



China Sunsine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

NEWS RELEASE

China Sunsine reports 222% uplift of net profit to RMB 265.2 million for 1H2021

- 1H2021 revenue increased 69% y-o-y to RMB 1,757.5 million mainly due to the increase in overall Average Selling Price (“ASP”) and sales volume
- Sales volume jumped 22% to 93,162 tonnes in 1H2021
- Three expansion projects underway to support future growth
- NAV per share stood at SGD0.63 with a strong balance sheet

SINGAPORE – 13 August 2021 - 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, is pleased to announce the Group’s strong performance in the first half year ended 30 June 2021 (“1H2021”).

Financial Highlights

RMB' million	Half Year Ended		Change
	30 June 21	30 June 20	
Group Revenue	1,757.5	1,042.6	69%
Gross Profit	552.3	241.9	128%
Gross Profit Margin (GPM)	31.4%	23.2%	+8.2 pts
Adjusted EBITA	408.7	165.9	146%
Profit before tax	360.7	114.9	214%
Net profit after tax	265.2	82.4	222%
Sales Volume (tonnes)	93,162	76,320	22%
EPS (RMB cents)	27.32 ¹	8.46	223%
NAV per share (RMB cents) as of the period	302.66 ²	266.19	14%
Cash and bank balances	1,335.7 ³	1,334.5	-

¹Based on weighted average number of shares 970,697,000 shares, equivalent to 5.69 SGD cents at exchange rate of 4.8027

²Based on 970,495,000 shares, equivalent to 63.02 SGD cents at exchange rate of 4.8027

³Equivalent to SGD 278.1 million at the exchange rate of SGD 1.00 : RMB 4.8027



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With COVID-19 largely under control in China and on the back of the Chinese economy's strong recovery, the prices of our raw materials have increased, so has the demand for our products from tyre manufacturing companies. As such, the Group's revenue in 1H2021 climbed 69% to RMB 1,757.5 million, compared to RMB 1,042.6 million in 1H2020.

ASP advanced by 37% to RMB 18,642 per tonne in 1H2021 from RMB 13,560 per tonne in 1H2020. The increase in ASP was mainly due to (i) the higher raw material prices, (ii) the increase in the production utilisation rate of downstream tyre companies, and (iii) the increasing consolidation and polarization in the Chinese rubber chemicals industry, which resulted in more orders being placed with bigger rubber chemical players.

Due to the above reasons, our sales volume for the first half of this year grew by 22% to 93,162 tonnes from 76,320 tonnes a year ago. The Group's capacity utilization rate was as high as 97%.

Gross profit lifted 128% from RMB 241.9 million in 1H2020 to RMB 552.3 million in 1H2021, and gross profit margin ("GPM") enlarged by 8.2 percentage points from 23.2% to 31.4%.

As a result, the profit before tax ("**PBT**") rose by 214% from RMB 114.9 million in 1H2020 to RMB 360.7 million in 1H2021. For the first half-year ("**1H2021**"), the Group's net profit surged 222% to RMB 265.2 million from RMB 82.4 million a year ago.



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Analysis of Sales and Volume

	Sales Volume (Tonnes)		Sales (RMB' million)	
	1H2021	1H2020	1H2021	1H2020
Rubber Chemical				
Accelerators	49,660	40,480	1,079.9	654.7
Insoluble Sulphur	17,076	13,333	146.5	100.7
Anti-oxidant	25,595	21,564	494.7	266.5
Others	831	943	15.6	13.0
Total	93,162	76,320	1,736.7	1,034.9
<i>Local Sales</i>	<i>59,335</i>	<i>52,827</i>	<i>1,055.0</i>	<i>675.6</i>
<i>International Sales</i>	<i>33,827</i>	<i>23,493</i>	<i>681.7</i>	<i>359.3</i>
Heating Power	38,498	39,707	7.4	7.6
Waste treatment	6,224	-	12.9	-
Hotel & Restaurant	-	-	0.5	0.1

In 1H2021, sales volume for Accelerators, Insoluble Sulphur (“IS”) and Anti-oxidant products increased by 23%, 28% and 19%, respectively. Contributions from local sales and international sales were 64% and 36%, respectively.

The Group’s financial position remains robust. Its cash stood at RMB 1,335.7 million with no debt. Based on its latest six months’ results, the Group’s earnings per share was 27.32 RMB cents in 1H2021. Net assets per share amounted to 302.66 RMB cents.

Commenting on the Group’s performance in 1H2021, Executive Chairman Mr Xu Cheng Qiu (徐承秋) said, *“We are pleased to deliver a strong set of financial results in 1H2021. China’s economy was recovering rapidly in the first half of this year from the devastation of COVID-19. Auto sales also increased by 25.6% yoy, backed by strong New Energy Vehicles sales. The Group’s ASP increased mainly due to the increase in raw material prices. The Chinese rubber chemicals industry has experienced consolidation over the past few years. Now, we see market polarization. Like us, more prominent players are able to acquire more orders due to their large*



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capacity and comprehensive strengths, such as reputation, superior quality, strong financial position, advantages in environmental protection and safety production, etc.

Looking forward, several factors may affect our ASP. The volatile international crude oil prices continue to fluctuate, affecting the prices of our main raw materials, and Chinese tyre manufacturing companies' production utilisation rate appears to have declined since May 2021. In addition, the spread of "Delta" virus and the greater tension between the US and China may remain obstacles to the growth of the global economy and potentially affect demand from our overseas customers.

Despite these challenges, the Group will continue with its strategy of 'sales production equilibrium', and at the same time, seek to improve its sales volume.

We remain confident about the Group's profitability in the next 12 months." Mr Xu added.

Updates of capacity expansion plan

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

We are in the process of obtaining trial run approval. Commercial production is expected to commence in the fourth quarter of 2021, depending on the market situation.

2. 30,000-tonne per annum Anti-oxidant TMO project

The construction and machinery installation were completed. It is now undergoing internal testing. We expect to obtain trial run approval in the 4th quarter and start commercial production in early 2022.

3. Controlled Landfill Projects

Phase 1, 50,000-tonne capacity is completed and ready for trial run. With the successful completion of Phase 1, the Group is planning to kick off Phase 2 of another 50,000-tonne capacity soon. The Phase 2 project will occupy a land area of approximately 15 mu (approximately 10,000 square meters) with a budget of RMB 35 million. The Phase 2 Project is expected to be completed by 1H2022.



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

Tonnes	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021e
Accelerators	87,000	87,000	87,000	87,000	97,000	117,000	117,000
Insoluble Sulphur	20,000	20,000	20,000	30,000	30,000	30,000	60,000
Anti-oxidant	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Total	152,000	152,000	152,000	162,000	172,000	192,000	222,000

- 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 rubber accelerators, insoluble sulphur and anti-oxidant and other vulcanizing 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 tire 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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