



China Sunshine Chemical Holdings Ltd.
Unaudited Condensed Interim Financial Statements
For the second half and full year ended 31 December 2023

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A. Condensed Interim Consolidated Statement of Comprehensive Income

	Note	6 months ended		GROUP		Change %	
		31/12/2023	31/12/2022	31/12/2023	31/12/2022		
		RMB' million		RMB' million		%	
Revenue	4	1,761.3	1,802.5	(2%)	3,490.4	3,825.0	(9%)
Cost of sales		(1,374.4)	(1,332.6)	3%	(2,691.5)	(2,661.1)	(1%)
Gross profit		386.9	469.9	(18%)	798.9	1,163.9	(31%)
Other income		42.0	20.1	109%	72.4	56.3	29%
Other (losses)/gains, net		(9.9)	6.0	(265%)	11.3	24.7	(54%)
Distribution and marketing expenses		(52.1)	(52.4)	(1%)	(102.7)	(104.3)	(2%)
Administrative expenses		(101.7)	(134.2)	(24%)	(207.3)	(264.5)	(22%)
Research and development expenses		(48.1)	(45.8)	5%	(119.4)	(142.4)	(16%)
Profit before income tax	5	217.1	263.6	(18%)	453.2	733.7	(38%)
Income tax expense	6	(39.3)	(48.7)	(19%)	(80.8)	(91.3)	(12%)
Net profit		177.8	214.9	(17%)	372.4	642.4	(42%)
Other comprehensive income:							
Currency translation differences arising from consolidation, net of tax		0.2	(0.6)	133%	2.4	2.5	(4%)
Total comprehensive income for the period/year		178.0	214.3	(17%)	374.8	644.9	(42%)
Net profit attributable to:							
Equity holders of the Company		177.8	214.9	(17%)	372.4	642.4	(42%)
Total comprehensive income attributable to:							
Equity holders of the Company		178.0	214.3	(17%)	374.8	644.9	(42%)
Earnings per share for net profit attributable to equity holders of the Company (RMB cents per share)							
Basic and diluted earnings per share	7	18.50	22.21	(17%)	38.67	66.29	(42%)

n.m. – not meaningful

B. Condensed Interim Statements of Financial Position

	Note	<u>GROUP</u>		<u>COMPANY</u>	
		31/12/2023 RMB' million	31/12/2022 RMB' million	31/12/2023 RMB' million	31/12/2022 RMB' million
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiary corporations	10	-	-	350.0	350.0
Property, plant and equipment	11	863.8	861.7	0.3	-
Intangible assets	12	207.2	213.0	-	-
		<u>1,071.0</u>	<u>1,074.7</u>	<u>350.3</u>	<u>350.0</u>
CURRENT ASSETS					
Assets held-for-sale	13	20.3	-	-	-
Inventories	14	341.3	402.8	-	-
Trade and other receivables	15	1,265.3	1,382.1	191.7	210.7
Cash and bank balances		1,687.9	1,364.9	17.0	7.5
		<u>3,314.8</u>	<u>3,149.8</u>	<u>208.7</u>	<u>218.2</u>
TOTAL ASSETS		<u>4,385.8</u>	<u>4,224.5</u>	<u>559.0</u>	<u>568.2</u>
Share capital	16	313.5	313.5	313.5	313.5
Treasury shares	16	(54.5)	(40.8)	(54.5)	(40.8)
Other reserves		811.9	735.2	53.5	51.1
Retained earnings		2,855.7	2,683.9	227.9	200.3
TOTAL EQUITY		<u>3,926.6</u>	<u>3,691.8</u>	<u>540.4</u>	<u>524.1</u>
CURRENT LIABILITIES					
Trade and other payables	17	364.4	385.6	14.0	39.7
Current tax payable		94.8	147.1	4.6	4.4
		<u>459.2</u>	<u>532.7</u>	<u>18.6</u>	<u>44.1</u>
TOTAL LIABILITIES		<u>459.2</u>	<u>532.7</u>	<u>18.6</u>	<u>44.1</u>
TOTAL EQUITY AND LIABILITIES		<u>4,385.8</u>	<u>4,224.5</u>	<u>559.0</u>	<u>568.2</u>

C. Condensed Interim Consolidated Statement of Changes in Equity

GROUP	Share Capital	Treasury Shares	Other Reserves	Retained Earnings	Total Equity
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2023	313.5	(40.8)	735.2	2,683.9	3,691.8
<i><u>Total Comprehensive Income</u></i>					
Net profit for the year	-	-	-	372.4	372.4
Currency translation differences arising from consolidation, net of tax	-	-	2.4	-	2.4
Total comprehensive income, net of tax, for the year	-	-	2.4	372.4	374.8
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Purchase of treasury shares	-	(13.7)	-	-	(13.7)
Transfer to statutory reserve	-	-	74.3	(74.3)	-
Dividend paid (Note 9)	-	-	-	(126.3)	(126.3)
Total distributions to owners	-	(13.7)	74.3	(200.6)	(140.0)
Balance as at 31 December 2023	313.5	(54.5)	811.9	2,855.7	3,926.6
Balance as at 1 January 2022	313.5	(30.2)	646.2	2,246.6	3,176.1
<i><u>Total Comprehensive Income</u></i>					
Net profit for the year	-	-	-	642.4	642.4
Currency translation differences arising from consolidation, net of tax	-	-	2.5	-	2.5
Total comprehensive income, net of tax, for the year	-	-	2.5	642.4	644.9
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Purchase of treasury shares	-	(10.6)	-	-	(10.6)
Transfer to statutory reserve	-	-	86.5	(86.5)	-
Dividend paid (Note 9)	-	-	-	(118.6)	(118.6)
Total distributions to owners	-	(10.6)	86.5	(205.1)	(129.2)
Balance as at 31 December 2022	313.5	(40.8)	735.2	2,683.9	3,691.8

C. Condensed Interim Consolidated Statement of Changes in Equity (Cont'd)

<u>COMPANY</u>	Share Capital	Treasury Shares	Other Reserves	Retained Earnings	Total Equity
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balance as at 1 January 2023	313.5	(40.8)	51.1	200.3	524.1
<i><u>Total Comprehensive Income</u></i>					
Net profit for the year	-	-	-	153.9	153.9
Currency translation differences arising from consolidation, net of tax	-	-	2.4	-	2.4
Total comprehensive income, net of tax, for the year	-	-	2.4	153.9	156.3
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Purchase of treasury shares	-	(13.7)	-	-	(13.7)
Dividend paid	-	-	-	(126.3)	(126.3)
Total distributions to owners	-	(13.7)	-	(126.3)	(140.0)
Balance as at 31 December 2023	313.5	(54.5)	53.5	227.9	540.4
Balance as at 1 January 2022	313.5	(30.2)	48.6	125.0	456.9
<i><u>Total Comprehensive Income</u></i>					
Net Profit for the year	-	-	-	193.9	193.9
Currency translation differences arising from consolidation, net of tax	-	-	2.5	-	2.5
Total comprehensive income, net of tax, for the year	-	-	2.5	193.9	196.4
<i><u>Transactions with owners, recorded directly in equity</u></i>					
Purchase of treasury shares	-	(10.6)	-	-	(10.6)
Dividend paid	-	-	-	(118.6)	(118.6)
Total distributions to owners	-	(10.6)	-	(118.6)	(129.2)
Balance as at 31 December 2022	313.5	(40.8)	51.1	200.3	524.1

D. Condensed Interim Consolidated Statement of Cash Flows

Note	<u>Group</u>			
	6 months ended		12 months ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RMB' million		RMB' million	
Cash flows from operating activities				
	177.8	214.9	372.4	642.4
Net profit				
Adjustments for:				
	39.3	48.7	80.8	91.3
6				
	70.2	79.9	145.4	159.6
5.1				
	2.6	2.1	5.3	3.8
5.1				
	-	-	-	(0.1)
5.1				
	3.0	2.7	6.1	3.1
5.1				
	(16.2)	(5.0)	(36.0)	(16.2)
5.1				
	8.0	(22.6)	(4.6)	(47.2)
	284.7	320.7	569.4	836.7
Operating profit before working capital changes				
Changes in working capital:				
	(34.7)	(42.2)	61.5	(45.5)
	120.9	135.7	116.8	(277.2)
	63.9	(90.1)	(21.1)	(252.2)
	434.8	324.1	726.6	261.8
Cash generated from operations				
	(77.3)	(29.1)	(133.3)	(54.3)
	357.5	295.0	593.3	207.5
Net cash generated from operating activities				
Cash flows from investing activities				
	(142.4)	(58.5)	(171.2)	(85.2)
11				
	(1.6)	(72.1)	(2.7)	(72.1)
12				
	0.2	-	0.4	0.1
	16.2	5.0	36.0	16.2
	(127.6)	(125.6)	(137.5)	(141.0)
Net cash used in investing activities				
Cash flows from financing activities				
	-	(23.9)	(126.3)	(118.6)
9				
	6.7	7.9	(1.0)	7.7
	(9.3)	(9.6)	(13.7)	(10.6)
	(2.6)	(25.6)	(141.0)	(121.5)
Net cash used in financing activities				
	227.3	143.8	314.8	(55.0)
Net increase/(decrease) in cash and cash equivalents				
	(7.9)	22.5	7.2	50.3
Effect of currency translation on cash and cash equivalents				
	1,466.9	1,198.0	1,364.3	1,369.0
Cash and cash equivalents at beginning of period/year				
	1,686.3	1,364.3	1,686.3	1,364.3
Cash and cash equivalents at end of period/year				
Cash and cash equivalents at end of period/year include the following				
	1,687.9	1,364.9	1,687.9	1,364.9
	(1.6)	(0.6)	(1.6)	(0.6)
	1,686.3	1,364.3	1,686.3	1,364.3
Cash and cash equivalents at end of period/year				

E. Selected Notes to the Condensed Interim Financial Statements

1. General information

China Sunshin Chemical Holdings Ltd. (the “**Company**”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The registered office and the principal place of business is located at 16 Raffles Quay, #15-08 Hong Leong Building, Singapore 048581.

The immediate and ultimate holding corporation of the Company is Success More Group Ltd (“**Success More**”), a company incorporated in the British Virgin Islands.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiary corporations are set out in Note 10 to the interim financial statements.

2. Basis of preparation

2.1 Statement of Compliance

The condensed interim financial statements for the second half and full year ended 31 December 2023 have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Committee. The condensed interim financial statements do not include all the information required for a complete set of financial statements and should be read in conjunction with the audited financial statements for the year ended 31 December 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and the performance of the Group since the last interim financial statements for the financial period ended 30 June 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, as the adoption of new and amended standards does not result in the material effect on the current financial period.

2.2 Basis of measurement

The interim financial statements have been prepared on the historical cost basis, and they have been prepared on a going concern basis, since the directors have verified that there are no financial, operating or other types of indicators that might cast significant doubt upon the Group’s ability to meet its obligations in the foreseeable future and particularly within the 12 months from the end of the reporting period.

The interim financial statements are presented in Chinese Renminbi (“**RMB**”) and have been rounded to the nearest million, unless otherwise stated.

2.3 New and amended standards adopted by the Group

The Group has applied the same accounting policies and methods of computation in the interim financial statements for the current financial period compared with those used in the audited financial statements for the year ended 31 December 2022. A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.4 Use of judgements and estimates

The preparation of the interim financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Credit loss allowance for trade receivables

Expected credit losses (“**ECL**”) on trade receivables are probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgements.

In determining the ECL of trade receivables, the Group has used historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the default rate to reflect the current and forward looking information.

E. Selected Notes to the Condensed Interim Financial Statements (Cont'd)

2.4 Use of judgements and estimates (Cont'd)

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Revenue

- (a) The Group derives revenue from the transfer of goods and services at a point in time for the following operating segments and geographical regions. Revenue is attributed to countries by location of customers.

	<u>Group</u>			
	6 months ended		12 months ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RMB'million	RMB'million	RMB'million	RMB'million
Sale of rubber chemicals				
- People's Republic of China	1,008.7	1,107.0	2,052.5	2,290.9
- Rest of Asia	520.2	478.4	996.4	1,070.6
- Europe	95.7	143.8	199.6	282.7
- America	39.2	34.0	75.9	88.2
- Others	74.2	10.9	118.6	34.9
	<u>1,738.0</u>	<u>1,774.1</u>	<u>3,443.0</u>	<u>3,767.3</u>
Provision of heating power				
- People's Republic of China	9.6	9.4	17.9	21.3
Waste treatment				
- People's Republic of China	13.7	18.6	29.5	35.2
Hospitality income				
- People's Republic of China	-	0.4	-	1.2
Total	<u>1,761.3</u>	<u>1,802.5</u>	<u>3,490.4</u>	<u>3,825.0</u>

- (b) Segment information

The Board of Directors ("BOD") is the Group's chief operating decision-makers. Management determined the operating segments based on the reports reviewed by the BOD that are used to make strategic decision, allocate resources, and assess performance. The BOD assesses the Group's performance mainly from business segment perspective.

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

Other segments include investment holding in Singapore and hotel and restaurant in People's Republic of China. These are not included within the reportable operating segments as the segments do not meet the quantitative thresholds required by SFRS(I) 8 for reportable segments. The results of these operations are included in the "Others" column.

Sales between segments are carried out at agreed terms. The revenue from external parties reported to the BOD is measured in a manner consistent with that in the statement of comprehensive income.

The BOD assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA"). This measurement basis excludes the effects of expenditure from the operating segments such as impairment loss that are not expected to recur regularly in every period which are separately analysed. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Board of Directors, which manages the cash position of the Group.

E. Selected Notes to the Condensed Interim Financial Statements (Cont'd)

4. Revenue (Cont'd)

(b) Segment information (Cont'd)

The segment information for the reportable business segments is as follows:

	<u>Rubber Chemicals</u> RMB'million	<u>Heating Power</u> RMB'million	<u>Waste Treatment</u> RMB'million	<u>Others</u> RMB'million	<u>Total</u> RMB'million
6 months ended					
31 December 2023					
Sales					
Total segment sales	2,215.1	103.9	14.0	0.3	2,333.3
Inter-segment sales	(477.1)	(94.3)	(0.3)	(0.3)	(572.0)
Sales to external parties	1,738.0	9.6	13.7	0.4	1,761.3
Adjusted EBITDA	246.8	32.9	3.1	(9.0)	273.8
Depreciation	(57.3)	(9.9)	(2.5)	(0.5)	(70.2)
Amortisation	(2.1)	-	(0.3)	(0.2)	(2.6)
Segment assets	4,091.8	179.5	86.4	28.1	4,385.8
Segment assets include:					
Additions to property, plant and equipment	143.7	1.2	(2.5)	-	142.4
Additions to intangible assets	1.6	-	-	-	1.6
Segment liabilities	328.8	31.5	55.7	43.2	459.2
6 months ended					
31 December 2022					
Sales					
Total segment sales	2,297.5	120.4	18.9	0.7	2,437.5
Inter-segment sales	(523.4)	(111.0)	(0.3)	(0.3)	(635.0)
Sales to external parties	1,774.1	9.4	18.6	0.4	1,802.5
Adjusted EBITDA	330.6	24.7	6.0	(20.6)	340.7
Depreciation	(67.2)	(9.7)	(2.5)	(0.5)	(79.9)
Amortisation	(1.5)	(0.1)	(0.3)	(0.2)	(2.1)
Segment assets	3,909.1	204.7	90.6	20.1	4,224.5
Segment assets include:					
Additions to property, plant and equipment	56.9	1.4	0.1	-	58.4
Additions to intangible assets	72.1	-	-	-	72.1
Segment liabilities	385.9	13.4	64.7	68.7	532.7

E. Selected Notes to the Condensed Interim Financial Statements (Cont'd)

4. Revenue (Cont'd)

(b) Segment information (Cont'd)

	<u>Rubber Chemicals</u> RMB'million	<u>Heating Power</u> RMB'million	<u>Waste Treatment</u> RMB'million	<u>Others</u> RMB'million	<u>Total</u> RMB'million
<u>12 months ended</u>					
<u>31 December 2023</u>					
Sales					
Total segment sales	4,376.1	221.3	29.8	0.6	4,627.8
Inter-segment sales	(933.1)	(203.4)	(0.3)	(0.6)	(1,137.4)
Sales to external parties	3,443.0	17.9	29.5	-	3,490.4
Adjusted EBITDA	511.3	66.2	7.2	(16.7)	568.0
Depreciation	(119.6)	(19.7)	(5.1)	(1.0)	(145.4)
Amortisation	(4.2)	(0.1)	(0.6)	(0.4)	(5.3)
Segment assets	4,091.8	179.5	86.4	28.1	4,385.8
Segment assets include:					
Additions to property, plant and equipment	169.8	3.1	(2.1)	0.4	171.2
Additions to intangible assets	2.7	-	-	-	2.7
Segment liabilities	328.8	31.5	55.7	43.2	459.2
<u>12 months ended</u>					
<u>31 December 2022</u>					
Sales					
Total segment sales	4,797.9	229.9	36.0	1.8	5,065.6
Inter-segment sales	(1,030.6)	(208.6)	(0.8)	(0.6)	(1,240.6)
Sales to external parties	3,767.3	21.3	35.2	1.2	3,825.0
Adjusted EBITDA	868.5	43.9	10.4	(41.9)	880.9
Depreciation	(134.1)	(19.4)	(5.1)	(1.0)	(159.6)
Amortisation	(2.6)	(0.2)	(0.6)	(0.4)	(3.8)
Segment assets	3,909.1	204.7	90.6	20.1	4,224.5
Segment assets include:					
Additions to property, plant and equipment	82.5	1.9	0.7	0.1	85.2
Additions to intangible assets	72.1	-	-	-	72.1
Segment liabilities	385.9	13.4	64.7	68.7	532.7

E. Selected Notes to the Condensed Interim Financial Statements (Cont'd)

5. Profit before income tax

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

	<u>Group</u>			
	6 months ended		12 months ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RMB'million	RMB'million	RMB'million	RMB'million
Interest income	(16.2)	(5.0)	(36.0)	(16.2)
Job support scheme	-	(0.1)	-	(0.1)
Depreciation of property, plant and equipment ("PPE")	70.2	79.9	145.4	159.6
Amortisation of intangible assets	2.6	2.1	5.3	3.8
Loss allowance/(Reversal of allowance) on trade receivables	-	(3.8)	0.6	(3.5)
Foreign exchange losses/(gains), net	7.0	(8.7)	(17.4)	(27.7)
Loss/(gain) on disposal of PPE	-	-	-	(0.1)
PPE written off	3.0	2.7	6.1	3.1

5.2. Related party transaction

Key management personnel compensation (representing compensation to executive directors and executive officers of the Group) is as follows:

	<u>Group</u>			
	6 months ended		12 months ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RMB'million	RMB'million	RMB'million	RMB'million
Wages and salaries	8.8	20.9	17.1	40.9
Employer's contribution to defined contribution plans including Central Provident Fund	0.1	0.1	0.2	0.2
	8.9	21.0	17.3	41.1

Included in the above is total compensation to directors of the Company amounting to RMB 8.1 million for the second half of 2023 and RMB 14.9 million for the financial year ended 31 December 2023 (2H2022: RMB 19.3 million; FY2022: RMB 38.0 million).

6. Income tax expense

	<u>Group</u>			
	6 months ended		12 months ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RMB'million	RMB'million	RMB'million	RMB'million
Tax expense attributable to profit is made up of:				
Profit for the financial year:				
- Current income tax (PRC)	39.3	48.7	80.8	127.4
Over provision in prior financial years:				
- Current income tax (PRC)	-	-	-	(36.1)
	39.3	48.7	80.8	91.3

E. Selected Notes to the Condensed Interim Financial Statements (Cont'd)

7. Earnings per share

	<u>Group</u>			
	6 months ended		12 months ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Net profit attributable to equity holders of the Company (RMB'mil)	177.8	214.9	372.4	642.4
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	961,476	968,068	963,197	969,181
Basic and diluted earnings per share (RMB cents)	18.50	22.21	38.67	66.29

There are no dilutive potential ordinary shares during the year.

8. Net assets per share

	<u>Group</u>		<u>Company</u>	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Net asset attributable to shareholders (RMB' million)	3,926.6	3,691.8	540.4	524.1
Number of issued shares excluding treasury shares ('000)	959,249	965,640	959,249	965,640
Net asset value per ordinary share (RMB cents)	409.34*	382.32	56.34	54.27

* equivalent to SGD 76.13 cents at exchange rate of 5.3772 as at 31 December 2023.

9. Dividends

	<u>Group</u>	
	FY2023 RMB'million	FY2022 RMB'million
<u>Ordinary dividends paid</u>		
Final dividends paid in respect of the previous financial year of SGD 0.01 (2022: SGD 0.01) per share	50.5	47.4
<u>Special dividends paid</u>		
Final dividends paid in respect of the previous financial year of SGD 0.015 (2022: SGD 0.01) per share	75.8	47.3
Interim dividends paid in respect of the current financial year of SGD nil (2022: SGD 0.005) per share	-	23.9
	126.3	118.6

E. Selected Notes to the Condensed Interim Financial Statements (Cont'd)

10. Investments in subsidiary corporations

	<u>Company</u>	
	31/12/2023 RMB'million	31/12/2022 RMB'million
<i>Equity investments at cost</i>		
Beginning and end of the year	350.0	350.0

The Group had the following subsidiary corporations as at 31 December 2023 and 31 December 2022:

<u>Name</u>	<u>Principal Activities</u>	<u>Country of business/ incorporation</u>	<u>Proportion of ordinary shares directly held by parent and the Group</u>	
			31/12/2023 %	31/12/2022 %
<i>Held by Company</i>				
Shandong Sunsine Chemical Co.,Ltd	Manufacturing and sale of rubber chemicals, comprising rubber accelerators, anti-oxidant agents, anti-scorching agents and insoluble sulphur	People's Republic of China	100	100
<i>Held by Shandong Sunsine Chemical Co.,Ltd</i>				
Weifang Sunsine Chemical Co., Ltd	Manufacturing and sale of rubber chemicals, including rubber accelerators	People's Republic of China	100	100
Shandong Sheng Tao Chemical Co., Ltd	Manufacturing and sale of rubber chemicals, including insoluble sulphur	People's Republic of China	100	100
Shanxian Sunsine Hotel Management Co., Ltd	Hotel investment and management (dormant)	People's Republic of China	100	100
Shanxian Guangshun Heating Co., Ltd	Production and supply of heating power, including preparation and implementation of the project	People's Republic of China	100	100
Shandong Hengshun New Material Co., Ltd	Manufacturing of chemical agent and rubber chemicals	People's Republic of China	100	100
Heze Yongshun Environmental Protection Technology Co., Ltd	Waste treatment	People's Republic of China	100	100
<i>Held by Shanxian Sunsine Hotel Management Co., Ltd</i>				
Shandong Fulong Villa Co., Ltd	Hotel and restaurant	People's Republic of China	100	100

Significant restrictions

Cash and short-term deposits of RMB1,670.9 million (FY2022: RMB1,357.4 million) are held in the People's Republic of China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

E. Selected Notes to the Condensed Interim Financial Statements (Cont'd)

11. Property, plant and equipment ("PPE")

During the year ended 31 December 2023, the Group acquired PPE with an aggregate cost of RMB 171.2 million (FY2022: RMB 85.2 million), reclassified PPE with carrying amount of RMB 17.1 million as assets held-for-sales (Note 13), and disposed of assets with carrying amount of RMB 0.4 million (FY2022: RMB 0.1 million).

12. Intangible assets

	<u>Group</u>	
	31/12/2023	31/12/2022
	RMB'million	RMB'million
<u>Land use rights</u>		
<i>Cost</i>		
Beginning of the year	234.4	162.3
Addition	2.7	72.1
Reclassification to assets held-for-sale (Note 13)	<u>(4.2)</u>	<u>-</u>
End of the year	<u><u>232.9</u></u>	<u><u>234.4</u></u>
<i>Accumulated amortisation</i>		
Beginning of the year	21.4	17.6
Amortisation charge	5.3	3.8
Reclassification to assets held-for-sale (Note 13)	<u>(1.0)</u>	<u>-</u>
End of the year	<u><u>25.7</u></u>	<u><u>21.4</u></u>
Net book value	<u><u>207.2</u></u>	<u><u>213.0</u></u>

The amortisation charged is included in the statement of comprehensive income as part of the administrative expenses.

13. Current assets held-for-sale

As disclosed in our Response to Shareholders Questions for AGM dated 25 April 2022 and the Business Updates dated 11 October 2022, the Group's subsidiary corporation, Shandong Sheng Tao Chemical Co., Ltd ("Shengtao") will be eventually relocated as Shengtao is not located in a designated chemical industrial park. At the end of FY2023, Shengtao ceased its operation and some of its machineries are in the process of relocating to the premises of the Group's other subsidiary corporation, Shandong Hengshun New Materials Co., Ltd. However, part of Shengtao's non-current assets, including land use rights, infrastructures, etc which cannot be relocated, have been reclassified as current assets held-for-sale. The Management is in the process of negotiating with the Local Authority on the compensation issues. Management has assessed that no write-down is required for these assets based on the preliminary valuation determined by a government appointed valuer.

	31/12/2023
	RMB'million
Reclassified from PPE (Note 11)	17.1
Reclassified from Intangible assets (Note 12)	<u>3.2</u>
	<u><u>20.3</u></u>

14. Inventories

	<u>Group</u>	
	31/12/2023	31/12/2022
	RMB'million	RMB'million
Raw materials	160.2	183.7
Finished/Trading goods	<u>181.1</u>	<u>219.1</u>
	<u><u>341.3</u></u>	<u><u>402.8</u></u>

E. Selected Notes to the Condensed Interim Financial Statements (Cont'd)

15. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	31/12/2023 RMB'million	31/12/2022 RMB'million	31/12/2023 RMB'million	31/12/2022 RMB'million
Notes receivables	438.6	530.2	-	-
Trade receivables				
- Non-related parties	719.5	726.3	-	-
Less: Loss allowance	(7.4)	(6.9)	-	-
Trade receivables - net	712.1	719.4	-	-
Non-trade receivables				
- Subsidiary corporations	-	-	191.6	210.5
- Non-related parties	20.7	47.0	0.1	0.2
	20.7	47.0	191.7	210.7
Advances to suppliers	87.3	80.5	-	-
Deposits	2.7	1.5	-	-
Prepayments	3.9	3.5	-	-
	<u>1,265.3</u>	<u>1,382.1</u>	<u>191.7</u>	<u>210.7</u>

The non-trade receivables from subsidiary corporations are unsecured, interest-free and repayable on demand.

16. Share capital and treasury shares

(a) Share capital

<u>Group and Company</u> 2023 and 2022	No. of ordinary shares	Amount	
		SGD'million	RMB'million
Beginning and end of the year	<u>983,388,000</u>	<u>62.6</u>	<u>313.5</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

There is no outstanding convertibles issued by the Company as at 31 December 2023 and 2022.

(b) Treasury shares

<u>Group and Company</u> 2023	No. of ordinary shares	Amount	
		SGD'million	RMB'million
As at 1 January 2023	17,748,400	(8.1)	(40.8)
Treasury shares purchased	<u>6,391,100</u>	<u>(2.6)</u>	<u>(13.7)</u>
As at 31 December 2023	<u>24,139,500</u>	<u>(10.7)</u>	<u>(54.5)</u>
2022			
As at 1 January 2022	12,992,900	(6.0)	(30.2)
Treasury shares purchased	<u>4,755,500</u>	<u>(2.1)</u>	<u>(10.6)</u>
As at 31 December 2022	<u>17,748,400</u>	<u>(8.1)</u>	<u>(40.8)</u>

Treasury shares held by the Company relates to ordinary shares of the Company.

E. Selected Notes to the Condensed Interim Financial Statements (Cont'd)

16. Share capital and treasury shares (Cont'd)

(c) Number of ordinary shares excluding treasury shares

<u>Group and Company</u>	No. of ordinary shares excluding treasury shares	Amount	
		← SGD'million	→ RMB'million
2023			
As at 1 January 2023	965,639,600	54.5	272.7
Treasury shares purchased	<u>(6,391,100)</u>	<u>(2.6)</u>	<u>(13.7)</u>
As at 31 December 2023	<u>959,248,500</u>	<u>51.9</u>	<u>259.0</u>
2022			
As at 1 January 2022	970,395,100	56.6	283.3
Treasury shares purchased	<u>(4,755,500)</u>	<u>(2.1)</u>	<u>(10.6)</u>
As at 31 December 2022	<u>965,639,600</u>	<u>54.5</u>	<u>272.7</u>

17. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	31/12/2023 RMB'million	31/12/2022 RMB'million	31/12/2023 RMB'million	31/12/2022 RMB'million
Trade payables - Non-related parties	51.1	55.1	-	-
Non-trade payables - Non-related parties	109.5	112.9	1.6	1.3
Accruals for operating expenses	164.8	181.3	12.4	38.4
Deferred grants	5.3	5.7	-	-
Contract liabilities – considerations from customers	<u>33.7</u>	<u>30.6</u>	<u>-</u>	<u>-</u>
	<u>364.4</u>	<u>385.6</u>	<u>14.0</u>	<u>39.7</u>

18. Borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/12/2023		As at 31/12/2022	
Secured RMB' million	Unsecured RMB' million	Secured RMB' million	Unsecured RMB' million
-	-	-	-

Details of any collateral

No collateral.

19. Subsequent event

There are no known subsequent events which have led to adjustments to this condensed interim financial statements.

F. Other information

Audit or review

The consolidated condensed interim statements of financial position as at 31 December 2023 and the related consolidated interim statement of comprehensive income, statements of changes in equity and consolidated interim statement of cash flows for the six months and full year then ended and the selected explanatory notes (the “**Consolidated Interim Financial Statements**”) have not been audited or reviewed by the Company’s independent auditors.

Review of the Group Performance

Condensed Interim Consolidated Statements of Comprehensive Income

Revenue decreased slightly by 2% to RMB 1,761.3 million in 2H2023 as compared to RMB 1,802.5 million in 2H2022, due to the decrease in the overall Average Selling Price (“**ASP**”), offset by higher sales volume.

Overall ASP decreased by 13% to RMB 16,205 per tonne in 2H2023 as compared to RMB 18,532 per tonne in 2H2022. The decrease in ASP was mainly due to (i) the decrease in the price of raw materials; and (ii) the Group adopting a more flexible pricing strategy in response to the intensified competition. Compared to RMB 17,093 per tonne in 1H2023, the ASP in 2H2023 decreased by 5%.

Analysis of Sales and Volume

	Sales Volume (Tonnes)				Sales (RMB'million)			
	2H2023	2H2022	FY2023	FY2022	2H2023	2H2022	FY2023	FY2022
Rubber Chemical								
Accelerators	53,020	43,719	99,809	89,434	1,032.7	947.3	1,961.1	2,043.3
Insoluble Sulphur	20,749	20,533	40,655	37,599	132.9	153.4	265.7	297.7
Anti-oxidant	32,670	30,992	65,127	58,058	559.2	664.7	1,192.8	1,405.2
Others	809	487	1,405	1,062	13.2	8.7	23.4	21.1
Total	107,248	95,731	206,996	186,153	1,738.0	1,774.1	3,443.0	3,767.3
<i>Local Sales</i>	<i>66,759</i>	<i>64,352</i>	<i>130,547</i>	<i>120,062</i>	<i>1,008.8</i>	<i>1,107.0</i>	<i>2,052.5</i>	<i>2,290.9</i>
<i>International Sales</i>	<i>40,489</i>	<i>31,379</i>	<i>76,449</i>	<i>66,091</i>	<i>729.2</i>	<i>667.0</i>	<i>1,390.5</i>	<i>1,476.3</i>
Heating Power	41,377	33,518	70,761	75,429	9.6	9.4	17.9	21.3
Waste treatment	7,232	8,308	14,924	15,368	13.7	18.6	29.5	35.2
Hotel & Restaurant	-	-	-	-	-	0.4	-	1.2

The overall Sales volume in 2H2023 increased by 12% from 95,731 tonnes in 2H2022 to 107,248 tonnes, mainly due to the higher demand for our products as well as the Group’s adoption of more flexible pricing strategy to cope with the intensified competition. Both domestic and international sales volume increased.

On a 12-month basis, the Group’s sales volume for Accelerators, Insoluble Sulphur and Anti-oxidant products increased by 12%, 8% and 12%, respectively, and its total sales volume reached another **record high** of **206,996** tonnes.

However, the adoption of flexible pricing strategy mentioned above had also resulted in the decrease in the overall ASP. The 12-month ASP decreased by 18% to RMB 16,633 per tonne in FY2023 as compared to RMB 20,237 per tonne in FY2022. As such, the Group’s total revenue for FY2023 decreased by 9% to RMB 3,490.4 million as compared to RMB 3,825.0 million in FY2022.

As a result of lower revenue, **Gross profit** decreased by 18% from RMB 469.9 million in 2H2022 to RMB 386.9 million in 2H2023. Gross profit margin (“**GPM**”) decreased by 4.1 percentage point from 26.1% in 2H2022 to 22.0% in 2H2023.

On a 12-month basis, due to the decrease in revenue caused by lower ASP, gross profit decreased by 31% from RMB 1,163.9 million in FY2022 to RMB 798.9 million in FY2023. GPM also decreased by 7.5 percentage points from 30.4% to 22.9%.

Other income was RMB 42.0 million in 2H2023, consisting of mainly interest income and gain on sales of scrap materials. On a 12-month basis, other income amounted to RMB 72.4 million, consisting of mainly interest income of RMB 36.0 million, government grants of RMB 8.5 million and sales of scrap materials of RMB 19.0 million.

Other losses amounted to RMB 9.9 million in 2H2023 and other gains amounted to RMB 11.3 million in FY2023, mainly due to foreign exchange losses/gains.

Distribution and marketing expenses decreased by 1% from RMB 52.4 million in 2H2022 to RMB 52.1 million in 2H2023. On a 12-month basis, distribution and marketing expenses decreased by 2% from RMB 104.3 million in FY2022 to RMB 102.7 million in FY2023, mainly due to lower incentives payable to sales personnel as a result of lower revenue and GPM, partially offset by higher freight cost and port expenses caused by higher sales volume.

Administrative expenses decreased by 24% from RMB 134.2 million in 2H2022 to RMB 101.7 million in 2H2023. On a 12-month basis, administrative expenses decreased by 22% from RMB 264.5 million in FY2022 to RMB 207.3 million in FY2023, mainly due to the lower amount of depreciation allocated to administrative expenses as a result of lesser down time during Chinese New Year 2023, as well as a decrease in staff costs as a result of lower revenue and GPM.

Research and development (“R&D”) expenses increased by 5% from RMB 45.8 million in 2H2022 to RMB 48.1 million in 2H2023, but decreased by 16% from RMB 142.4 million in FY2022 to RMB 119.4 million in FY2023, mainly due to the completion of some of the R&D activities.

Profit before tax (“PBT”) decreased by 18% from RMB 263.6 million in 2H2022 to RMB 217.1 million in 2H2023, and decreased by 38% from RMB 733.7 million in FY2022 to RMB 453.2 million in FY2023, mainly due to decrease in sales revenue and gross profit.

For the reasons set out above, **Net profit** decreased by 17% from RMB 214.9 million in 2H2022 to RMB 177.8 million in 2H2023. On a 12-month basis, net profit decreased by 42% from RMB 642.4 million in FY2022 to RMB 372.4 million in FY2023.

Condensed Interim Statements of Financial Position

Property, plant and equipment increased by RMB 2.1 million from RMB 861.7 million to RMB 863.8 million, mainly due to additions to construction in progress and PPE, offset by depreciation charged.

Intangible assets decreased by RMB 5.8 million from RMB 213.0 million to RMB 207.2 million, mainly due to amortisation charged.

Inventories decreased by RMB 61.5 million from RMB 402.8 million to RMB 341.3 million, mainly due to the combined effect of decrease in the quantity of finished goods at period end and decrease in the prices of raw materials.

Trade and other receivables decreased by RMB 116.8 million from RMB 1,382.1 million to RMB 1,265.3 million, mainly due to increased efforts in the collection of receivables during the year, thereby leading to a decrease in notes receivables which matured at year end. Notes receivables are promissory notes issued by local banks with low risks of non-recoverability. Notes receivables decreased by RMB 91.6 million from RMB 530.2 million to RMB 438.6 million.

The aging report of notes receivables and trade receivables as at 31 December 2023 was as follows:-

	1 – 3 months	3 – 6 months	6 – 12 months	> 12 months	Total
	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million
Notes receivables	250.9	187.7	-	-	438.6
Trade receivables	596.3	69.4	49.4	4.4	719.5
Loss allowance	-	-	(3.0)	(4.4)	(7.4)
Trade receivables, net	596.3	69.4	46.4	-	712.1

Trade and other payables decreased by RMB 21.2 million from RMB 385.6 million to RMB 364.4 million mainly due to decrease in accrued expenses.

Condensed Consolidated Statements of Cash Flows

Net cash generated from operating activities for FY2023 amounted to RMB 593.3 million was mainly due to greater efforts in the collection of our receivables and better control of our inventories, despite the decline in the profit generated compared to last year.

Net cash used in investing activities for FY2023 amounted to RMB 137.5 million was mainly due to additions to PPE and LUR, offset by interest received.

Net cash used in financing activities for FY2023 amounted to RMB 141.0 million was mainly due to distribution of dividends, and share buyback held as treasury shares.

Variance from Prospect Statement

In Section F Prospects paragraph of our 1H2023 Interim Financial Statements announcement dated 14 August 2023, the Company stated that “We also note that the global economy is still facing challenges and uncertainties, brought about by a high interest rate environment, the Ukraine-Russia conflict, and rising geopolitical tensions between the US and China, among others. Locally, the Group continues to face strong competition in the rubber chemicals industry. Nevertheless, the Group will continue with its strategy of “sales production equilibrium” and focus on its rubber chemicals business by adopting a more flexible pricing strategy and strengthening its market leadership position. At the same time, the Group will strengthen its management team and tighten costs control.”. Therefore, the current results are in line with the Company’s commentary.

Prospects

China’s GDP grew 5.2%¹ in both 4Q2023 and FY2023. Automakers sold a total of 30.094 million units in China in FY2023², a new record high, representing an increase of 12% in auto sales year-on-year. Sales of New Energy Vehicles (NEVs) rose 37.9% year-on-year to 9.5 million units in 2023, accounting for 31.6% of total new vehicle sales³.

Entering into FY2024, China's auto market remains robust, Chinese tyre makers' production utilisation rate appears relatively high, and our sales order has seen improvements. However, the global economy is still facing challenges and uncertainties, brought about by a high interest rate environment, the Ukraine-Russia conflict, the conflict in Gaza, the Red Sea crisis, rising geopolitical tensions between the US and China, and weakening international trade, among others. Locally, the Group continues to face strong competition in the rubber chemicals industry.

Nevertheless, the Group will continue with its strategy of "sales production equilibrium", focus on the fulfilment of the needs of its customers, and seek to improve its sales volume in FY2024.

Given our strong balance sheet and financial stability, our market leadership position, our ability to consistently provide high-quality products reliably, economies of scale, wide variety of rubber chemical products, and compliance with national environmental protection laws and regulations, we remain confident about the Group’s profitability in the next 12 months.

Updates of capacity expansion plans

1. Phase 2 30,000-tonne per annum IS project

The Group has re-started the construction of its Phase 2 30,000-tonne per annum IS project, with some equipment relocated from Shengtao (please see Note 13 above). The management expects the IS project to be completed by the end of 2024.

2. Phase 1 20,000-tonne per annum Continuous Production of High Quality MBT project

The project is now under trial run. The management expects the trial run will be successfully completed in 1H2024, and commercial production to commence in 2H2024.

Below is a summary of our estimated Annual Capacity⁴ at the end of each financial year:

Tonnes	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024e
Accelerators	87,000	97,000	117,000	117,000	117,000	117,000	117,000
Insoluble Sulphur	30,000	30,000	30,000	30,000	60,000	60,000	60,000
Anti-oxidant	45,000	45,000	45,000	45,000	77,000	77,000	77,000
Total	162,000	172,000	192,000	192,000	254,000	254,000	254,000

¹ Source: National Bureau of Statistics

² Source: China Association of Automobile Manufacturing

³ Source: China Association of Automobile Manufacturing

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

Dividend information

a. Current period reported on

Any dividend recommended for the current financial period reported on?

- Yes

Name of dividend	Proposed Final
Dividend Type	Cash
Dividend amount per share	SGD0.015 per ordinary share
Special 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?

- Yes. Ordinary dividend of SGD0.01 per ordinary share and Special dividend of SGD0.015 per ordinary share were declared in 4Q2022.

c. Date payable

To be announced at a later date

d. Books closure date

To be announced at a later date

Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

Confirmation of Undertakings from Directors and Executive Officers

The Company has procured undertakings from all directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

Announcement of Acquisition and Realisation pursuant to Rule 706A

There is no acquisition or realisation incurred during the reporting period.

Segment information

Please refer to Note 4 of this Interim Financial Statements.

Review of performance of the Group – turnover and earnings

Please refer to Section F Review of Group's performance of this Interim Financial Statements.

Disclosure of person occupying a managerial position who is a relative of a director or chief executive officer or substantial shareholder

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	80	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	54	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	49	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

Dated: 29 February 2024

[End]