



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 2017

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 4th Quarter Ended 31 December 2017

	4th quarter ended			Full year ended		
	31/12/2017	31/12/2016 ^(a)	Change %	31/12/2017	31/12/2016 ^(a)	Change %
	RMB' million			RMB' million		
Revenue	873.3	553.4	58%	2,738.4	2,036.9	34%
Cost of sales	582.1	409.6	42%	1,950.3	1,496.5	30%
Gross profit	291.2	143.8	103%	788.1	540.4	46%
Other income	5.9	11.6	(49%)	16.1	5.9	173%
Other (losses)/gains, net	(3.5)	2.4	(249%)	(23.9)	12.7	(288%)
Selling and distribution expenses	19.0	19.7	(4%)	75.7	73.1	4%
Administrative expenses	79.0	39.0	103%	227.8	172.1	32%
Finance expenses	-	0.3	n.m.	-	4.3	n.m.
Profit before tax	195.6	98.8	98%	476.8	309.5	54%
Income tax expenses	63.6	32.5	96%	135.5	87.8	54%
Net Profit	132.0	66.3	99%	341.3	221.7	54%
Other comprehensive income:						
Exchange differences on translation, net of tax	(0.3)	(0.4)	(25%)	0.1	0.9	(89%)
Total comprehensive income for the period	131.7	65.9	100%	341.4	222.6	53%
Gross profit margin	33.3%	26.0%	7.3 pts	28.8%	26.5%	2.3 pts
Earnings per share (RMB cents)	26.85	14.27	88%	70.82	47.66	49%

(a) Certain minor reclassification has been made in order to align with the audited figures stated in FY2016 Annual Report.

n.m. - not meaningful

Notes to the Consolidated Statement of Comprehensive Income:

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

	4th quarter ended			Full year ended		
	31/12/2017	31/12/2016	Change %	31/12/2017	31/12/2016	Change %
	RMB' million			RMB' million		
Interest income	(1.5)	(1.4)	7%	(3.7)	(2.4)	54%
Interest on borrowings	-	0.4	n.m.	-	4.3	n.m.
Depreciation of property, plant and equipment ("PPE")	20.9	24.5	(15%)	88.8	94.8	(6%)
Amortisation of land use rights	0.3	0.3	-	1.2	1.2	-
(Reversal)/allowance for Impairment on receivables	(0.3)	0.6	(150%)	(0.4)	(2.7)	85%
Foreign exchange loss/(gain)	5.7	(7.6)	(176%)	23.3	(12.6)	285%
Impairment/write-off of property, plant and equipment	4.3	-	n.m.	4.3	-	n.m.
Adjustment in under-provision of tax in respect of prior years	-	-	-	0.7	0.4	75%
Loss on disposal of PPE	-	-	-	0.6	0.5	20%

n.m. - not meaningful

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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.

Statements of Financial Position

		<u>GROUP</u>		<u>COMPANY</u>	
	Note	31/12/2017	31/12/2016	31/12/2017	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)	661.8	549.4	-	-
Land use rights		41.3	42.5	-	-
		<u>703.1</u>	<u>591.9</u>	<u>350.0</u>	<u>350.0</u>
CURRENT ASSETS					
Inventories	(2)	212.1	145.4	-	-
Trade receivables	(3)	637.8	547.5	-	-
Other receivables, deposits and prepayment		75.1	81.7	0.2	-
Amount owing from a subsidiary corporation		-	-	149.3	29.7
Cash and bank balances		499.6	275.9	4.0	*
		<u>1,424.6</u>	<u>1,050.5</u>	<u>153.5</u>	<u>29.7</u>
TOTAL ASSETS		<u>2,127.7</u>	<u>1,642.4</u>	<u>503.5</u>	<u>379.7</u>
Share capital		313.5	313.5	313.5	313.5
Treasury shares	(4)	-	(31.3)	-	(31.3)
Other reserves		389.7	271.5	50.3	(4.4)
Retained profits		1,039.2	807.9	100.9	84.1
TOTAL EQUITY		<u>1,742.4</u>	<u>1,361.6</u>	<u>464.7</u>	<u>361.9</u>
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	(5)	71.1	52.2	-	-
Other payables and accruals	(6)	219.2	170.4	37.6	16.6
Deferred grants		0.7	-	-	-
Current tax payable		94.3	58.2	1.2	1.2
		<u>385.3</u>	<u>280.8</u>	<u>38.8</u>	<u>17.8</u>
TOTAL LIABILITIES		<u>385.3</u>	<u>280.8</u>	<u>38.8</u>	<u>17.8</u>
TOTAL EQUITY AND LIABILITIES		<u>2,127.7</u>	<u>1,642.4</u>	<u>503.5</u>	<u>379.7</u>

* - 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 31/12/2017		As at 31/12/2016	
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 112.4 million from RMB 549.4 million to RMB 661.8 million mainly due to additions to construction in progress and property, plant and equipment, offset by depreciation charged.

Note (2) Inventories increased by RMB 66.7 million from RMB 145.4 million to RMB 212.1 million mainly due to the increase in raw material prices.

Note (3) Trade receivables increased by RMB 90.3 million from RMB 547.5 million to RMB 637.8 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 2017 and 31 December 2016, the notes receivables were RMB 176.2 million and RMB 150.2 million respectively. Excluding the notes receivables, the trade receivables attributable to trade debtors would have increased by RMB 64.3 million from RMB 397.3 million to RMB 461.6 million, mainly due to higher sales in 4Q2017.

The aging report of our trade receivables as at 31 December 2017 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	176.2	-	-	-	176.2
Trade receivables	453.3	8.7	0.6	11.4	474.0
Allowance for impairment	-	(0.4)	(0.6)	(11.4)	(12.4)
Net trade receivables	629.5	8.3	-	-	637.8

Note (4) 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).

Note (5) Trade payables increased by RMB 18.9 million from RMB 52.2 million to RMB 71.1 million mainly due to the increase in prices of raw materials purchased at the end of 4Q2017.

Note (6) Other payables increased by RMB 48.8 million from RMB 170.4 million to RMB 219.2 million mainly due to higher advance payments received from customers, as well as increased payable to suppliers for purchase of PPE.

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	4th quarter ended		12 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RMB' million		RMB' million	
Cash flows from operating activities				
Profit before tax	195.6	98.8	476.8	309.5
Adjustments for:-				
Depreciation of property, plant and equipment (PPE)	20.9	24.5	88.8	94.8
Amortisation of intangible assets	0.3	0.3	1.2	1.2
Allowance for impairment of PPE	1.9	-	1.9	-
PPE written off	2.0	-	2.4	-
Loss/(gain) on disposal of plant and machinery	0.6	(0.1)	0.6	0.5
Interest income	(1.5)	(1.4)	(3.7)	(2.4)
Interest expense	-	0.4	-	4.3
Government grant income	(5.0)	-	(9.0)	-
Translation difference	2.6	4.8	9.6	4.1
Operating profit before working capital changes	217.4	127.3	568.6	412.0
Changes in working capital:				
Inventories	(44.6)	(6.4)	(66.7)	(3.9)
Trade and other receivables	(45.7)	6.5	(83.6)	(132.5)
Trade and other payables and accruals	25.5	(27.3)	67.7	12.4
Cash generated from operations	152.6	100.1	486.0	288.0
Income taxes paid	(31.2)	(19.8)	(99.5)	(85.0)
Net cash generated from operating activities	(1) 121.4	80.3	386.5	203.0
Cash flows from investing activities				
Additions to PPE and CIP	(54.2)	(26.9)	(209.0)	(82.6)
Interest income received	1.5	1.4	3.7	2.4
Proceeds from disposal of PPE	0.2	0.3	0.2	0.6
Net cash used in investing activities	(2) (52.5)	(25.2)	(205.1)	(79.6)
Cash flows from financing activities				
Interest expense paid	-	(0.4)	-	(4.4)
Dividend paid	-	-	(46.5)	(33.2)
Purchase of treasury shares	-	(2.2)	-	(3.1)
Placement of treasury shares	-	-	85.9	-
Cash deposit pledged in bank	(1.3)	(0.4)	(1.9)	*
Government grants received	5.0	-	12.3	-
Repayment of notes payable/bank borrowings	(34.0)	(88.7)	(53.5)	(168.0)
Proceeds from notes payable/bank borrowings	-	-	53.5	20.0
Net cash (used in)/provided by financing activities	(3) (30.3)	(91.7)	49.8	(188.7)
Net increase/(decrease) in cash and cash equivalents	38.6	(36.6)	231.2	(65.3)
Effect of currency translation on cash & cash equivalents	(3.0)	*	(9.4)	*
Cash and cash equivalents at beginning of period/year	460.4	310.8	274.2	339.5
Cash and cash equivalents at end of period/year	496.0	274.2	496.0	274.2
Cash and cash equivalents at end of period/year includes the followings				
Cash and bank balances	499.6	275.9	499.6	341.2
Cash deposit pledged with bank	(3.6)	(1.7)	(3.6)	(1.7)
Cash and cash equivalents at end of period/year	496.0	274.2	496.0	339.5

Notes to Consolidated Statement of Cash flows for 4QFY2017

- (1) Net cash generated from operating activities amounted to RMB 121.4 million mainly due to higher operating profit generated during the quarter.
- (2) Net cash used in investing activities amounted to RMB 52.5 million mainly due to additions to construction in progress, plant and equipment.
- (3) Net cash used in financing activities amounted to RMB 30.3 million mainly due to settlement of notes payables issued.

- 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 2017	313.5	(31.3)	271.5	807.9	1,361.6
<i>Total Comprehensive Income</i>					
Profit for the period	-	-	-	341.3	341.3
Exchange differences on translation, net of tax	-	-	0.1	-	0.1
Total comprehensive income, net of tax, for the period	-	-	0.1	341.3	341.4
<i>Transactions with owners, recorded directly in equity</i>					
Placement of treasury shares	-	31.3	54.6	-	85.9
Transfer to reserves	-	-	63.5	(63.5)	-
Dividend paid	-	-	-	(46.5)	(46.5)
Total distributions to owners	-	31.3	118.1	(110.0)	39.4
Balance as at 31 December 2017	313.5	-	389.7	1,039.2	1,742.4
Balance as at 1 January 2016	313.5	(28.2)	226.5	663.5	1,175.3
<i>Total Comprehensive Income</i>					
Profit for the period	-	-	-	221.7	221.7
Exchange differences on translation, net of tax	-	-	0.9	-	0.9
Total comprehensive income, net of tax, for the period	-	-	0.9	221.7	222.6
<i>Transactions with owners, recorded directly in equity</i>					
Purchase of treasury shares	-	(3.1)	-	-	(3.1)
Transfer to reserves	-	-	44.1	(44.1)	-
Dividend paid	-	-	-	(33.2)	(33.2)
Total contributions to owners	-	(3.1)	44.1	(77.3)	(36.3)
Balance as at 31 December 2016	313.5	(31.3)	271.5	807.9	1,361.6

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 2017	313.5	(31.3)	(4.4)	84.1	361.9
<i><u>Total Comprehensive Income</u></i>					
Profit for the year	-	-	-	63.3	63.3
Exchange differences on translation, net of tax	-	-	0.1	-	0.1
Total comprehensive income, net of tax	-	-	0.1	63.3	63.4
<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 31 December 2017	313.5	-	50.3	100.9	464.7
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 year	-	-	-	18.9	18.9
Exchange differences on translation, net of tax	-	-	0.9	-	0.9
Total comprehensive income, net of tax	-	-	0.9	18.9	19.8
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Purchase of treasury shares	-	(3.1)	-	-	(3.1)
Dividend paid	-	-	-	(33.2)	(33.2)
Total distributions to owners	-	(3.1)	-	(33.2)	(36.3)
Balance as at 31 December 2016	313.5	(31.3)	(4.4)	84.1	361.9

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*	S\$
As at 1 January 2017	464,040,800	56,202,460
Placement of treasury shares	27,653,200	6,446,725
As at 31 December 2017	491,694,000	62,649,185
As at 1 January 2016	465,504,000	56,856,844
Purchase of treasury shares	(1,463,200)	(654,384)
As at 31 December 2016	464,040,800	56,202,460

There are no outstanding convertibles issued by the Company as at 31 December 2017

* Number of issued shares excludes treasury shares. The number of treasury shares as at 31 December 2017 was Nil (FY2016: 27,653,200)

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 31 December 2017	-	-
As at 1 January 2016	26,190,000	5,792,341
Purchase of treasury shares	1,463,200	654,384
As at 31 December 2016	27,653,200	6,446,725

[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 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 ended 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.

	4Q2017 RMB	4Q2016 RMB	FY2017 RMB	FY2016 RMB
Basic earnings per share (Basic EPS' cents) - based on weighted average number of shares on issue	26.85	14.27	70.82	47.66
The calculations of EPS is based on net profit and number of shares shown below: Profit attributable to equity holders (RMB' million)	132.0	66.3	341.3	221.7
Weighted average number of shares applicable to basic EPS ('000)	491,694	464,726	481,921	465,145

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 31 December 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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net asset attributable to shareholders (RMB' million)	1,742.4	1,361.6	464.7	361.9
Net asset value per ordinary share (RMB' cents)	354.37**	293.42	94.51	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 72.57 cents at exchange rate of 4.8831 as at 31 December 2017

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:
- 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
 - 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	4Q2017	4Q2016	Change	FY2017	FY2016	Change
Group Revenue	873.3	553.4	58%	2,738.4	2,036.9	34%
Gross Profit	291.2	143.8	103%	788.1	540.4	46%
Profit before tax	195.6	98.8	98%	476.8	309.5	54%
Net profit	132.0	66.3	99%	341.3	221.7	54%

Commentaries on performance

The Group's **4Q2017 revenue** increased by 58% to RMB 873.3 million as compared to RMB 553.4 million in 4Q2016, mainly boosted by the increase in overall Average Selling Price ("**ASP**"), as well as sales volume which increased by 13% to 38,774 tons as compared to 34,460 tons in 4Q2016.

On a 12-month basis, the Group's **revenue** increased by 34% to RMB 2,738.4 million as compared to RMB 2,036.9 million in FY2016, mainly due to the increase in both ASP and sales volume.

Overall **ASP** increased by 40% to RMB 22,384 per ton in 4Q2017 as compared to RMB 16,000 per ton in 4Q2016, and increased by 21% as compared to RMB 18,541 per ton in 3Q2017. The increase in ASP was mainly due to (1) the short supply situation in China which continued in 4Q2017, as a result of frequent environmental inspections affecting production of many rubber chemical producers; (2) the increased raw material prices and increased cost in safety and environmental protection which allowed the Group to increase its ASP.

On a 12-month basis, the **ASP** also increased by 30% to RMB 19,398 per ton in FY2017 as compared to RMB 14,956 per ton in FY2016 due to reasons mentioned above.

	Sales Volume (Tons)				Sales (RMB' million)			
	4Q17	4Q16	FY17	FY16	4Q17	4Q16	FY17	FY16
Rubber Chemical								
Accelerators	21,722	21,284	83,335	82,767	597.6	402.5	1,915.1	1,469.3
Insoluble Sulphur	6,010	5,503	22,283	20,031	68.6	54.4	239.7	192.3
Anti-oxidant	10,665	7,272	33,258	31,214	192.1	87.4	535.4	339.9
Others	377	401	1,600	1,779	9.6	7.1	34.8	29.4
Total	38,774	34,460	140,476	135,791	867.9	551.4	2,725.0	2,030.9
Domestic sales	26,952	22,748	95,560	91,728	571.1	337.5	1,753.3	1,266.0
International sales	11,822	11,712	44,916	44,063	296.8	213.9	971.7	764.9
Heating Power	31,030	10,936	74,777	30,311	5.1	1.8	12.2	4.8
Hotel & Restaurant	-	-	-	-	0.2	0.2	1.2	1.2

4Q2017 Sales volume for Accelerators, IS and Anti-oxidant products increased by 2%, 9% and 47%, respectively. This is mainly due to the short supply of rubber chemicals situation in China which continued in 4Q2017, and many rubber chemical producers failing to meet the requirements of environmental protection laws and regulations, thereby adversely affecting their production.

On a 12-month basis, the Group's **sales volume** across all categories continued to increase to a new record high, totaling 140,476 tons, as compared to 135,791 tons in FY2016. Both domestic and international sales continued to grow.

Gross profit for 4Q2017 increased significantly by 103% to RMB 291.2 million from RMB 143.8 million in 4Q2016, while the Gross Profit Margin (“**GPM**”) increased by 7.3 percentage points from 26.0% to 33.3%, as a result of higher ASP.

On 12-month basis, **gross profit** increased by 46% from RMB 540.4 million in FY2016 to RMB 788.1 million in FY2017. **GPM** also increased by 2.3 percentage points from 26.5% to 28.8%.

Other operating income was RMB 5.9 million, mainly consisting of government grants received.

Other losses amounted to RMB 3.5 million in 4Q2017. On a 12-month basis, other losses amounted to RMB 23.9 million, consisting mainly of foreign exchange losses.

Selling and distribution expenses decreased by 4% from RMB 19.7 million in 4Q2016 to RMB 19.0 million in 4Q2017, mainly due to lower advertisement and traveling expenses. On a 12-month basis, selling and distribution expenses increased by 4% to RMB 75.7 million as compared to RMB 73.1 million in FY2016, mainly due to higher freight cost and higher incentive given to sales personnel.

Administrative expenses increased by 103% from RMB 39.0 million in 4Q2016 to RMB 79.0 million in 4Q2017, mainly due to higher staff bonus accrued, as well as higher R&D expenses incurred.

On a 12-month basis, administrative expenses increased by 32% from RMB 172.1 million in FY2016 to RMB 227.8 million in FY2017, due mainly to (i) higher staff incentives by RMB 20.6 million; (ii) higher R&D expenses by RMB 21.3 million; (iii) higher Safety Production cost by RMB 3.9 million; (iv) an allowance for impairment of PPE of RMB 1.9 million, as well as RMB 2.4 million PPE written off were charged in 4Q2017; (v) a reversal of impairment for trade receivables of RMB 2.7 million recorded in FY2016, and a reversal of RMB 0.4 million recorded in FY2017. The net impact was an increase in administrative expenses of RMB 2.3 million; (vi) increase in entertainment expense by RMB 2.0 million mainly due to the Company’s 10th Anniversary celebration; and (vii) increase in other administrative expenses by RMB1.6 million.

Due to increase in sales revenue and gross profit, **Profit before tax (PBT)** increased by 98% from RMB 98.8 million in 4Q2016 to RMB 195.6 million in 4Q2017. On a 12-month basis, PBT increased by 54% from RMB 309.5 million in FY2016 to RMB 476.8 million in FY2017.

As a result, **net profit attributable to shareholders (PAT)** increased by 99% from RMB 66.3 million in 4Q2016 to RMB 132.0 million in 4Q2017, and FY2017 PAT increased 54% from RMB 221.7 million in FY2016 to RMB 341.3 million.

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 3Q2017 results announcement, the Company stated that “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.” 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.

China’s GDP growth rate was 6.8%¹ in 4Q2017, and 6.9%¹ for the whole year of 2017, which is higher than the GDP growth rate in FY2016. Automakers sold a total of 28.88² million units in China in 2017, representing 3.04% growth in auto sales year-on-year.

Due to the greater importance placed on environmental protection and safety production in China, the inspection regime in these areas have become commonplace and prevalent. The Group expects the bigger players to make greater investments in environmental protection and safety production measures, to maximise their utilisation rate, and to improve their capacity through

¹ Source: National Bureau of Statistics

² Source: China Association of Automobile Manufacturing

innovations. Some smaller players which have failed to meet the relevant regulations will also invest in environmental protection equipment in order to comply with the regulations, and may resume their production. All these will lead to a gradual normalisation of prices eventually.

The Group has always been investing heavily in environmental protection and safety production measures, which benefited us greatly. In the coming years, the Group will focus on production technology and innovation, and will continue to invest in R&D, including collaborating with leading academics from prominent universities in China, to integrate Production, Learning and Research. We believe these should give us an edge over our competitors. With our high quality and comprehensive range of products, scale of production, environmental protection advantages, and 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.

We have submitted the trial-run application to the relevant Government Authorities for the new 10,000-ton Insoluble Sulphur production line in Ding Tao facility, and are now waiting for the relevant approvals.

The construction of the expansion of Guangshun Heating Plant is completed, and currently undergoing machinery testing. Management is confident to start the trial-run by 2Q2018.

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

Tons	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018e
Accelerators	70,500	87,000	87,000	87,000	87,000	97,000
Insoluble Sulphur	20,000	20,000	20,000	20,000	20,000	30,000
Anti-oxidant	25,000	45,000	45,000	45,000	45,000	45,000
Total	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?

Name of dividend	Proposed Final
Dividend Type	Cash
Dividend amount per share	SGD0.025 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 and special dividend of S\$0.005 per ordinary share were declared in 4Q2016.

(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

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

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.

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).

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

16. **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 two business segments, namely (1) the production and sale of rubber chemicals, and (2) the production and supply of heating power.

RMB' million	Rubber Chemicals		Heating Power		Others		Total	
	FY2017	FY2016	FY2017	FY2016	FY2017	FY2016	FY2017	FY2016
External Revenue	2,725.0	2,030.9	12.2	4.8	1.2	1.2	2,738.4	2,036.9
Inter-segments revenue	615.2	553.6	98.7	72.1	0.6	2.6	714.5	628.3
Elimination	(615.2)	(553.6)	(98.7)	(72.1)	(0.6)	(2.6)	(714.5)	(628.3)
Revenue	2,725.0	2,030.9	12.2	4.8	1.2	1.2	2,738.4	2,036.9
Segment profit/(loss) before tax	525.2	329.0	0.5	(1.6)	(48.9)	(17.9)	476.8	309.5

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	FY2017	%	FY2016	%
PRC	1,766.6	64%	1,272.0	62%
Rest of Asia	652.8	24%	512.3	25%
America	126.8	5%	121.2	6%
Europe	147.9	5%	117.7	6%
Others	44.3	2%	13.7	1%
Total	2,738.4	100%	2,036.9	100%

17. **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.

18. **A breakdown of sales as follows:-.**

Group	Year ended 31/12/2017 RMB' million	Year ended 31/12/2016 RMB' million	Change
(a) Sales reported for first half year	1,230.7	936.2	31%
(b) Operating profit after tax before deducting minority interests reported for first half year	131.7	82.6	59%
(c) Sales reported for second half year	1,507.7	1,100.7	37%
(d) Operating profit after tax before deducting minority interests reported for second half year	209.6	139.1	51%

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

	FY2017 S\$	FY2016 S\$
Ordinary Shares*	14,750,820	6,960,612
Preference Shares	-	-
Total:	14,750,820	6,960,612

*Based on number of Ordinary Shares (excluding Treasury Shares) as at 31 January 2018

20. 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	74	Father of Xu Jun, Executive Director and Vice Chairman of Shandong Sunshine 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	48	Son of Xu Cheng Qiu, Executive Chairman and Substantial Shareholder	Executive Director (since 2007) and Vice Chairman of Shandong Sunshine Chemical Co., Ltd, assisting Chairman in strategic planning, direction and overall management of subsidiary. (since 2013)	No Change

BY ORDER OF THE BOARD

Xu Cheng Qiu
Executive Chairman
28 February 2018