

**China SunSine Chemical Holdings Ltd.**112 Robinson Road #11-01 Singapore 068902  
Tel: (65) 6220-9070 Web: www.ChinaSunSine.com

Company Registration No.: 200609470N

**NEWS RELEASE****China SunSine continues its growth path in 3Q2017**

- 3Q2017 revenue rose 16% y-o-y to RMB634.4 million
- 3Q2017 net profit increased 7% to RMB77.6 million
- 9M2017 net profit increased by 35% to RMB209.3 million and revenue increased by 26% to RMB1,865.1 million

**SINGAPORE – 13 November 2017 - China SunSine Chemical Holdings Ltd (“China SunSine”**, and together with its subsidiaries, collectively the **“Group”**), a specialty rubber chemicals producer and global leader in the production and supply of rubber accelerators, continues its growth path in the third quarter and nine months ended 30 September 2017 (“3Q2017” and “9M2017”, respectively).

**Financial Highlights**

RMB <sup>1</sup> million	Quarter Ended		Change	9 Months Ended		Change
	30 Sept 17	30 Sept 16		30 Sept 17	30 Sept 16	
Group Revenue	634.4	547.3	16%	1,865.1	1,483.5	26%
Gross Profit	169.8	154.6	10%	496.9	396.6	25%
Gross Profit Margin (GPM)	26.8%	28.2%	(1.4 pts)	26.6%	26.7%	(0.1 pts)
Profit before tax	103.6	95.1	9%	281.2	210.7	33%
Net profit after tax	77.6	72.8	7%	209.3	155.4	35%
Sales Volume (tons)	34,098	36,797	(7%)	101,702	101,331	0%
EPS (RMB cents)	15.79	15.65	1%	43.74 <sup>1</sup>	33.39	31%
NAV per share (RMB cents) as of the period				327.58 <sup>2</sup>	279.11	15%

The Group’s revenue in 3Q2017 increased by 16% to RMB634.4 million as compared to RMB547.3 million in 3Q2016, mainly due to the increase in overall Average Selling Price (“ASP”) offset by a slight decrease in sales volume. During this quarter, China’s central government conducted rigorous environmental inspections in Beijing, Tianjin, Hebei and surrounding areas. This affected the production of a number of rubber chemical producers which have failed to meet the requirements of environmental protection laws and

<sup>1</sup>Based on weighted number of shares: 478,627,000 shares, equivalent to 8.92 SGD cents at exchange rate of 4.9028<sup>2</sup>Based on 491,694,000 shares, equivalent to 66.81 SGD cents at exchange rate of 4.9028



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regulations. Due to the short supply of rubber chemicals in China, our ASP increased by 25% to RMB 18,541 per ton as compared to RMB 14,849 per ton in the previous corresponding period. However, the Group's production was also slightly affected despite the Group being fully compliant with the relevant environmental laws. 3Q2017 sales volume decreased by 7% from 36,797 tons in 3Q2016 to 34,098 tons. The overall gross profit margin decreased by 1.4 percentage points to 26.8% from 28.2% a year ago, mainly due to the increase in raw material prices which were not fully passed on to our customers during this quarter.

On a quarter to quarter comparison, the overall ASP decreased slightly by 2% from RMB18,904 per ton in 2Q2017, mainly due to different sales mix in the form of a higher sales proportion of Insoluble Sulphur ("IS") which has a lower ASP.

For the latest quarter, net profit increased by 7% to RMB77.6 million, while 9M2017 net profit increased by 35% to RMB209.3 million.

### Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB'm)			
	3Q2017	3Q2016	9M2017	9M2016	3Q2017	3Q2016	9M2017	9M2016
<b>Rubber Chemical</b>								
Accelerators	19,921	22,159	61,613	61,483	446.2	390.3	1,317.5	1,066.8
Insoluble Sulphur	6,249	5,375	16,273	14,528	65.5	51.2	171.1	137.9
Anti-oxidant	7,519	8,881	22,593	23,942	111.6	98.6	343.3	252.5
Others	409	382	1,223	1,378	8.9	6.3	25.2	22.3
<b>Total</b>	<b>34,098</b>	<b>36,797</b>	<b>101,702</b>	<b>101,331</b>	<b>632.2</b>	<b>546.4</b>	<b>1,857.1</b>	<b>1,479.5</b>
<i>Local Sales</i>	<i>22,698</i>	<i>24,537</i>	<i>68,608</i>	<i>68,979</i>	<i>397.6</i>	<i>337.7</i>	<i>1,182.2</i>	<i>928.5</i>
<i>International Sales</i>	<i>11,400</i>	<i>12,260</i>	<i>33,094</i>	<i>32,352</i>	<i>234.6</i>	<i>208.7</i>	<i>674.9</i>	<i>551.0</i>
<b>Heating Power</b>	<b>11,240</b>	<b>3,792</b>	<b>43,746</b>	<b>14,552</b>	<b>1.8</b>	<b>0.6</b>	<b>7.1</b>	<b>3.0</b>
<b>Hotel &amp; Restaurant</b>	-	-	-	-	<b>0.4</b>	<b>0.3</b>	<b>0.9</b>	<b>1.0</b>

During 3Q2107, sales volume for Accelerators and Anti-oxidant products decreased by 10% and 15% respectively, mainly due to production being affected by China's rigorous environmental inspections. However, the sales volume of IS products increased by 16% as its production does not cause any material environmental issues, thereby allowing the Group to satisfy the higher demand from tire makers.



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For the latest 9-month period, the Group's sales volume across all categories continued to increase to a total of 101,702 tons, which is slightly higher than the sales volume of 101,331 tons achieved in 9M2016.

Mr Xu Cheng Qiu (徐承秋), Executive Chairman, says, *“China's Auto industry continued to grow by 4.5% in the latest 9 months with a total sales volume of 20.22 million units. As the frequency of environmental inspection has now become commonplace, the Group has observed that the rubber chemicals industry has started to consolidate. The Group expects the bigger players to make greater investments to improve their environmental protection measures, which will lead to a gradual normalisation of prices eventually. However, given our high quality and comprehensive range of products, and scale of production, I believe that the Group will continue to maintain its market leadership position. Furthermore, the Group will continue to increase its investment in environmental protection and innovation to stay ahead of the curve. I am therefore confident of the Group's profitability and outlook.”*

Based on its latest 9M2017 results, the Group's earnings per share was RMB43.74 cents.

The Group's financial position remains strong and healthy. Its total cash and cash equivalents amounted to RMB462.7 million. Net assets per share as at 30 September 2017 amounted to 327.58 cents, up from RMB293.42 cents as at 31 December 2016.

### **Expansion Plan Update**

The Group is still waiting for the approval from relevant government authorities for the trial run of the new Phase 1 10,000-ton TBBS production line. The management hopes to receive the approval by the end of the year.



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Meanwhile, construction of the new 10,000-ton IS production line in Ding Tao facility has been completed and is now undergoing machinery testing. A trial-run application will be submitted to the authorities in due course.

The expansion of Guangshun Heating Plant by the addition of one boiler and one generator is on schedule and is expected to be completed by the end of 2017.

Set out below is an overview of the Group's production capacity:

Tons	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018e
Accelerators	66,500	70,500	87,000	87,000	87,000	87,000	97,000
Insoluble Sulphur	10,000	20,000	20,000	20,000	20,000	20,000	30,000
Anti-oxidant	25,000	25,000	45,000	45,000	45,000	45,000	45,000
<b>Total</b>	<b>101,500</b>	<b>115,500</b>	<b>152,000</b>	<b>152,000</b>	<b>152,000</b>	<b>152,000</b>	<b>172,000</b>

-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 rubber accelerators, insoluble sulphur and anti-oxidant and other vulcanising agents. It is the largest rubber accelerator producer in the world and biggest insoluble sulphur producer in the PRC. It continues to serve more than 65% of Global Top 75 tyre makers, such as Bridgestone, Michelin, Goodyear, Pirelli, Sumitomo, Yokohama, Hankook, Cooper, Kumho Tire as well as PRC Tyre giants such as Hangzhou Zhongce, Giti Tyres 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”. In January 2017, China Sunsine's main subsidiary, Shandong Sunsine Chemical Co., Ltd was listed in the First Batch of National Champion Manufacturing Enterprise by the Ministry of Industry and Information Technology of the PRC.

Riding on the robust growth of the auto and tyre industries in the PRC, China Sunsine has been able to expand its production capacity, deliver superior products and services, and implement stringent environmental protection measures to stay ahead of the competition. It has achieved ISO9001:2008 standard for quality, ISO14001:2004 standard for environment, and GB/T28001-2011 standard for occupational health and safety management system.

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