



China SunSine Chemical Holdings Ltd.

112 Robinson Road #12-04 Singapore 068902

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

Company Registration No.: 200609470N

NEWS RELEASE

China SunSine achieved new record profit and sales volume for FY2016

- **4Q2016 net profit surged 46% to RMB66.3 million, boosting the full year net profit to a new record of RMB221.7 million**
- **Total sales volume for FY2016 at a record high of 135,791 tons**
- **Bank borrowings fully repaid**
- **Proposes a final tax exempt dividend of 1.5 Singapore cents per ordinary share**

SINGAPORE – 28 February 2017 - 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 report a stellar set of financial results for the fourth quarter as well as the full year ended 31 December 2016 (“4Q2016” and “FY2016”, respectively) despite challenging economic conditions.

Financial Highlights

RMB' million	Quarter Ended		Change	12 Months Ended		Change
	31 Dec 16	31 Dec 15 (restated)*		31 Dec 16	31 Dec 15 (restated)*	
Group Revenue	553.4	453.8	22%	2,036.9	1,859.1	10%
Gross Profit	150.5	106.6	41%	547.1	492.0	11%
Gross Profit Margin (GPM)	27.2	23.5%	3.7 pts	26.9%	26.5%	0.4 pts
Profit before tax	98.8	81.0	22%	309.5	287.5	8%
Net profit after tax	66.3	45.5	46%	221.7	195.2	14%
Sales Volume (tons)	34,460	29,045	19%	135,791	114,572	19%
EPS (RMB cents)	14.27	9.78	46%	47.66 ¹	41.93	14%
NAV per share (RMB cents) as of the period				293.42 ²	252.48	16%

* A prior year adjustment was made in relation to RMB 14.1 million under-provision of income tax expense. For more details, please refer to the Company’s announcement dated 29 July 2016.

¹Based on weighted number of shares: 465,145,000 shares, equivalent to 9.92 SGD cents at exchange rate of 4.8032

²Based on number of issued shares: 464,041,000 shares at end of the year, equivalent to 61.09 SGD cents at exchange rate of 4.8032



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During the last quarter ended 31 December 2016, the Group's revenue grew 22% to RM553.4 million as compared to RMB453.8 million in 4Q2015, due mainly to the increase in sales volume as well as overall average selling price (ASP).

4Q2016 sales volume across all products increased by 19% due mainly to more orders received from tire makers as some of the other main competitors' production were forced to cease by local government due to smog "red alert" declared by cities in northern China.

ASP in 4Q2016 increased by 3% to RMB16,000 per ton as compared with the same period last year and 8% higher as compared to that in 3Q2106. The increase in ASP was due to the Group being able to pass on some of the increased raw material costs to its customers.

During the quarter, Gross profit rose 41% from RMB106.06 million in 4Q2015 to RMB150.5 million. The average gross profit margin (GPM) also improved 3.7 percentage points from 23.5% a year ago to 27.2%. The increase was due mainly to the decrease in unit costs of finished goods as a result of higher production.

On a 12-month basis, the Group's revenue grew 10% to RMB2,036.9 million in FY2016 as compared to RMB1,859.1 million in FY2015, due mainly to the increase in sales volume. However, the overall ASP decreased by 8% to RMB14,956 per ton in FY2016 from RMB16,190 per ton in FY2015, as a result of the Group's focus on growing sales volume and increasing market share in a competitive environment. GPM in FY2016 increased by 0.4 percentage points from 26.5% a year ago to 26.9%.

Other income in FY2016 decreased RMB24 million as compared with the previous year due mainly to the absence of : (i) a reversal of long aged payables of RMB15.2 million in FY2015, and (ii) recognition of negative goodwill from bargain purchase of RMB7.1 million arising from the acquisition of Shandong Fulong Villa Co., Ltd below valuation.

Finance cost in FY2016 dropped by 59% from RMB10.4 million in FY2015 to RMB4.3 million as the Group gradually repaid all outstanding bank loans during the year.



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Net profit in FY2016 increased by 14% to RMB221.7 million from RMB195.2 million in FY2015.

Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB'm)			
	4Q16	4Q15	FY16	FY15	4Q16	4Q15	FY16	FY15
Rubber Chemical								
Accelerators	21,284	19,014	82,767	76,090	402.5	343.7	1,469.3	1,405.1
Insoluble Sulphur	5,503	4,304	20,031	15,417	54.4	41.3	192.3	152.7
Anti-oxidant	7,272	5,401	31,214	21,640	87.4	61.3	339.9	271.9
Others	401	326	1,779	1,425	7.1	5.8	29.4	25.2
Total	34,460	29,045	135,791	114,572	551.4	452.1	2,030.9	1,854.9
Local Sales	22,748	19,930	91,728	78,226	337.5	282.0	1,266.0	1,170.9
International Sales	11,712	9,115	44,063	36,346	213.9	170.1	764.9	684.0
Heating Power	10,936	10,628	30,311	25,180	1.8	1.7	4.8	4.2
Hotel & restaurant	-	-	-	-	0.2	-	1.2	-

During the year, sales volume of Accelerators, Insoluble Sulphur (IS) and anti-oxidant products increased by 9%, 30% and 44%, respectively. As a result, total sales volume for FY2016 reached a new record high at 135,791 tons, equivalent to approximately 19% growth.

Domestic sales volume increased by 17% while overseas sales volume increased by 21% due mainly to more sales to South-east Asia region.

Mr Xu Cheng Qiu (徐承秋), Executive Chairman, says, *“Despite China’s economy still experiencing slow growth this year, its Auto industry continued to grow by 13.65% in 2016 with a total sales volume of 28.03³ million units. Our continuous effort in implementing stringent environmental protection measures has allowed the Group to stand out from the intense market competition, thereby further strengthening our market leadership position. However, given the economic uncertainties both globally and*

³ Source: China Association of Automobile Manufacturing



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domestically, as well as China's environmental protection regulations becoming more and more stringent, and environmental protection inspections, more and more frequent, we expect our production and selling prices to continue to come under pressure. Our Group will continue to focus on growing sales volume and market share to achieve equilibrium in production and sales volume, and work on technological innovation to achieve sustainable growth. I remain confident of the Group's performance and outlook in 2017."

Based on its latest FY2016 results, the Group's earnings per share was RMB47.66 cents. The Group's financial position remains healthy, with total cash and bank balances amounting to RMB275.9 million, having repaid all outstanding bank loans. Net assets per share amounted to RMB293.42 cents per share as at 31 December 2016.

Expansion Project Update

The construction and installation of machineries for Phase I, 10,000-ton TBBS production line was completed at the end of 2016, and the machineries are currently undergoing testing. Production trial run is scheduled to commence in 2Q2017.

The Group is also adding one 10,000-ton Insoluble Sulphur production line in its Ding Tao factory. This project is expected to be completed by 3Q2017.

Furthermore, the Group's subsidiary, Shanxian Guangshun Heating Co., Ltd, has started its expansion to add one boiler and one electricity generator in order to cope with the higher demand for steam.

All the above expansion will be funded by internal resources, and are not expected to have any material impact on the tangible assets per share or earnings per share of the Group in FY2017.



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Update of our production capacity is set out below:

Tons	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017e
Accelerators	66,500	70,500	87,000	87,000	87,000	97,000
Insoluble Sulphur	10,000	20,000	20,000	20,000	20,000	30,000
Anti-oxidant	25,000	25,000	45,000	45,000	45,000	45,000
Total	101,500	115,500	152,000	152,000	152,000	172,000

To reward our shareholders, the Board of Directors is recommending a final one-tier tax exempt dividend of SGD0.01 per ordinary share and a special dividend of SGD0.005 per share.

- End -

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 the world and has become the largest producer of insoluble sulphur in the PRC serving more than 65% of Global Top 75 tire manufacturers, such as Bridgestone, Michelin, Goodyear, 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 standard for quality, ISO14001 standard for environment, and GB/T28001-2001 standard for occupational health and safety management system.

Its SGX ticker code is "ChinaSsine", Bloomberg ticker code is "CSSC SP".

For more information, please contact:

Tong Yiping, Group Financial Controller, tongyiping@ChinaSunsine.com

Jennie Liu, IR Manager, jennie@ChinaSunsine.com

Tel: (65) 6220 9070 Fax : (65) 6223 9177