



China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

NEWS RELEASE

China SunSine 1Q2018 net profit soars 161% to RMB149.5 million

- 1Q2018 revenue grew 49% y-o-y to RMB856.9 million backed by higher Average Selling Price (ASP) and strong sales volume
- Main subsidiary - Shandong SunSine - awarded “High-tech Enterprise” which entitles it to a concessionary tax rate of 15%

SINGAPORE - 25 April 2018 - 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, leveraged its strength in stable and green production to produce an exceptional 1Q2018 financial performance.

For the quarter ended 31 March 2018 (“1Q2018”) net profit jumped 161% to RMB149.5 million from RMB57.2 million in 1Q2017 on the back of a 49% increase in revenue to RMB856.9 million due to higher average selling price (ASP) and strong sales volume.

Financial Highlights

RMB' million	Quarter Ended		Change
	31 Mar 18	31 Mar 17	
Group Revenue	856.9	574.6	49%
Gross Profit	298.8	140.0	113%
Gross Profit Margin (GPM)	34.9%	24.4%	10.5 pts
Profit before tax	181.6	84.7	114%
Net profit after tax	149.5	57.2	161%
Sales Volume (tons)	36,797	33,046	11%
EPS (RMB cents)	30.40 ¹	12.32	147%
NAV per share (RMB cents) as of the period	384.36 ²	305.94	26%

¹Based on weighted number of shares: 491,694,000 shares, equivalent to SGD0.063 at exchange rate of 4.7950

²Based on number of issued shares: 491,694,000 shares at end of the period, equivalent to SGD0.802 at exchange rate of 4.7950



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ASP in 1Q2018 increased by 34% to RMB23,168 per ton from RMB17,300 per ton a year ago, and by 4% as compared to that in 4Q2017. The increase in ASP was due to the continued short supply situation in 1Q2018 resulting from China's enforcement of stringent environmental protection laws and regulations and frequent environmental inspections in 2017 that affected the production of many rubber chemical producers.

Gross profit rose 113% from RMB140.0 million to RMB298.8 million in 1Q2018. The overall gross profit margin (GPM) also improved 10.5 percentage points from 24.4% a year ago to 34.9% mainly due to the higher ASP.

Profit before tax (PBT) increased by 114% from 84.7 million in 1Q2017 to RMB181.6 million. The Group's wholly-owned subsidiary, Shandong SunSine Chemical Co., Ltd ("Shandong SunSine"), has been granted "High-tech Enterprise" status, which allows it to enjoy a concessionary tax rate of 15% as compared to the headline tax rate of 25%.

Thus, Net profit in 1Q2018 amounted to RMB149.5 million, a jump of 161% from RMB57.2 million in 1Q2017.

Analysis of Sales and Volume

	Sales Volume (Tons)		Sales (RMB' million)	
	1Q2018	1Q2017	1Q2018	1Q2017
Rubber Chemical				
Accelerators	19,907	20,358	585.0	408.4
Insoluble sulphur	6,212	5,111	72.8	53.4
Anti-oxidant	10,353	7,181	186.3	102.0
Others	325	396	8.4	7.9
Total	36,797	33,046	852.5	571.7
Domestic Sales	25,155	22,668	545.3	371.7
International sales	11,642	10,378	307.2	200.0
Heating Power	25,977	15,999	4.2	2.6
Hotel & Restaurant	-	-	0.2	0.3



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In the first three months of this year, sales volume of Accelerators decreased marginally by 2%, as the Group focused on higher margin orders. Sales volume for Insoluble Sulphur (“IS”) increased by 22% mainly due to its IS products obtaining accreditation from some new customers, and consequently new orders from them. Sales volume for Anti-oxidant products increased by 44% mainly due to some tire makers recognising the Group’s ability to provide stable supply, thus placing more orders with the Group.

Mr Xu Cheng Qiu (徐承秋), Executive Chairman, says, *“As we have said previously, we believe that the price of rubber chemicals is likely to normalise, with the bigger players investing more in environmental protection and safety production measures, and some smaller players eventually complying with the environmental protection regulations and resuming their production.*

However, with our strong balance sheet and healthy bank balances, we are in a good position to stay ahead of the curve and boost production capacity as and when required. We will also continue to focus on production technology and innovation, and investment in R&D, to gain a competitive edge over other producers. I therefore remain positive of our performance in the next 12 months.”

Based on its latest results, the Group’s earnings per share in 1Q2018 was 30.40 RMB cents. The Group’s financial position remains strong and healthy, with total cash and bank balances amounting to RMB508.7 million with no debt. Net assets per share amounted to 384.36 RMB cents (equivalent to 80.16 SGD cents) per share as at 31 March 2018.

Expansion Project Update

The Group has completed the new Phase I 10,000-ton TBBS production line and 10,000-ton Insoluble Sulphur production line in Ding Tao facility in FY2017.

Trial-run applications for these two projects to the relevant Government Authorities had been submitted and are pending approval.



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The construction of the expansion of Guangshun Heating Plant with addition of one boiler and one generator is completed and now undergoing the machinery testing. Management is confident to start the trial-run by end of 2Q2018.

Update of our Annual Capacity³ is set out below:

Tons	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018e
Accelerators	70,500	87,000	87,000	87,000	87,000	97,000
Insoluble Sulphur	20,000	20,000	20,000	20,000	20,000	30,000
Anti-oxidant	25,000	45,000	45,000	45,000	45,000	45,000
Total	115,500	152,000	152,000	152,000	152,000	172,000

- 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”.

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³ Annual Capacity excludes capacity of intermediary materials such as 4ADPA and MBT