



China SunSine Chemical Holdings Ltd.

112 Robinson Road #12-04 Singapore 068902
Tel: (65) 6220-9070 Web: www.ChinaSunSine.com

Company Registration No.: 200609470N

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2011

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 1st Quarter Ended 31 March 2011

	1st quarter ended		Change
	31/03/2011	31/03/2010	
	RMB' million		
Revenue	254.8	202.7	26%
Cost of sales	187.4	154.7	21%
Gross profit	67.4	48.0	40%
Other operating income	2.1	2.2	(5%)
Selling and distribution expenses	7.0	6.7	4%
Administrative expenses	15.5	8.2	89%
Other expenses	20.3	0.4	4975%
Finance expenses	1.2	0.7	71%
Profit before tax	25.5	34.2	(25%)
Income tax expenses	12.5	3.8	229%
Profit after tax	13.0	30.4	(57%)
Other Comprehensive income:			
Exchange differences on translation, net of tax	0.1	0.0	n.m
Total comprehensive income for the period	13.1	30.4	(57%)
Gross profit margin	26.5%	23.7%	2.8 pts
Earnings per share (RMB cents)	2.73	6.37	(57%)

n.m. - not meaningful

[Empty Below]

Notes to the Group Statement of Comprehensive Income:

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

	1st quarter ended		Change
	31/03/2011	31/03/2010	
	RMB' million		
Interest income	(0.3)	(1.3)	(77%)
Interest on borrowing	1.2	0.7	71%
Depreciation of property, plant and equipment	6.6	5.9	12%
Amortization of intangible assets	0.1	0.1	-
Impairment/(writeback) on receivables	0.4	-	100%
Net foreign exchange (gain)/loss	0.5	0.4	25%
Impairment on property, plant and equipment	18.3	-	100%

[Empty Below]

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>	
		31/03/2011 RMB' million	31/12/2010 RMB' million	31/03/2011 RMB' million	31/12/2010 RMB' million
ASSETS					
NON-CURRENT ASSETS					
Investment in a subsidiary		-	-	371.1	371.1
Property, plant and equipment	(1)	333.6	328.2	-	-
Land use rights		17.0	17.1	-	-
Available-for-sale financial assets		15.3	15.0	15.3	15.0
		365.9	360.3	386.4	386.1
CURRENT ASSETS					
Inventories	(2)	69.9	77.3	-	-
Trade receivables		242.2	242.2	-	-
Other receivables, deposits and prepayment	(3)	49.7	62.9	0.1	0.1
Amount owing from a subsidiary		-	-	2.3	1.6
Cash and cash equivalents		190.3	165.1	3.0	3.5
		552.1	547.5	5.4	5.2
TOTAL ASSETS		918.0	907.8	391.8	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		71.4	71.4	-	-
Exchange on translation		(6.8)	(6.9)	(5.6)	(5.7)
Retained profits		339.1	326.1	81.2	84.4
TOTAL EQUITY		704.8	691.7	376.4	379.5
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	(4)	37.7	32.8	-	-
Other payables and accruals	(5)	79.0	85.7	12.8	9.3
Deferred grant		1.5	1.6	-	-
Bank loans	(6)	80.0	90.0	-	-
Current tax payable	(7)	15.0	6.0	2.6	2.5
		213.2	216.1	15.4	11.8
TOTAL LIABILITIES		213.2	216.1	15.4	11.8
TOTAL EQUITY AND LIABILITIES		918.0	907.8	391.8	391.3

[Empty Below]

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

Amount repayable in one year or less, or on demand

As at 31/03/2011		As at 31/12/2010	
Secured RMB' million	Unsecured RMB' million	Secured RMB' million	Unsecured RMB' million
-	80.0	-	90.0

Details of any collateral

No collateral

Notes to Statements of Financial Position

Note (1) Property, plant and equipment increased by RMB 5.4 million from RMB 328.2 million to RMB 333.6 million due mainly to purchase of machinery and equipment relating to various projects in 1Q2011 amounting to RMB 30.3 million less RMB 6.6 million depreciation and RMB 18.3 million impairment. The impairment was due to the closure of production lines at Facility 1 in preparation for the relocation to Facility 2 as the local government intends to rezone Facility 1 site for commercial and residential use.

Note (2) Inventories decreased by RMB 7.4 million from RMB 77.3 million to RMB 69.9 million as both the cost of material and inventory volume reduced. .

Note (3) Other receivables decreased by RMB 13.2 million from RMB 62.9 million to RMB 49.7 million mainly due to lower advance payment to suppliers, and full utilisation of VAT receivables when current VAT Output Tax is more than VAT Input Tax.

Note (4) Trade payables increased by RMB 4.9 million from RMB 32.8 million to RMB 37.7 million as more raw materials were purchased as Facility 3 commenced its MBT trial production.

Note (5) Total Other Payables decreased by RMB 6.9 million from RMB 85.7 million to RMB 79 million due to several settlement of payables for construction materials, and equipment classified under the CIP projects.

Note (6) Bank loan decreased by RMB 10 million from RMB 90.0 million to RMB 80.0 million as RMB 10 million loan due for repayment in March 2011 was fully settled.

Note (7) Tax payables increased by RMB 9.0 million from RMB 6.0 million to RMB 15.0 million as China income tax rate was restored to 25% from 12.5% after the tax incentive granted to the Company's subsidiary as a Wholly Foreign Owned Enterprise, ceased on 31 December 2010.

[Empty Below]

- 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	1st quarter ended	
		31/03/2011	31/03/2010
		RMB' million	
Cash flows from operating activities			
Profit before tax		25.5	34.2
Adjustments for:-			
Depreciation of Property, plant and Equipment		6.6	5.9
Amortization of Intangible Assets		0.1	0.1
Impairment/(write-back) on receivables		0.4	-
Impairment on Fixed assets		18.3	-
Interest income		(0.3)	(1.3)
Interest expense		1.2	0.7
Translation difference		(0.1)	n.m
Operating profit before working capital changes		51.7	39.6
Changes in working capital:			
Inventories		7.5	(7.7)
Trade and other receivables		12.7	(22.2)
Trade and other payables and accruals		(1.9)	(12.7)
Cash deposit released from /(pledged with) bank		(14.1)	(19.1)
Cash generated from/(used in) operations		55.9	(22.1)
Income taxes paid		(3.4)	(3.9)
Net cash generated from/(used in) operating activities	(1)	52.5	(26.0)
Cash flows from investing activities			
Purchase of plant and equipment		(31.3)	(19.2)
Proceeds from maturity of AFS financial asset		-	2.4
Interest income received		0.3	1.3
Net cash used in investing activities	(2)	(31.0)	(15.5)
Cash flows from financing activities			
Interest expense paid		(1.2)	(0.7)
Grant received		0.8	-
Proceeds from bank loan		-	50.0
Repayment of bank loan		(10.0)	(60.0)
Net cash used in from financing activities		(10.4)	(10.7)
Net increase/(decrease) in cash and bank balances		11.1	(52.2)
Cash and bank balances at beginning of period/year		130.0	176.4
Cash and bank balances at end of period/year		141.1	124.2
Cash and bank balances at end of period/year includes the followings			
Cash and cash equivalents		190.3	162.6
Cash deposit pledged with bank		(49.2)	(38.4)
Cash and bank balances at end of period/year		141.1	124.2

Notes to Cash flows for 1Q2011

- (1) Net cash generated from operating activities amounted to RMB 52.5 million due mainly to the increase in operating cash profit and higher collections from trade and other receivables.
- (2) Net cash used in investing activities amounted to RMB 31.0 million due mainly to the increased payment for capital equipment and construction in progress.
- (3) Net cash used in financing activities amounted to RMB 10.4 million due mainly to a RMB 10 million loan repayment.

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 2011	313.5	(13.0)	65.1	326.1	691.7
Total Comprehensive Income for the year	-	-	0.1	13.0	13.1
Balance as at 31 March 2011	313.5	(13.0)	65.2	339.1	704.8
Balance as at 1 January 2010	313.5	(13.0)	37.1	261.8	599.4
Total Comprehensive Income for the year	-	-	n.m	30.4	30.4
Balance as at 31 March 2010	313.5	(13.0)	37.1	292.2	629.8

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 2010	313.5	(13.0)	(5.4)	84.4	379.5
Total Comprehensive Income/ (loss) for the year	-	-	0.1	(3.2)	(3.1)
Balance as at 31 March 2011	313.5	(13.0)	(5.3)	81.2	376.4
Balance as at 1 January 2010	313.5	(13.0)	(5.8)	87.4	382.1
Total Comprehensive loss for the year	-	-	(0.1)	(0.3)	(0.2)
Balance as at 31 March 2010	313.5	(13.0)	(5.7)	87.1	381.9

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 and 31 March 2011	477,357,000	59,900,882
As at 1 January 2010 and 31 March 2010	477,357,000	59,900,882

* number of issued shares excludes treasury shares

There are no outstanding convertibles issued by the Company as at 31 March 2011.

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 1Q2011. Total number of treasury shares at end 1Q2011 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).

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 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.

	1Q2011 RMB	1Q2010 RMB
Basic Earnings per share (Basic EPS' cents) - based on weighted average number of shares on issue	2.73	6.37
The calculations of EPS is based on net profit and number of shares shown below:		
Profit attributable to equity holders (RMB'000)	13,048	30,384
Weighted average number of shares applicable to basic EPS ('000)	477,357	477,357

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 31 March 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	
	31/03/2011	31/12/2010	31/03/2011	31/12/2010
Net asset attributable to shareholders (RMB'000)	704,806	691,677	376,402	379,493
Net asset value per ordinary share (RMB cents)	147.65**	144.90	78.85	79.50
Number of issued shares * ('000)	477,357	477,357	477,357	477,357

* number of issued shares excludes treasury shares

** equivalent to 28.40 SGD cents at exchange rate of about 5.1982

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	1Q2011	1Q2010	Change
Group Revenue	254.8	202.7	26%
Gross Profit	67.4	48.0	40%
Profit before tax	25.5	34.2	(25%)
Net profit	13.0	30.4	(57%)

Commentaries on performance

1Q2011 revenue increased by 26% to RMB 254.8 million as compared to RMB 202.7 million in 1Q2010 due to the increase in sales volume and average selling price. Sales volume improved 15% to 12,971 tons as compared to 11,214 tons in 1Q2010.

Overall average selling price (ASP) for all products increased to RMB 19,642 per ton in 1Q2011 as compared to RMB 18,074 per ton in 1Q2010. On a quarter to quarter comparison, the ASP was RMB 18,650 in 4Q2010. The ASP increase was partly due to the anticipation that raw material price will increase at the time of quotation, when actual major raw material price decreased for the quarter under review.

Analysis of Sales and Volume

	Sales Volume (Tons)		Sales (RMB' million)	
	1Q2011	1Q2010	1Q2011	1Q2010
Accelerators	10,981	10,108	229.5	189.3
Insoluble sulphur	1,429	836	16.7	9.0
Anti-oxidant	443	91	5.9	1.2
Others	118	179	2.7	3.2
Total	12,971	11,214	254.8	202.7
Domestic Sales	8,055	6,467	145.0	110.4
International sales	4,916	4,747	109.8	92.3

Gross profit increased by 40% from RMB 48.0 million in 1Q2010 to RMB 67.4 million in 1Q2011, in line with the increase in revenue. Gross profit margins (GPM) improved from 23.7% in 1Q2010 to 26.5% in 1Q2011 as ASP increased more than the increase in cost of sales.

Other operating income was RMB 2.1 million in 1Q2011, consisting of mainly sales of scrap materials and crystallized sulphur, a by-product derived from the production of insoluble sulphur.

Selling and distribution expenses, increased by 4% from RMB 6.7 million in 1Q2010 to RMB 7.0 million in 1Q2011, in line with the increase in revenue.

Administrative expenses increased by 89% from RMB 8.2 million in 1Q2010 to RMB 15.5 million in 1Q2011, mainly because 1Q2010 expenses included RMB 3.7 million write-back of over-provision of prior year expenses, and due to quarterly provision of FY2011 bonus in 1Q2011 amounting to RMB 2.1 million. The commencement of operations at Facility 3 also contributed to the increase.

Other expenses amounting to RMB 20.3 million in 1Q2011 was mainly due to RMB 18.3 million impairment of plant and equipment due to the closure of Facility 1 as stated in Note 1 on Page 4, and the balance amount was mainly due to exchange loss as Chinese Yuan appreciated against other major currencies.

Finance expenses increased from RMB 0.7 million in 1Q2010 to RMB 1.2 million in 1Q2011 as bank loan interest rates and loan amounts increased as compared to 1Q2010.

Profit before tax (PBT) decreased by 25% from RMB 34.2 million in 1Q2010 to RMB 25.5 million in 1Q2011 due to the above factors. However, tax increased by 229% from RMB 3.8 million in 1Q2010 to RMB 12.5 million in 1Q2011 as China income tax was restored to 25% from 12.5% after the tax incentive granted to the Company's subsidiary as a Wholly Foreign Owned Enterprise, ceased on 31 December 2010. As a result, **Net profit attributable to shareholders** decreased by 57% from RMB 30.4 million in 1Q2010 to RMB 13.0 million in 1Q2011.

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.

Despite rising fuel prices, the removal of subsidies and tighter rules on new car registration in certain cities in China, China's auto sales totalled 4.9837 million units in 1Q2010, upped 8.08% from a year ago. The local automobile market remains strong although the rate of growth has slowed. The export markets improved further despite the tsunami and radioactive crisis in Japan. Orders from Japan have increased in April as accelerators supply within Japan has been affected by the earthquake, tsunami and radioactive crisis.

During 1Q2011, cost of raw materials such as Aniline and Cyclohexylamine were down and thus the Group's GPM improved. The Group believes that such downward price adjustments are temporary, and upward pressure on prices of raw materials will creep in due to the overall positive economic outlook in China and the rest of the world. Nevertheless, the Group expects demand to remain resilient, and will adjust selling prices accordingly based on prices of raw materials and exchange rate of US Dollar and Chinese Yuan.

Updates

During 1Q2011, the Group completed the following projects:

- Completed the interior works of the R&D centre and office facilities at Facility 2 in March 2011. All personnel had relocated to the new premises in early April 2011.
- Shut down of Facility 1 in March 2011. Used production equipment that could be re-used will be installed in Facility 2 by May 2011.
- Completed Phase 1 of Facility 3 at Weifang plant (15,000-ton MBT) in March 2011 and commenced trial production in early April 2011.

The Group will continue with the following projects:

- Complete the construction of 6PPD's intermediary material 4ADPA production plant by 3Q2011.
- Commence and complete Phase 2 of Facility 3 where existing 15,000-ton MBT equipment from Facility 1 will be relocated to new facilities in Facility 3 by 4Q2011.
- 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 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

As all equipment and buildings in Facility 1 had been impaired in 1Q2011, the Group expects to continue its profitability for FY2011 barring unforeseen circumstances.

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: 25 April 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 first quarter financial results for the period ended 31 March 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: 25 April 2011

[End of Report]