



China Sunsine Chemical Holdings Limited

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Company Registration No.: 200609470N

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China Sunsine Posts Strong 3Q Revenue Growth of 29.5% to RMB 154.8 million

- Sales volume growth 34.2% despite ASP increase of 2.7% in 3Q over 2Q, demonstrating China Sunsine’s strong market position
- Net profit down due to IPO costs
- Service existing customers in more regions: Pirelli in South America and Turkey; Kumho in Korea
- Target to commence production for new product in end 4Q

Singapore, 29 October 2007 – China Sunsine Chemical Holdings Limited (“China Sunsine” or “The Group” or “尚舜化工”), one of the largest rubber accelerators manufacturers in the world and in China, has announced 3QFY07 results as well as securing of new major customers.

Financial Highlights

RMB million	3 rd Quarter ended 30/09/2007	3 rd Quarter ended 30/09/2006	% Change +/-	9 months ended 30/09/2007	9 months ended 30/09/2006	% Change +/-
Revenue	154.8	119.5	+29.5	440.0	348.0	+26.4
Gross Profit	29.0	30.2	+4.0	91.4	85.7	+6.7
Operating Profit	16.6	17.4	-4.6	61.0	53.4	+14.2
Share Issue Cost	7.7	-	-	-	-	-
Profit After Tax	8.9	14.4	-38.2	53.3	42.9	+24.2
EPS (RMB cents)	1.83	4.10	-55.4	13.56	12.26	+10.6
Gross Profit Margin %	18.7	25.3	-6.6	20.8	24.6	-3.8



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“We are pleased with the growth of sales volume by 34.2% in 3Q despite the fact that we had increased our average selling price by 2.7% across the board. This is a clear reflection of our strong market leadership position in the PRC and the world. .”

**Mr Xu Cheng Qiu (徐承秋),
China Sunsine’s Executive Chairman**

Review of Performance

In 3Q07, China Sunsine’s revenue grew 29.5% quarter-on-quarter to RMB 154.8 million, on the back of a strong increase of 34.2% in sales volume despite average selling price being raised from the previous quarter by 2.7% from RMB19,462 per ton in 2QFY07 to RMB19,982 per ton in 3Q 2007.

Local sales increased by 33%, faster than export sales, as PRC tyre manufacturers gear up against their international competitors. Quarter-on-quarter sales to famous PRC tyre manufacturers like Hangzhou Zhongce (up 109% to RMB 13.8 million), GITI Tyres (up 86% to RMB 8.0 million) and Shanghai Tyres (up 23% to RMB 4.9 million) led the surge in local sales. Other key local customers for this quarter include Sumitomo Rubber’s Changshu plant (up 115% to RMB 1.9 million) and Qingdao Double Star Tyre (up 175% to RMB 3.3 million).

Export sales increased by 25% to RMB 65.5 million despite an export sales ASP increase of approximately 6% from RMB19,726 per ton in 2Q07 to RMB20,982 per ton in 3Q07. While export sales to key customers Bridgestone (down 17% to RMB 13.7 million) and Sumitomo Rubber (down 32% to RMB 6.2 million) decreased, in part because of the ASP increase as well as their focus on PRC local market, export sales to other key customers like Goodyear (up 116% to RMB 6.9 million) and ICI India (up 18% to RMB 3.3 million) showed significant growth.

Profit after tax was affected by a one-time charge of RMB 7.7 million on share issue costs.

For the period of 9 months ending 30 September 2007, China Sunsine’s revenue grew 26.4% to RMB 440.0 million, while profit after tax grew 24% to RMB 53.3 million. Profit after tax margin remains even at 12.3%, despite the post-IPO costs.

Serving Existing Customers in More Regions

China Sunsine’s strategy of serving existing customers across more geographical regions has born fruits in 3Q07. Korea’s top tyre manufacturer, Kumho Tires, has started buying rubber accelerators from China Sunsine for its Korean operations. China Sunsine previously supplied Kumho only in their vast PRC operations.

Pirelli, one of the top 10 international tyre manufacturers, has placed trial orders for its Brazil and Turkey operations for 3 rubber accelerator products. Trial orders are small orders made after a supplier is accredited, a process that takes from between 6 months



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to 2 years' time. Orders are usually ramped up after 2 to 3 months, after the trial orders have been satisfactorily used in the customer's production process.

Capacity Expansion

To keep pace with demand growth as well as to maintain the Group's leadership position in the industry, China Sunsine will continue to increase capacity of rubber accelerators and broaden its product offerings with Insoluble sulphur (IS) and anti-oxidant TMQ to its existing and new customers.

"We have decided to focus our resources on pushing out the Insoluble Sulphur plant as soon as possible to capitalize on existing market opportunities. As Insoluble Sulphur requires a more sophisticated production process, there are at present few PRC companies manufacturing Insoluble Sulphur. The PRC on the whole has to import Insoluble Sulphur, and China Sunsine hopes to capitalize on this opportunity. We are on track to commence production of insoluble sulphur in 4Q with an annual capacity of 5000 tons"

**Mr Xu Cheng Qiu (徐承秋),
China Sunsine's Executive Chairman**

Work on the integrated workshop for rubber accelerators announced previously will be delayed. This means that the total production capacity for rubber accelerators will only reach 37,000 tons instead of 42,000 tons in 4Q07. Barring unforeseen circumstances, China Sunsine expects to maintain its growth momentum for 4Q and FY2007.

- The End -

About China Sunsine Chemical Holdings Ltd.

China Sunsine Chemical Holdings Ltd ("China Sunsine" or "The Group" or "尚舜化工") is principally engaged in the production of rubber chemicals essential for the production of rubber and rubber related products. Its main products are rubber accelerators and anti-scorching agents that are important ingredients in the making of products like automotive tyres. China Sunsine, based in Shandong Province, the People's Republic of China ("PRC"), is the second largest rubber accelerator manufacturers in the world and the largest in the PRC, with its customer base consisting of renowned tyre manufacturers such as Bridgestone, Sumitomo, Goodyear, Michelin from more than 30 countries around the world and various provinces in the PRC. China Sunsine, an ISO9001:2000-certified manufacturer, distributes its products under its own 'Sunsine' brand, a brand which has been accredited as a "Shandong Province Famous Brand".

Issued for and on behalf of China Sunsine Chemical Holdings Ltd.

By Financial PR Pte Ltd

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