



China Sunsine Chemical Holdings Ltd.

中国尚舜化工控股有限公司

2Q & 1H 2008 Results Briefing
1st August 2008





Presentation Outline

- **Our Company**
- **Financial Highlights**
- **Key Developments/ Outlook**



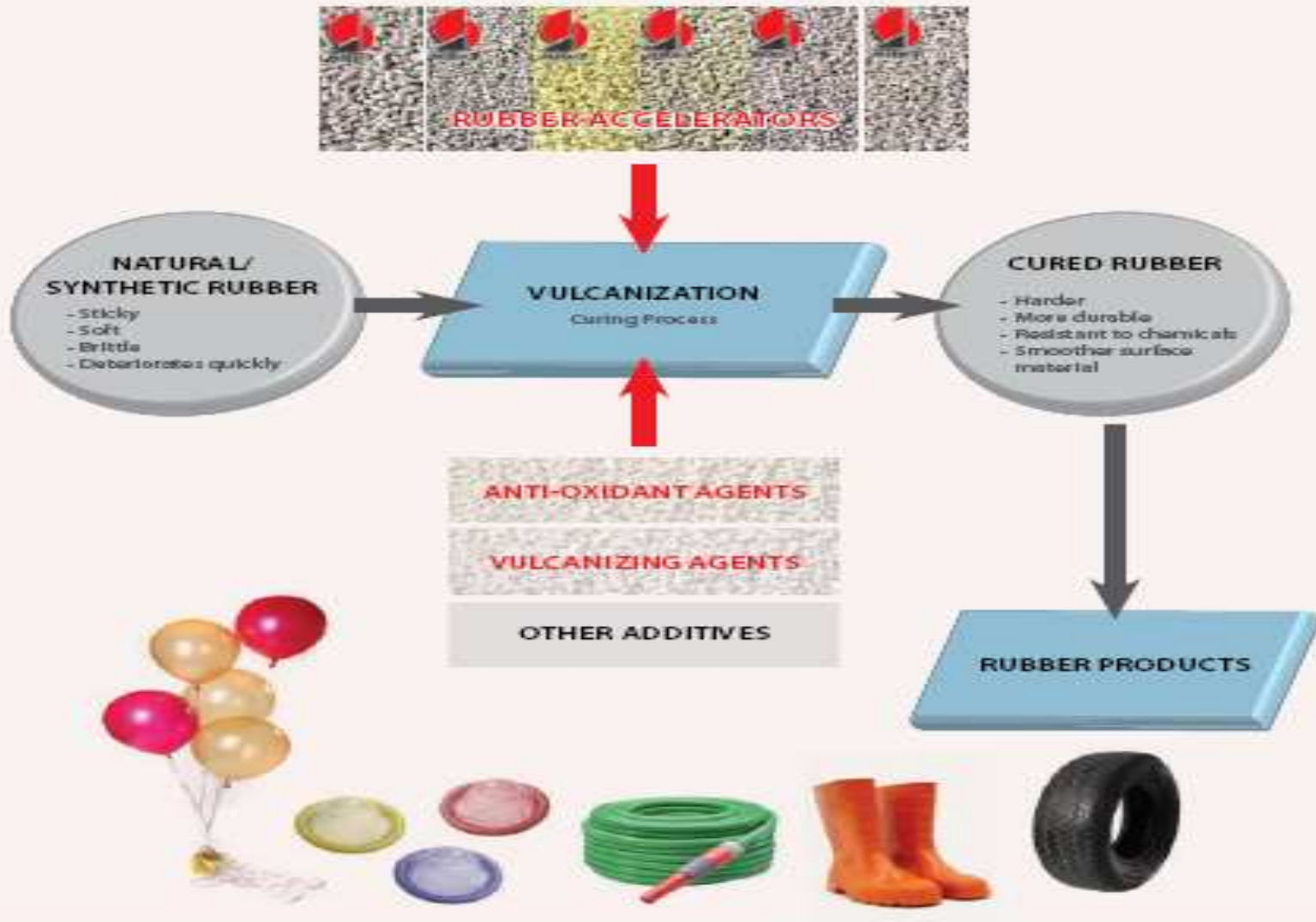


Our Company



Our Products

"Essential for tyres and other rubber-related products."





Our Market Position

PRC No. 1, World No. 2 producer of rubber accelerators

Global Top 3 Accelerator Producers

Company	Annual Capacity
LANXESS Corp.	45,000 tons?
China Sunshine Chemical	49,000 tons
Chemtura	<30,000 tons

PRC Top 3 Accelerator Producers

Company	2007 Annual Capacity
China Sunshine Chemical	49,000 tons
Tianjin Organic (SOE)	26,000 tons
Zhenjiang No. 2 Chemical (SOE)	19,000 tons



Business Model



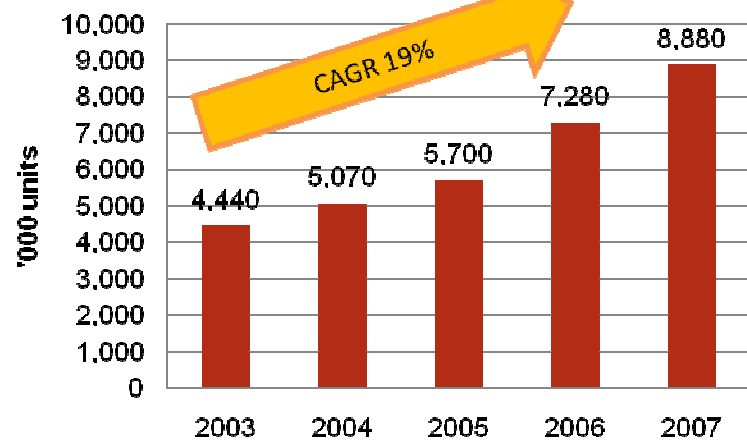
“Our business model is a ‘cost-plus’ model, ie we pass increases in raw materials to customers, allowing ourselves to earn a reasonable margin. This set of results demonstrates Sunshin Chemical’s market leadership position in our industry. Our global customers trust us to deliver quality products and maintain high level of service quality in our delivery schedule, shipment and commitment.”

**- Xu Cheng Qiu, Executive Chairman,
China Sunshin Chemical**

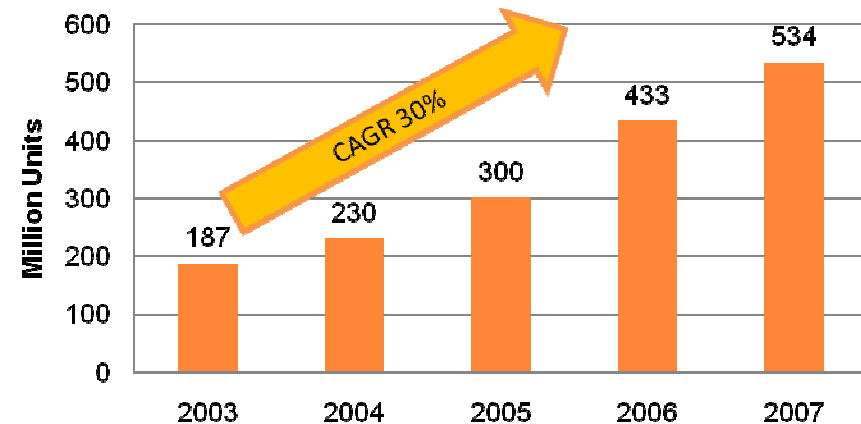
Industry Overview

Riding on the growth of tire industry

PRC Car Production



PRC Tyre Production

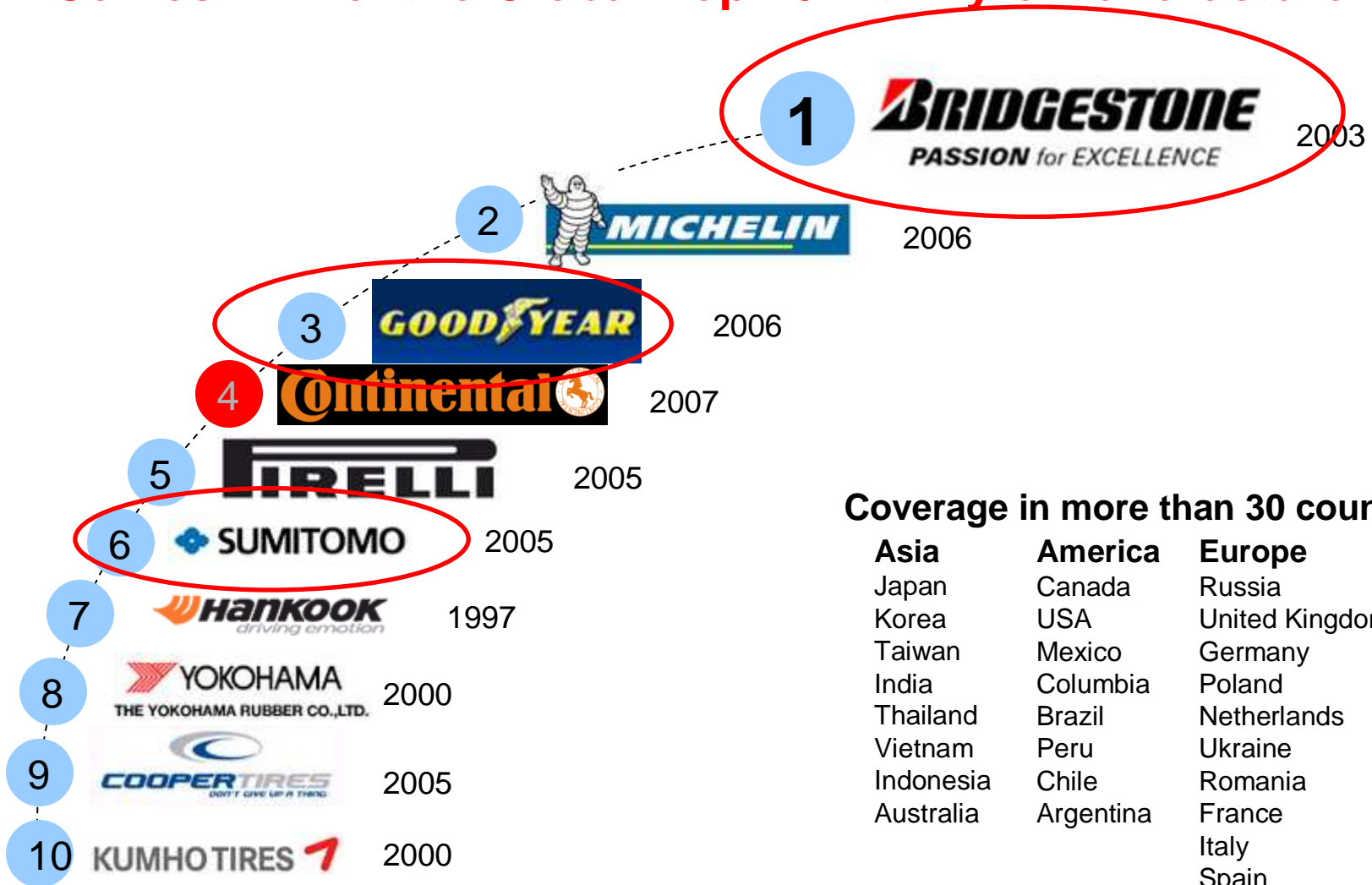


2008 onwards – **explosive growth** expected from **massive investments** in last few years



Strong Customer Base

Serves ALL of the Global Top 10 Int'l Tyre Manufacturers



Coverage in more than 30 countries

Asia	America	Europe
Japan	Canada	Russia
Korea	USA	United Kingdom
Taiwan	Mexico	Germany
India	Columbia	Poland
Thailand	Brazil	Netherlands
Vietnam	Peru	Ukraine
Indonesia	Chile	Romania
Australia	Argentina	France
		Italy
		Spain

Source: report entitled "2006 Global Tire Company Ranking" updated as at August 2006 published by Crain Communications Inc on the website <http://www.tirebusiness.com>.



Strong Customer Base

Strong penetration amongst top 10 local brands



Hangzhou Zhongce-aspire to enter global top 10 league

Source: Article entitled "Global Tire Report – China – no slumbering giant" dated 28 August 2006 published by Crain Communications Inc on the website <http://www.tirebusiness.com>.



Production Capacity

Utilisation rate: **92.2%** in 2Q08 vs 91.7% in 2Q2007



FY2008e	Year end Capacity (Tonnes)	Effective Capacity (Tonnes)
Rubber Accelerators	50,000	44,000
Anti-oxidant	10,000	2,500
Insoluble Sulphur	10,000	3,800

- Sales volume increase in line with increase in production capacity
- Expanding capacity to satisfy our strong customer demand



Financial Highlights



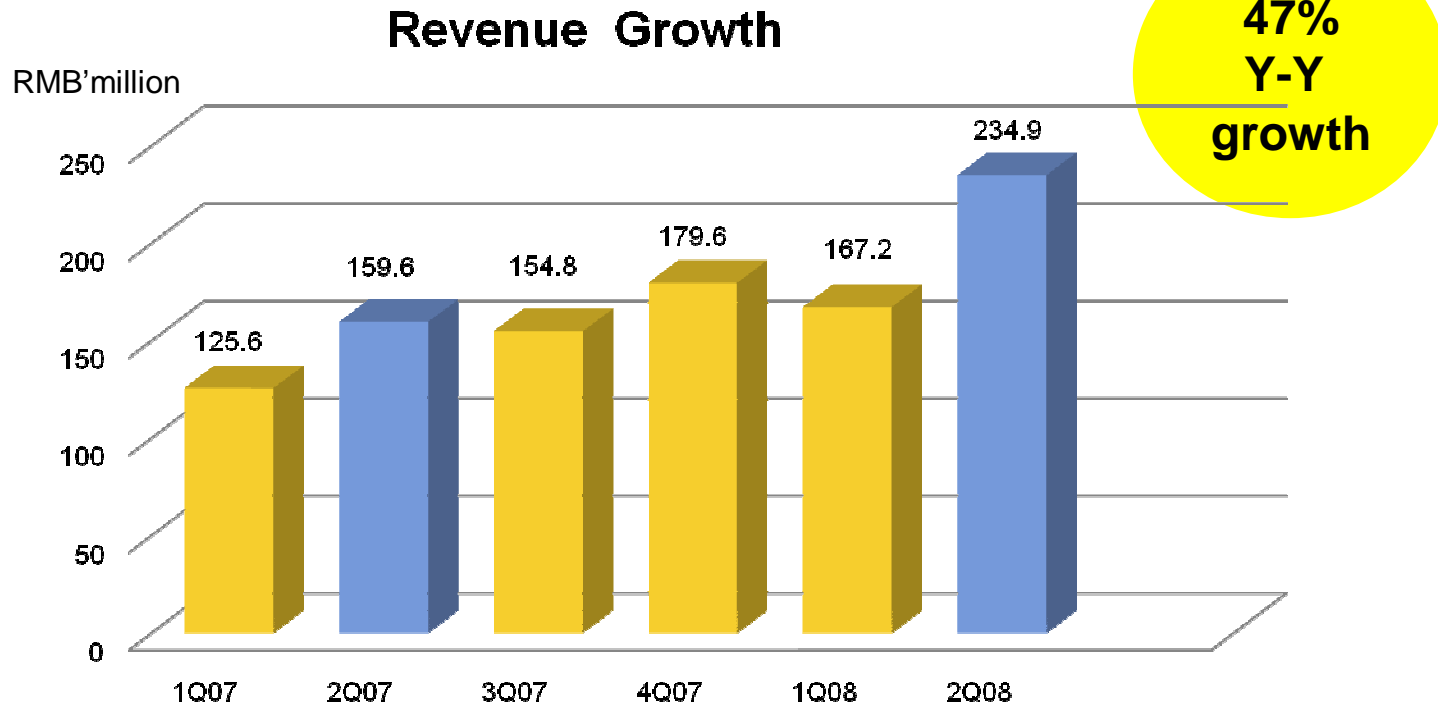
Financial Highlights

RMB' million	2Q FY08	1H FY08	2Q FY07	Y-o-Y % Change
Revenue	234.9	402.1	159.6	↑ 47.2%
Gross Profit	59.4	92.9	34.8	↑ 70.7%
Gross Profit Margin	25.3%	23.1%	21.8%	↑ 3.5 pts
Profit Before Tax	42.4	61.1	24.3	↑ 74.5%
Net Profit	37.0	53.5	24.3	↑ 52.3%
Net Profit Margin	15.8%	13.3%	15.2%	↑ 0.6 pts
EPS (RMB cents)	7.53	10.89	6.94*	↑ 8.5%

* Based on pre-IPO 350 million shares vs 491.694 million shares now



Strong Revenue Growth



RMB 'million	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08
Revenue	125.6	159.6	154.8	179.6	167.2	234.9



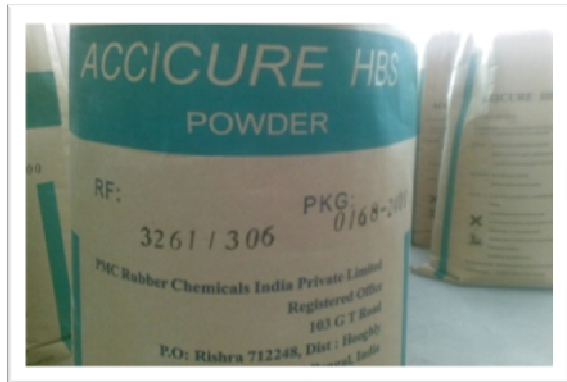
Strong Revenue Growth

Revenue growth of 47% due to:



Strong Demand

- Higher Sales Volume from local sales and export
- Market share increased significantly

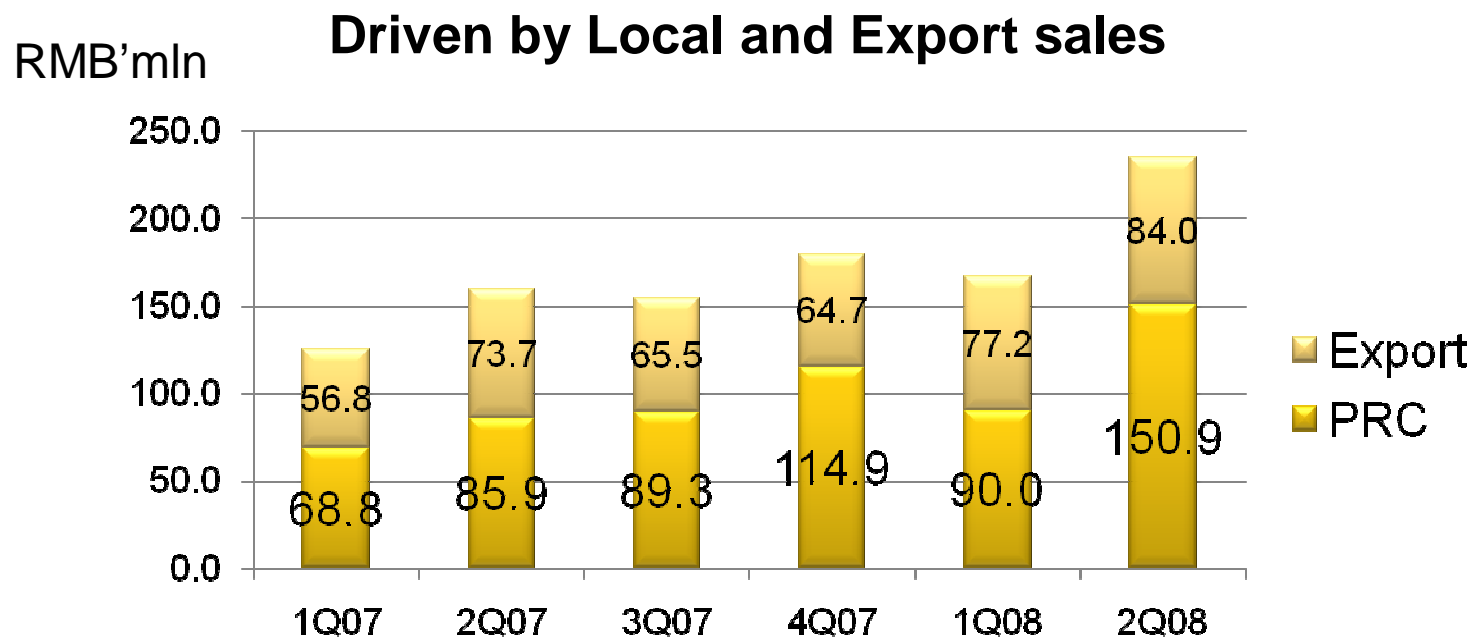


Increase in ASP

- Overall ASP increased about 27.3% from RMB19,455 per ton in 2Q2007 to RMB24,764 in 2Q2008.



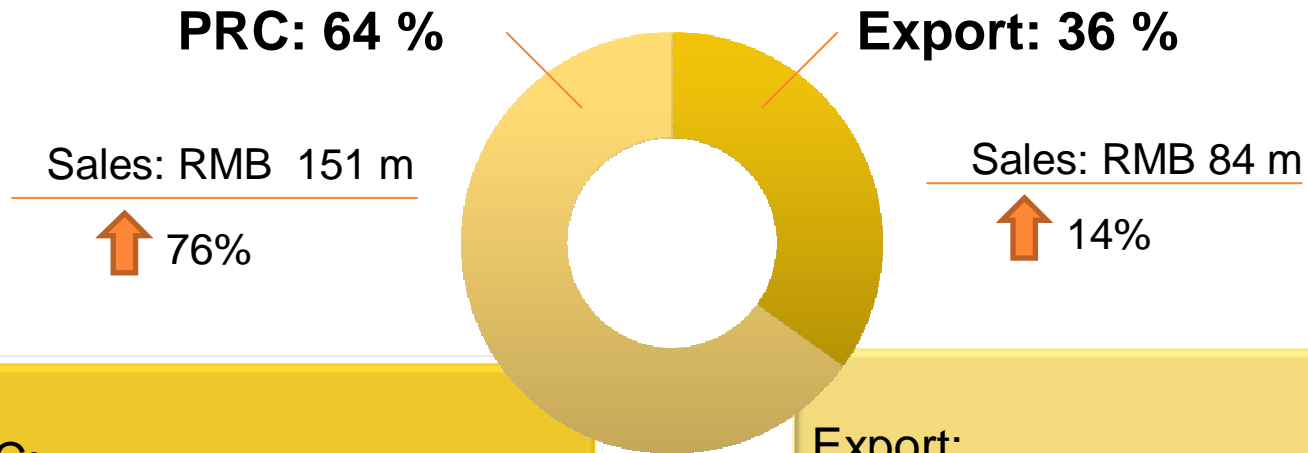
Strong Revenue Growth



RMB ' million	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08
Local	68.8	85.9	89.3	114.9	90.0	150.9
Export	56.8	73.7	65.5	64.7	77.2	84.0



Strong Revenue Growth



PRC:

- Hangzhou Zhongce
- Shanghai Tyre
- CITI Tires
- Sumitomo Rubber (China)
- Michelin (China)
- Korean Kumho (Nanjing)
- Hankook Tire (China)

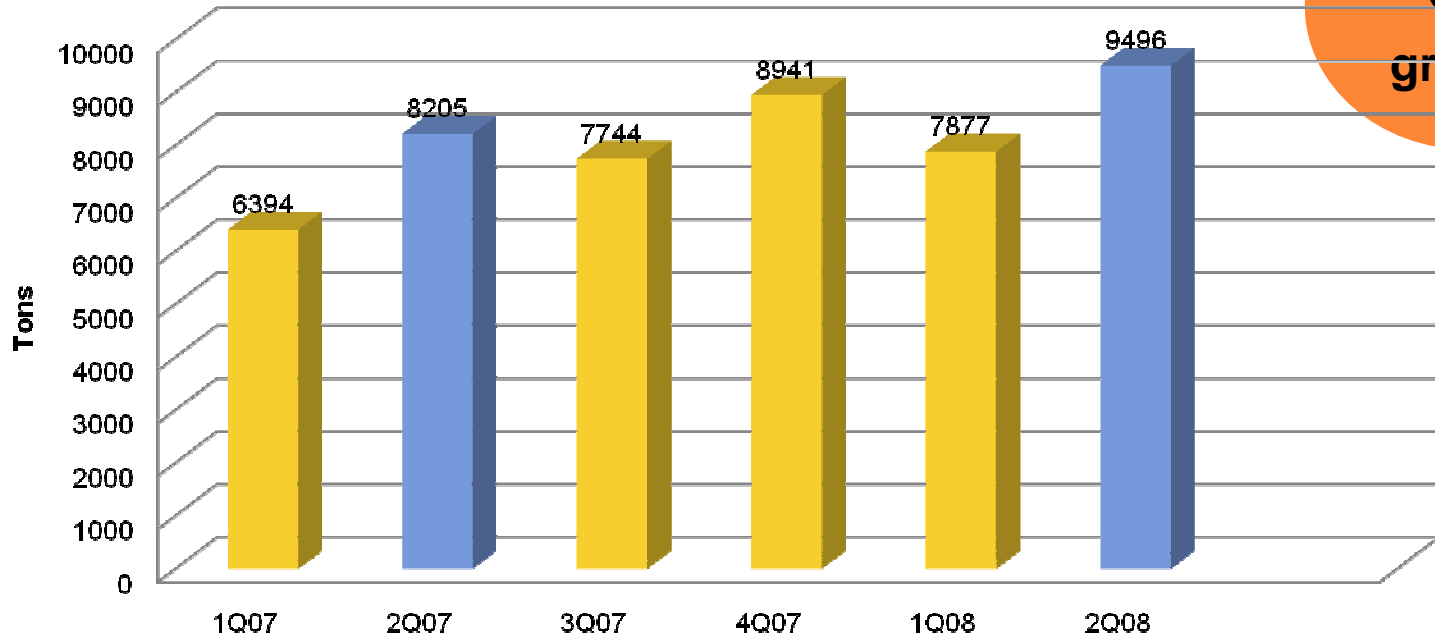
Export:

- Bridgestone
- Sumitomo Rubber
- Goodyear
- Korean Kumho
- **Pirelli Tire**
- **Gajah Tunggal**
- **Korean Nexen Tire**
- **Korean Cho Yang**



Strong Revenue Growth

Sales Volume Growth



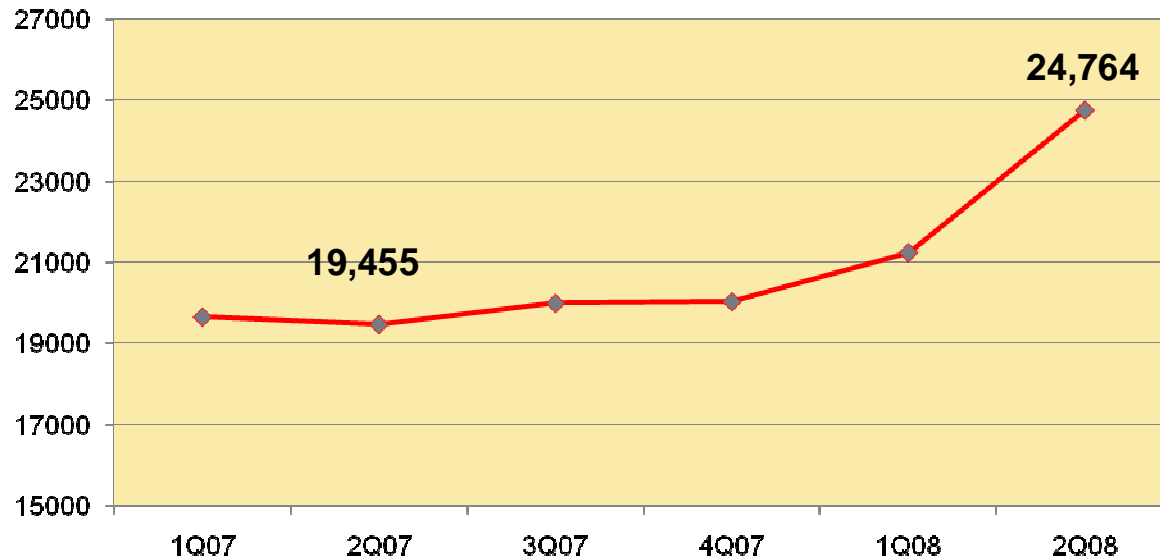
**16%
Y-Y
growth**

Tons	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08
Volume	6,394	8,205	7,744	8,941	7,877	9,496



Strong Revenue Growth

Average Selling Price Growth

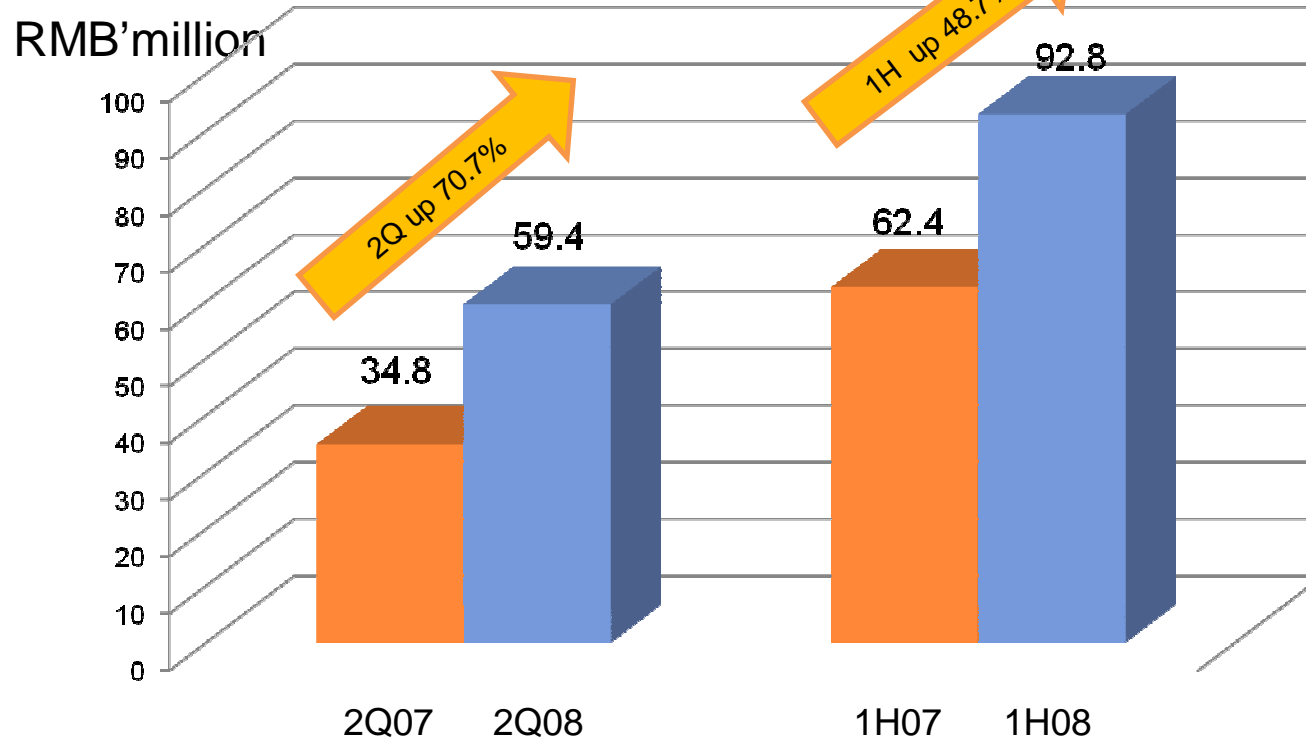


+27.2%
Y-Y
growth

- Passed increases in raw materials to customers, allowing us a reasonable profit margin
- Our market leader position



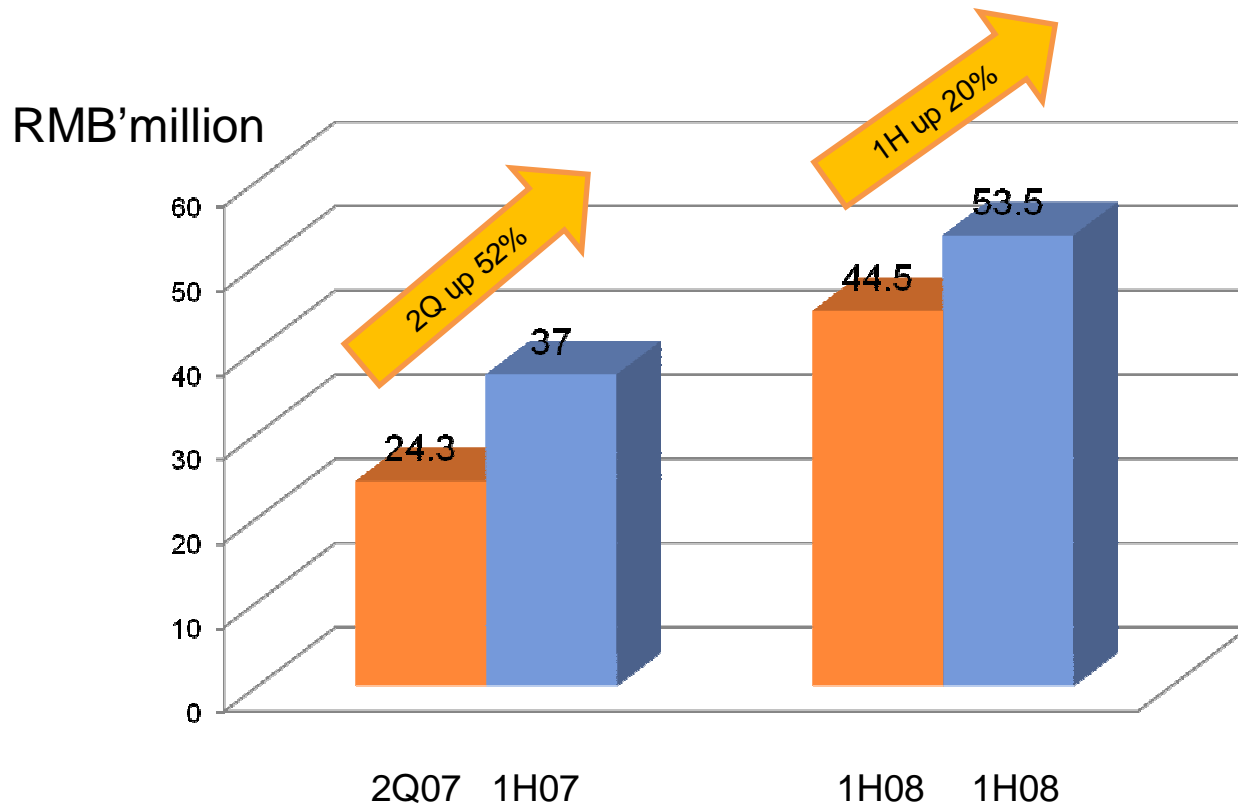
Gross Profit



RMB'million	2007	2008	% Change
2Q	34.8	59.4	↑ 70.7%
1H	62.4	92.8	↑ 48.7%



Net Profit



RMB'million	2007	2008	% Change
2Q	24.3	37.0	↑ 52%
1H	44.5	53.5	↑ 20%

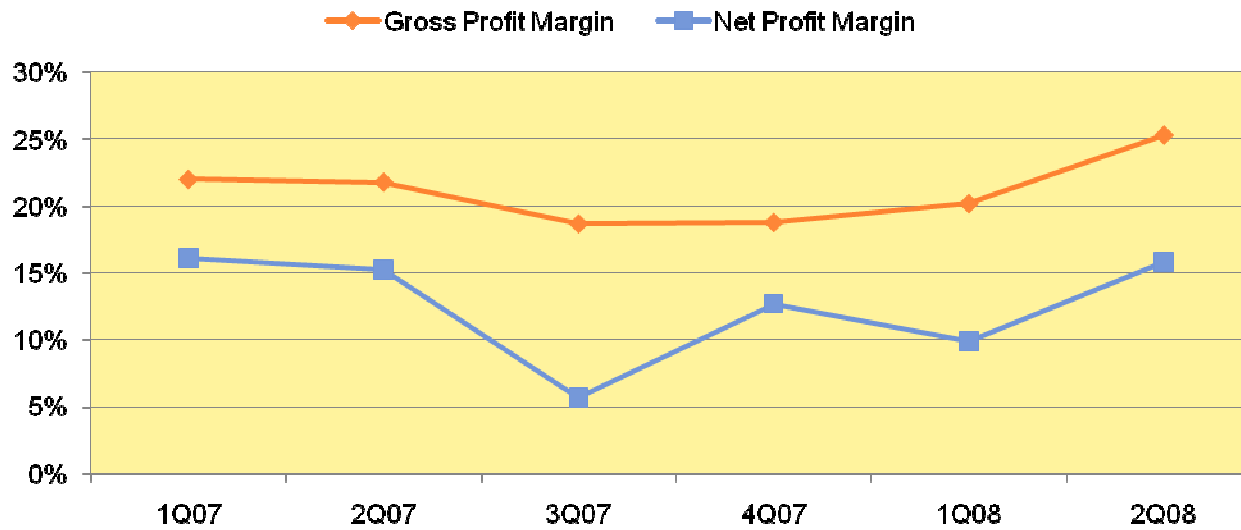


Operating Expenses

- **Selling and distribution expenses**
 - Increased by 7% to RMB6.0 million in 2Q08
 - Due to increase in sales volume and slightly higher shipping costs
- **Administrative expenses**
 - Increased by 157% to RMB9.0 million in 2Q2008
 - Due to higher headcount arising from new integrated and antioxidant TMQ plants which were completed end 2Q08, but not yet operational
 - Wage adjustment, incentive payments, as well as compliance cost
- **Research costs**
 - Declined slightly by 4% to RMB2.1 million
- **Other operating costs**
 - Increased by 100% to RBM2.1 million
 - Mainly due to exchange loss at RMB1.7 million
- **Taxation costs**
 - 12.5% taxation of RMB5.4 million compared to full exemption for 2Q2007.²¹



Margins Analysis



Financial Year	Gross Margins (%)	Net Margins (%)
1Q07	22.0	16.1
2Q07	21.8	15.2
3Q07	18.7	5.7
4Q07	18.8	12.7
1Q08	20.2	9.9
2Q08	25.3	15.8



Balance Sheet Highlights

RMB 'million	30/06/08	31/12/07
Current assets	451.8	450.3
Current liabilities	117.8	115.3
Non-current assets	163.6	133.9
Non-current liabilities	0	0
Shareholders' equity	497.6	468.9
Cash/Notes Position	146.2	214.5



Key Financial Ratios

	2Q08	FY07
Current assets / Current Liabilities	3.8	3.9
Avg Receivable Turnover (days)	57	68
Avg Payable Turnovers (days)	12	12
Avg Inventory Turnover (days)	24	19
Cash Conversion Cycle (days)	69	75
Gearing Ratio	Net cash	Net cash
NAV per share (RMB cents)	101.2	95.4



Key Developments / Outlook



Business Strategy

**Global Leader in
Rubber Accelerators**

**Expand
Capacity**

Organic growth

Acquisition
strategy

**Increase
Market Share**

New markets,
New customers

New products

**Cost
Leadership**

Econ. of Scale,
Efficiency

R & D Ability



Ongoing Projects

Expansion of Insoluble sulphur plant +5,000 tons

- CAPEX: RMB10 million
- Planned completion end FY2008
- Contribute marginally to FY2008 revenue
- Serve as supporting growth drivers to core rubber accelerators

Expansion of anti-oxidant TMQ +5,000 tons

- CAPEX: RMB10 million
- Planned completion end FY2008
- Contribute marginally to FY2008 revenue
- Serve as supporting growth drivers to core rubber accelerators

Construction of 10,000 tons MBT workshop

- CAPEX: RMB20 million
- Planned completion 3Q2008
- Reduce reliance on external supply, improve margin

Upgrade of Facility 2 waste water treatment & waste gas recycling

- CAPEX: RMB30 million
- Planned completion end FY2008
- To process the increased production capacity, sulphur-recycling
- Investing in environmental to stay ahead of competition



Our Investment Merits



Global No.2 & PRC No. 1

To be the clear global leader- “Coca cola of global accelerator market



Branding & Cost Leadership

Econ of Scale, production efficiency & scale, quality



High Growth Opportunities

From strong customer base -Global Top 10, long-term stable relationship, PRC/Global market

Strong Financial Position

cash-generating ability, no debt



Outlook for FY2008

- **Challenges: material cost, currency**
- **Demand remains strong**
- **Capacity Expansion on track**
- **Confident of prospects for rest of FY2008**

We remain bullish in our growth for FY2008 riding on the continued growth of the PRC tire industry and customers' faith in our products and service quality.

- Xu Chengqiu, Executive Chairman



Q & A



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