

## COMPANY UPDATE

### China SunSine Chemical (CSSC SP)

Holding Steady Amid Pricing Pressure

Sunsine's volume outlook remains supported by China's resilient auto market, with 1Q25 and Apr 25 vehicle sales up 11% yoy and 10% yoy respectively. While average ASPs have declined on lower feedstock prices, its market leadership and capacity provide scale advantage and pricing flexibility. We cut our 2025-27 earnings by 1-3% on ASP weakness, though volume growth remains intact. SunSine is backed by a solid net cash position and 5.2% yield. Maintain BUY with a target price of S\$0.63.

#### WHAT'S NEW

- **Sustained automotive growth supports rubber accelerator demand.** According to the China Association of Automobile Manufacturers (CAAM), 1Q25 auto sales reached 7.47m units, up 11% yoy. Notably, new energy vehicles (NEV) surged 47% yoy to 3.1m units, accounting for 41% of total new car sales. The strong momentum in vehicle production and electrification continues to drive healthy demand for downstream materials like rubber accelerators, which are essential in tyre manufacturing. For 2025, CAAM projects total vehicle sales of 32.9m, a 4.7% yoy increase following a 4.5% rise in 2024. This should continue to support robust demand for rubber accelerators.
- **Main feedstock aniline prices fall.** The ASP of rubber accelerators, the main earnings driver for China SunSine Chemical (Sunsine), has declined by around 18% yoy to date, in tandem with a 39% yoy fall in aniline prices, its key feedstock. This is largely due to lower crude oil prices, as aniline is derived from benzene, a petroleum-based input. Additionally, increased aniline supply from resumed production capacity has further weighed on prices. While lower raw material costs may offer some cost relief to SunSine, the decline in ASPs is expected to offset most of the margin gains.
- **1Q25 review.** In 1Q25, SunSine reported earnings of Rmb108m (+27% yoy), forming 25% of our forecast and in line with expectations. However, revenue came in at Rmb839m, slightly missing our expectation by 2%. This is because a 2% decline in ASP to Rmb15,592/tonne offset the marginal increase in sales volume of 53,093 tonnes (+1% yoy). The lower ASP was attributed to both lower raw material costs and SunSine's continued flexible pricing strategy to remain competitive. Gross margin improved 0.7ppt yoy to 24.1% in 1Q25, supported by lower input costs.

#### KEY FINANCIALS

Year to 31 Dec (Rmbm)	2023	2024	2025F	2026F	2027F
Net turnover	3,490	3,516	3,500	3,592	3,702
EBITDA	604	718	770	794	818
Operating profit	453	585	602	615	630
Net profit (rep./act.)	372	424	436	446	456
Net profit (adj.)	372	424	436	446	456
EPS (Fen)	38.8	44.5	45.7	46.8	47.9
PE (x)	8.1	7.1	6.9	6.8	6.6
P/B (x)	0.8	0.7	0.7	0.6	0.6
EV/EBITDA (x)	1.0	0.9	0.8	0.8	0.8
Dividend yield (%)	4.1	4.9	5.2	5.4	5.7
Net margin (%)	10.7	12.1	12.5	12.4	12.3
Net debt/(cash) to equity (%)	(43.0)	(49.3)	(53.3)	(56.3)	(59.1)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	9.8	10.4	10.0	9.6	9.2
Consensus net profit	-	-	439	455	470
UOBKH/Consensus (x)	-	-	0.99	0.98	0.97

Source: China SunSine Chemical, Bloomberg, UOB Kay Hian

## BUY

(Maintained)

Share Price	S\$0.565
Target Price	S\$0.630
Upside	+11.5%

#### COMPANY DESCRIPTION

Sunsine produces rubber chemicals, primarily rubber accelerators and other related rubber chemicals such as anti-scorching agents.

#### STOCK DATA

GICS sector	Materials
Bloomberg ticker:	CSSC SP
Shares issued (m):	953.4
Market cap (S\$ m):	538.7
Market cap (US\$m):	418.6
3-mth avg daily t'over (US\$m):	0.3

#### Price Performance (%)

52-week high/low S\$ 0.570/S\$ 0.365

1mth	3mth	6mth	1yr	YTD
7.6	17.7	31.4	39.5	27.0

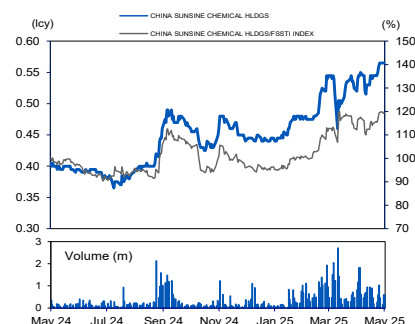
#### Major Shareholders

	%
Xu Cheng Qiu	61.4

FY25 NAV/Share (Rmb) 4.72

FY25 Net Cash/Share (Rmb) 2.51

#### PRICE CHART



Source: Bloomberg

#### ANALYST(S)

**Heidi Mo**  
+65 6590 6630  
heidimo@uobkayhian.com

**John Cheong**  
+65 6590 6623  
johncheong@uobkayhian.com

## STOCK IMPACT

- **Sunsine remains the world's largest producer of rubber accelerators**, with an annual capacity of 117,000 tonnes. This is significantly ahead of its closest peers, Tianjin Kemai (around 70,000 tonnes) and Yanggu Huatai (approximately 60,000 tonnes), both of which have not expanded capacity in recent years. Sunsine's scale advantage enables greater pricing flexibility and cost efficiency, supporting its leading 35% share of the China market and 23% globally as of 2024. Sunsine continues to operate on a "sales and production equilibrium" model — expanding volume to drive scale and competitiveness.
- **Attractive dividend yield of 5.2% backed by strong balance sheet.** Sunsine provided an attractive yield of 5.2%, supported by its strong cash position of Rmb2,074m (+23% yoy) as of end-24. This translates to Rmb2.18/share (S\$0.40/share) or around 70% of its market cap and provides ample room for Sunsine to potentially raise its dividend and continue to perform share buybacks.

## EARNINGS REVISION/RISK

- **We have revised our 2025-27 revenue forecasts downward by 4-6%**, to reflect the continued pressure on ASPs. While volume growth remains intact, pricing weakness from the intense competition and lower raw material costs has weighed on our top-line assumptions. We also trim our R&D expenses forecast per management's latest guidance, which partially offsets the earnings impact. As a result, our 2025-27 earnings estimates are lowered by 1-3%.

## VALUATION/RECOMMENDATION

- **Maintain BUY with an unchanged target price of S\$0.63**, pegged to a PE multiple of 7.5x 2025F earnings, or 1SD above the mean PE. The stock trades at an attractive valuation of 1.3x ex-cash 2025F PE.

## SHARE PRICE CATALYST

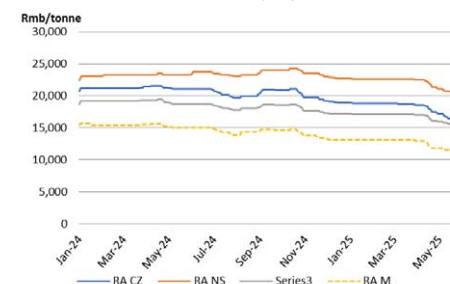
- New manufacturing capacities commencing production.
- Higher ASPs for rubber chemicals.
- Higher-than-expected utilisation rates.

## PEER COMPARISON

Company	Ticker	Trading Curr (lcy)	Price @ 27-May-25 (lcy)	Market Cap (US\$m)	PE		P/B		EV/EBITDA		ROE 2025 (%)	Yield 2025 (%)
					2025 (x)	2026 (x)	2025 (x)	2026 (x)	2025 (x)	2026 (x)		
China Sunsine	CSSC SP	S\$	0.565	419	6.9	6.6	0.7	0.6	1.1	1.0	9.9	5.2
Shandong Yanggu Huatai	300121 CH	CNY	15.43	963	15.7	12.0	1.9	1.7	n.a.	n.a.	12.0	n.a.
Lanxess AG	LXS GR	EUR	26.18	2,566	47.6	20.0	0.5	0.5	7.8	6.8	(0.7)	0.8
Eastman Chemical	EMN US	USD	80.54	9,299	10.9	9.8	1.5	1.4	8.1	7.5	14.0	4.1
Arkema SA	AKE FP	EUR	63.75	5,504	8.9	7.7	0.6	0.6	5.3	4.9	6.8	5.7
<b>Average</b>					<b>20.8</b>	<b>12.4</b>	<b>1.1</b>	<b>1.1</b>	<b>7.0</b>	<b>6.4</b>	<b>8.0</b>	<b>3.6</b>

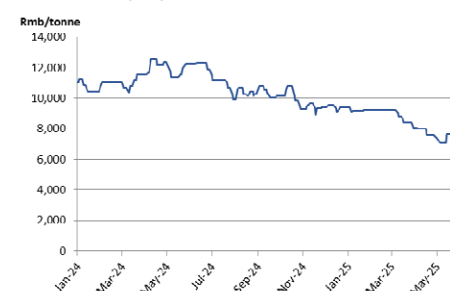
Source: Bloomberg, UOB Kay Hian

## RUBBER ACCELERATORS (RA) PRICE CHART



Source: CEIC Data, UOB Kay Hian

## ANILINE PRICE CHART



Source: CEIC Data, UOB Kay Hian

## PE CHART



Source: Bloomberg, UOB Kay Hian

### PROFIT & LOSS

Year to 31 Dec (Rmbm)	2024	2025F	2026F	2027F
Net turnover	3,515.5	3,500.0	3,591.8	3,702.4
EBITDA	718.0	770.0	793.8	818.2
Deprec. & amort.	132.9	168.3	178.4	188.5
EBIT	585.1	601.6	615.4	629.7
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	0.0	0.0	0.0	0.0
Pre-tax profit	585.1	601.6	615.4	629.7
Tax	(161.2)	(165.8)	(169.5)	(173.5)
Minorities	0.0	0.0	0.0	0.0
Net profit	423.9	435.9	445.8	456.2
Net profit (adj.)	423.9	435.9	445.8	456.2

### BALANCE SHEET

Year to 31 Dec (Rmbm)	2024	2025F	2026F	2027F
Fixed assets	835.0	811.4	777.9	734.5
Other LT assets	270.0	195.0	190.7	186.3
Cash/ST investment	2,073.9	2,397.2	2,696.0	3,000.9
Other current assets	1,500.1	1,579.2	1,620.7	1,670.6
<b>Total assets</b>	<b>4,679.0</b>	<b>4,982.9</b>	<b>5,285.3</b>	<b>5,592.3</b>
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	470.3	486.6	498.8	512.9
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	0.0	0.0	0.0	0.0
Shareholders' equity	4,208.7	4,496.3	4,786.5	5,079.3
Minority interest	0.0	0.0	0.0	0.0
<b>Total liabilities &amp; equity</b>	<b>4,679.0</b>	<b>4,982.9</b>	<b>5,285.3</b>	<b>5,592.3</b>

### CASH FLOW

Year to 31 Dec (Rmbm)	2024	2025F	2026F	2027F
<b>Operating</b>	<b>573.3</b>	<b>537.2</b>	<b>590.7</b>	<b>604.6</b>
Pre-tax profit	585.1	601.6	615.4	629.7
Tax	(102.2)	(161.4)	(165.9)	(169.7)
Deprec. & amort.	128.7	164.2	174.1	184.1
Working capital changes	58.6	(67.2)	(32.8)	(39.5)
Non-cash items	(96.9)	0.0	0.0	0.0
Other operating cashflows	0.0	0.0	0.0	0.0
<b>Investing</b>	<b>(55.3)</b>	<b>(65.6)</b>	<b>(136.3)</b>	<b>(136.2)</b>
Capex (growth)	(110.0)	(140.6)	(140.6)	(140.6)
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	54.7	75.0	4.3	4.4
<b>Financing</b>	<b>(137.4)</b>	<b>(148.2)</b>	<b>(155.7)</b>	<b>(163.4)</b>
Dividend payments	(126.4)	(148.2)	(155.7)	(163.4)
Issue of shares	0.0	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(11.0)	0.0	0.0	0.0
<b>Net cash inflow (outflow)</b>	<b>380.6</b>	<b>323.3</b>	<b>298.8</b>	<b>304.9</b>
Beginning cash & cash equivalent	1,687.9	2,073.9	2,397.2	2,696.0
Changes due to forex impact	5.4	0.0	0.0	0.0
<b>Ending cash &amp; cash equivalent</b>	<b>2,073.9</b>	<b>2,397.2</b>	<b>2,696.0</b>	<b>3,000.9</b>

### KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
<b>Profitability</b>				
EBITDA margin	20.4	22.0	22.1	22.1
Pre-tax margin	16.6	17.2	17.1	17.0
Net margin	12.1	12.5	12.4	12.3
ROA	9.4	9.0	8.7	8.4
ROE	10.4	10.0	9.6	9.2
<b>Growth</b>				
Turnover	0.7	(0.4)	2.6	3.1
EBITDA	18.9	7.2	3.1	3.1
Pre-tax profit	29.1	2.8	2.3	2.3
Net profit	13.8	2.8	2.3	2.3
Net profit (adj.)	13.8	2.8	2.3	2.3
EPS	14.5	2.8	2.3	2.3
<b>Leverage</b>				
Debt to total capital	0.0	0.0	0.0	0.0
Debt to equity	0.0	0.0	0.0	0.0
Net debt/(cash) to equity	(49.3)	(53.3)	(56.3)	(59.1)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

## Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

**This report is prepared for general circulation.** It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

## IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

### Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries or jurisdictions by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2025, UOB Kay Hian Pte Ltd. All rights reserved.

<http://research.uobkayhian.com>

RCB Regn. No. 197000447W