



China Sunsine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2020

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 2nd half and full year Ended 31 December 2020

	2 nd half year ended		Change %	Full year ended		Change %
	31/12/2020	31/12/2019		31/12/2020	31/12/2019	
	RMB' million			RMB' million		
Revenue	1,291.1	1,278.0	1%	2,333.7	2,691.6	(13%)
Cost of sales	(932.7)	(985.2)	(5%)	(1,733.4)	(1,910.8)	(9%)
Gross profit	358.4	292.8	22%	600.3	780.8	(23%)
Other operating (losses)/income	(16.4)	29.9	(155%)	8.5	46.5	(82%)
Other (losses)/gains, net	(0.6)	(2.0)	(70%)	(2.8)	(9.2)	(70%)
Selling and distribution expenses	(39.7)	(49.7)	(20%)	(73.8)	(96.6)	(24%)
Administrative expenses	(71.2)	(114.5)	(38%)	(155.1)	(177.6)	(13%)
Research and development expenses	(43.8)	(23.6)	86%	(75.3)	(90.8)	(16%)
Finance expense	(1.1)	(0.3)	267%	(1.3)	(0.5)	(160%)
Profit before tax	185.6	132.6	40%	300.5	452.6	(34%)
Income tax expenses	(49.2)	(9.6)	413%	(81.7)	(63.7)	28%
Net Profit	136.4	123.0	11%	218.8	388.9	(44%)
Other comprehensive income:						
Exchange differences on translation, net of tax	(1.1)	1.6	(169%)	(3.3)	2.3	(243%)
Total comprehensive income for the period	135.3	124.6	9%	215.5	391.2	(45%)
Gross profit margin	27.8%	22.9%	4.9pts	25.7%	29.0%	(3.3pts)
Earnings per share (RMB cents)	14.04	12.59	12%	22.50	39.72	(43%)

Notes to the Consolidated Statement of Comprehensive Income:

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

	2 nd half year ended			Full year ended		
	31/12/2020	31/12/2019	Change %	31/12/2020	31/12/2019	Change %
	RMB' million			RMB' million		
Interest income	(13.1)	(8.6)	52%	(22.1)	(13.2)	67%
Finance expenses	1.1	-	n.m.	1.1	-	n.m.
Deemed interest expenses on lease liability	-	0.3	n.m.	0.2	0.5	(60%)
Depreciation of property, plant and equipment ("PPE")	61.7	61.4	1%	120.5	111.9	8%
Depreciation of right-of-use asset	-	0.5	n.m.	0.6	1.1	(45%)
Amortisation of land use rights	0.7	0.5	40%	1.3	1.1	18%
Reversal of impairment of trade receivables	(2.5)	(2.0)	25%	(0.8)	(3.3)	76%
Foreign exchange loss / (gain)	32.3	(12.6)	(356%)	18.1	(21.4)	(185%)
(Reclassification) / Write-off of PPE	(2.5)	1.1	(327%)	1.6	1.5	(7%)
Negative goodwill arising on acquisition of a subsidiary	(0.3)	-	n.m.	(0.3)	-	n.m.

n.m. - not meaningful

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1(b)(i) Statements of Financial Position (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	31/12/2020	31/12/2019	31/12/2020	31/12/2019
		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)	864.6	649.7	-	-
Land use rights	(2)	68.3	39.0	-	-
Right-of-use asset	(3)	-	9.9	-	-
		932.9	698.6	350.0	350.0
CURRENT ASSETS					
Inventories	(4)	197.5	247.1	-	-
Trade receivables	(5)	544.6	525.2	-	-
Other receivables, deposits and prepayment		170.9	167.4	*	*
Amount owing from a subsidiary corporation		-	-	68.8	75.6
Cash and bank balances		1,326.2	1,279.9	6.5	41.6
		2,239.2	2,219.6	75.3	117.2
TOTAL ASSETS		3,172.1	2,918.2	425.3	467.2
Share capital		313.5	313.5	313.5	313.5
Treasury shares		(29.3)	(21.7)	(29.3)	(21.7)
Other reserves		566.1	526.5	51.8	55.0
Retained profits		1,870.4	1,743.3	74.6	78.6
TOTAL EQUITY		2,720.7	2,561.6	410.6	425.4
LIABILITIES					
NON-CURRENT LIABILITIES					
Lease liability	(3)	-	9.2	-	-
CURRENT LIABILITIES					
Trade payables	(6)	54.4	63.9	-	-
Other payables and accruals	(7)	355.2	259.1	7.6	37.5
Lease liability	(3)	-	0.9	-	-
Current tax payable		41.8	23.5	7.1	4.3
		451.4	347.4	14.7	41.8
TOTAL LIABILITIES		451.4	347.4	14.7	41.8
TOTAL EQUITY AND LIABILITIES		3,172.1	2,918.2	425.3	467.2

* - amount less than RMB 0.1 million

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

Amount repayable in one year or less, or on demand

As at 31/12/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
RMB' million	RMB' million	RMB' million	RMB' million
-	-	-	-

Details of any collateral

No collateral.

Notes to Statements of Financial Position

Note (1) Property, plant and equipment increased by RMB 214.9 million from RMB 649.7 million to RMB 864.6 million mainly due to additions to property, plant and equipment ("PPE") and construction in progress ("CIP"), as well as the acquisition of Heze Yongshun Environmental Protection Technology Co., Ltd ("Yongshun") during the year.

Note (2) Land use rights increased by RMB 29.3 million from RMB 39.0 million to RMB 68.3 million mainly due to the acquisition of Yongshun, which owns a piece of land of approximately 215 mu (approximately 143,334 m²), offset by the amortisation charge.

Note (3) Right-of-use asset ("ROU") and lease liability refer to the piece of land leased from Yongshun for the production of TBBS by the Company's main subsidiary, Shandong Sunshine, prior to the acquisition of Yongshun. It was accounted for in accordance with SFRS(I) 16 Leases. During the year, Yongshun was acquired by the Group, and as such, the ROU and lease liability are being de-recognised.

Note (4) Inventory decreased by RMB 49.6 million from RMB 247.1 million to RMB 197.5 million mainly due to more finished goods sold at year end.

Note (5) Trade receivables increased by RMB 19.4 million from RMB 525.2 million to RMB 544.6 million. Trade receivables included notes receivables provided by trade debtors. These notes receivables are promissory notes issued by local banks with low risks of non-recoverability. As at 31 December 2020 and 31 December 2019, the notes receivables were RMB 148.5 million and RMB 167.1 million, respectively. Excluding the notes receivables, the trade receivables attributable to trade debtors would have increased by RMB 38.0 million from RMB 358.1 million to RMB 396.1 million, mainly due to higher sales during the year end period.

The aging report of our trade receivables as at 31 December 2020 was as follows:-

	< 3 months	3 – 6 months	6 – 12 months	> 12 months	Total
	RMB ' million	RMB ' million	RMB ' million	RMB ' million	RMB ' million
Notes receivables	148.5	-	-	-	148.5
Trade receivables	389.2	6.9	1.8	8.6	406.5
Allowance for impairment	-	-	(1.8)	(8.6)	(10.4)
Net trade receivables	537.7	6.9	-	-	544.6

Note (6) Trade payable decreased by RMB 9.5 million from RMB 63.9 million to RMB 54.4 million mainly due to lower raw material prices.

Note (7) Other payables increased by RMB 96.1 million from RMB 259.1 million to RMB 355.2 million mainly due to increase in the payables to contractors.

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	2 nd half year ended		12 months ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RMB' million		RMB' million	
Cash flows from operating activities				
Profit after tax	136.4	123.0	218.8	388.9
Adjustments for:-				
Income tax expenses	49.2	9.6	81.7	63.7
Depreciation of PPE	61.7	61.4	120.5	111.9
Depreciation of right-of-use asset	-	0.5	0.6	1.1
Amortisation of intangible assets	0.7	0.5	1.3	1.1
PPE written off	(2.5)	1.1	1.6	1.5
Negative goodwill arising from acquisition of a subsidiary	(0.3)	-	(0.3)	-
Interest income	(13.1)	(8.6)	(22.1)	(13.2)
Deemed interest expenses on lease liability	-	0.3	0.2	0.5
Interest expense	1.1	-	1.1	-
Government grant income	-	(6.3)	-	(6.3)
Other income arising from de-recognition of ROU	(0.3)	-	(0.3)	-
Translation difference	51.1	(5.8)	39.8	(6.6)
Operating profit before working capital changes	284.0	175.7	442.9	542.6
Changes in working capital:				
Inventories	(21.3)	(68.9)	50.9	(29.8)
Trade and other receivables	19.9	53.6	46.3	67.9
Trade and other payables and accruals	(27.7)	17.4	(50.2)	(18.0)
Cash generated from operations	254.9	177.8	489.9	562.7
Income taxes paid	(36.8)	(46.0)	(63.0)	(121.1)
Net cash generated from operating activities	(1) 218.1	131.8	426.9	441.7
Cash flows from investing activities				
Additions to PPE	(161.5)	(38.0)	(279.3)	(72.4)
Interest income received	13.1	8.6	22.1	13.2
Acquisition of a subsidiary, net of cash acquired	(42.4)	-	(42.4)	-
Proceeds from disposal of investment	60.0	-	60.0	-
Net cash used in investing activities	(2) (130.8)	(29.4)	(239.6)	(59.2)
Cash flows from financing activities				
Dividend paid	-	-	(48.8)	(135.5)
Purchase of treasury shares	(2.7)	(4.7)	(7.6)	(19.6)
Cash deposit (pledged in)/released from bank	(1.8)	(0.6)	(2.0)	2.4
Government grants received	4.0	6.3	4.0	6.3
Repayment of lease liability	(0.2)	(0.8)	(0.8)	(1.4)
Repayment of bank borrowings	(43.4)	-	(43.4)	-
Interest paid	(1.1)	-	(1.1)	-
Net cash (used in)/provided by financing activities	(3) (45.2)	0.2	(99.7)	(147.8)
Net increase in cash and cash equivalents	42.1	102.6	87.6	234.7
Effect of currency translation on cash & cash equivalents	(52.2)	7.5	(43.3)	9.0
Cash and cash equivalents at beginning of period/year	1,333.0	1,168.5	1,278.6	1,034.9
Cash and cash equivalents at end of period/year	1,322.9	1,278.6	1,322.9	1,278.6
Cash and cash equivalents at end of period/year includes the followings				
Cash and bank balances	1,326.2	1,279.9	1,326.2	1,279.9
Cash deposit pledged with bank	(3.3)	(1.3)	(3.3)	(1.3)
Cash and cash equivalents at end of period/year	1,322.9	1,278.6	1,322.9	1,278.6

Notes to Consolidated Statement of Cash flows for 2H2020

- (1) Net cash generated from operating activities amounted to RMB 218.1 million mainly due to operating profit generated during the period.
- (2) Net cash used in investing activities amounted to RMB 130.8 million mainly due to additions to PPE, and the acquisition of Yongshun.
- (3) Net cash used in financing activities amounted to RMB 45.2 million mainly due to repayment of bank borrowings for Yongshun, as well as purchase of treasury shares.

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	Other Reserves	Retained Profits	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2020	313.5	(21.7)	526.5	1,743.3	2,561.6
<i>Total comprehensive income</i>					
Profit for the period	-	-	-	218.8	218.8
Exchange differences on translation, net of tax	-	-	(3.3)	-	(3.3)
Total comprehensive income, net of tax, for the period	-	-	(3.3)	218.8	215.5
<i>Transactions with owners, recorded directly in equity</i>					
Purchase of treasury shares	-	(7.6)	-	-	(7.6)
Transfer to reserves	-	-	42.9	(42.9)	-
Dividend paid	-	-	-	(48.8)	(48.8)
Total distributions to owners	-	(7.6)	42.9	(91.7)	(56.4)
Balance as at 31 December 2020	313.5	(29.3)	566.1	1,870.4	2,720.7
Balance as at 1 January 2019	313.5	(2.1)	453.8	1,560.3	2,325.5
<i>Total comprehensive income</i>					
Profit for the period	-	-	-	388.9	388.9
Exchange differences on translation, net of tax	-	-	2.3	-	2.3
Total comprehensive income, net of tax, for the period	-	-	2.3	388.9	391.2
<i>Transactions with owners, recorded directly in equity</i>					
Purchase of treasury shares	-	(19.6)	-	-	(19.6)
Transfer to reserves	-	-	70.4	(70.4)	-
Dividend paid	-	-	-	(135.5)	(135.5)
Total distributions to owners	-	(19.6)	70.4	(205.9)	(155.1)
Balance as at 31 December 2019	313.5	(21.7)	526.5	1,743.3	2,561.6

COMPANY

	Share Capital	Treasury Shares	Other Reserves	Retained Earnings	Total
	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million
Balance as at 1 January 2020	313.5	(21.7)	55.0	78.6	425.4
<i><u>Total comprehensive income</u></i>					
Profit for the year	-	-	-	44.8	44.8
Exchange differences on translation, net of tax	-	-	(3.2)	-	(3.2)
Total comprehensive income, net of tax	-	-	(3.2)	44.8	41.6
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Purchase of treasury shares	-	(7.6)	-	-	(7.6)
Dividend paid	-	-	-	(48.8)	(48.8)
Total distributions to owners	-	(7.6)	-	(48.8)	(56.4)
Balance as at 31 December 2020	313.5	(29.3)	51.8	74.6	410.6
Balance as at 1 January 2019	313.5	(2.1)	52.7	161.2	525.3
<i><u>Total comprehensive income</u></i>					
Profit for the year	-	-	-	52.9	52.9
Exchange differences on translation, net of tax	-	-	2.3	-	2.3
Total comprehensive income, net of tax	-	-	2.3	52.9	55.2
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Purchase of treasury shares	-	(19.6)	-	-	(19.6)
Dividend paid	-	-	-	(135.5)	(135.5)
Total distributions to owners	-	(19.6)	-	(135.5)	(155.1)
Balance as at 31 December 2019	313.5	(21.7)	55.0	78.6	425.4

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 2020	975,642,700	58,338,865
Purchase of treasury shares	(4,922,600)	(1,539,463)
As at 31 December 2020	970,720,100	56,799,402
As at 1 January 2019	491,311,700	62,230,695
Purchase of treasury shares	(3,087,000)	(3,483,860)
Number of shares before share split	488,224,700	58,746,835
Number of shares after share split	976,449,400	58,746,835
Purchase of treasury shares after share split	(806,700)	(407,970)
As at 31 December 2019	975,642,700	58,338,865

There are no outstanding convertibles issued by the Company as at 31 December 2020

* Number of issued shares excludes 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.

	Number of treasury shares	S\$
As at 1 January 2020	7,745,300	4,310,320
Purchase of treasury shares	4,922,600	1,539,463
As at 31 December 2020	12,667,900	5,849,783
As at 1 January 2019	382,300	418,490
Purchase of treasury shares	3,087,000	3,483,860
Number of treasury shares before share split	3,469,300	3,902,350
Number of treasury shares after share split	6,938,600	3,902,350
Purchase of treasury shares after share split	806,700	407,970
As at 31 December 2019	7,745,300	4,310,320

[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.

Except as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those used in the audited financial statements for the financial year ended 31 December 2019.

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.

The Group has adopted the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for the financial period beginning on or after 1 January 2020. The adoption of this new SFRS(I) did not result in any material effect on the amounts reported for the current financial period or prior financial years.

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.

	2H2020 RMB	2H2019 RMB	FY2020 RMB	FY2019 RMB
Basic earnings per share (Basic EPS' cents) - based on weighted average number of shares on issue	14.04	12.59	22.50	39.72
The calculations of EPS is based on net profit and number of shares shown below:				
Profit attributable to equity holders (RMB' million)	136.4	123.0	218.8	388.9
Weighted average number of shares applicable to basic EPS ('000)	971,344	976,726	972,544	979,109

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 31 December 2020.

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	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Net asset attributable to shareholders (RMB' million)	2,720.7	2,561.6	410.6	425.4
Net asset value per ordinary share (RMB' cents)	280.28**	262.56	42.30	43.60
Number of issued shares * ('000)	970,720	975,643	970,720	975,643

*number of issued shares excludes treasury shares

**equivalent to 56.84 Singapore cents at the exchange rate of SGD1 : RMB4.9314 as at 31 December 2020

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	2H2020	2H2019	Change	FY2020	FY2019	Change
Group Revenue	1,291.1	1,278.0	1%	2,333.7	2,691.6	(13%)
Gross Profit	358.4	292.8	22%	600.3	780.8	(23%)
Profit before tax	185.6	132.6	40%	300.5	452.6	(34%)
Net profit	136.4	123.0	11%	218.8	388.9	(44%)

Commentaries on performance

The Group's **2H2020 revenue** increased slightly by 1% from RMB 1,278.0 million in 2H2019 to RMB 1,291.1 million, mainly due to the increase in the sales volume, offset by the decrease in the overall Average Selling Price ("**ASP**").

Overall **ASP** decreased by 9% to RMB 13,579 per ton in 2H2020 as compared to RMB 14,877 per ton in 2H2019, mainly due to (i) the decrease in price of raw materials, (ii) the increased competition in the rubber chemicals industry, as a result of lower demand caused by the COVID-19 pandemic.

Compared to RMB 13,560 per ton in 1H2020, the ASP in 2H2020 increased slightly.

	Sales Volume (Tons)				Sales (RMB' million)			
	2H20	2H19	FY20	FY19	2H20	2H19	FY20	FY19
Rubber Chemical								
Accelerators	50,470	44,472	90,950	88,262	780.6	798.4	1,435.3	1,751.7
Insoluble Sulphur	17,322	14,986	30,655	29,916	128.4	126.9	229.0	267.6
Anti-oxidant	24,471	24,898	46,035	47,283	344.3	329.4	610.8	622.4
Others	1,293	1,021	2,236	1,994	17.2	15.5	30.3	32.6
Total	93,556	85,377	169,876	167,455	1,270.5	1,270.2	2,305.4	2,674.3
Domestic sales	67,610	57,198	120,437	110,732	896.8	792.0	1,572.4	1,630.1
International sales	25,946	28,179	49,439	56,723	373.7	478.2	733.0	1,044.2
Heating Power	43,470	39,686	83,177	88,309	8.2	7.6	15.8	16.7
Hotel & Restaurant	-	-	-	-	0.3	0.3	0.4	0.7

Waste treatment	4,115.7	-	4,115.7	-	12.1	-	12.1	-
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2H2020 Sales volume for Accelerators and Insoluble Sulphur (“IS”) increased by 13% and 16%, respectively, whereas Anti-oxidant products remained flat, mainly due to (i) the Chinese market recovering rapidly from COVID-19 pandemic, while our production being able to meet the increased demand, and (ii) the Group’s flexible pricing strategy as the Group focused mainly on increasing its sales volume.

As a result, 2H2020 domestic sales volume increased by 18%, while international sales volume decreased by 8% as the international market is still suffering from the pandemic.

On a 12-month basis, the Group’s **sales volume** for Accelerator and IS increased by 3% and 2%, respectively. Anti-oxidant products decreased by 3% mainly due to the lower sales volume in 1H2020 caused by COVID-19.

The **ASP** decreased by 15% to RMB 13,571 per ton in FY2020 as compared to RMB 15,970 per ton in FY2019. As such, the Group’s **revenue** decreased by 13% to RMB 2,333.7 million as compared to RMB 2,691.6 million in FY2019.

Gross profit for 2H2020 increased by 22% to RMB 358.4 million from RMB 292.8 million in 2H2019, mainly due to the decrease in the prices of our raw materials which were greater than the decrease in ASP. For example, for one of our main raw material, Aniline, the overall average price for 2H2020 decreased by more than 17% as compared to the price in 2H2019. The Gross Profit Margin (“**GPM**”) for 2H2020 increased by 4.9 percentage points from 22.9% in 2H2019 to 27.8%.

On a 12-month basis, **gross profit** decreased by 23% from RMB 780.8 million in FY2019 to RMB 600.3 million in FY2020. **GPM** also decreased by 3.3 percentage points from 29.0% to 25.7%, mainly due to the lower ASP.

Other operating losses of RMB 16.4 million was mainly due to foreign exchange loss caused by depreciation of USD against RMB, offset against interest income. On a 12-month basis, other income amounted to RMB 8.5 million, consisting mainly of interest income, gain on bargain purchase of a subsidiary, offset by foreign exchange loss.

Other losses in 2H2020 amounted to RMB 0.6 million. On a 12-month basis, other losses amounted to RMB 2.8 million, mainly consisting of donations to charitable organisations, as well as PPE written off.

Selling and distribution expenses decreased by 20% from RMB 49.7 million in 2H2019 to RMB 39.7 million in 2H2020. On a 12-month basis, selling and distribution expenses decreased by 24% to RMB 73.8 million as compared to RMB 96.6 million in FY2019, mainly due to decrease in the Group’s expenses relating to freight as a result of the Group’s efforts on cost control, as well as lower port charges as international sales volume decreased.

Administrative expenses decreased by 38% from RMB 114.5 million in 2H2019 to RMB 71.2 million in 2H2020. The decrease was mainly due to (i) decrease in staff cost (including bonuses of employees and the Chairman), by RMB 27.6 million as a result of the Group’s poorer financial performance; (ii) decrease in depreciation by RMB 2.7 million; (iii) decrease in sewerage expenses by RMB 2.2 million; (iv) decrease in staff social insurance cost by RMB 9.1 million due to the waivers and other measures introduced by the Chinese Government to help manufacturing companies cope with COVID-19; and (vi) decrease in other expenses of RMB 1.7 million.

On a 12-month basis, administrative expenses decreased by 13% from RMB 177.6 million in FY2019 to RMB 155.1 million in FY2020. The decrease was mainly due to the decrease in staff cost and social insurance, offset by higher depreciation due to more down time in 1H2020.

Research and development (“R&D”) expenses increased by 86% from RMB 23.6 million in 2H2019 to RMB 43.8 million in 2H2020, whereas, on a 12-month basis, R&D expenses decreased by 16% from RMB 90.8 million in FY2019 to RMB 75.3 million in FY2020, mainly due to the R&D projects being started in 2Q2020 and not completed at year end.

Finance expense of RMB 1.1 million mainly consists of interest on bank borrowings paid by Yongshun. The bank borrowings were then fully repaid by Yongshun at year end.

Profit before tax (PBT) increased by 40% from RMB 132.6 million in 2H2019 to RMB 185.6 million in 2H2020, mainly due to the higher gross profit and lower expenses. On a 12-month basis, PBT decreased by 34% from RMB 452.6 million in FY2019 to RMB 300.5 million in FY2020, mainly due to the decrease in revenue as a result of lower ASP, especially for 1H2020.

Income tax expenses increased by RMB 39.6 million from RMB 9.6 million in 2H2019 to RMB 49.2 million in 2H2020. On a 12-month basis, the income tax expense increased by RMB 18.0 million from RMB 63.7 million in FY2019 to RMB 81.7 million in FY2020. The effective income tax rate was approximately 27% in FY2020. The increase was mainly due to the expiry on 27 December 2019 of the “High-tech Enterprise” status of our main subsidiary, Shandong Sunshine, which was obtained earlier on 28 December 2017. Management is of the view that the possibility of renewing the “High-tech Enterprise” status this year is low, hence no renewal application was submitted in 2020. As such, the income tax expenses were accrued based on the statutory rate of 25%.

Net profit attributable to shareholders (PAT) increased by 11% from RMB 123.0 million in 2H2019 to RMB 136.4 million in 2H2020 as a result of higher PBT. On a 12-month basis, FY2020 PAT decreased by 44% from RMB 388.9 million in FY2019 to RMB 218.8 million due to lower revenue arising from lower ASP as a result of lower raw material prices and the impact of COVID-19.

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 1H2020 results announcement, the Company stated that “Raw material prices are still hovering at low levels, and as such, the Group’s ASP for rubber chemicals is still under pressure.” And in the business updates announcement disclosed on 16 November 2020, the Company stated that “The management believes that, barring unforeseen circumstances, the Group’s performance for the second half of 2020 would be better than that of the first half of 2020.” Therefore, the current results are in line with the Company’s commentaries.

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 6.5%¹ and 2.3%¹ in 4Q2020 and FY2020, respectively. Auto-makers sold a total of 25.31² million vehicle units in China in FY2020, a decrease of 1.9% year-on-year. As compared to the decrease of 8.2% year-on-year in FY2019, this year’s decrease narrowed by 6.3 percentage points. These are testimony to the rapid recovery of China’s economy after emerging from the devastation of the COVID-19 pandemic, which also saw the auto market in China steadily recovering. This has led to the marked increase in auto sales volume in 2H2020, outperforming market expectation.

International crude oil prices have been improving, which has led to the gradual increase in our main raw material prices, and correspondingly, our ASP.

However, the United States and Europe are still struggling with COVID-19 cases, and with increasing reports of variants of the COVID-19 virus circulating in these and other countries and regions, and the uneven rollout of vaccines across the world, we are likely to see a slower recovery of the global economy, greater uncertainty and possibly lower demand from our overseas customers.

The Chinese Government has started to focus again on Environmental Protection and Safety Production, with investigations and inspections becoming a common and regular sight. The Group

¹ Source: National Bureau of Statistics

² Source: China Association of Automobile Manufacturing

has always placed great emphasis on and invested our resources in these areas, and we will continue to do so to ensure compliance with the relevant laws and regulations.

The Group will also continue with its strategy of "sales production equilibrium", and at the same time, will seek to improve its sales and take the necessary steps to make raw material consumption more efficient, control cost, eliminate wastage, and strengthen its cash flow management in order to achieve sustainable growth.

Despite the challenges of COVID-19 and uncertainties surrounding the strength of the economic recovery from the pandemic, we remain confident about the Group's profitability in the next 12 months.

Updates on Expansion Projects

1. Phase 1 30,000-ton per annum IS project

The construction of the infrastructure and installation of machinery had been completed, and the testing of machinery is almost completed. We plan to start the trial run in March 2021. Commercial production will commence in 2H2021 depending on the market situation.

2. Phase 2 20,000-ton per annum TBBS project

With the commencement of this project in May 2020, there is potential to ramp up its production and utilisation rate. We strongly believe that this newly added capacity will give the Group's scale in TBBS a clear and distinct advantage over our competitors.

3. 30,000-ton per annum TMQ project

Currently at the construction of infrastructure stage. The project is expected to be completed by 1H2021, and commercial production will begin in 2H2021.

4. Phase 1 50,000-ton capacity Controlled Landfill Project

During the production of rubber chemicals, the Group generates dangerous wastes. In order to properly treat the wastes, the Group acquired Yongshun in FY2020 in order to reduce the environmental risks faced by the Group and, at same time, save the cost of such waste treatment in the long run. (please refer to the Company's announcement dated 21 July 2020 on the acquisition of Yongshun for more details).

Yongshun is able to treat all organic wastes by burning them, but not inorganic wastes. Furthermore, there will be some ashes generated after the organic wastes are treated by Yongshun. In order to dispose of such inorganic wastes and ashes properly, and to cope with the increasing dangerous wastes generated in Heze area, the Company has decided to carry out a Controlled Landfill project in Shanxian after conducting a detailed feasibility study, to provide a comprehensive solution to the treatment of all wastes generated during our production process and to mitigate such environmental risks.

The whole project will cost approximately RMB 600 million (to be funded by internal resources) with an estimated total capacity of 700,000-ton, and will be carried out in numerous phases. The phase 1, 50,000-ton capacity Controlled Landfill project will be carried out and completed in 2021, and occupies a land area of 50 mu (approximately 33,334 m²). The rest of the entire project will be carried out progressively over time depending on market conditions and our own scale of production in the next few years. When the Controlled Landfill project is finally completed, and together with Yongshun's waste treatment capabilities, the Group will be able to treat our production waste materials completely. In doing so, the Group will not only be able to reduce its environmental risks, but will also generate additional income from it. The budget for this Phase 1 project is approximately RMB 80 million. The Group will monitor carefully the demand for such Controlled Landfill usage, and only carry out the next phase when the economics justify further investment.

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

Tons	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021e
Accelerators	87,000	87,000	87,000	87,000	87,000	97,000	117,000	117,000
Insoluble Sulphur	20,000	20,000	20,000	20,000	30,000	30,000	30,000	60,000
Anti-oxidant	45,000	45,000	45,000	45,000	45,000	45,000	45,000	75,000
Total	152,000	152,000	152,000	152,000	162,000	172,000	192,000	252,000

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of dividend	Proposed Final
Dividend Type	Cash
Dividend amount per share	SGD0.01 per ordinary share
Tax Rate	One-tier Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Dividend of S\$0.01 per ordinary share were declared in 2H2019.

(c) Date payable

To be announced at a later date

(d) Books closure date

To be announced at a later date

(e) Last cum-dividend Trading Date

To be announced at a later date

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

Not applicable.

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 IPTs.

14. Negative confirmation pursuant to Rule 705(5)

Not applicable as it is not required for announcement on full year results.

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

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).

16. Announcement of Acquisition and Realisation pursuant to Rule 706A

As announced by the Company on 21 July 2020, the Company's wholly-owned subsidiary, Shandong Shanxian Chemical Co., Ltd ("**Shandong Sunsine**"), had, on 17 July 2020, entered into an Equity Transfer Agreement with Mr. Li Pin (李品) and Mr. Yao Xianfeng (姚显峰) (collectively, the "**Vendors**") and Yongshun, for the acquisition (the "**Acquisition**") of all the equity interests of Yongshun from the Vendors for a total consideration of RMB 43 million (the "**Consideration**").

The Consideration was arrived at on a "willing buyer willing seller" basis, after taking into account an independent valuation on the business and assets of Yongshun, which was valued at approximately RMB 43.4 million.

The Acquisition was funded by internal resources and the Consideration was fully paid in two tranches to the Vendors on 27 and 28 July 2020 respectively, and the shares of Yongshun has been transferred to Shandong Sunsine.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

17. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business Segment

The Group has three business segments (2019: two), namely (1) the production and sale of rubber chemicals, (2) the production and supply of heating power, and (3) the waste treatment.

RMB' million		Total Revenue	Elimination for Inter-segments revenue	External Revenue	Segment profit/(loss) before tax
Rubber Chemicals	FY2020	2,941.7	(636.3)	2,305.4	311.1
	FY2019	3,379.8	(705.5)	2,674.3	456.5
Heating Power	FY2020	112.6	(96.8)	15.8	(2.6)
	FY2019	131.7	(115.0)	16.7	3.0
Waste Treatment	FY2020	14.5	(2.4)	12.1	(1.1)
	FY2019	-	-	-	-
Others	FY2020	1.0	(0.6)	0.4	(6.9)
	FY2019	1.2	(0.6)	0.6	(6.4)
Total	FY2020	3,069.8	(736.1)	2,333.7	300.5
	FY2019	3,512.7	(821.1)	2,691.6	452.6

Geographical segment

Except for the Group's revenue, which is disclosed in the below table, all the expenses, results, assets and liabilities and capital expenditures are principally attributable to a single geographical region, which is the People's Republic of China.

RMB' million	FY2020	%	FY2019	%
PRC	1,600.7	69%	1,657.4	62%
Rest of Asia	483.7	21%	599.3	22%
America	47.8	2%	83.2	3%
Europe	134.5	6%	305.1	11%
Others	67.0	2%	46.6	2%
Total	2,333.7	100%	2,691.6	100%

18. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

See Para 8 above for factors leading to material changes in contributions to turnover and earnings.

19. A breakdown of sales as follows:-.

Group	Year ended 31/12/2020 RMB' million	Year ended 31/12/2019 RMB' million	Change
(a) Sales reported for first half year	1,042.6	1,413.6	(26%)
(b) Operating profit after tax before deducting minority interests reported for first half year	82.4	265.9	(69%)
(c) Sales reported for second half year	1,291.1	1,278.0	1%
(d) Operating profit after tax before deducting minority interests reported for second half year	136.4	123.0	11%

20. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-.

	FY2020 S\$	FY2019 S\$
Ordinary Shares*	9,707,201	9,756,427
Preference Shares	-	-
Total:	9,707,201	9,756,427

*Based on number of Ordinary Shares (excluding Treasury Shares) as at 31 January 2021

21. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, chief executive officer or substantial shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Xu Cheng Qiu	77	Father of Xu Jun, Executive Director and Vice Chairman of Shandong Sunsine Chemical Co., Ltd; Father of Xu Chi, General Manager Assistant of Shandong Sunsine Chemical Co., Ltd;	Executive Chairman Responsible for the overall management, formulation and implementation of business strategies for the Group (since 2006).	No Change
Xu Jun	51	Son of Xu Cheng Qiu, Executive Chairman and Substantial Shareholder; Brother of Xu Chi, General Manager Assistant of Shandong Sunsine Chemical Co., Ltd;	Executive Director (since 2007) and Vice Chairman of Shandong Sunsine Chemical Co., Ltd, assisting Chairman in strategic planning, direction and overall management of subsidiary (since 2013).	No Change
Xu Chi	46	Son of Xu Cheng Qiu, Executive Chairman and Substantial Shareholder; Brother of Xu Jun, Executive Director and Vice Chairman of Shandong Sunsine Chemical Co., Ltd;	General Manager Assistant of Shandong Sunsine Chemical Co., Ltd, in charge of procurement and market information department (since 2019).	No Change

BY ORDER OF THE BOARD

Xu Cheng Qiu
Executive Chairman
25 February 2021