



尚舜化工
S U N S I N E

CHINA SUNSINE CHEMICAL HOLDINGS LTD.

中国尚舜化工控股有限公司

1H2024 Results Briefing

14 August 2024

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PRESENTATION OUTLINE

Our Company

Financial Overview

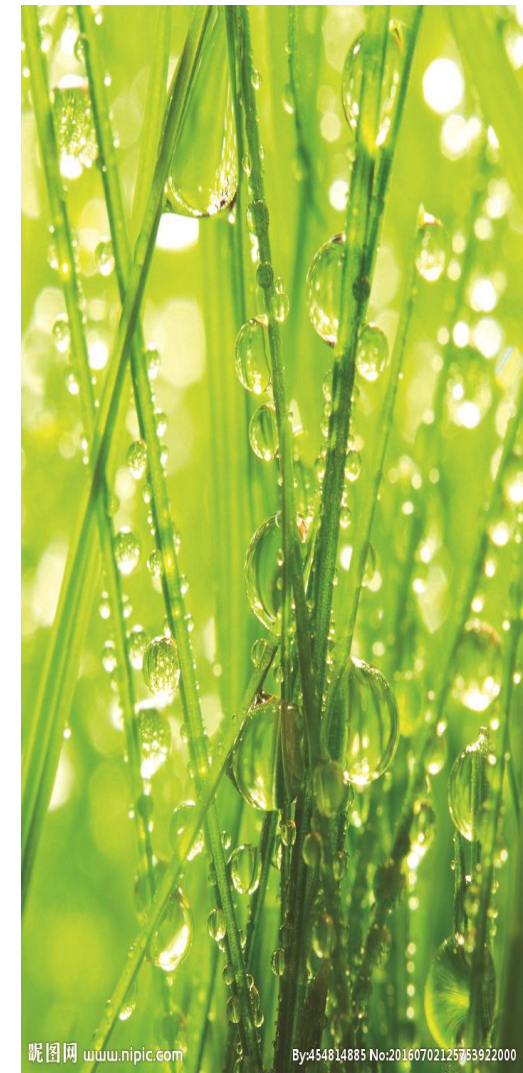
Key Developments

Industry Info and Outlook

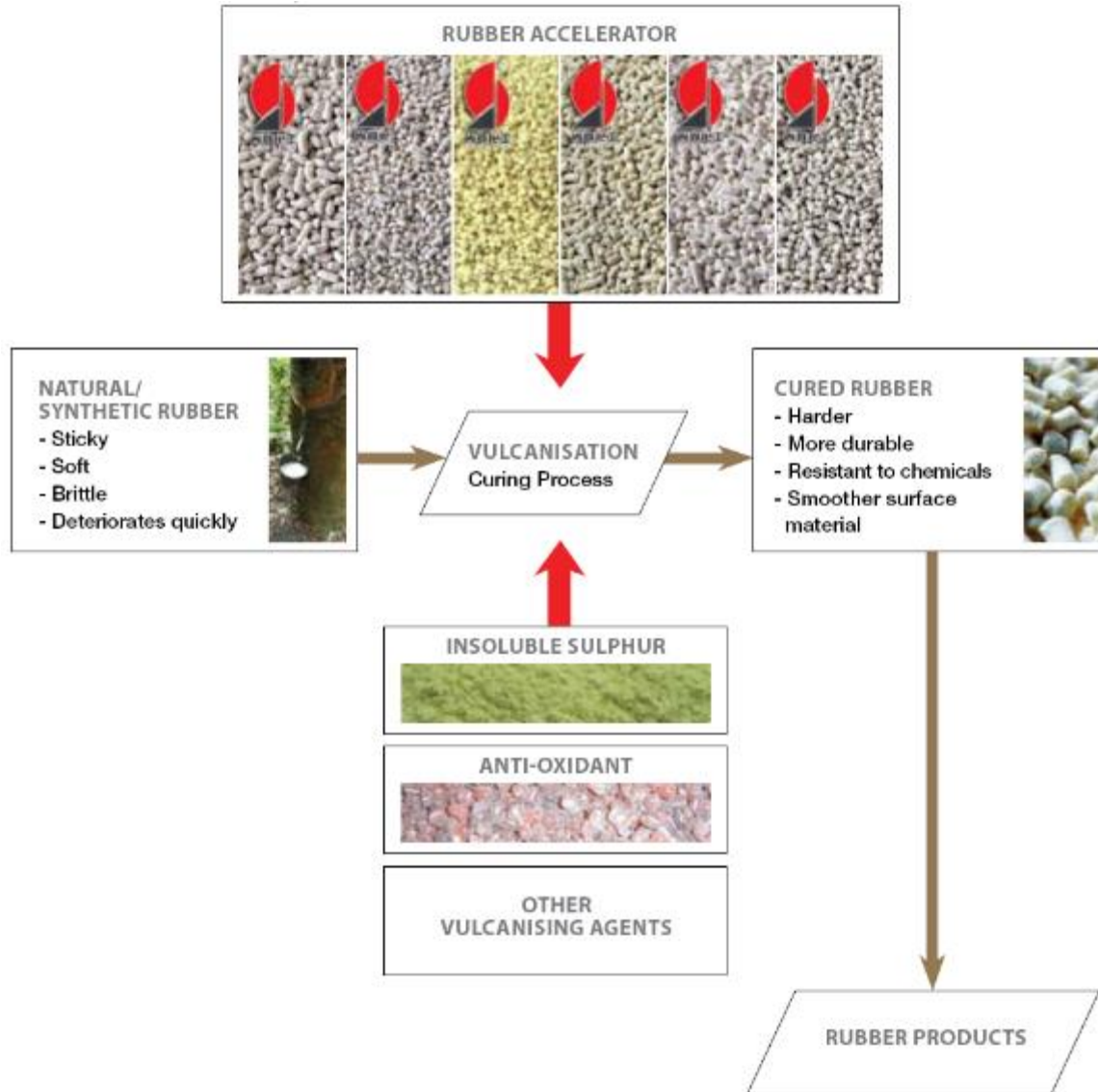
Our Company

About CHINA SUNSINE

- ✓ **China's largest** rubber chemicals producer
- ✓ **World's largest** producer of Rubber Accelerators
- ✓ **One of China's largest** producers of Insoluble Sulphur
- ✓ **A sizable** anti-oxidants producer
- ✓ Superior product quality and comprehensive product range
- ✓ Accredited by a strong customer base of top tyre makers
- ✓ Beneficiary of stringent environmental protection standards



Our Products: Rubber Chemicals



Rubber Chemicals are
Essential Additives
in the production of rubber products



Our Products - Rubber Chemicals



Rubber Accelerators

MBT/MBTS/CBS/TBBS/TMTD
DPG/DCBS



Insoluble Sulphur (IS)



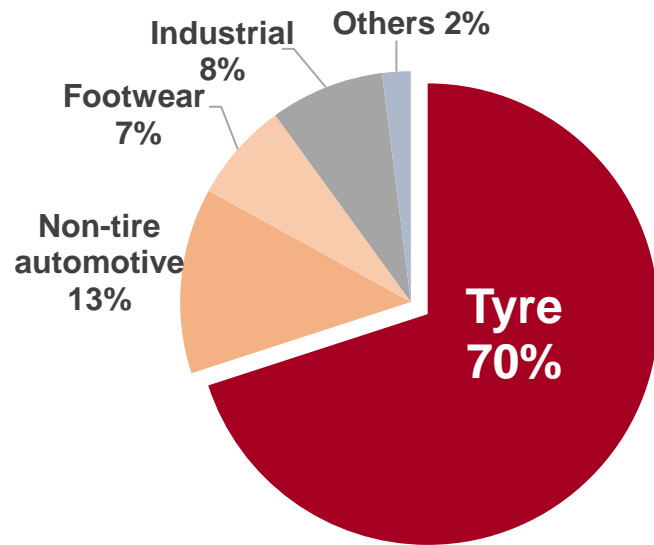
Anti-Oxidants

TMQ /HTMQ
6PPD
4010NA

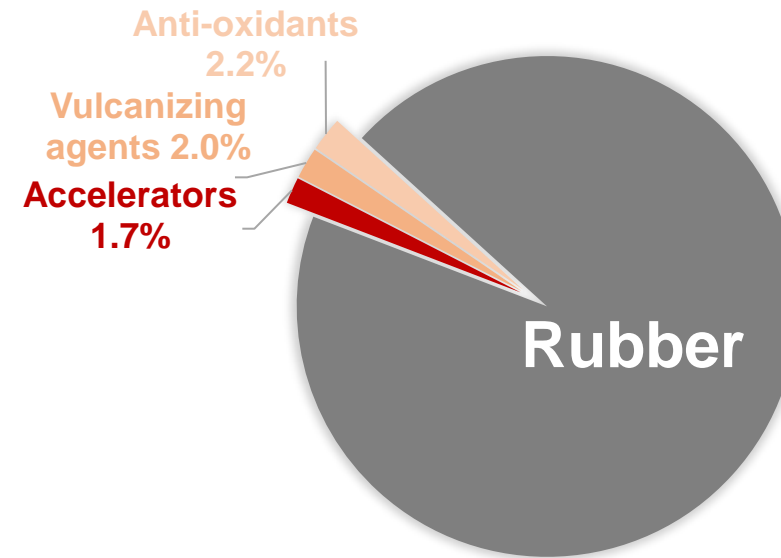


Rubber/ Rubber Chemicals Consumption

Global Rubber Consumption by Applications



www.fortunebusinessinsights.com



- **By volume**, rubber chemicals compose around 6% of the total rubber used in tyre manufacturing
- **By value**, rubber chemicals cost accounts for about 3% of total tyre cost

Note: Above two charts are general information for reference only



Our Strong Customer Base

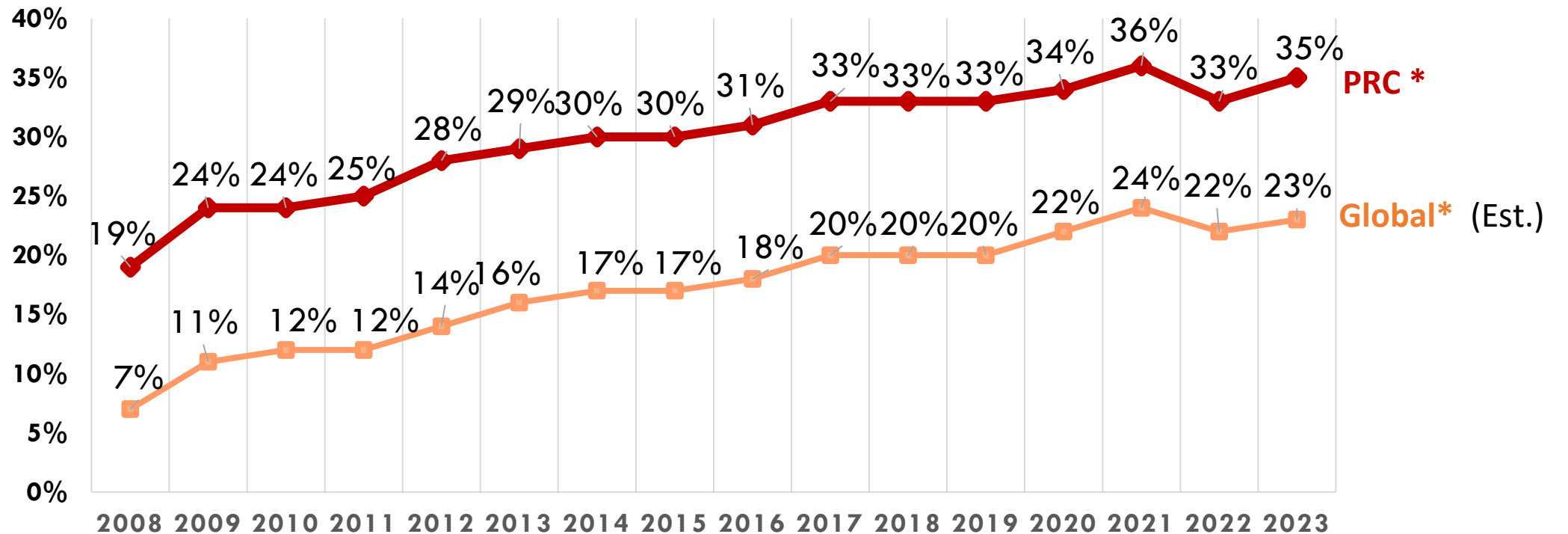


- Over **1,000** customers globally
- Serves more than **3/4** of the global top 75 tyre makers (including prominent players : Bridgestone, Goodyear, Michelin etc.)
- Over **40%** output exported



Global Largest Accelerators Producer

Group's market share of accelerators



Note: Our market share is calculated based on published information from China Rubber Association and management's estimation



Our Market Leadership Position

GLOBAL TOP 3 ACCELERATOR PRODUCERS

Company	Annual Capacity 2024
China Sunsine 中国尚舜	117,000 tonnes
Tianjin Kemai 天津科迈	70,000 tonnes
Yanggu Huatai 阳谷华泰	60,000 tonnes (inclusive of intermediary MBT)

PRC TOP 3 INSOLUBLE SULPHUR PRODUCERS

Company	Annual Capacity 2024
Yanggu Huatai 阳谷华泰	80,000 tonnes
China Sunsine 中国尚舜	60,000 tonnes
Zhongxinhuacheng 中信华诚	30,000 tonnes

Note: The above information is based on browsing of media reports and our management's collection of industrial info



Our Production Bases

Shanxian

- **HQ base:**
 - RA: 59,500-tonne
 - IS: 10,000-tonne
 - AO: 45,000-tonne
- **Hengshun New Materials:**
 - IS: Phase I 30,000-tonne
Phase II 30,000-tonne (by end of 2024)
 - MBT: Phase I 20,000-tonne (by 2H2024)
- **Yongshun New District:**
 - RA (TBBS): 30,000-tonne
 - AO: 32,000-tonne



5 production bases in 3 cities



Weifang Plant

- RA: 27,500-tonne



RA: Rubber Accelerators
IS: Insoluble Sulphur
AO: Anti-oxidants

Dingtao Plant

- IS: 20,000-tonne (relocating)



Support facilities at Shanxian:

- **Heating plant:** Centralised steam production
- **Yongshun Env:** Waste treatment
- **Controlled landfill**



Financial Overview

Financial Highlights

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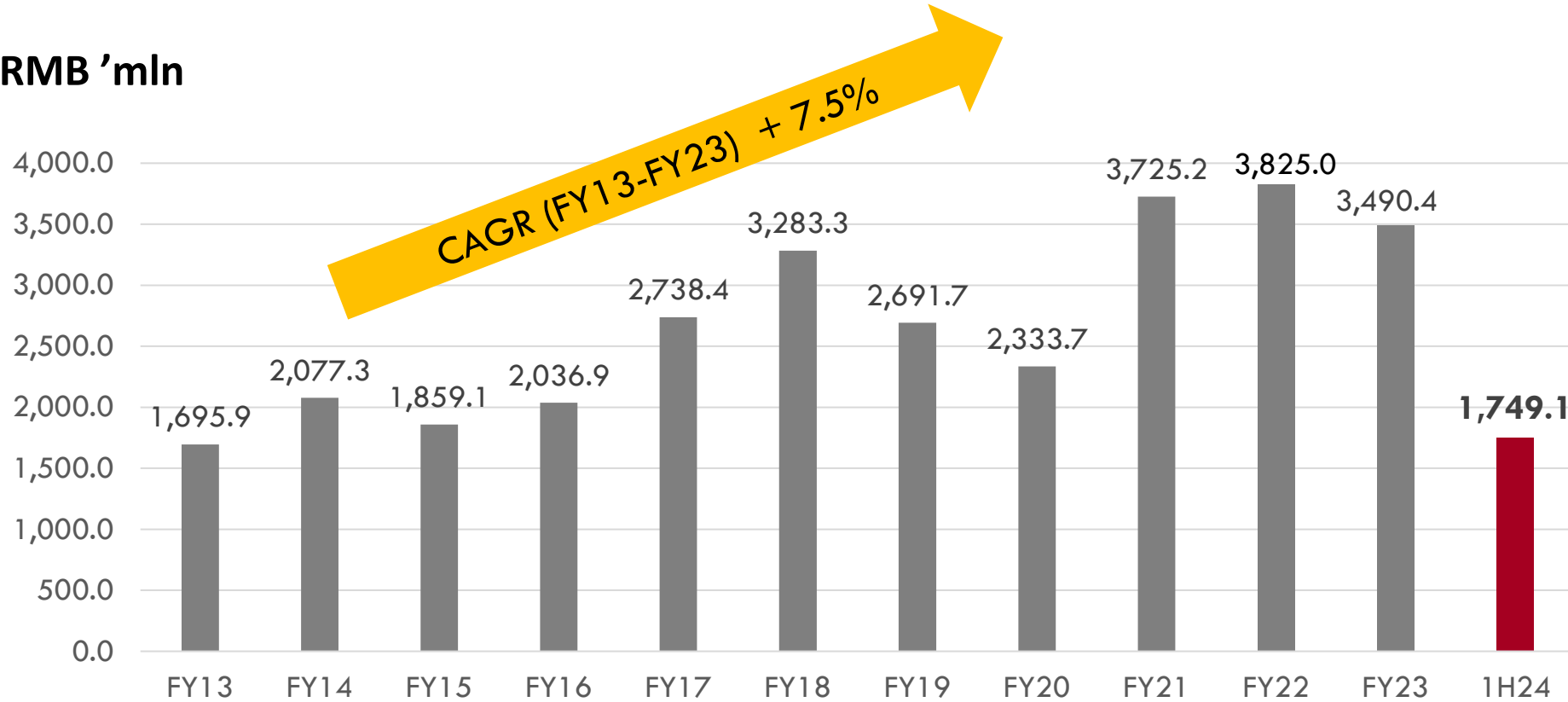
RMB 'mln	First Half Year Ended		
	30/06/24	30/06/23	Change
Group Revenue	1,749.1	1,729.1	1%
Gross Profit	433.6	412.0	5%
Gross Profit Margin	24.8%	23.8%	1 pt
Profit Before Tax	268.1	236.1	14%
Profit After Tax	188.8	194.6	(3%)
EPS (RMB cents/SGD cents*)	19.71/ 3.73	20.17/ 3.82	(2%)
NAV per Share (RMB/SG Cents*)	416.22/ 78.84	389.98/ 73.87	7%

* Singapore Dollars to RMB at the exchange rate of 5.2790



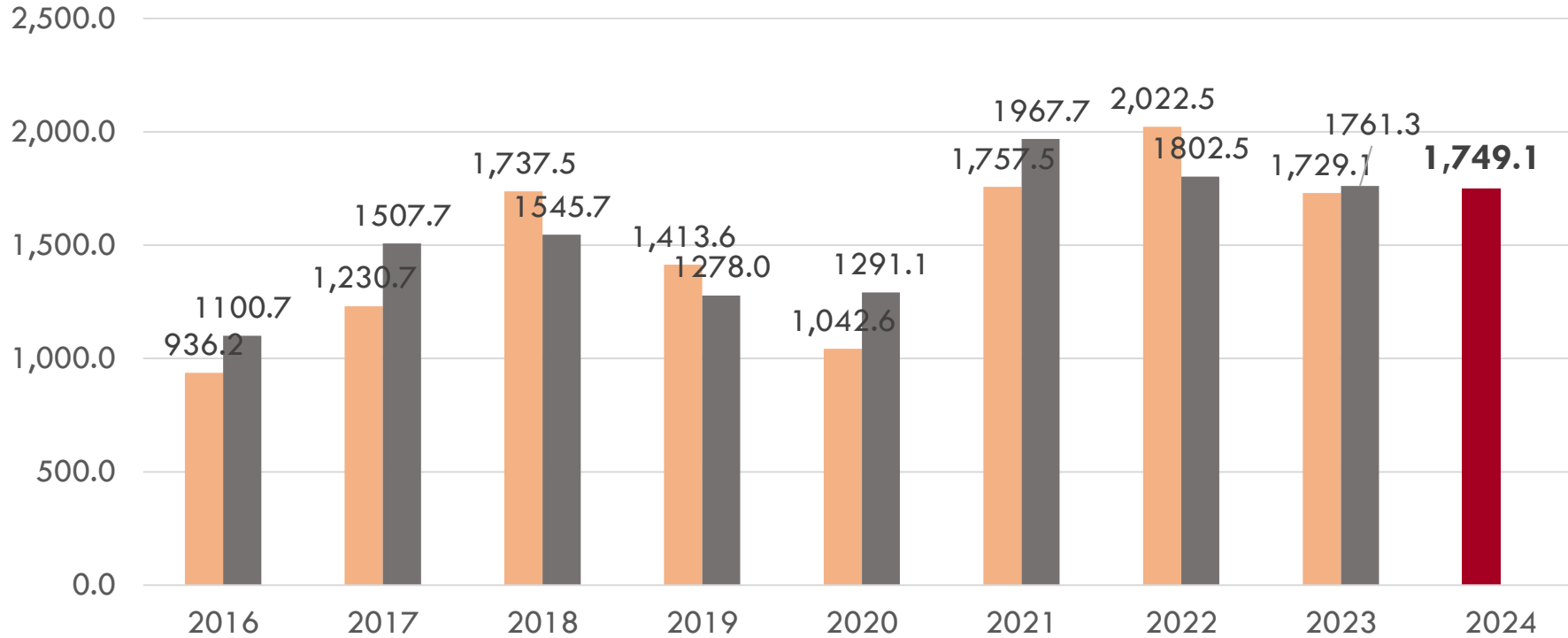
Revenue Growth

RMB 'mln



Revenue (half-yearly)

RMB 'mln

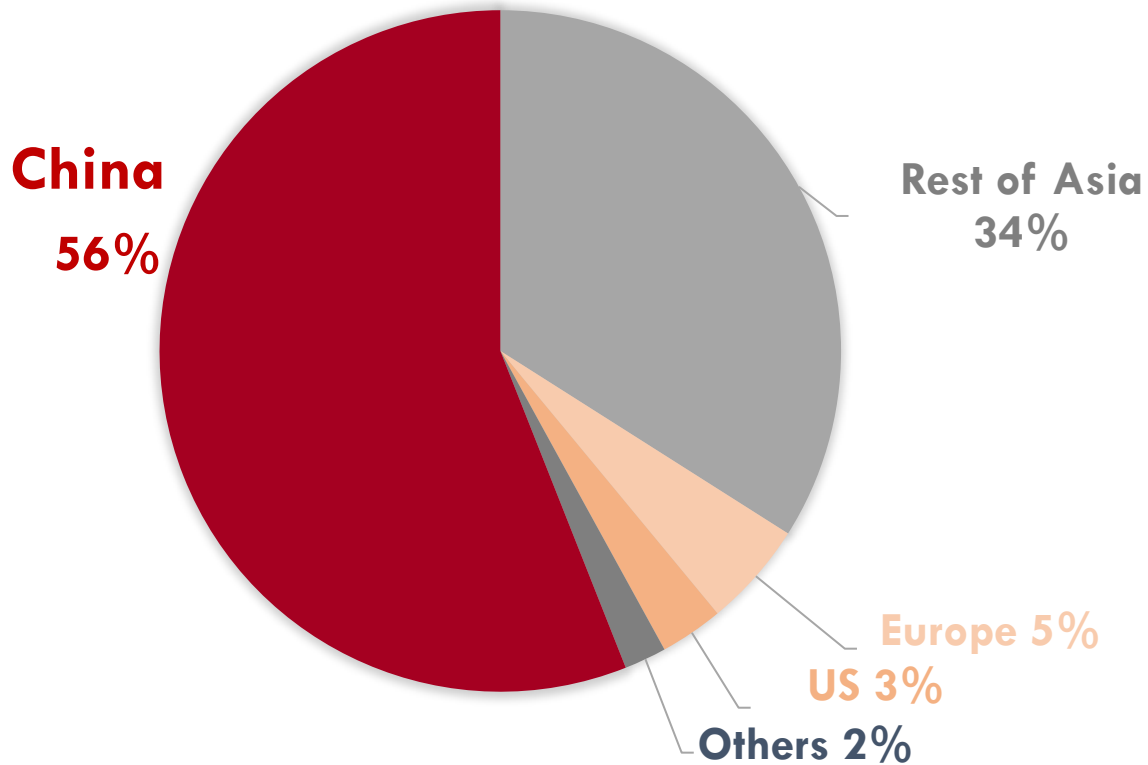


1H24 vs 1H23: +1%
1H24 vs 2H23: -1%

- 1H24 vs 1H23 revenue up marginally 1% due to the increase in sales volume, offset by lower Average Selling Price (ASP)
- 1H2024 vs 2H23 revenue down 1% due mainly to the decrease in sales volume, offset by the increase in ASP



Rubber Chemical Sales By Region

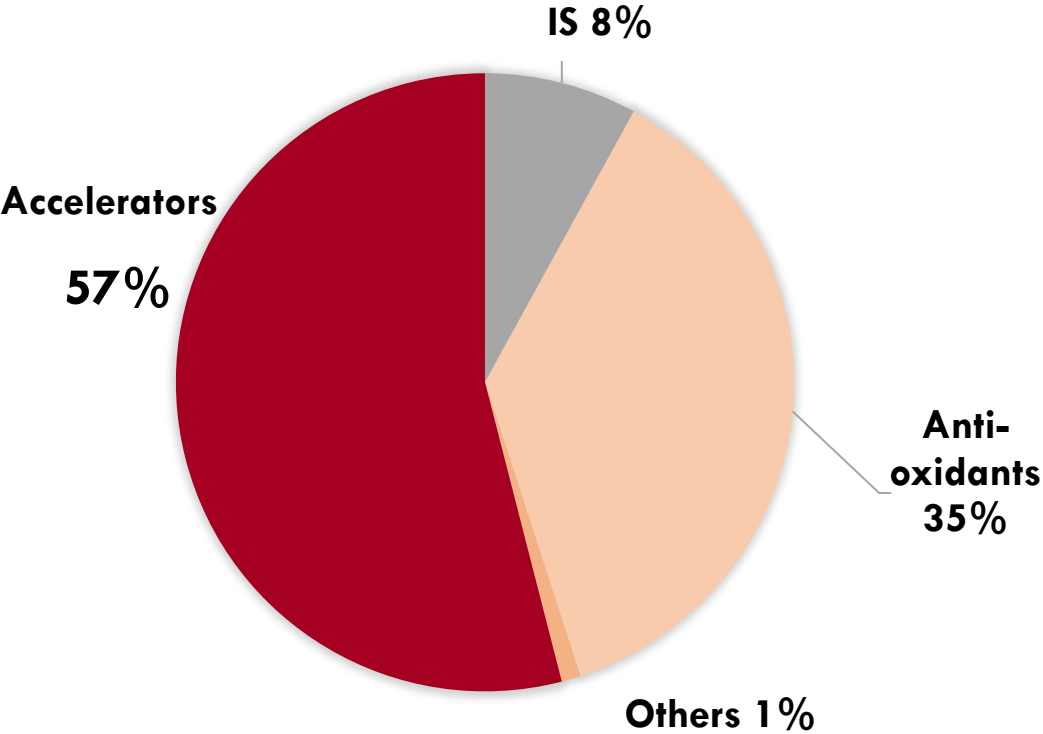


Region	1H2024	FY2023	FY2022
China	56%	60%	62%
Rest of Asia	34%	29%	27%
Europe	5%	6%	8%
US	3%	2%	2%
Others	2%	3%	1%
Total	100%	100%	100%



- Domestic sales decreased while international sales increased, due mainly to: numerous Chinese tyre manufacturers establishing plants in Southeast Asia, leading to an increase in orders from the Southeast Asia market

Rubber Chemical Sales By Products

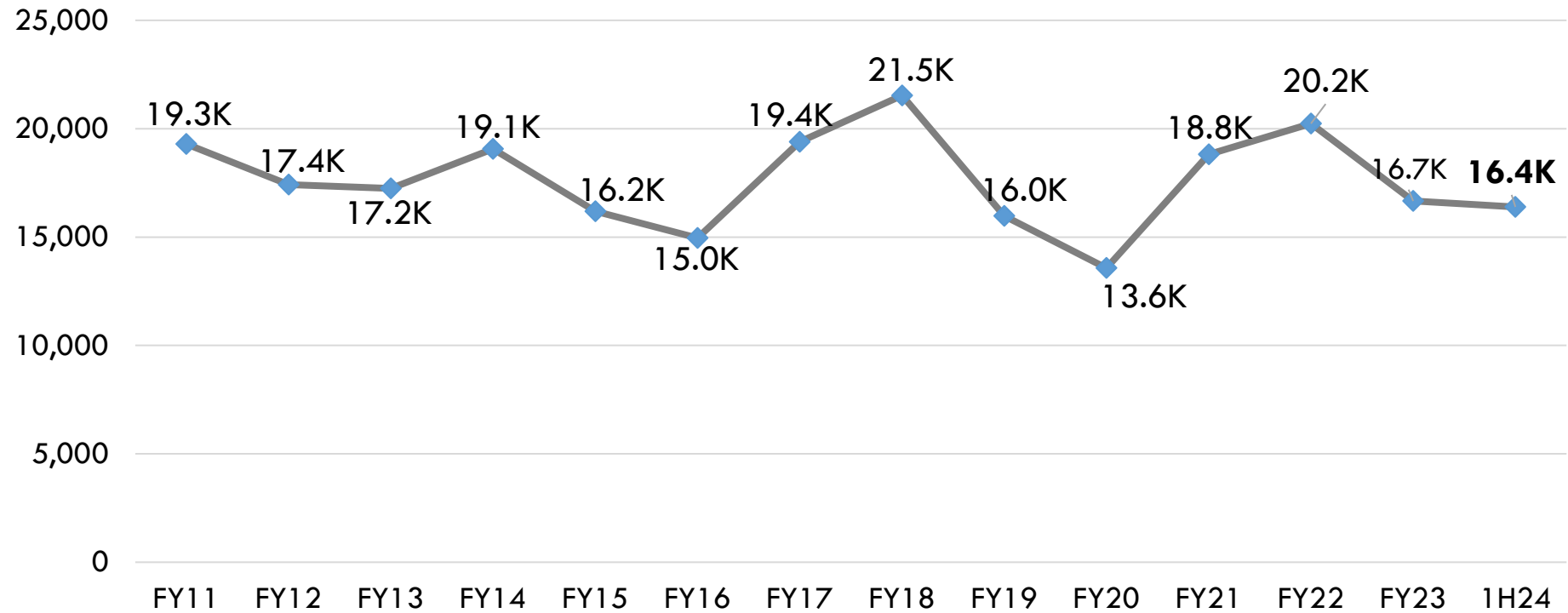


Product	1H2024	FY2023	FY2022
Accelerators	60%	57%	54%
IS	7%	8%	8%
Anti-oxidants	32%	35%	37%
Others	1%	1%	1%
Total	100%	100%	100%



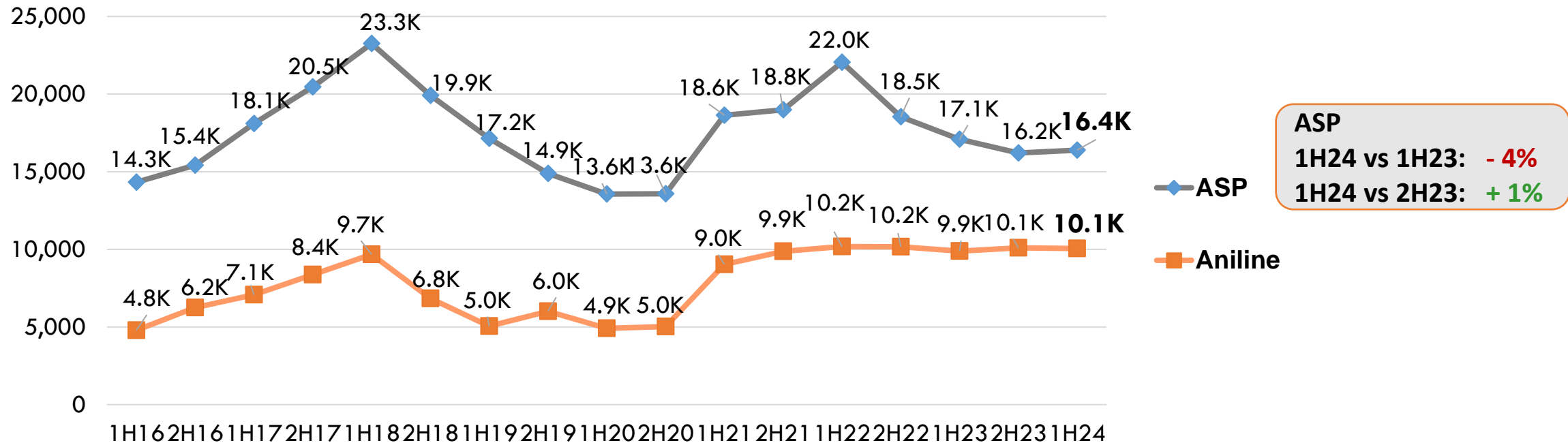
Overall Average Selling Price (ASP)

RMB/Tonne



ASP vs Major Raw Material Price (half-yearly)

RMB/Tonne

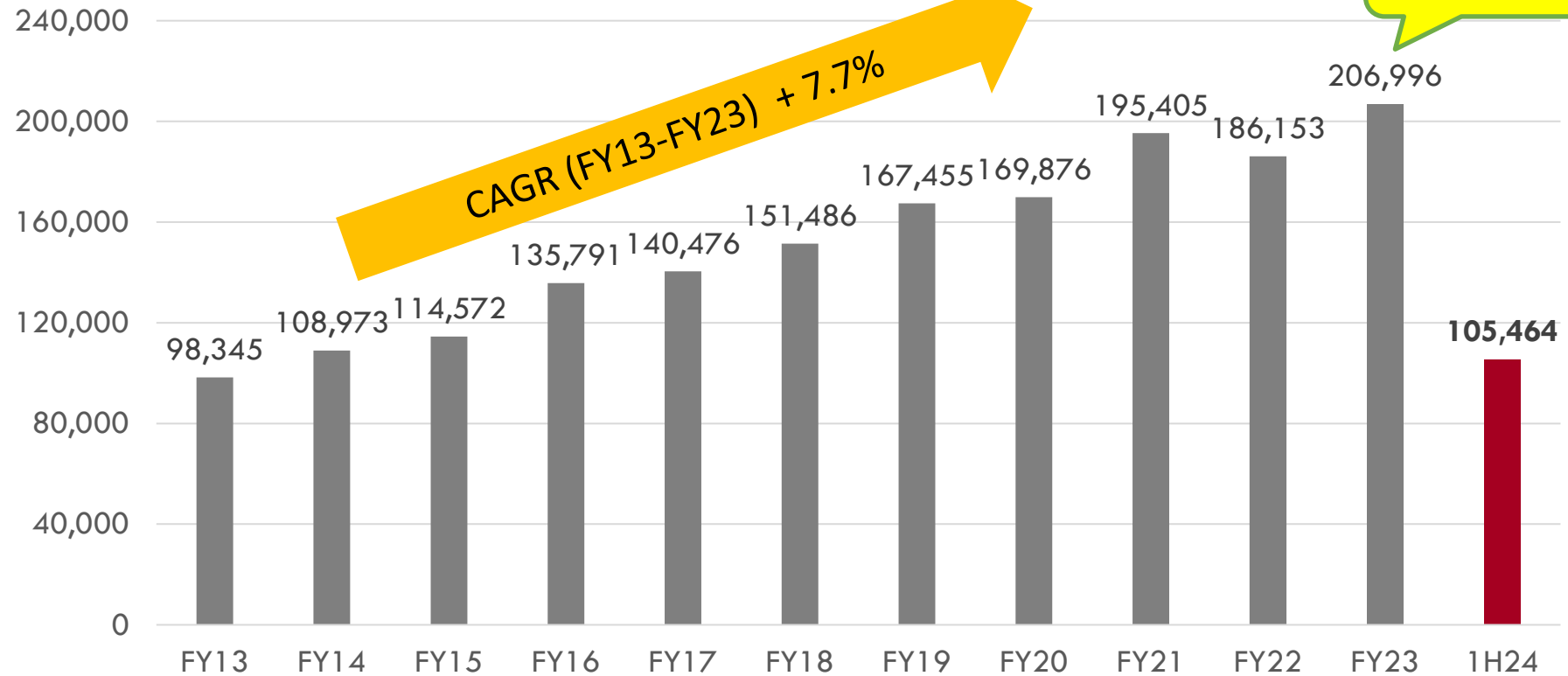


- 1H24 vs 1H23 ASP decrease 4% due to:
 - adopting more flexible pricing strategy in response to intensified competition



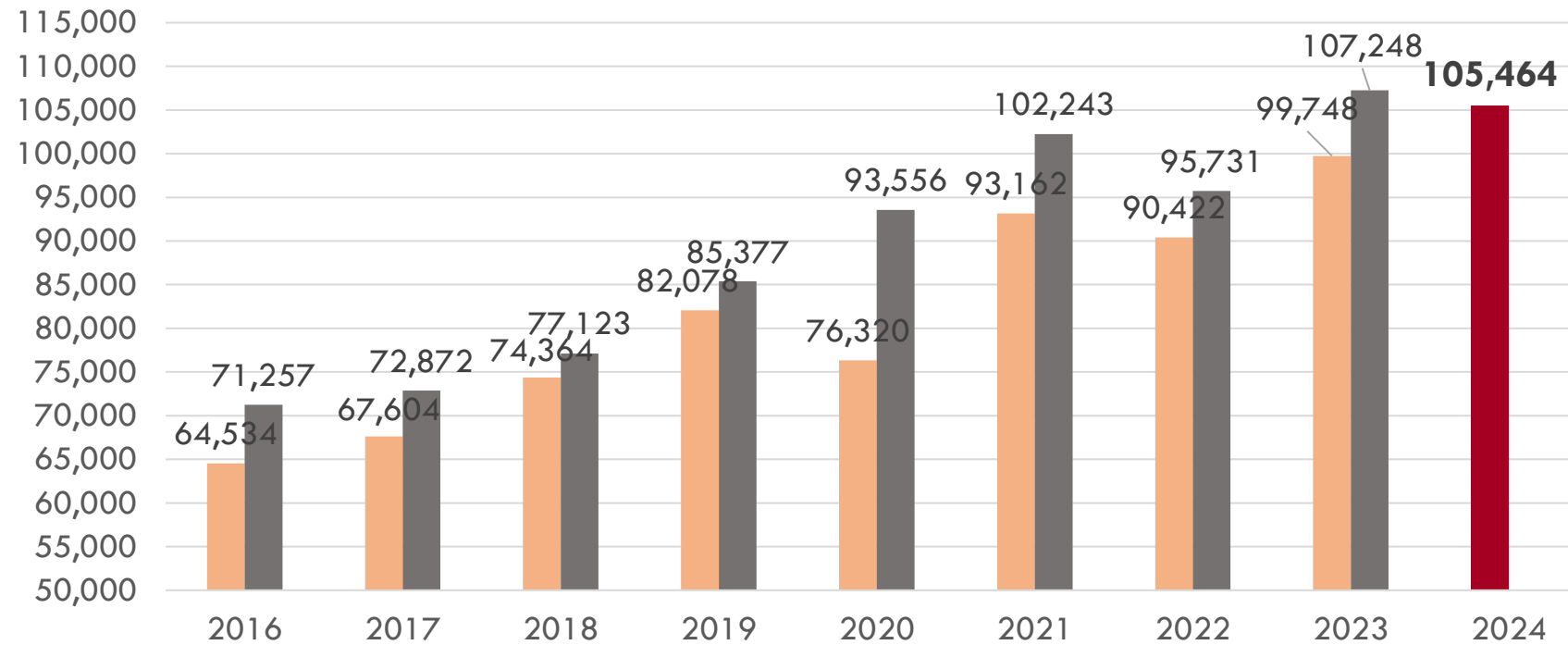
Sales Volume

Tonnes



Sales Volume (half-yearly)

Tonnes



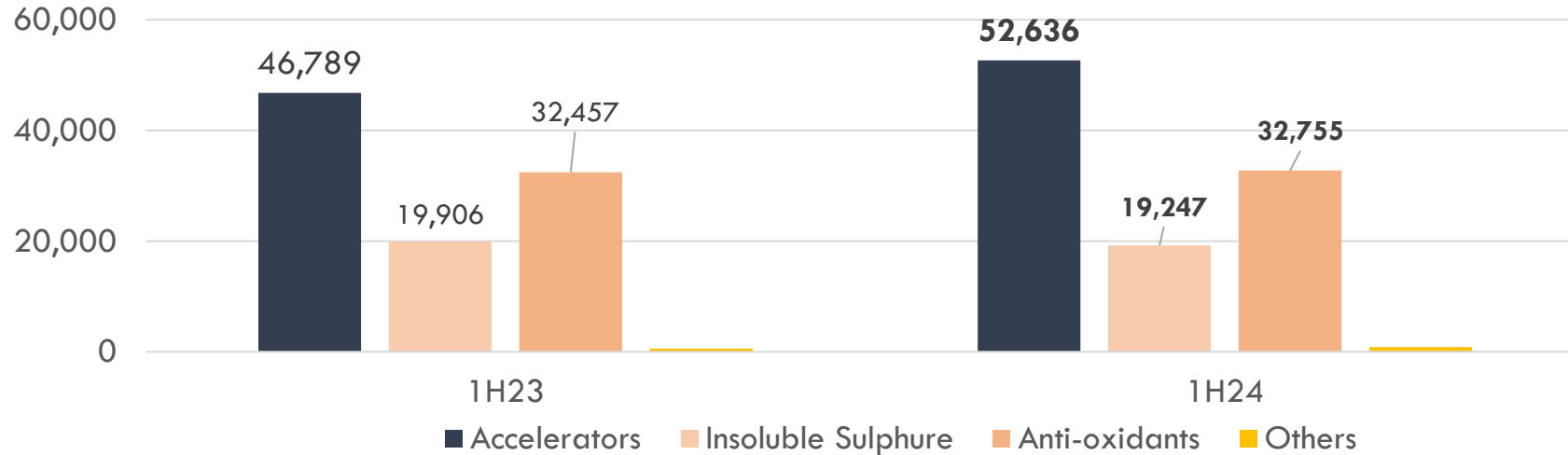
1H24 vs 1H23 : +6%
1H24 vs 2H23 : -2%

- 1H24 vs 1H23 Sales volume increased 6% due to :
 - relatively high production utilisation rates of the Chinese tyre makers in 1H24
 - adoption of more flexible pricing strategy



Sales Volume by Products

Tonnes

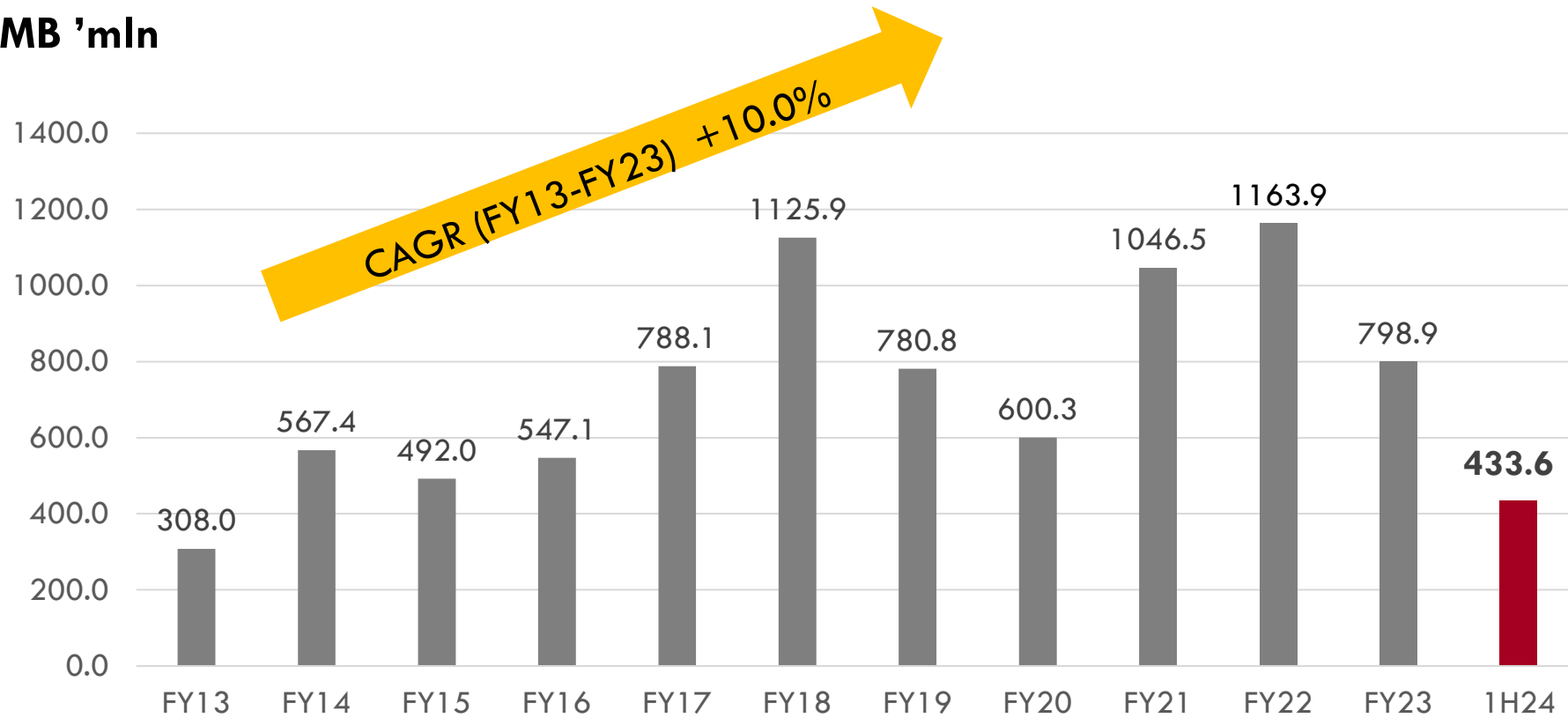


	1H2023 Effective Capacity	1H023 Utilisation Rate	1H2024 Effective Capacity	1H2024 Utilisation Rate
Accelerators	58,500	80%	58,500	90%
Insoluble Sulphur	30,000	66%	30,000	64%
Anti-oxidants	38,500	84%	38,500	85%



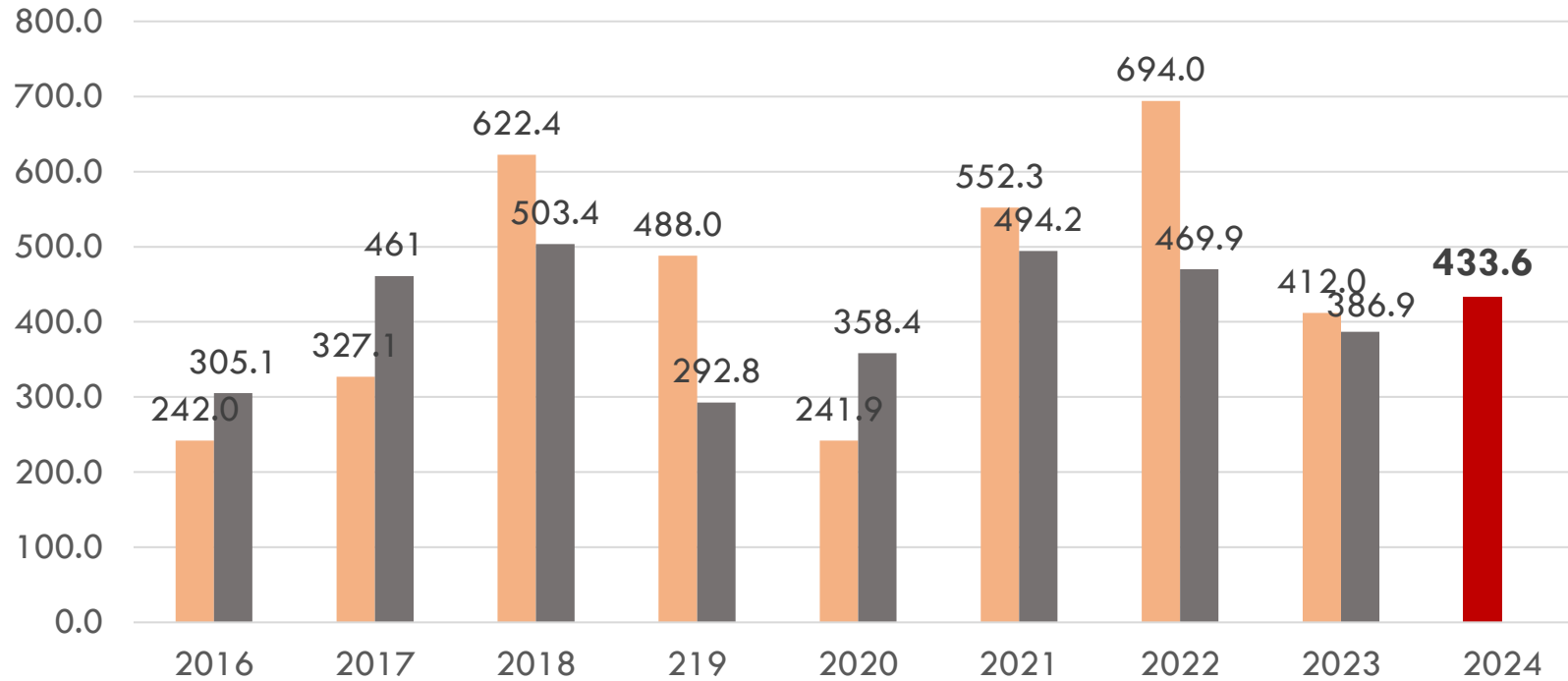
Gross Profit

RMB 'mln



Gross Profit (half-yearly)

RMB 'mln

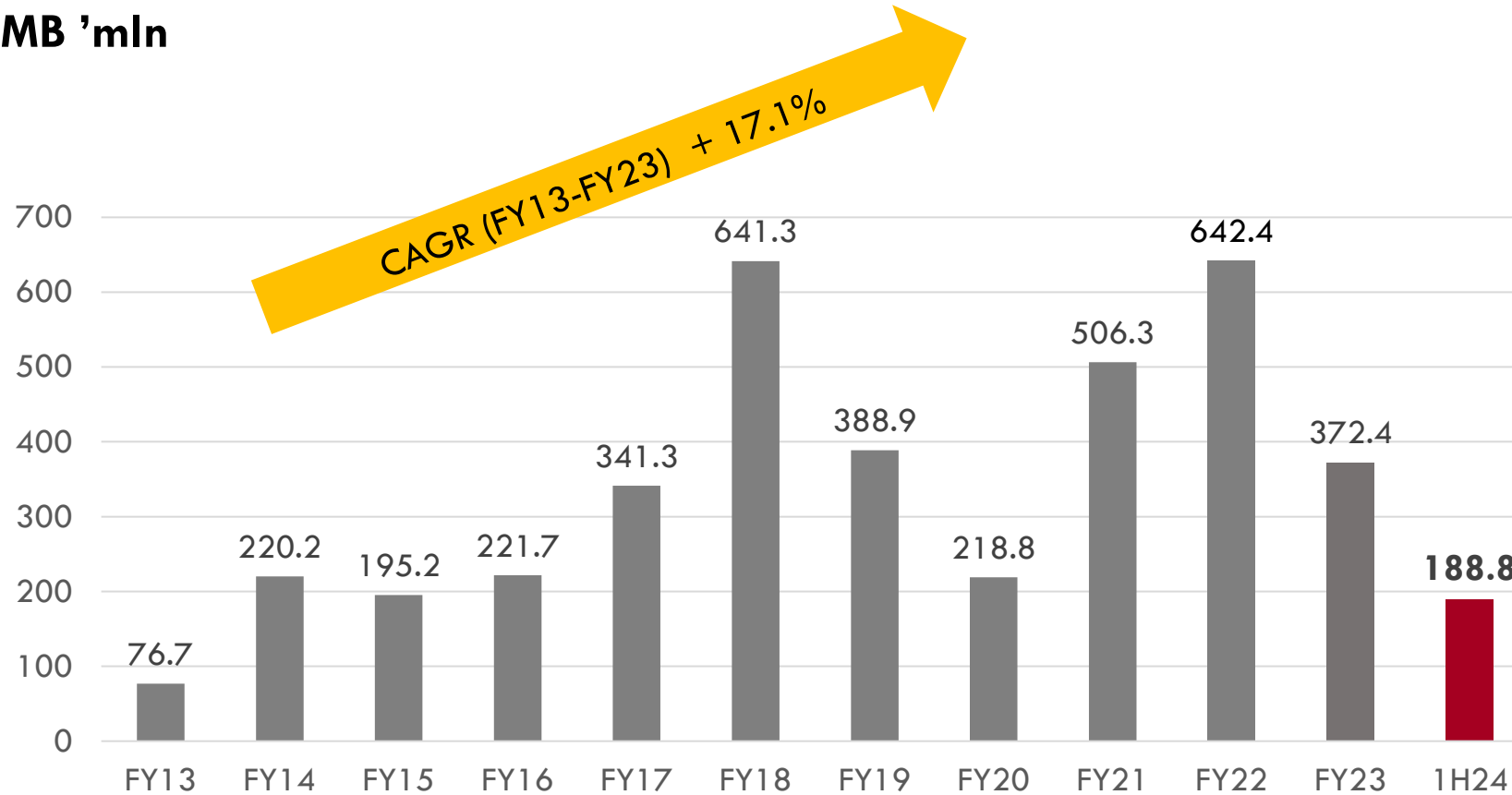


1H24 vs 1H23: + 5%
1H24 vs 2H23: + 12%



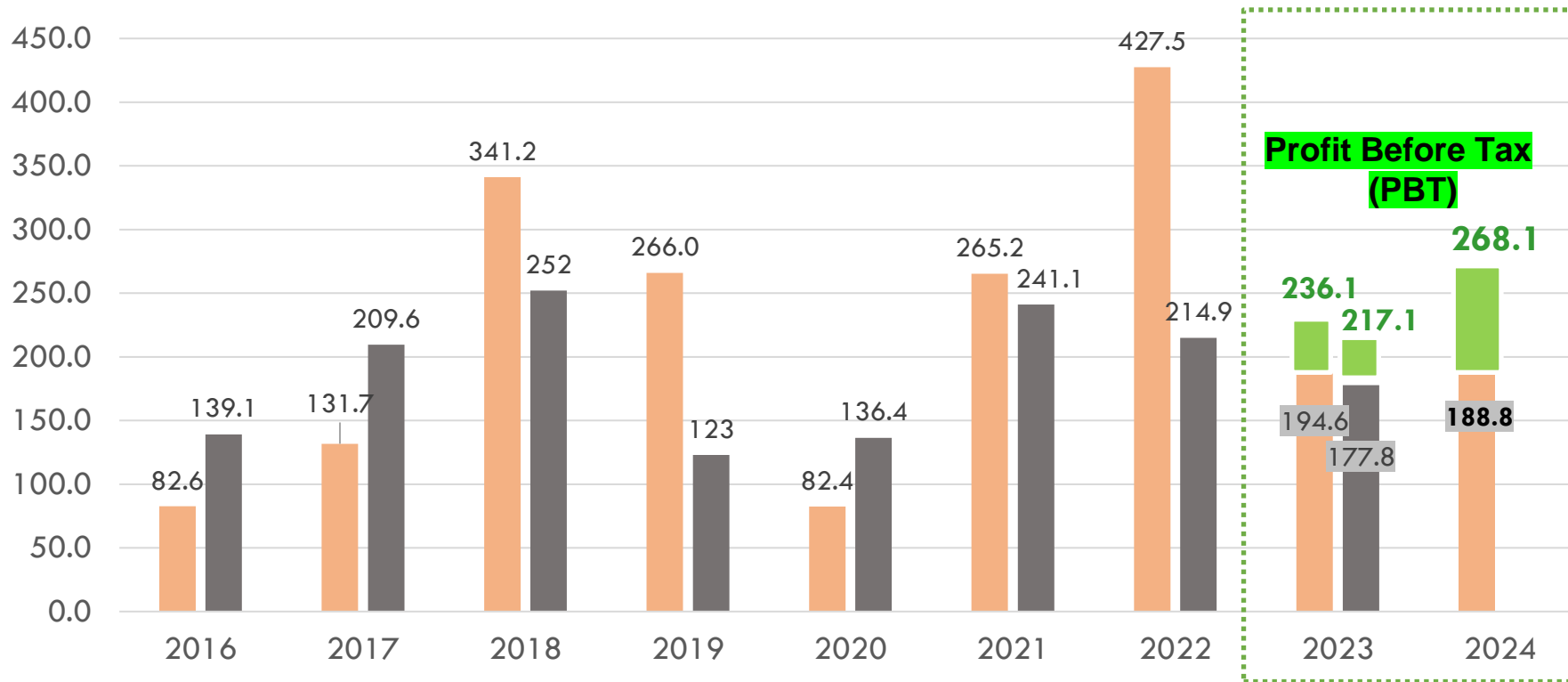
Net Profit

RMB 'mln



Net Profit (half-yearly)

RMB 'mln

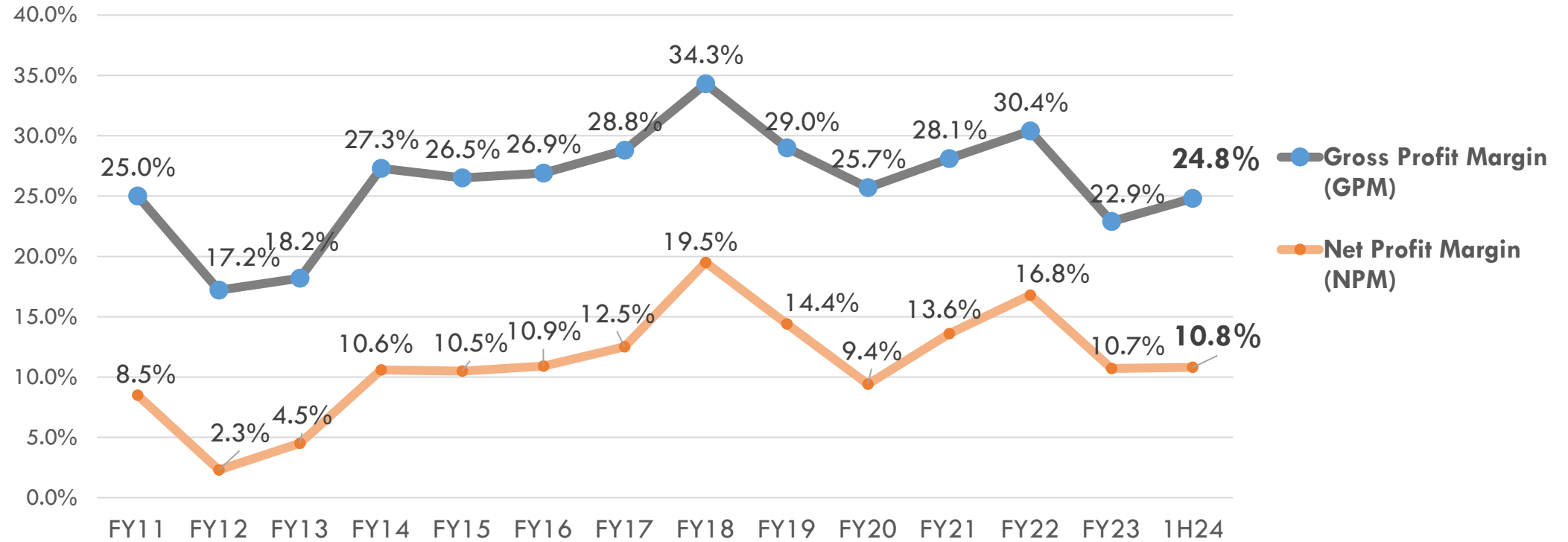


Net Profit (PAT)
1H24 vs 1H23: **- 3%**
1H24 vs 2H23: **+ 6%**

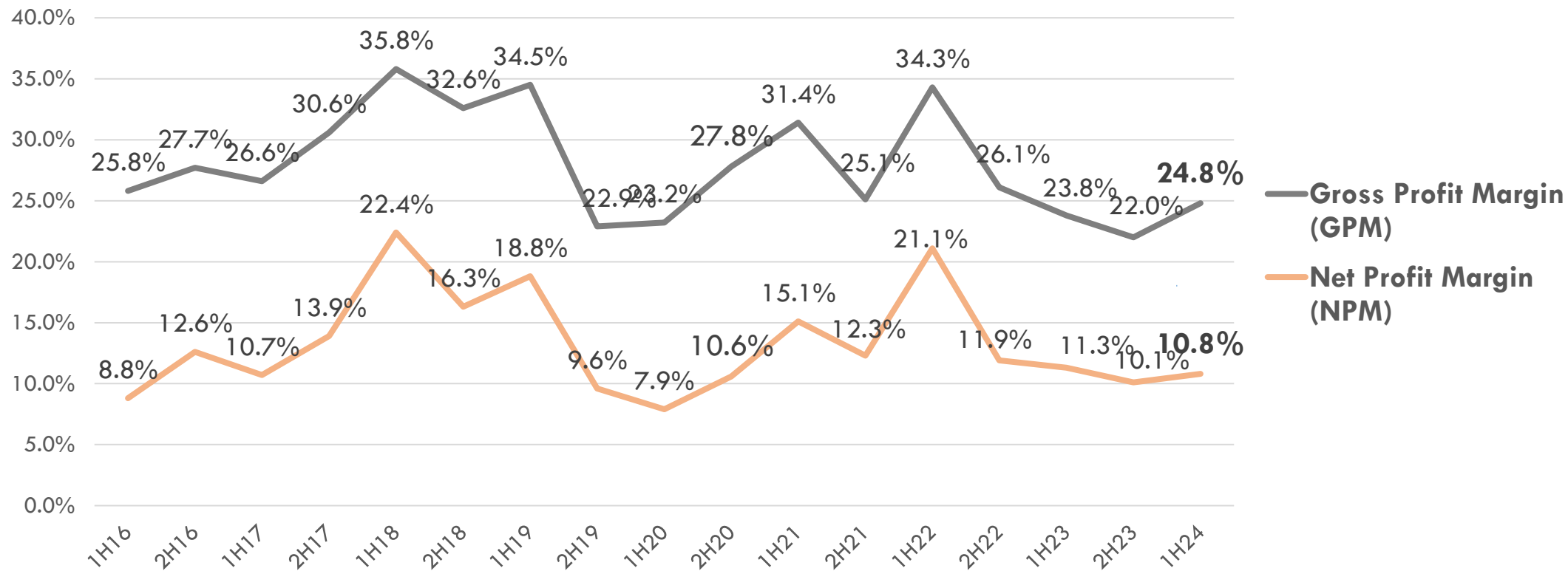


- 1H24 vs 1H23 PBT up 14% due to higher gross profit and lower admin expenses
- 1H24 vs 1H23 PAT down 3% due to higher tax rate applied (from 15% to 25%), resulted from the expiration of the “High-tech Enterprise” status of our main sub-Shandong SunSine in Dec 2023

Margins Analysis



Margins Analysis (half-yearly)



Balance Sheet Highlight

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	30/6/2024	31/12/2023	31/12/2022
Current Assets (RMB'mln) *	3,326.6	3,314.8	3,149.8
Current Liabilities (RMB'mln)	415.7	459.2	532.7
Current Ratio	8.00	7.22	5.91
Shareholders' Equity (RMB'mln)	3,978.5	3,926.6	3,691.8
D/E ratio	0	0	0
ROE	5%(half year)	9%	17%
NAV per share (RMB cents) (equivalent to SGD cents)	416.22/ 78.84	409.34/ 77.54	382.32/ 72.42
Cash per share (RMB cents) (equivalent to SG cents)	183.15/ 34.69	175.96/ 33.33	143.13/ 27.11

- Current Assets inclusive cash of RMB 1,750.7 mln
- Singapore Dollars to RMB at the exchange rate of 5.2790



Key Developments

Expansion Projects in Progress

Project	Schedule	CapEx	Notes
60,000-tonne Insoluble Sulphur			<ul style="list-style-type: none"> Adopts continuous production method, the highest standard of production technology, which was developed in-house Awarded “First Prize of Scientific and Technological Progress” issued by CPCIF*
Phase 2 of 30,000-tonne capacity	To be completed by end of 2024	RMB 100 mln	
60,000-tonne Continuous production of High-Quality MBT (“MBT project”)			<ul style="list-style-type: none"> Innovative technology was jointly developed by our R&D team and Tsinghua University’s Academician team For this achievement, the Group was entitled to a government grant of RMB 24.36 mln
Phase I of 20,000-tonne capacity	Under trial run. Commercial production in 4Q2024	RMB 200 mln	

*CPCIF: China Petroleum Chemical Industry Federation



Annual Capacity

	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Rubber Accelerators	87,000	97,000	117,000	117,000	117,000	117,000	117,000
Insoluble Sulphur	30,000	30,000	30,000	30,000	60,000	60,000	60,000
Anti-oxidants (TMQ & 6PPD)	45,000	45,000	45,000	45,000	77,000	77,000	77,000
Total	162,000	172,000	192,000	192,000	254,000	254,000	254,000

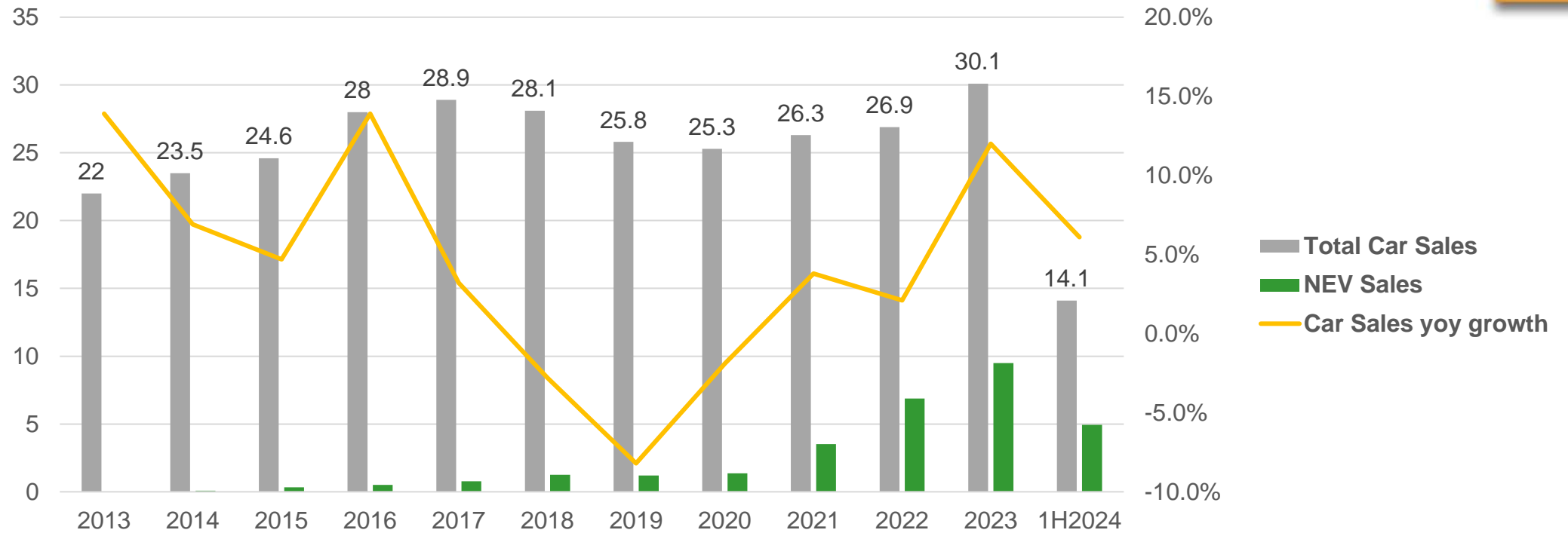
Note: Annual capacity refers to the capacity by the end of each financial year, and is exclusive of the capacity of intermediary materials such as MBT and 4ADPA



Industry Info and Outlook

PRC New Car Sales

in million units



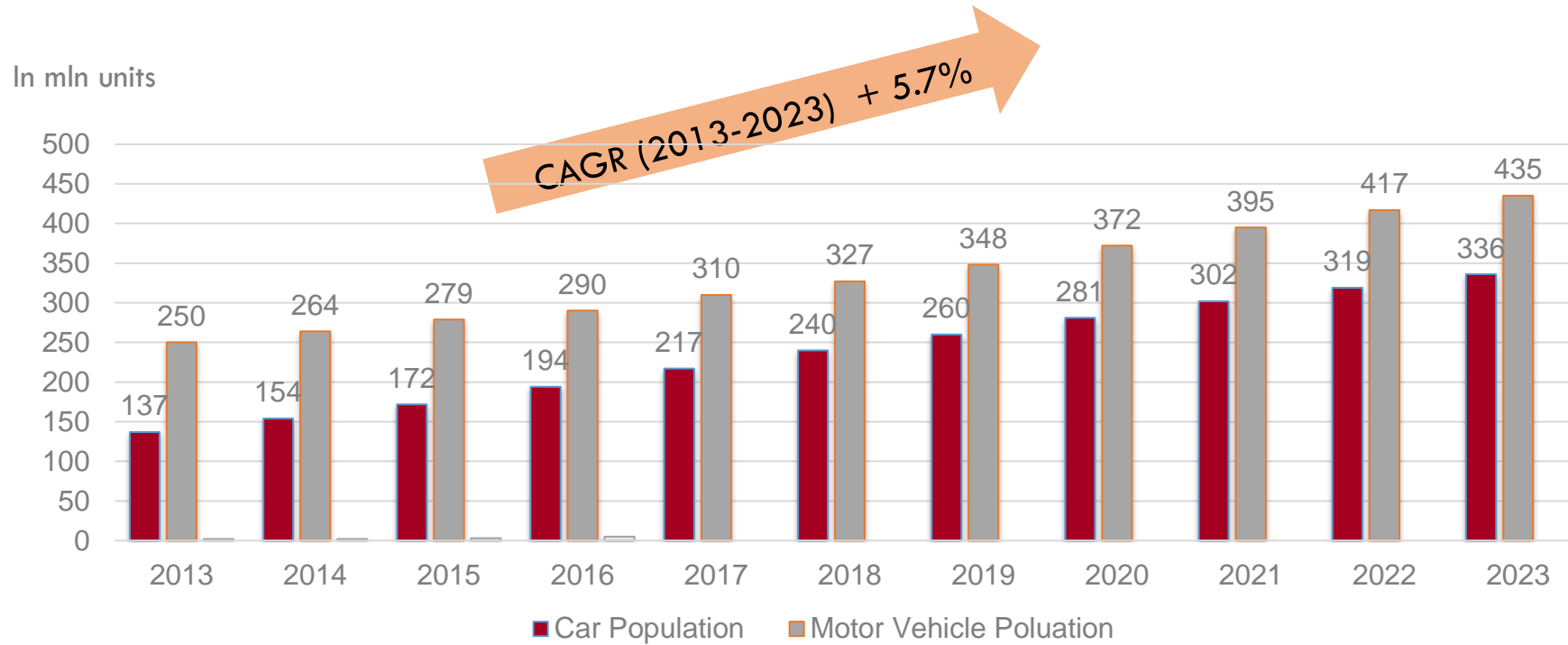
Source: China Association of Automobile Manufacturers (CAAM)

- China's automotive sales in 1H2024 up 6% y-o-y
- New Energy Vehicles (NEVs) sales contributed to 35% of new car sales. The increasing trend expected to continue, given the Chinese government's incentives and commitment to promote the development of the NEV industry in their effort and reducing carbon emissions.



PRC Vehicle Population

PRC Motor Vehicle & Car Population



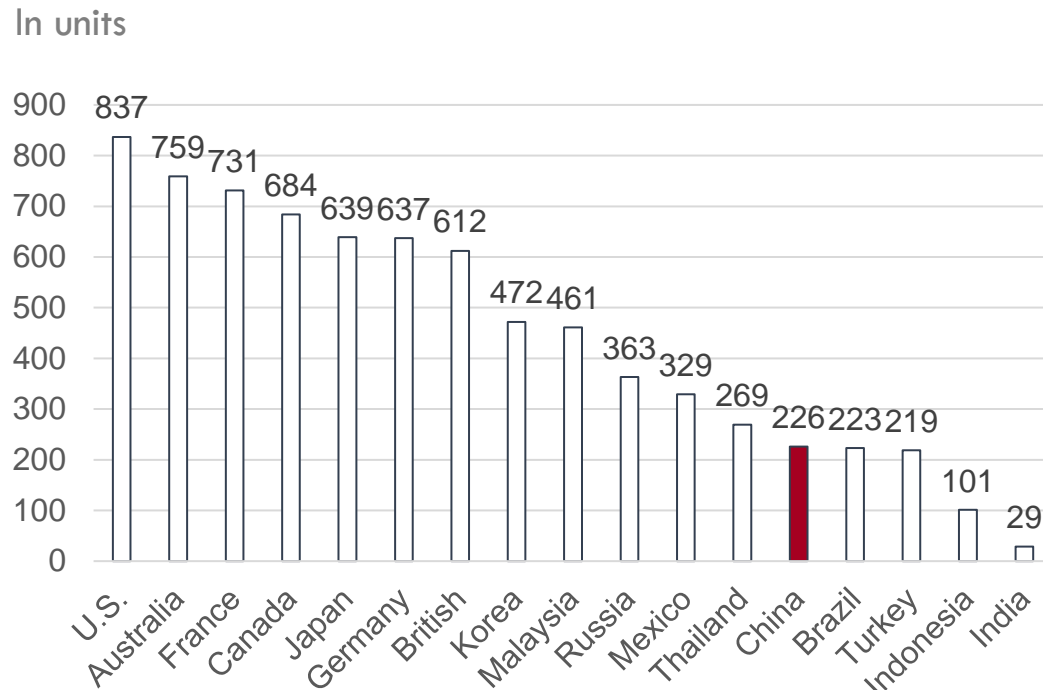
Source: <https://www.mps.gov.cn>

- China's total car population ranks No. 1 in the world



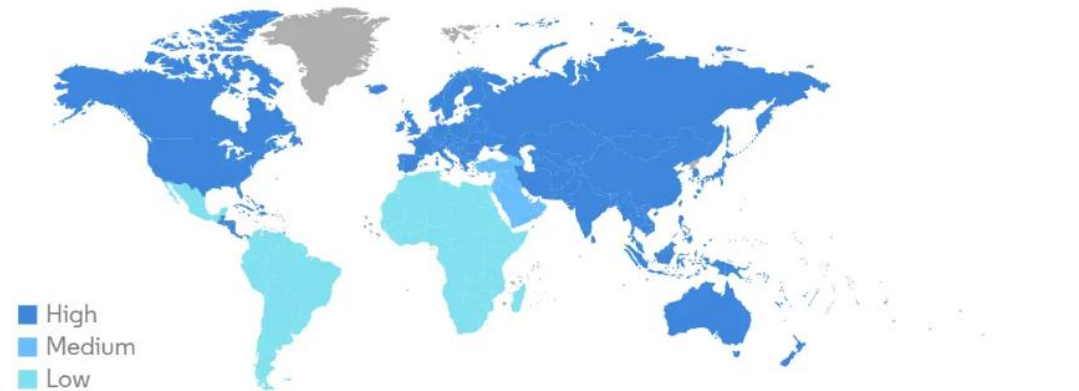
Global Car Population

Car ownership per 1000 people in global major auto markets in 2022



Source: www.163.com

Automotive Tires Market - Growth Rate by Region, (2021 - 2026)



Source: Mordor Intelligence

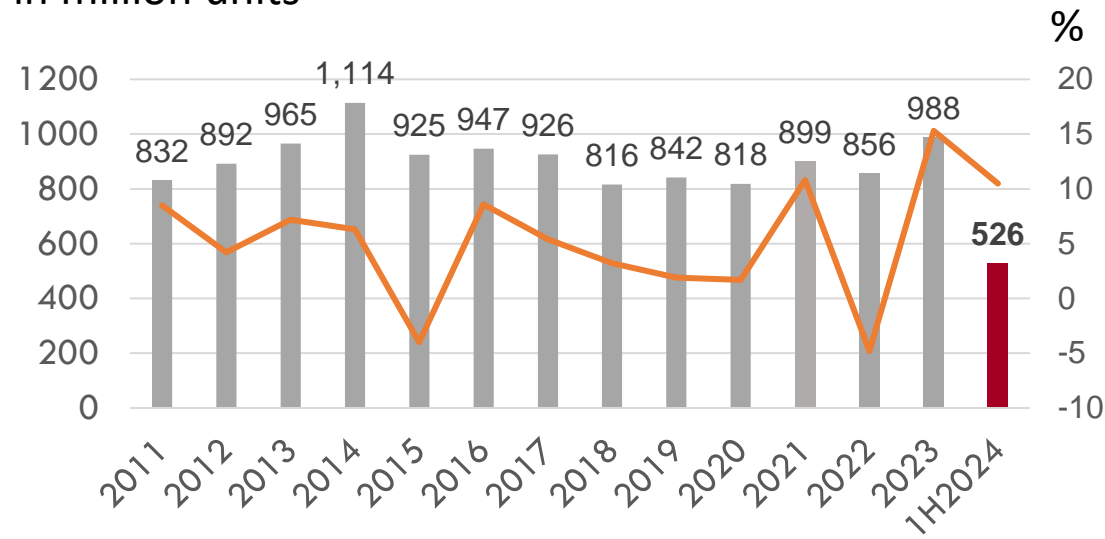
[Automotive Tire Market - Size & Share - Automobile Industry Report \(mordorintelligence.com\)](https://mordorintelligence.com)

- Global vehicle population is growing, mainly driven by rising car ownership in developing countries



PRC Vehicle Tyre Production

in million units



Source: www.stats.gov.cn

The global tyre market reached a total of 2,388 million units in 2023. Looking ahead, it is expected to grow further, reaching approximately 3,012 million units by 2032. This growth reflects a compound annual growth rate (CAGR) of 2.5% during the period from 2024 to 2032

-by IMARC Group



- Tyre segment by end use: OEM (for new cars) 30% & Replacement 70%
- China's tyre production is the largest in the world, accounting for about 40-50% of global output

Operating Environment & Industry Outlook

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- **Greater challenges and uncertainties** in the macro-economic environment, such as high interest rate, the Ukraine-Russia conflict, conflict in Gaza and rising geopolitical tensions between the US and China etc.
- **Intensified market competition**, resulting from the successive launch of expansion projects in recent years, is exerting pressure on our selling price
- **China's economy remains resilient.** IMF raised China's GDP growth forecast to 5% in 2024
- **China is the dominant producer** of rubber chemicals, exports continues to grow
- **China's auto market remain robust.** The utilisation rate in tyre manufacturing was improving in 1H2024. Chinese government's incentives to promote the NEV industry
- **NEV tyres require more rubber additives** to improve their performance and safety
- **More orders from overseas markets** as many Chinese tyre manufacturers established plants in Southeast Asia and other regions



Production and Sales Equilibrium

***Higher production leads to higher sales volume,
which in turn stimulates even higher production***

- Our goal - Increase market share and strengthen our market leadership position
- Expanding capacity to meet the increased demand for our products
- Increasing efficiency on production process, operational improvement, cost control, elimination of wastage, cash flow management etc
- Poised for long-term sustainable growth



Competitive Strengths

Market Leadership

- World largest accelerators and one of the China's biggest IS producers
- Our accelerator products capture 35% of PRC market and 23% of global market
- Listed in the first batch of "National Champion Manufacturing Enterprise"

Products & Economy of Scale

- Full range of essential rubber chemicals with superior quality
- Stable & consistent supply
- Largest capacity with economies of scale

Strong Customer Base

- Over 1,000 customers worldwide spanning over 40 countries
- Serving 3/4 of global top 75 tyre manufacturers
- 40% output exported

Environmental Protection advantage

- Early adopter of Environmental protection initiative
- 1/3 of capex invested in environmental protection and safety

R&D Capability

- Transformation towards "Green, Automated & Continuous" production
- R&D in partnership with Tsinghua & Qingdao University of Science & Technology

Financial strength

- Strong cash position
- Ready resources such as funds and land for further expansion



Listed On SGX Mainboard

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SHARE PERFORMANCE



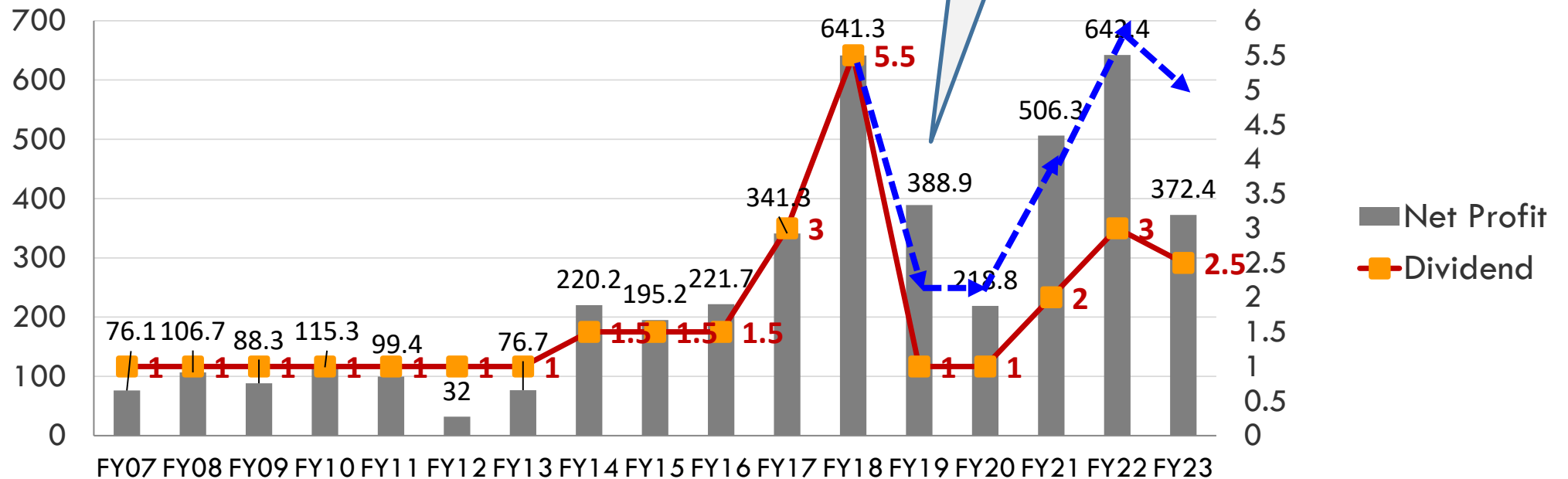
- Since IPO, no new share placement and rights issue



Dividend Payment History

Net Profit
(in RMB 'mln)

Dividend
(in SGD cents)



Proposed Final Dividend : 1.5 cents per share (ordinary), 1.0 cents per share (special)
Total dividend for FY2023 was 2.5 SGD cents, payout ratio at 34%

Total dividend paid amounting RMB936 mln (2007-2024) vs IPO raised RMB264 mln in 2007



Investment Merits

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- ✓ Leading market position with largest share in rubber accelerators
- ✓ Strong customer base
- ✓ Strong corporate governance & transparency
- ✓ Capable and reliable management team
- ✓ Ongoing capacity expansion aimed to grow sales volume and market share
- ✓ Solid cash position (cash per share SGD 0.35) with no bank debt
- ✓ A strong track record of profitability for over 25 consecutive years
- ✓ Annual dividend payments since IPO
- ✓ NAV per share SGD 0.79. Price/NAV only 0.5X
- ✓ Ongoing share buyback mandate



Chairman's Message

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"I am glad that the Group achieved a satisfactory set of results for 1H2024 in such a challenging and uncertain market.

The global economy continues to face challenges and uncertainties, while locally raw material prices are moderating, production utilisation rates of tyre manufacturing companies are declining starting from July 2024, and the Group continues to face strong competition in the rubber chemicals industry.

However, we have also observed that more Chinese tyre manufacturing companies are setting up factories overseas, leading to increased orders for our products.

Nevertheless, the Group will continue with its strategy of 'Sales-Production Equilibrium', focus on fulfilling customer needs, and seek to improve its sales volume. We remain confident in the Group's profitability over the next 12 months."



Mr. Xu Chengqiu
Executive Chairman



Q & A

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