(7.0)	(6.4)	(5.7)
Retained profits		379.3	326.1	98.1	84.4
TOTAL EQUITY		744.2	691.7	392.5	379.5
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	(6)	58.0	32.8	-	-
Other payables and accruals	(7)	80.1	85.7	9.0	9.3
Deferred grant		-	1.6	-	-
Bank loans	(8)	110.0	90.0	-	-
Current tax payable	(9)	17.0	6.0	2.5	2.5
		265.1	216.1	11.5	11.8
TOTAL LIABILITIES		265.1	216.1	11.5	11.8
TOTAL EQUITY AND LIABILITIES		1,009.3	907.8	404.0	391.3

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

Amount repayable in one year or less, or on demand

As at 30/09/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
RMB'million	RMB'million	RMB'million	RMB'million
-	110.0	-	90.0

Details of any collateral

No collateral

Notes to Statements of Financial Position

Note (1) Property, plant and equipment increased by RMB 63.0 million from RMB 328.2 million to RMB 391.2 million due mainly to the following:

- RMB 96.3 million for purchase of machinery and equipment relating to various projects in 9M2011; less
- RMB 19.7 million depreciation and RMB 18.7 million asset impairment; and add back
- RMB 5.1 million of asset impairment written back as they were reused in either Facility 2 or 3.

Note (2) Land use rights increased by RMB 12.6 million from RMB 17.1 million to RMB 29.7 million upon completion of the purchase of and payment for the Facility 3 land.

Note (3) Inventories increased by RMB 14.5 million from RMB 77.3 million as at 31 December 2010 to RMB 91.8 million as at 30 September 2011 as the Group purchased raw materials in preparation for the trial production of 12,000-ton 4ADPA, 6PPD's intermediary material, and 15,000-ton MBT plant (Phase 2) located at Facility 2 and Facility 3 respectively in October. Higher cost of raw materials also contributed to the increase in inventories.

Note (4) Trade receivables increased by RMB 42.6 million from RMB 242.2 million to RMB 284.8 million due to higher sales in 3QFY2011 compared to 3QFY2010.

Note (5) Other receivables decreased by RMB 10.9 million from RMB 62.9 million to RMB 52.0 million mainly due to full utilisation of VAT receivables when current VAT Output Tax is more than VAT Input Tax. Lower retention sum held by contractors as several construction-in-progress projects (CIP) were completed also contributed to the decrease.

Note (6) Trade payables increased by RMB 25.2 million from RMB 32.8 million to RMB 58.0 million as more raw materials were purchased as mentioned in Note (3).

Note (7) Total Other Payables decreased by RMB 5.6 million from RMB 85.7 million to RMB 80.1 million due to several settlements of payables for construction materials and equipment classified under the CIP projects.

Note (8) Bank loan increased by RMB 20 million from RMB 90 million to RMB 110 million as higher working capital was required with the upcoming production of 4ADPA and MBT as mentioned in Note (3). The increased loan was also used to make several payments related to CIP projects as mentioned in Note (7).

Note (9) Tax payables increased by RMB 11.0 million from RMB 6.0 million to RMB 17.0 million as income tax rate was restored to 25% from 12.5% after the tax incentive granted to our China subsidiary as a Wholly Foreign Owned Enterprise expired on 31 December 2010.

1(c) **A Consolidated Statement of Cash Flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Consolidated Statement of Cash Flows

	Note	3rd quarter ended		9 months ended	
		30/09/2011	30/09/2010	30/09/2011	30/09/2010
		RMB'million		RMB'million	
Cash flows from operating activities					
Profit before taxation		42.9	40.1	119.4	107.5
Adjustments for:-					
Depreciation of property, plant and equipment		6.8	5.5	19.7	16.7
Amortisation of intangible assets		0.2	0.1	0.4	0.3
Impairment of fixed assets		0.4	-	18.7	-
(Writeback) of impaired fixed assets		(3.9)		(5.1)	
(Writeback)/Impairment on receivables		-	(1.2)	0.5	(1.2)
Interest income		(0.3)	(0.8)	(1.4)	(3.6)
Interest expense		1.6	0.9	3.9	2.2
Translation difference		(4.7)	(0.6)	(4.5)	(0.6)
Operating profit before working capital changes		43.0	44.0	151.6	121.3
Changes in working capital:					
Inventories		(17.5)	(3.1)	(14.4)	(16.3)
Trade and other receivables		(15.5)	(45.9)	(32.2)	(67.2)
Trade and other payables and accruals		22.4	14.3	19.7	2.9
Cash deposit released from /(pledged with) bank		(7.7)	15.6	(15.8)	(9.7)
Cash generated from operations		24.7	24.9	108.9	31.0
Income taxes paid		(12.7)	(9.9)	(30.1)	(17.9)
Net cash generated from operating activities	(1)	12.0	15.0	78.8	13.1
Cash flows from investing activities					
Purchase of plant and equipment and additional CIP		(42.3)	(27.5)	(99.9)	(80.9)
Purchase of Intangible assets		2.3		(13.0)	
Net proceeds from/ (Investment in) AVS financial asset		-	-		2.4
Interest income received		0.3	0.8	1.4	3.6
Net cash used investing activities	(2)	(39.7)	(26.7)	(111.5)	(74.9)
Cash flows from financing activities					
Interest expense paid		(1.6)	(0.9)	(3.9)	(2.2)
Dividend paid		-	-	(25.2)	(23.3)
Grant (utilized)/received		-	-	1.9	0.6
Repayment of bank borrowings		-	-	(60.0)	(90.0)
Proceeds from bank loan		30.0	60.0	80.0	130.0
Net cash generated from/(used in) financing activities	(3)	28.4	59.1	(7.2)	15.1
Net decrease in cash and bank balances		0.7	47.4	(39.9)	(46.7)
Cash and bank balances at beginning of period		89.4	82.3	130.0	176.4
Cash and bank balances at end of period		90.1	129.7	90.1	129.7
Cash and bank balances at end of period includes the followings					
Cash and cash equivalents		140.9	158.7	140.9	158.7
Cash deposit pledged with bank		(50.8)	(29.0)	(50.8)	(29.0)
Cash and bank balances at end of period		90.1	129.7	90.1	129.7

Notes to Consolidated Statement of Cash flows for 3Q2011

- (1) Net cash generated from operating activities amounting to RMB 12.0 million was due mainly to operating cash profit generated, offset by the increase in cash deposits pledged with banks, increase in receivables and higher taxes paid.
- (2) Net cash used in investing activities amounting to RMB 39.7 million was mainly due to the increased payment for capital equipment and construction in progress projects.
- (3) Net cash used in financing activities amounted to RMB 28.4 million as RMB 30.0 million was borrowed from the local banks in China for the purposes as mentioned in Page 4, Note (8).

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited Statements of Changes in Equity

GROUP

	Share Capital	Treasury Shares	Statutory, Merger, Exchange reserves	Retained Earnings	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2011	313.5	(13.0)	65.1	326.1	691.7
Total Comprehensive Income for the period	-	-	(0.7)	78.4	77.7
Dividend paid	-	-	-	(25.2)	(25.2)
Balance as at 30 September 2011	313.5	(13.0)	64.4	379.3	744.2
Balance as at 1 January 2010	313.5	(13.0)	37.1	261.8	599.4
Total Comprehensive Income for the period	-	-	0.1	92.5	92.6
Interim dividend declared	-	-	-	(23.3)	(23.3)
Shares buy back held in treasury	-	-	-	-	-
Balance as at 30 September 2010	313.5	(13.0)	37.2	331.0	668.7

COMPANY

	Share Capital	Treasury Shares	Statutory, Merger, Exchange reserves	Retained Earnings	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2011	313.5	(13.0)	(5.4)	84.4	379.5
Total Comprehensive Income for the period	-	-	(0.7)	38.9	38.2
Dividend paid	-	-	-	(25.2)	(25.2)
Balance as at 30 September 2011	313.5	(13.0)	(6.1)	98.1	392.5
Balance as at 1 January 2010	313.5	(13.0)	(5.8)	87.4	382.1
Total Comprehensive Income for the period	-	-	0.1	23.7	23.8
Interim dividend declared	-	-	-	(23.3)	(23.3)
Share buyback-held in treasury	-	-	-	-	-
Balance as at 30 September 2010	313.5	(13.0)	(5.7)	87.8	382.6

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares*	Resultant issued and paid up share capital S\$
Balance as at 1 January 2011 and 30 September 2011	<u>477,357,000</u>	<u>59,900,882</u>
Balance as at 1 January 2010 and 30 September 2010	<u>477,357,000</u>	<u>59,900,882</u>

There are no outstanding convertibles issued by the Company as at 30 September 2011.
*number of issued shares excludes 14,337,000 treasury shares

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 3QFY2011. Total number of treasury shares at end 3QFY2011 stands at 14,337,000.

[Note – The disclosures required in 1(d)(ii), (iii) and (iv) may be made in form of statement paragraphs or, in tabular form.]

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ("FY") ended 31 December 2010 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 2011. 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.

	3Q2011	3Q2010	9M2011	9M2010
	RMB (cents)	RMB (cents)	RMB (cents)	RMB (cents)
Basic Earnings per share (Basic EPS) - based on weighted average number of shares on issue	5.91	7.07	16.43	19.37
The calculations of EPS is based on net profit and number of shares shown below: Profit attributable to equity holders (RMB'000) Weighted average number of shares applicable to basic EPS ('000)	28,231 477,357	33,778 477,357	78,430 477,357	92,483 477,357

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 30 September 2011.

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	
	30/09/2011	31/12/2010	30/09/2011	31/12/2010
Net asset attributable to shareholders (RMB'000)	744,244	691,677	392,498	379,493
Net asset value per ordinary share (RMB cents)**	155.91	144.89	82.22	73.21
Number of issued shares * ('000)	477,357	477,357	477,357	477,357

* number of issued shares excludes treasury shares

** equivalent to 31.54 SGD cents at exchange rate of 4.9425 as at 30 September 2011

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	3Q2011	3Q2010	Change %	9M2011	9M2010	Change %
Group Revenue	310.6	267.1	16%	879.6	718.1	22%
Gross Profit	77.3	65.3	18%	221.7	168.3	32%
Profit before tax	42.9	40.1	7%	119.4	107.5	11%
Net profit	28.2	33.8	(17%)	78.4	92.5	(15%)

Commentaries on performance

3QFY2011 revenue increased by 16% to RMB 310.6 million as compared to RMB 267.1 million in 3QFY2010 due to the increase in our sales volume and increase in average selling price. Sales volume improved 9% to 15,847 tons as compared to 14,584 tons in 3QFY2010 due to increased demand.

Overall average selling price (ASP) for all products increased to RMB 19,598 per ton in 3QFY2011 as compared to RMB 18,313 per ton in 3QFY2010. Besides the increased demand for our products, the ASP increase was partly due to increase in raw material prices.

	Sales Volume (Tons)				Sales (RMB'm)			
	3Q2011	3Q2010	9M2011	9M2010	3Q2011	3Q2010	9M2011	9M2010
Accelerators	12,944	12,211	37,117	34,115	274.2	237.9	785.0	649.4
Insoluble sulphur	2,115	1,331	5,170	3,161	24.1	15.3	60.0	35.8
Anti-oxidant	450	935	1,729	1,962	6.0	11.4	22.7	24.9
Others	338	108	599	382	6.3	2.5	11.9	8.0
Total	15,847	14,585	44,615	39,620	310.6	267.1	879.6	718.1
Local Sales	10,090	9,269	25,228	24,390	156.7	157.6	470.7	417.1
International Sales	5,757	5,316	19,387	15,230	153.9	109.5	408.9	301.0

Sales volume across all product categories increased except for anti-oxidant TMQ, which volume decreased further to 450 tons as compared to 935 tons in 3QFY2010. This was because of intense competition as TMQ has low production entry barrier.

Despite the continued European sovereign debt crisis and uncertain recovery in the US economy, export sales still delivered healthy volume, especially sales to Japan. Moving forward, export sales may slow if the European sovereign debt crisis dragged on and affect the global economic recovery as a whole.

Gross profit increased by 18% from RMB 65.3 million in 3QFY2010 to RMB 77.3 million in 3QFY2011, in line with increase in revenue while the gross profit margins (GPM) remained stable at 24.9%

Other operating income was RMB 2.9 million in 3QFY2011, consisting of mainly investment income and sales of scrap materials.

Selling and distribution expenses, which increased by 2% from RMB 9.7 million in 3QFY2010 to RMB 9.9 million in 3QFY2011, were in line with the increase in revenue offset by the absence of the one-off quality check fee charged in 3QFY2010.

Administrative expenses increased by 28% from RMB 18.1 million in 3QFY2010 to RMB 23.2 million in 3QFY2011, mainly due to:

- RMB 3.0 million in new tax collections for City Construction and Education, equivalent to 10% of the net VAT
- RMB 0.5 million in higher depreciation expenses as office and R&D buildings have been completed
- RMB 1.7 million in new operating expenses due to commencement of operations at Facility 3

Other operating expenses amounting to RMB 2.6 million in 3QFY2011 was mainly due to the realised transactional exchange loss as the US Dollar depreciated further against Chinese Yuan.

Profit before tax (PBT) improved by 7% from RMB 40.1 million in 3QFY2010 to RMB 42.9 million in 3QFY2011 due to above factors. However, **net profit attributable to shareholders** decreased by 17% from RMB 33.8 million in 3QFY2010 to RMB 28.2 million in 3QFY2011 as the China income tax was restored to 25% as mentioned in Page 4, Note (9).

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 GDP grew at 9.1% per annum during 3QFY2011, down from 9.5% per annum growth in 2QFY2011 and 9.7% growth in the first 3 months of the year. GDP growth for the last quarter of 2011 is expected to reduce further. At the same time, auto sales growth is expected to slow to about 3% to 5%¹ this year after registering a strong 32% growth in 2010. Vehicle demand has been reduced by the government's efforts to rein in consumer prices which grew at the fastest pace in three years in July 2011. Despite the anticipated reduction in GDP growth rate in 2011 and the projected slowdown in auto sales in China as stated above, the Group remains positive on the outlook for its domestic market given its strong financial position and portfolio of quality products. The export markets, however, will remain challenging given the continued European sovereign debt crisis and the weak US economic recovery.

During 3QFY2011, the costs of raw materials such as Aniline, Tert-butylamine and Cyclohexylamine had inched up. Nevertheless, the Group expects demand to remain resilient, and will adjust selling prices accordingly based on prices of raw materials and the exchange rate between US Dollar and Chinese Yuan.

Updates

During 3QFY2011, the Group completed the following projects:

- 1) Construction of the production plant for 4ADPA, which is 6PPD's intermediary material, and commencement of trial production of 4ADPA in October 2011.
- 2) Phase 2 of Facility 3 to which the existing 15,000-ton MBT equipment from Facility 1 was relocated. Production of MBT commenced in October 2011.

The Group will continue negotiating with the local government on the conversion of the land use right at Facility 1 from industrial to commercial and residential use.

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

Tons	FY2007	FY2008	FY2009	FY2010	FY2011e
Accelerators	39,000	50,000	55,000	56,500	56,500
Insoluble Sulphur	5,000	5,000	8,000	10,000	10,000
Anti-oxidant	-	5,000	10,000	10,000	25,000
Total	44,000	60,000	73,000	76,500	91,500

Barring unforeseen circumstances, the Group expects to continue its profitability for FY2011.

¹ Source: <http://mobile.bloomberg.com/news/2011-09-03/china-s-auto-sales-to-grow-5-in-2011-ndrc-researcher-says-1->

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?
The directors did not declare any dividend for the period under review.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Nil

(d) Books closure date

Nil

(e) Last cum-dividend Trading Date

Nil

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. Interested Person Transactions

None

BY ORDER OF THE BOARD

Xu Cheng Qiu
Executive Chairman
8 November 2011

Confirmation by the Board pursuant to Rule 705(4) of the SGX Listing Manual

On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited third quarter financial results for the period ended 30 September 2011 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: 8 November 2011