



## China SunSine Chemical Holdings Ltd.

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Tel: (65) 6220-9070 Web: www.ChinaSunSine.com

Company Registration No.: 200609470N

### NEWS RELEASE

## China SunSine posts record sales volume in 2Q2019

- Sales volume reached 43,363 tons in 2Q2019, hitting a record high
- 2Q2019 revenue decreased 17% y-o-y to RMB727.0 million mainly due to the decrease in overall Average Selling Price (“ASP”)
- Achieved net profit in 2Q2019 of RMB155.8 million, boosting 1H2019 net profit to RMB265.9 million

SINGAPORE – 06 August 2019 - China SunSine Chemical Holdings Ltd ( “China SunSine” or the “Group”), a specialty rubber chemicals producer and global leader in the production and supply of rubber accelerators, is pleased to announce that the Group has achieved another sterling set of results for the second quarter and six months ended 30 June 2019 (“2Q2019” and “1H2019”), despite the slowing down of the economy and continued downward pressure on ASP.

### Financial Highlights

RMB' million	Quarter Ended		Change	Half Year Ended		Change
	30 Jun 19	30 Jun 18		30 Jun 19	30 Jun 18	
Group Revenue	727.0	880.6	(17%)	1,413.6	1,737.5	(19%)
Gross Profit	252.3	323.6	(22%)	488.0	622.4	(22%)
Gross Profit Margin (GPM)	34.7%	36.7%	(2 pts)	34.5%	35.8%	(1.3 pts)
Profit before tax	187.8	214.8	(13%)	320.0	396.4	(19%)
Net profit after tax	155.8	239.7	(35%)	265.9	389.2	(32%)
Sales Volume (tons)	43,363	37,567	15%	82,078	74,364	10%
EPS (RMB cents)	31.77	48.75	(35%)	54.19 <sup>1</sup>	79.15	(31%)
NAV per share (RMB cents) as of the period				499.60 <sup>2</sup>	421.14	19%

The decline in revenue for the quarter was mainly due to the decrease in the overall ASP which was partially offset by the increase in sales volume. ASP in this quarter slid

<sup>1</sup>Based on weighted average number of shares 490,768,000 shares, equivalent to 10.67 SGD cents at exchange rate of 5.0805

<sup>2</sup>Based on 488,733,000 shares, equivalent to 98.34 SGD cents at exchange rate of 5.0805



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29% to RMB16,633 per ton from RMB 23,334 per ton in 2Q2018. On a quarter to quarter basis, the ASP weakened 6% as compared to RMB 17,637 per ton in 1Q2019.

After nationwide environmental inspections commenced in August 2017 that caused a shortage of supply, the ASP had climbed to a significantly higher level from the second half of 2017 to 1H2018. Thus, 1H2018 and FY2018 were exceptionally good periods for the Group as it benefited greatly from its implementation and maintenance of a high standard of environmental compliance, and the rise of ASP.

Since the second half year of 2018, the ASP has started to decline due to the decrease in raw material prices and the increase in supply. Despite this, the Group continued to grow its sales volume. The total sales volume increased by 15% to 43,363 tons in 2Q2019, a new record high, from 37,567 tons a year ago. This was attributed to the additional two production lines - 10,000-ton high-end accelerator TBBS and 10,000-ton Insoluble Sulphur (“IS”) which started operations from January 2019 and December 2018, respectively.

Gross profit decreased 22% to RMB 252.3 million compared with RMB 323.6 million in 2Q2018 due mainly to the decrease in ASP. Gross profit margin narrowed to 34.7% from the peak of 36.7% in 2Q2018, which is still considered a very healthy level.

As a result, the profit before tax (“PBT”) decreased by 13% from RMB 214.8 million in 2Q2018 to RMB 187.8 million. The profit after tax (“PAT”) dropped 35% from RMB 239.7 million a year ago to RMB 155.8 million. However, excluding the previous tax credit of approximately RMB 48 million in 2Q2018 as a result of the “High-tech Enterprise” status obtained in December 2017, the PAT in 2Q2019 would have only dropped 19% y-o-y.

With the latest strong quarterly performance, the Group’s net profit for the first half-year (1H2019) reached RMB 265.9 million with revenue of RMB 1,413.6 million.



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### Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB'm)			
	2Q2019	2Q2018	1H2019	1H2018	2Q2019	2Q2018	1H2019	1H2018
<b>Rubber Chemical</b>								
Accelerators	23,583	21,563	43,790	41,469	488.0	635.8	953.3	1,220.8
Insoluble Sulphur	7,577	6,672	14,930	12,884	70.1	78.1	140.7	150.9
Anti-oxidant	11,701	8,986	22,385	19,339	155.1	154.4	293.0	340.7
Others	502	346	973	672	8.0	8.2	17.1	16.6
<b>Total</b>	<b>43,363</b>	<b>37,567</b>	<b>82,078</b>	<b>74,364</b>	<b>721.2</b>	<b>876.5</b>	<b>1,404.1</b>	<b>1,729.0</b>
<i>Local Sales</i>	<i>29,522</i>	<i>24,786</i>	<i>53,534</i>	<i>49,941</i>	<i>453.9</i>	<i>527.5</i>	<i>838.1</i>	<i>1,072.8</i>
<i>International Sales</i>	<i>13,841</i>	<i>12,781</i>	<i>28,544</i>	<i>24,423</i>	<i>267.3</i>	<i>349.1</i>	<i>566.0</i>	<i>656.2</i>
<b>Heating Power</b>	<b>29,497</b>	<b>20,354</b>	<b>48,623</b>	<b>46,331</b>	<b>5.6</b>	<b>3.8</b>	<b>9.1</b>	<b>8.0</b>
<b>Hotel &amp; Restaurant</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>0.5</b>

During the quarter, sales volume for Accelerators, IS and Anti-oxidant products increased by 9%, 14% and 30%, respectively. This was mainly due to the increase in production capacity and the Group's flexible pricing strategy. Both domestic and international sales volume increased during the quarter.

Based on its latest six months' results, the Group's earnings per share was 54.19 RMB cents in 1H2019. The Group's financial position remains robust. Its cash stands at RMB 1,169.2 million with no bank borrowing and its net assets per share amounted to 499.6 RMB cents as at 30 June 2019.

Mr Xu Cheng Qiu (徐承秋), Executive Chairman commented: *"I am gratified that the Group has been able to achieve a satisfactory set of results amid the slowing down of China's economy and the decreasing ASP. Raw material prices are still hovering at low levels. In addition, the utilisation rate for the Chinese tire makers is not high. All these are expected to exert pressure on our ASP."*

*"However, the Group will aim to continue to increase its sales volume and continue its 'higher production leads to higher sales volume, which in turn will stimulate even higher output' strategy in our aim to expand its market share."*



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*“We will continue to invest in R&D to gain a competitive edge over other producers. With our strong market leadership position, economies of scale and technology advantage, we remain confident of our performance in the next 12 months.”* says Mr Xu.

**Updates of capacity expansion plan**

Further to the Company’s announcements dated 12 March 2019, 16 March 2019 and 15 May 2019, the Group intends to set aside approximately 300 mu of the piece of land at Shanxian Chemical Zone (“**Land**”) to build and construct a 60,000-ton per annum IS plant thereon, to be carried out in 2 phases over the next few years.

As an update, after re-survey, the area of the Land to be acquired is approximately 680 mu, instead of 800 mu as earlier announced. The final consideration payable for the Land will be based on the actual size of the Land as surveyed.

The Company will make appropriate announcements when there are further updates.

Set out below is an overview of the Group’s production capacity:

<b>Tons</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019e</b>
Accelerators	70,500	87,000	87,000	87,000	87,000	87,000	97,000
Insoluble Sulphur	20,000	20,000	20,000	20,000	20,000	30,000	30,000
Anti-oxidant	25,000	45,000	45,000	45,000	45,000	45,000	45,000
<b>Total</b>	<b>115,500</b>	<b>152,000</b>	<b>152,000</b>	<b>152,000</b>	<b>152,000</b>	<b>162,000</b>	<b>172,000</b>

- End -



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### **About China Sunsine Chemical Holdings Ltd.**

Listed on SGX-ST on 5 July 2007, China Sunsine Chemical Holdings Ltd. ("China Sunsine") is a leading specialty chemical producer selling rubber accelerators, insoluble sulphur and anti-oxidant and other vulcanising agents. It is the largest rubber accelerator producer in the world and biggest insoluble sulphur producer in the PRC. It continues to serve more than 65% of Global Top 75 tire makers, such as Bridgestone, Michelin, Goodyear, Pirelli, Sumitomo, Yokohama, Hankook, Cooper, Kumho Tire as well as PRC Tyre giants such as Hangzhou Zhongce, Giti Tyres and Shanghai Double Coin Tyre.

China Sunsine distributes its products under its own "Sunsine" brand, a brand which has been accredited as a "Shandong Province Famous Brand". In January 2017, China Sunsine's main subsidiary, Shandong Sunsine Chemical Co., Ltd was listed in the First Batch of National Champion Manufacturing Enterprise by the Ministry of Industry and Information Technology of the PRC.

Riding on the robust growth of the auto and tire industries in the PRC, China Sunsine has been able to expand its production capacity, deliver superior products and services, and implement stringent environmental protection measures to stay ahead of the competition. It has achieved ISO9001:2008 standard for quality, ISO14001:2004 standard for environment, and GB/T28001-2011 standard for occupational health and safety management system.

### **For more information, please contact:**

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