



China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

NEWS RELEASE

China SunSine continues to achieve new sales volume record but gross profit margin declined

- 3Q2012 revenue rose 19% to RMB 368.9 mln
- New sales volume record at 21,437 tons in 3Q2012
- Net profit declined 80% to RMB5.7mln due to lower gross profit margin as well as higher operating expenses

SINGAPORE – 30 October 2012 - 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, today reported a positive set of financial results for the third quarter and first nine months ended 30 September 2012 (“3Q2012” and “9M2012”) despite the challenging economic conditions in the PRC and the global markets.

Financial Highlights

RMB' million	Quarter Ended		Change	9 Months Ended		Change
	30/09/12	30/09/11		30/09/12	30/09/11	
Group Revenue	368.9	310.6	19%	1,056.3	879.6	20%
Gross Profit	62.4	77.3	-19%	203.7	221.7	-8%
Gross Profit Margin (GPM)	16.9%	24.9%	-8 pts	19.3%	25.2%	-5.9pts
Profit before tax	13.1	42.9	-69%	66.6	119.4	-44%
Net profit after tax	5.7	28.2	-80%	43.9	78.4	-44%
Sales Volume (tons)	21,437	15,847	35%	60,180	44,615	35%
EPS (RMB cents)	1.23	5.91	-79%	9.37¹	16.43	-43%
NAV per share (RMB cents) as of the period				163.74²	155.91	5%

During the quarter under review, sales volume grew 35% yoy with its sales volume hitting a new record high at 21,437 tons. The Group has been achieving record sales volume for the

¹ Equivalent to 1.82 SGD cents at exchange rate of 5.1612

² Equivalent to 31.73 SGD cents at exchange rate of 5.1612



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past 15 consecutive quarters as it increased its production capacity and marketing efforts. However, Average Selling Price (“ASP”) for all products decreased to RMB 17,210 per ton compared to RMB 19,598 in 3Q2011 as the Group continues to seek expansion of its market share in both domestic and global markets. Thus revenue rose 19% to RMB 368.9 million compared to RMB 310.6 million in 3Q2011 and gross profit decreased 19% to RMB 62.4 million in this quarter. The overall gross profit margin (“GPM”) for the quarter slid to 16.9% compared to 24.9% in 3Q2011.

3Q2012 net profit dropped 80% from RMB 28.2 million in 3Q2011 to RMB 5.7 million. This was mainly due to the following:

- 8% drop in gross profit margin;
- RMB 5.3 million of additional accruals for social insurance;
- RMB 4.5 million of additional depreciation as the R&D centre, new office facilities and other common facilities in Shanxian and certain facilities in Weifang were completed in 2Q2011 but only commenced depreciation in 3Q2011;
- RMB 2.8 million of additional selling and distribution expenses;
- RMB 2.6 million of additional R&D expenses due to its expanded R&D capability;
- and
- RMB 1.5 million of additional finance expenses in line with the increase in bank loan utilised.

The Group’s 9M2012 net profit declined 44% to RMB 43.9 million from RMB 78.4 million in 9M2011.

Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB’ m)			
	3Q2012	3Q2011	9M2012	9M2011	3Q2012	3Q2011	9M2012	9M2011
Accelerators	16,664	12,944	48,360	37,117	306.4	274.2	903.7	785.0
Insoluble sulphur	2,376	2,115	7,530	5,170	26.5	24.1	85.4	60.0
Anti-oxidant	2,070	450	3,340	1,729	29.5	6.0	48.7	22.7
Others	327	338	950	599	6.5	6.3	18.5	11.9
Total	21,437	15,847	60,180	44,615	368.9	310.6	1,056.3	879.6
Local Sales	14,965	10,090	40,396	25,228	238.8	156.7	652.6	470.7
International Sales	6,472	5,757	19,784	19,387	130.1	153.9	403.7	408.9



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During the quarter, sales volume across all categories increased due to the Group's ability to increase its production capacity to meet the increased demand given its marketing and pricing strategies. Accelerators contributed 83% of the Group's sales. Sales volume from insoluble sulphur grew steadily from 2,115 tons to 2,376 tons in 3Q2012. Sales volume from Anti-oxidant soared from 450 tons a year ago to 2,070 tons in 3Q2012 due to the introduction of a new product, 6PPD, which is currently undergoing accreditation process by the Group's various customers. However, Anti-oxidant TMQ continued to experience low utilization rate due to intense market competition as this product has low production entry barrier.

Although China's economic growth has experienced the lowest growth for the past 14 quarters at 7.4% in 3Q2012, the market sees signs of recovery as its industrial activity, investment and retail sales picked up in September 2012. Auto sales grew a marginal 3.4% in the first 9 months to 14.1³ million units. Despite the challenging economic environment, the Group has been able to increase its sales volume to another record level. This is due to the team's strong marketing efforts and its ability to deliver quality products.

Mr Xu Cheng Qiu (徐承秋), Executive Chairman, says, *"This quarter sees the lowest net profit since the Group was listed in SGX in July 2007. The effect of lower GPM took its toll as the Group reduced its ASP to gain more market share in such tough operating environment. The increased cost of raw materials had further added pressure to the GPM in this quarter. Moving forward, selling prices will be adjusted accordingly based on movement in raw material prices. The sales team has been actively engaging our customers in order to achieve higher sales at competitive prices. At the same time, the Group will continue to manage its expenses and cash flows prudently."*

Based on its latest 9M2012 results, the Group's earnings per share was RMB 9.37 cents. The Group's financial position remains healthy. Its total cash and liquid notes amounted to RMB 143.3 million with net assets per share of RMB 163.74 cents as at 30 September 2012.

³ Source: China Association of Automobile Manufacturers



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Status Update

The Group expects to receive 6PPD accreditation from its customers progressively. Normally, it will take 2 months to as long as 12 months for product certification depending on the customers' internal procedures.

Update of our production capacity is set out below:

Tons	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012e⁴
Accelerators	39,000	50,000	55,000	56,500	56,500	66,500
Insoluble Sulphur	5,000	5,000	8,000	10,000	10,000	10,000
Anti-oxidant	-	5,000	10,000	10,000	25,000	25,000
Total	44,000	60,000	73,000	76,500	91,500	101,500

- End -

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



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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 accelerators, anti-oxidant, vulcanising agent and anti-scorching agent. It is the largest producer of rubber accelerators in PRC and one of the largest in the world serving all the global top 10 tire manufacturers - Bridgestone, Michelin, Goodyear, Continental, Pirelli, Sumitomo, Yokohama, Hankook, Cooper, Kumho Tire as well as PRC Tire giants such as Hangzhou Zhongce, GITI Tire 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”.

As a chemical producer serving its global customers, China Sunsine continuously improves its manufacturing capability, and has achieved ISO9001:2000 standard for quality, ISO14001:2004 standard for environment, and GB/T28001-2001 standard for occupational health and safety management system.

It is a component stock of the FTSE-ST China Index. Its SGX ticker code is “ChinaSsine”, Bloomberg ticker code is “CSSC SP”.

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