



Press Release

China SunSine's Net Profit Soars to Record High of RMB 642.4 million in FY2022, Up 27%

- **FY2022 revenue increased by 3% y-o-y to RMB 3,825.0 million, as a result of higher average selling price (“ASP”)**
- **Sales volume in FY2022 declined by 5% to 186,153 tonnes due to weaker demand caused by the COVID-19 stringent control measures**
- **Two ongoing expansion projects expected to be completed by end of 2023**
- **Proposing a total final dividend of SGD 0.025 per share, comprising an ordinary dividend of SGD 0.01 and a special dividend of SGD 0.015, in addition to a special interim dividend of SGD 0.005 per share paid in September 2022. The total dividend declared for FY2022 is SGD 0.03 per share, representing approximately 23% dividend payout**

SINGAPORE - 28 February 2023 - China SunSine Chemical Holdings Ltd (“China SunSine” or the “Group”), a specialty rubber chemicals producer and a global leader in the production and supply of rubber accelerators, is pleased to present a robust set of unaudited financial results for the second half and the full year ended 31 December 2022 (“**2H2022**” and “**FY2022**” respectively).

In 2022, due to factors such as the Russia-Ukraine conflict and higher inflation, the prices of raw material prices fluctuated significantly. However, with its overall competitive advantages in the rubber chemicals industry, the Group was able to cope with these challenges and achieved a higher gross profit margin, resulting in an overall impressive performance in FY2022.

Financial Highlights

RMB' million	6 Months Ended		Change	12 Months Ended		Change
	31 Dec 22	31 Dec 21		31 Dec 22	31 Dec 21	
Group Revenue	1,802.5	1,967.7	(8%)	3,825.0	3,725.2	3%
Gross Profit	469.9	494.2	(5%)	1,163.9	1,046.5	11%
Gross Profit Margin (GPM)	26.1%	25.1%	1 pts	30.4%	28.1%	2.3 pts



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Profit before tax	263.6	338.4	(22%)	733.7	699.1	5%
Net profit after tax	214.9	241.1	(11%)	642.4	506.3	27%
Sales Volume (tonnes)	95,731	102,243	(6%)	186,153	195,405	(5%)
EPS (RMB cents)	22.21	24.85	(11%)	66.29¹	52.17	27%
NAV per share (RMB cents) as of the period				382.32²	327.30	17%

2H2022

In 2H2022, the Group's revenue decreased by 8% to RMB 1,802.5 million from RMB 1,967.7 million in 2H2021. The decrease was caused by lower overall average selling price (“ASP”) and sales volume.

The overall ASP decreased slightly by 2% to RMB 18,532 per tonne, down from RMB 18,983 per tonne in 2H2021. This decrease was mainly attributable to the Group’s implementation of a more flexible pricing strategy to manage weaker demand and increased competition. Compared to ASP for 1H2022, which saw an ASP of RMB 22,043 per tonne, 2H2022 witnessed a 16% decrease in ASP.

Sales volume declined by 6% to 95,731 tonnes from 102,243 tonnes in 2H2021, mainly due to the decrease in sales volume of Rubber Accelerators as a result of weaker demand.

As a result of lower revenue, gross profit declined by 5% from RMB 494.2 million in 2H2021 to RMB 469.9 million in 2H2022. Nonetheless, the gross profit margin (“GPM”) improved by 1 percentage point, from 25.1% in 2H2021 to 26.1% in 2H2022. The increase in GPM was primarily driven by a higher sales proportion of Anti-oxidant products, which contributed to the higher GPM.

¹Based on the weighted number of shares: 969,181,000 shares, equivalent to SGD 12.79 cents at the exchange rate of 5.1831 as at 31 December 2022.

²Based on the number of issued shares: 965,640,000 shares at the end of the year, equivalent to SGD 73.76 cents at the exchange rate of 5.1831



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Profit before tax (“PBT”) decreased by 22% from RMB 338.4 million in 2H2021 to RMB 263.6 million in 2H2022, mainly due to lower sales revenue and gross profit.

Consequently, net profit also decreased by 11% from RMB 241.1 million in 2H2021 to RMB 214.9 million in 2H2022.

FY2022

On a 12-month basis, the Group experienced a 3% increase in revenue from RMB 3,725.2 million in FY2021 to RMB 3,825.0 million in FY2022. The overall ASP per tonne increased by 8% to RMB 20,237 from RMB 18,820 in FY2021, mainly due to increase in raw material prices which the Group was able to pass on to customers.

However, the sales volume for FY2022 decreased by 5% to 186,153 tonnes compared to the peak of 195,405 tonnes in FY2021, the second highest in history. Despite the decrease in sales volume, the GPM improved by 2.3 percentage points, from 28.1% in FY2021 to 30.4% in FY2022.

Other income amounted to RMB 56.3 million, mainly consisting of interest income (RMB 16.2 million), government grants (RMB 13.0 million) and sales of scrap materials (RMB 27.0 million).

Distribution and marketing expenses increased by 9% to RMB 104.3 million in FY2022, as compared to RMB 96.0 million in FY2021. This was mainly due to higher freight costs, higher port charges, and higher incentives payable to sales personnel.

Administrative expenses increased by 13% from RMB 233.2 million in FY2021 to RMB 264.5 million in FY2022. This increase was primarily attributed to the increase in depreciation resulting from more downtime during the Chinese New Year in 2022, the increase in staff social insurance, and higher bonus and sewerage expenses.



Research & Development (“**R&D**”) expenses increased by 29% from RMB 110.8 million in FY2021 to RMB 142.4 million, mainly due to more investment in R&D activities in FY2022.

PBT increased 5%, from RMB 699.1 million in FY2021 to RMB 733.7 million, mainly due to higher gross profit.

Income tax expense was RMB 91.3 million in FY2022, compared to RMB 192.8 million in FY2021. This was mainly due to the approval of “High-tech Enterprise” status received by the Company’s main subsidiary, Shandong SunSine, in May 2022 which allows Shandong SunSine to enjoy a concessionary tax rate of 15% for 3 years with effect from 1 January 2021. As a result, the Group received tax refund of approximately RMB 36.1 million during 1H2022 for the over-payment of FY2021 tax expenses.

For the reasons set out above, the Group’s net profit increased by 27% from RMB 506.3 million in FY2021 to RMB 642.4 million in FY2022.

Analysis of Sales and Volume

	Sales Volume (Tonnes)				Sales (RMB million)			
	2H2022	2H2021	FY2022	FY2021	2H2022	2H2021	FY2022	FY2021
Rubber Chemical								
Accelerators	43,719	52,310	89,434	101,970	947.3	1,148.2	2,043.3	2,228.1
Insoluble Sulphur	20,533	20,198	37,599	37,274	153.4	161.0	297.7	307.5
Anti-oxidant	30,992	28,971	58,058	54,566	664.7	617.9	1,405.2	1,112.6
Others	487	764	1,062	1,595	8.7	13.8	21.1	29.5
Total	95,731	102,243	186,153	195,405	1,774.1	1,940.9	3,767.3	3,677.7
<i>Local Sales</i>	<i>64,352</i>	<i>65,666</i>	<i>120,062</i>	<i>125,001</i>	<i>1,107.0</i>	<i>1,203.2</i>	<i>2,290.9</i>	<i>2,258.2</i>
<i>International Sales</i>	<i>31,379</i>	<i>36,577</i>	<i>66,091</i>	<i>70,404</i>	<i>667.0</i>	<i>737.7</i>	<i>1,476.3</i>	<i>1,419.5</i>
Heating Power	33,518	48,134	75,429	86,632	9.4	11.8	21.3	19.1
Waste treatment	8,308	6,143	15,368	12,367	18.6	14.2	35.2	27.1
Hotel & Restaurant	-	-	-	-	0.4	0.8	1.2	1.3



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In 2H2022, sales volume for Accelerators decreased by 16%, but sales volume for Anti-oxidants increased by 7%. While Insoluble Sulphur (“IS”) sales volume remained stable.

The group's domestic sales volumes declined by 2% due to weak domestic demand and intensified competition. Meanwhile, international sales volume decreased by 14% year on year, mainly due to some of the overseas customers reducing their inventory holdings to control costs.

For the 12-month period, the Group's sales volume for Accelerators decreased by 12%. The main reason for this decrease was a decline in the sales volume of one of the Accelerators - TBBS. TBBS is mainly used in the production of all-steel tyres, which are mainly utilised by trucks or heavy vehicles. Due to the control measures implemented by the Chinese government in 2022, the logistics and infrastructure construction markets in China were not active, which led to the lower utilisation rate in the production of all-steel tyres.

As the new 30,000-tonne TMQ and 2,000-tonne HTMQ capacity were added in 1H2022, the full-year sales volume of Anti-oxidants products increased by 6%. Sales volume of IS remained consistent.

The three expansion projects had started commercial production in recent years, including the 20,000-tonne accelerator TBBS added in 2020, the Phase I of 30,000-tonne IS added at the end of 2021, and the 32,000-tonne anti-oxidant TMQ & HTMQ added in 1H2022. Together with the new Phase II 30,000-tonne IS project and 20,000-tonne MBT project which are expected to be completed by the end of 2023, all of these will provide a stronger support to meet the demand for our products and enable us to capture a larger market share..

Based on the FY2022 results, the Group's earnings per share was RMB 66.29 cents. Its financial position remains strong, with total cash and bank balances of RMB1,364.9 million and zero debt. As of 31 December 2022, net assets per share amounted to RMB 382.32 cents (approximately SGD 73.76 cents).



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Commenting on the FY2022 performance, our Executive Chairman, Mr Xu Cheng Qiu (徐承秋), says, *“Our operating environment in FY2022 remained challenging, as we faced fluctuating prices of our main raw materials due to volatile international crude oil prices, weak demand for rubber chemicals due to the low utilisation rate of downstream Chinese tyre manufacturers, as well as intensified competition. However, I am pleased that the Group still delivered an outstanding performance in FY2022.*

Currently, the Chinese economy is facing insufficient demand, which is impeding economic growth and development. However, the recent re-opening from COVID-19 has paved the way for a faster-than-expected recovery. We expect that work and life will be back to normal, and demand for goods and services will increase eventually. Tyres manufacturing companies’ production utilisation rate will also increase, which will lead to increased demand for rubber chemicals.

However, it is worth noting that with many foreign governments hiking interest rates to control high inflation, the Ukraine-Russia conflict which has no end in sight, as well as the increasingly complex and worsening US-China relationship, the global economy is facing greater challenges and uncertainties. In addition, some of our rivals have implemented their expansion plans, and the management expects the competition to intensify in the rubber chemicals industry.

Despite this, I remain confident in the Group’s performance in 2023 and beyond.”

“The Group will continue with its “sales production equilibrium” strategy. We aim to further increase our market share and enhance our market leadership position by leveraging our competitive advantages, such as economics of scale, comprehensive range of high-quality products, abundant resources for expansion, R&D capabilities, and more.” Xu added.



Expansion Project Update

1. Phase 2 30,000-tonne per annum IS project

The entire project, which has a total capacity of 60,000 tonnes, adopts the most advanced “continuous production” method developed by our in-house team. Phase 2 of the project of another 30,000-tonne capacity per annum, is progressing according to schedule. Management expects it to be completed by the end of 2023.

2. Phase 1 20,000-tonne per annum Continuous Production of High Quality MBT project

MBT is an intermediate material for producing many kinds of accelerators. Our current MBT capacity is insufficient to meet our internal production needs. The new “MBT project” will be built in two phases. This Phase I of 20,000-tonne capacity is expected to be completed by the end of 2023.

3. Controlled Landfill Projects

Phase 2 50,000-tonne capacity Controlled Landfill Project was completed at the end of 2022.

Update of our Annual Capacity³ is set out below:

Tonnes	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023e
Accelerators	87,000	87,000	97,000	117,000	117,000	117,000	117,000
Insoluble Sulphur	20,000	30,000	30,000	30,000	30,000	60,000	60,000
Anti-oxidant	45,000	45,000	45,000	45,000	45,000	77,000	77,000
Total	152,000	162,000	172,000	192,000	192,000	254,000	254,000

In appreciation of the support from our shareholders, and taking into account the Group's earnings performance and future expansion plans, the Board of Directors is pleased to recommend a final one-tier tax-exempt dividend of SGD0.025 per share, consisting of an

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



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ordinary dividend of SGD0.01 and a special dividend of SGD0.015. Together with the SGD0.005 interim special dividend which was paid in September 2022 to celebrate the 15th anniversary of our listing on the Singapore Exchange, the total dividend for FY2022 is SGD0.03 per share, representing approximately 23% dividend payout.

- 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-oxidants 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 75% 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 tire 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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