



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 2016

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 2016

	4th quarter ended		Change %	Full year ended		Change %
	31/12/2016	31/12/2015		31/12/2016	31/12/2015	
	RMB' million			RMB' million		
	Restated ^(a)			Restated ^(a)		
Revenue	553.4	453.8	22%	2,036.9	1,859.1	10%
Cost of sales	402.9	347.2	16%	1,489.8	1,367.1	9%
Gross profit	150.5	106.6	41%	547.1	492.0	11%
Other income	7.7	26.2	(70%)	14.7	38.7	(62%)
Selling and distribution expenses	19.7	18.4	7%	73.1	67.9	8%
Administrative expenses	39.0	32.4	20%	172.1	162.5	6%
Other expenses	0.3	0.1	200%	2.8	2.4	2%
Finance expenses	0.4	0.9	(56%)	4.3	10.4	(59%)
Profit before tax	98.8	81.0	22%	309.5	287.5	8%
Income tax expenses	32.5	35.5	(8%)	87.8	92.3	(5%)
Net Profit	66.3	45.5	46%	221.7	195.2	14%
Other comprehensive income:						
Exchange differences on translation, net of tax	(0.4)	0.5	(180%)	0.9	0.4	125%
Total comprehensive income for the period	65.9	50.0	32%	222.6	195.6	14%
Gross profit margin	27.2%	23.5%	3.7 Pts	26.9%	26.5%	0.4 pts
Earnings per share (RMB cents)	14.27	9.78	46%	47.66	41.93	14%

^(a)A prior year adjustment was made in relation to RMB 14.1 million under-provision of income tax expense. For more details, please refer to the Company's announcement dated 29 July 2016.

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		
	31/12/2016	31/12/2015	Change %	31/12/2016	31/12/2015	Change %
	RMB' million			RMB' million		
Interest income	(1.4)	(0.4)	250%	(2.4)	(1.2)	100%
Interest on borrowings	0.4	0.9	(56%)	4.3	10.4	(59%)
Depreciation of property, plant and equipment	24.5	25.2	(3%)	94.8	93.4	1%
Amortisation of land use rights	0.3	0.1	200%	1.2	0.6	100%
Allowance/(reversal) for Impairment on receivables	0.6	6.7	(91%)	(2.7)	10.6	(125%)
Foreign exchange (gain)/loss	(7.6)	0.1	(7700%)	(12.6)	(7.1)	77%
Gain from a bargain purchase	-	(7.1)	n.m.	-	(7.1)	n.m.
Reversal of long aged outstanding creditors	-	(15.2)	n.m.	-	(15.2)	n.m.

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.

	Note	<u>GROUP</u>			<u>COMPANY</u>	
		31/12/2016	31/12/2015	01/01/2015	31/12/2016	31/12/2015
		RMB' million	RMB' million Restated ^(a)	RMB' million	RMB' million	RMB' million
ASSETS						
Non-current Assets						
Investment in a subsidiary corporation		-	-	-	350.0	350.0
Property, plant and equipment	(1)	549.4	562.8	613.1	-	-
Land use rights		42.5	43.7	29.5	-	-
		<u>591.9</u>	<u>606.5</u>	<u>642.6</u>	<u>350.0</u>	<u>350.0</u>
Current Assets						
Inventories	(2)	145.4	141.5	168.0	-	-
Trade receivables	(3)	547.5	413.5	609.4	-	-
Other receivables, deposits and prepayment		81.7	83.2	95.3	*	-
Amount owing from a subsidiary corporation		-	-	-	29.7	42.1
Cash and bank balances		275.9	341.2	122.8	*	1.1
		<u>1,050.5</u>	<u>979.4</u>	<u>995.5</u>	<u>29.7</u>	<u>43.2</u>
TOTAL ASSETS		<u>1,642.4</u>	<u>1,585.9</u>	<u>1,638.1</u>	<u>379.7</u>	<u>393.2</u>
Share capital		313.5	313.5	313.5	313.5	313.5
Treasury shares		(31.3)	(28.2)	(28.2)	(31.3)	(28.2)
Merger reserve		0.3	0.3	0.3	-	-
Statutory reserves		275.8	231.7	189.5	-	-
Currency translation reserves		(4.6)	(5.5)	(5.9)	(4.4)	(5.3)
Retained profits		807.9	663.5	542.0	84.1	98.4
TOTAL EQUITY		<u>1,361.6</u>	<u>1,175.3</u>	<u>1,011.2</u>	<u>361.9</u>	<u>378.4</u>
LIABILITIES						
Non-current liabilities						
Bank loan		-	-	44.0	-	-
Current Liabilities						
Trade payables	(4)	52.2	43.0	47.8	-	-
Other payables and accruals	(5)	170.4	167.3	263.8	16.6	13.8
Bank loans	(6)	-	144.9	214.0	-	-
Income tax liabilities		58.2	55.4	57.3	1.2	1.0
		<u>280.8</u>	<u>410.6</u>	<u>582.9</u>	<u>17.8</u>	<u>14.8</u>
TOTAL LIABILITIES		<u>280.8</u>	<u>410.6</u>	<u>626.9</u>	<u>17.8</u>	<u>14.8</u>
TOTAL EQUITY AND LIABILITIES		<u>1,642.4</u>	<u>1,585.9</u>	<u>1,638.1</u>	<u>379.7</u>	<u>393.2</u>

^(a)A prior year adjustment was made in relation to RMB 14.1 million under-provision of income tax expense. For more details, please refer to the Company's announcement dated 29 July 2016.

* - 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 31/12/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
RMB' million	RMB' million	RMB' million	RMB' million
-	-	-	144.9

Details of any collateral

No collateral.

Notes to Statements of Financial Position

Note (1) Property, plant and equipment decreased by RMB 13.4 million from RMB 562.8 million to RMB 549.4 million mainly due to depreciation charged offset by additions to construction in progress and property, plant and equipment.

Note (2) Inventories increased by RMB 3.9 million from RMB 141.5 million to RMB 145.4 million due mainly to the increase in the cost of raw materials, as a result of increased raw material prices. The increase is partially offset by the decrease in finished goods as the Group sold more products in FY2016.

Note (3) Trade receivables increased by RMB 134 million from RMB 413.5 million to RMB 547.5 million due mainly to the increase in notes receivables which are not due at the end of December 2016. Trade receivables included notes receivables provided by trade debtors which were promissory notes issued by local banks. Consequently, the risks of non-recoverability of these notes receivables by local banks are significantly lower than those amounts owing by trade debtors. As at 31 December 2016 and 31 December 2015, the notes receivables were RMB 150.2 million and RMB 72.3 million respectively. Excluding the notes receivables, the trade receivables from trade debtors would have increased by RMB 56.1 million from RMB 341.2 million to RMB 397.3 million. This increase was mainly due to higher sales in 4Q2016 as compared to 4Q2015.

The aging report of our trade receivables as at 31 December 2016 was as follow:-

	1 – 3 months	3 – 6 months	6 – 12 months	> 12 months	Total
	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million
Notes receivables	150.2	-	-	-	150.2
Trade receivables	368.5	29.7	0.7	11.2	410.1
Allowance for impairment	(0.3)	(0.6)	(0.7)	(11.2)	(12.8)
Net trade receivables	518.4	29.1	-	-	547.5

Note (4) Trade payables increased by RMB 9.2 million from RMB 43.0 million to RMB 52.2 million due mainly to the increase in prices of raw materials purchased at the end of 2016.

Note (5) Other payables increased by RMB 3.1 million from RMB 167.3 million to RMB 170.4 million due mainly to accruals being provided for in relation to operating expenses.

Note (6) Bank loans decreased by RMB 144.9 million from RMB 144.9 million to NIL due to repayment made during the year.

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	
		31/12/2016	31/12/2015	31/12/2016	31/12/2015
		RMB' million		RMB' million	
Cash flows from operating activities					
Profit before tax		98.8	81.0	309.5	287.5
Adjustments for:-					
Depreciation of property, plant and equipment (PPE)		24.5	25.2	94.8	93.4
Amortisation of intangible assets		0.3	0.1	1.2	0.6
Negative goodwill arisen from acquisition of a subsidiary		-	(7.1)	-	(7.1)
Loss/(gain) on disposal of plant and machinery		(0.1)		0.5	-
Interest income		(1.4)	(0.4)	(2.4)	(1.2)
Interest expense		0.4	0.9	4.3	10.4
Translation difference		4.8	1.3	4.1	5.9
Operating profit before working capital changes		127.3	101.0	412.0	389.5
Changes in working capital:					
Inventories		(6.4)	(9.4)	(3.9)	26.5
Trade and other receivables		6.5	76.7	(132.5)	208.0
Trade and other payables and accruals		(27.3)	(53.2)	12.4	(101.3)
Cash generated from operations		100.1	115.1	288.0	522.7
Income taxes paid		(19.8)	(20.9)	(85.0)	(92.5)
Net cash generated from operating activities	(1)	80.3	94.2	203.0	430.2
Cash flows from investing activities					
Additions to PPE		(26.9)	(7.9)	(82.6)	(30.5)
Additions to Intangible assets		-	-	-	(0.3)
Acquisition of a subsidiary, net of cash acquired		-	(20.0)	-	(20.0)
Interest income received		1.4	0.4	2.4	1.2
Proceeds from disposal of PPE		0.3	(0.1)	0.6	-
Net cash used in investing activities	(2)	(25.2)	(27.6)	(79.6)	(49.6)
Cash flows from financing activities					
Interest expense paid		(0.4)	(0.9)	(4.4)	(10.4)
Dividend paid		-	-	(33.2)	(31.5)
Purchase of treasury shares		(2.2)	-	(3.1)	-
Cash deposit released from/(pledged in) bank		(0.4)	1.4	*	10.3
Repayment of bank borrowings		(88.7)	-	(168.0)	(308.0)
Proceeds from bank loan		-	15.0	20.0	187.8
Net cash (used in)/provided by financing activities	(3)	(91.7)	13.0	(188.7)	(151.8)
Net (decrease)/increase in cash and cash equivalents		(36.6)	79.6	(65.3)	228.8
Effect of currency translation on cash & cash equivalents		*	0.1	*	(0.1)
Cash and cash equivalents at beginning of period/year		310.8	259.8	339.5	110.8
Cash and cash equivalents at end of period/year		274.2	339.5	274.2	339.5
Cash and cash equivalents at end of period/year includes the followings					
Cash and bank balances		275.9	341.2	275.9	341.2
Cash deposit pledged with bank		(1.7)	(1.7)	(1.7)	(1.7)
Cash and cash equivalents at end of period/year		274.2	339.5	274.2	339.5

Notes to Consolidated Statement of Cash flows for 4QFY2016

- (1) Net cash generated from operating activities amounted to RMB80.3 million was due mainly to operating profit generated, and offset by the increase in trade payables.
- (2) Net cash used in investing activities amounted to RMB 25.2 million was due mainly to additions to plant and equipment.
- (3) Net cash used in financing activities amounted to RMB 91.7 million was due mainly to repayment of bank loans.

- 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 2016, as previously reported	313.5	(28.2)	226.5	677.6	1,189.4
Prior year adjustment	-	-	-	(14.1)	(14.1)
Balance as at 1 January 2016, as restated	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>					
Share buy-back and held in treasury	-	(3.1)	-	-	(3.1)
Transfer to reserves	-	-	44.1	(44.1)	-
Dividend paid	-	-	-	(33.2)	(33.2)
Total distributions 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
Balance as at 1 January 2015	313.5	(28.2)	183.9	542.0	1,011.2
<i>Total Comprehensive Income</i>					
Profit for the period	-	-	-	195.2	195.2
Exchange differences on translation, net of tax	-	-	0.4	-	0.4
Total comprehensive income, net of tax, for the period	-	-	0.4	195.2	195.7
<i>Transactions with owners, recorded directly in equity</i>					
Transfer to reserves	-	-	42.2	(42.2)	-
Dividend paid	-	-	-	(31.5)	(31.5)
Total contributions to owners	-	-	42.2	(73.7)	(31.5)
Balance as at 31 December 2015	313.5	(28.2)	226.5	663.5	1,175.3

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 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>					
Share buy-back and held in treasury	-	(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
Balance as at 1 January 2015	313.5	(28.2)	(5.6)	69.1	348.8
<i><u>Total Comprehensive Income</u></i>					
Profit for the year	-	-	-	60.8	60.8
Exchange differences on translation, net of tax	-	-	0.3	-	0.3
Total comprehensive income, net of tax	-	-	0.3	60.8	61.1
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Dividend paid	-	-	-	(31.5)	(31.5)
Total distributions to owners	-	-	-	(31.5)	(31.5)
Balance as at 31 December 2015	313.5	(28.2)	(5.3)	98.4	378.4

- 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*	Resultant issued and paid up share capital S\$
As at 1 January 2016	465,504,000	56,856,844
Shares bought back and held in treasury	(1,463,200)	(654,384)
As at 31 December 2016	464,040,800	56,202,460
As at 1 January 2015 and 31 December 2015	465,504,000	56,856,844

There are no outstanding convertibles issued by the Company as at 31 December 2016

* Number of issued shares excludes treasury shares. The number of treasury shares as at 31 December 2016 was 27,653,200 (FY2015: 26,190,000)

- 1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

See above table.

- 1(d)(iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

See above table. There is no sale, transfer, disposal, cancellation of treasury shares at the end of 4QFY2016. Total number of treasury shares at end 4QFY2016 stands at 27,653,200.

[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 2015 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 2016. 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 2016.

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.

	4Q2016 RMB	4Q2015 RMB (Restated)	FY2016 RMB	FY2015 RMB (Restated)
Basic earnings per share (Basic EPS' cents) - based on weighted average number of shares on issue	14.27	9.78	47.66	41.93
The calculations of EPS is based on net profit and number of shares shown below: Profit attributable to equity holders (RMB' million)	66.3	45.5	221.7	195.2
Weighted average number of shares applicable to basic EPS ('000)	464,726	465,504	465,145	465,504

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 31 December 2016.

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	
	31/12/2016	31/12/2015 (Restated)	31/12/2016	31/12/2015
Net asset attributable to shareholders (RMB' million)	1,361.6	1,175.3	361.9	378.4
Net asset value per ordinary share (RMB' cents)	293.42**	252.48	77.99	81.29
Number of issued shares * ('000)	464,041	465,504	464,041	465,504

*number of issued shares excludes treasury shares

**equivalent to SGD 61.09 cents at exchange rate of 4.8032 as at 31 December 2016

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	4Q2016	4Q2015	Change	FY2016	FY2015	Change
Group Revenue	553.4	453.8	22%	2,036.9	1,859.1	10%
Gross Profit	150.5	106.6	41%	547.1	492.0	11%
Profit before tax	98.8	81.0	22%	309.5	287.5	8%
Net profit	66.3	45.5	46%	221.7	195.2	14%

Commentaries on performance

The Group's **4Q2016 revenue** increased by 22% to RMB 553.4 million as compared to RMB 453.8 million in 4Q2015, due mainly to sales volume having increased by 19% to 34,460 tons as compared to 29,045 tons in 4Q2015, as well as the increase in overall Average Selling Price ("ASP").

On a 12-month basis, the Group's **revenue** increased by 10% to RMB 2,036.9 million as compared to RMB 1,859.1 million in FY2015, due mainly to the increased sales volume.

ASP for all products increased by 3% to RMB 16,000 per ton in 4Q2016 as compared to RMB 15,566 per ton in 4Q2015, and increased by 8% as compared to RMB 14,849 per ton in 3Q2016. The increase in ASP was mainly due to the Group being able to pass on some of the increased costs in the price of our raw materials to its customers.

However, on a 12-month basis, the ASP decreased by 8% to RMB 14,956 per ton in FY2016 as compared to RMB 16,190 per ton in FY2015, due mainly to the Group's focus on growing sales volume and market share.

	Sales Volume (Tons)				Sales (RMB' million)			
	4Q16	4Q15	FY16	FY15	4Q16	4Q15	FY16	FY15
Rubber Chemical								
Accelerators	21,284	19,014	82,767	76,090	402.5	343.7	1,469.3	1,405.1
Insoluble Sulphur	5,503	4,304	20,031	15,417	54.4	41.3	192.3	152.7
Anti-oxidant	7,272	5,401	31,214	21,640	87.4	61.3	339.9	271.9
Others	401	326	1,779	1,425	7.1	5.8	29.4	25.2
Total	34,460	29,045	135,791	114,572	551.4	452.1	2,030.9	1,854.9
Domestic Sales	22,748	19,930	91,728	78,226	337.5	282.0	1,266.0	1,170.9
International sales	11,712	9,115	44,063	36,346	213.9	170.1	764.9	684.0
Heating Power	10,936	10,628	30,311	25,180	1.8	1.7	4.8	4.2
Hotel & Restaurant	-	-	-	-	0.2	-	1.2	-

4Q2016 Sales volume for Accelerators, IS and Anti-oxidant products increased by 12%, 28% and 35%, respectively. This is due mainly to more orders being received from tire makers, as some of our main competitors' production were forced to cease by local government due to smog "red alert" declared by cities in northern China (especially in Tianjin, and Henan).

On a 12-month basis, the Group's sales volume across all categories continued to increase to a new record high, totaling 135,791 tons, equivalent to approximately 19% increase as compared to 114,572 tons in FY2015.

Gross profit for 4Q2016 increased by 41% to RMB 150.5 million from RMB 106.6 million in 4Q2015, while the Gross Profit Margin ("**GPM**") increased by 3.7 percentage points from 23.5% to 27.2%. The increase was due mainly to the decrease in unit costs of finished goods as a result of higher production.

On 12-month basis, gross profit increased by 11% from RMB 492.0 million in FY2015 to RMB 547.1 million in FY2016. GPM also increased slightly by 0.4 percentage points from 26.5% to 26.9% due mainly to lower unit costs.

Other income decreased from RMB 26.2 million in 4Q2015 to RMB 7.7 million in 4Q2016, due mainly to prior year reversal of long aged payables of RMB 15.2 million, and recognition of negative goodwill from bargain purchase of RMB 7.1 million due to the acquisition of Shandong Fulong Villa Co., Ltd below valuation.

On a 12-month basis, other income decreased from RMB 38.7 million in FY2015 to RMB 14.7 million in FY2016 due mainly to the two reasons mentioned above, offset by higher foreign exchange gain in FY2016.

Selling and distribution expenses increased by 7% from RMB 18.4 million in 4Q2015 to RMB 19.7 million in 4Q2016. On a 12-month basis, selling and distribution expenses increased by 8% to RMB 73.1 million as compared to RMB 67.9 million in FY2015. The increase was due mainly to higher freight cost and port charges incurred which is consistent with the increase in sales volume.

Administrative expenses increased by 20% from RMB 32.4 million in 4Q2015 to RMB 39.0 million in 4Q2016, due mainly to (i) a reversal of RMB 10.0 million R&D expenses recorded in 4Q2015; (ii) higher staff salaries by RMB 3.7 million, higher staff welfare by RMB 1.7 million, and

higher other miscellaneous expenses by RMB 2.7 million; offset by (iii) decrease in allowance for impairment of receivables of RMB 6.1 million; (iv) RMB 5.4 million “Safety Production” accrual which was reversed out in 4Q2016.

On a 12-month basis, administrative expenses increased by 6% from RMB 162.5 million in FY2015 to RMB 172.1 million in FY2016, due mainly to (i) higher staff incentive and welfare by RMB 6.2 million, higher social insurance by RMB 6.0 million, higher depreciation and amortization by RMB 2.0 million, higher Safety Production cost by RMB 2.4 million, higher sewerage charge by RMB 2.0 million, and higher other miscellaneous expenses by RMB 4.3 million; offset by (ii) impairment for trade receivables recorded in FY2015 of RMB 10.6 million, as opposed to a reversal of RMB 2.7 million in FY2016. The net impact was a decrease in administrative expenses of RMB 13.3 million.

Other operating expenses amounted to RMB 0.3 million in 4Q2015. On a 12-month basis, other operating expenses amounted to RMB 2.8 million, consisting mainly of donations.

Finance cost decreased by 56% from RMB 0.9 million in 4Q2015 to RMB 0.4 million in 4Q2016 due mainly to the decrease in bank borrowing. On a 12-month basis, finance cost decreased 59% from RMB 10.4 million in FY2015 to RMB 4.3 million in FY2016 due to decreased bank borrowing.

Due to increase in sales revenue and gross profit, **Profit before tax (PBT)** increased by 22% from RMB 81.0 million in 4Q2015 to RMB 98.8 million in 4Q2016. On a 12-month basis, PBT increased by 8% from RMB 287.5 million in FY2015 to RMB 309.5 million in FY2016.

As a result, **net profit attributable to shareholders (PAT)** increased by 46% from RMB 45.5 million in 4Q2015 to RMB 66.3 million in 4Q2016, and FY2016 PAT increased 14% from RMB 195.2 million in FY2015 to RMB 221.7 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 3Q2016 results announcement, the Company stated that “our selling prices will not increase significantly”, and that “we will continue to maintain equilibrium in production and sales volume for sustainable growth.” 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 4Q2016, and 6.7% for the whole year of 2016, the slowest growth rate since 2009. She may face the risk of further slowdown in 2017. However, China’s auto industry continued to grow. Automakers sold a total of 28.03² million units in China in 2016, representing 13.65% growth in auto sales year-on-year.

Globally, with Trump’s Presidency and Brexit, the global economic situation has become even more uncertain; International crude oil prices have continued its volatility, which resulted in the fluctuation of our raw material prices, and consequently our gross profit margin may come under pressure.

Locally, environmental regulations in China are getting more and more stringent, and environmental protection inspection has become more frequent. The smog situation in China has also become more severe and frequent. Whether on its own or taken together, the factors mentioned above may affect our production in the future.

Our Group will continue to focus on growing sales volume and market share to achieve economies of scale, which we believe is the right strategy in the current uncertain economic environment. We will continue to maintain equilibrium in production and sales volume for sustainable growth. We remain cautiously optimistic for our performance in the next 12 months.

¹ Source: National Bureau of Statistics

² Source: China Association of Automobile Manufacturing

Project updates

The construction and installation of machineries for our Phase 1, 10,000-ton TBBS production line was completed at the end of 2016, and the machineries are undergoing testing before the production trial run, which is scheduled to commence in 2Q2017.

The Group is also expanding its Insoluble Sulphur (“IS”) capacity by adding-on one 10,000-ton production line in its Ding Tao factory. The new 10,000-ton IS production line will cost less than RMB 50 million, and it is expected to be completed by 3Q2017.

In addition, one of the Group’s subsidiaries, Shanxian Guangshun Heating Co., Ltd, has started its expansion to add one boiler and one electricity generator, in order to cope with the higher demand for steam. The budget for the expansion is RMB 100 million, and it is expected to be completed by end of 2017.

All above expansion will be funded by internal resources, and are not expected to have any material impact on the net tangible assets per share or earnings per share of the Group for the coming financial year ending 31 December 2017.

Save as disclosed above, none of the Directors, or controlling shareholders, or substantial shareholders of the Company, has any interest, direct or indirect, in the above transactions.

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

Tons	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017e
Accelerators	66,500	70,500	87,000	87,000	87,000	97,000
Insoluble Sulphur	10,000	20,000	20,000	20,000	20,000	30,000
Anti-oxidant	25,000	25,000	45,000	45,000	45,000	45,000
Total	101,500	115,500	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	SGD0.01 per ordinary share
Special dividend amount per share	SGD0.005 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 4Q2015.

(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.

None

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	
	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015
External Revenue	2,030.9	1,854.9	4.8	4.2	1.2	-	2,036.9	1,859.1
Inter-segments revenue	553.6	437.9	72.1	57.2	2.6	2.4	628.3	497.5
Elimination	(553.6)	(437.9)	(72.1)	(57.2)	(2.6)	(2.4)	(628.3)	(497.5)
Revenue	2,030.9	1,854.9	4.8	4.2	1.2	-	2,036.9	1,859.1
Segment profit/(loss) before tax	329.0	301.9	(1.6)	1.2	(17.9)	(15.6)	309.5	287.5

Geographical segment

Except for the Group's revenue, which were disclosed in 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	FY2016	%	FY2015	%
PRC	1,272.0	62%	1,175.1	63%
Rest of Asia	512.3	25%	444.6	24%
America	121.2	6%	121.1	6%
Europe	117.7	6%	105.2	6%
Others	13.7	1%	13.1	1%
Total	2,036.9	100%	1,859.1	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 31/12/2016 RMB' million	Year ended 31/12/2015 RMB' million	Change
(a) Sales reported for first half year	936.2	929.4	1%
(b) Operating profit after tax before deducting minority interests reported for first half year	82.6	94.5	(13%)
(c) Sales reported for second half year	1,100.7	929.7	18%
(d) Operating profit after tax before deducting minority interests reported for second half year	139.1	100.7(restated)	38%

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:-

	FY2016 S\$	FY2015 S\$
Ordinary Shares*	6,960,612	6,982,560
Preference Shares	-	-
Total:	6,960,612	6,982,560

*Based on number of Ordinary Shares (excluding Treasury Shares) as at 31 January 2017

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	73	Father of Xu Jun, Executive Director and Vice Chairman of Shandong Sunshin 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	47	Son of Xu Cheng Qiu, Executive Chairman and Substantial Shareholder	Executive Director (since 2007) and Vice Chairman of Shandong Sunshin 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 2017