



## China SunSine Chemical Holdings Ltd.

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Tel: (65) 6220-9070 Web: www.ChinaSunSine.com

Company Registration No.: 200609470N

### NEWS RELEASE

## China SunSine continues growth trajectory by posting record 2Q2018 revenue and earnings

- 2Q2018 Revenue increased 34% y-o-y mainly boosted by increase in Average Selling Price (“ASP”)
- 2Q2018 Profit rose more than 2-fold, lifting the 1H2018 EPS to 79.15 RMB cents

SINGAPORE – 07 August 2018 - 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 another quarter of sterling result, continuing the growth trajectory of the group.

For the second quarter ended 30 June 2018 (“2Q2018”), net profit rose more than two-fold (222%) to nearly RMB240 million on the back of a 34% increase in revenue to RMB880.6 million.

### Financial Highlights

RMB' million	Quarter Ended		Change	Half Year Ended		Change
	30 Jun 18	30 Jun 17		30 Jun 18	30 Jun 17	
Group Revenue	880.6	656.2	34%	1,737.5	1,230.7	41%
Gross Profit	323.6	187.1	73%	622.4	327.1	90%
Gross Profit Margin (GPM)	36.7%	28.5%	8.2 pts	35.8%	26.6%	9.2 pts
Profit before tax	214.8	92.9	131%	396.4	177.6	123%
Net profit after tax	239.7	74.5	222%	389.2	131.7	196%
Sales Volume (tons)	37,567	34,558	9%	74,364	67,604	10%
EPS (RMB cents)	48.75	15.53	214%	79.15 <sup>1</sup>	27.90	184%
NAV per share (RMB cents) as of the period				421.14 <sup>2</sup>	314.30	34%

<sup>1</sup>Based on number of shares 491,694,000 shares, equivalent to 16.36 Singapore cents at exchange rate of 4.8386

<sup>2</sup>Based on 491,694,000 shares, equivalent to 87.04 Singapore cents at exchange rate of 4.8386



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The growth in revenue was mainly due to the increase in ASP. ASP in this quarter increased by 23% to RMB 23,334 per ton from RMB18,904 per ton in 2Q2017. On a quarter to quarter basis, the ASP increased marginally as compared to RMB23,168 per ton in 1Q2018. Total sales volume increased by 9% from 34,558 tons in 2Q2017 to 37,567 tons.

Gross profit rose 73% to RMB323.6 million compared with RMB187.1 million in 2Q2017, while gross profit margin hit 36.7% compared with 28.5% in 2Q2017, due mainly to the increase in ASP.

Profit before tax (PBT) increased by 131% from RMB92.9 million in 2Q2017 to RMB214.8 million. As the entitlement of “High-tech Enterprise” status granted to our main subsidiary, Shandong Sunsine, was effective from 1 January 2017, the Group credited back approximately RMB48 million in tax expense.

With the latest quarterly performance, the Group’s net profit for the first half-year (1H2018) surged 196% to RMB389.2 million with revenue rising 41% to RMB1,737.5 million.

### Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB'm)			
	2Q2018	2Q2017	1H2018	1H2017	2Q2018	2Q2017	1H2018	1H2017
<b>Rubber Chemical</b>								
Accelerators	21,563	21,334	41,469	41,692	635.8	462.9	1,220.8	871.3
Insoluble Sulphur	6,672	4,913	12,884	10,024	78.1	52.2	150.9	105.6
Anti-oxidant	8,986	7,893	19,339	15,074	154.4	129.7	340.7	231.7
Others	346	418	672	814	8.2	8.5	16.6	16.3
<b>Total</b>	<b>37,567</b>	<b>34,558</b>	<b>74,364</b>	<b>67,604</b>	<b>876.5</b>	<b>653.3</b>	<b>1,729.0</b>	<b>1,224.9</b>
<i>Local Sales</i>	<i>24,786</i>	<i>23,242</i>	<i>49,941</i>	<i>45,910</i>	<i>527.5</i>	<i>413.0</i>	<i>1,072.8</i>	<i>784.7</i>
<i>International Sales</i>	<i>12,781</i>	<i>11,316</i>	<i>24,423</i>	<i>21,694</i>	<i>349.1</i>	<i>240.3</i>	<i>656.2</i>	<i>440.2</i>
<b>Heating Power</b>	<b>20,354</b>	<b>16,508</b>	<b>46,331</b>	<b>32,506</b>	<b>3.8</b>	<b>2.7</b>	<b>8.0</b>	<b>5.3</b>
<b>Hotel &amp; Restaurant</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.3</b>	<b>0.2</b>	<b>0.5</b>	<b>0.5</b>



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As in previous quarters, the factors propelling this continued sterling performance are a combination of rising ASP and higher sales volume. The Group continued to benefit from the short supply situation in 2Q2018 due to the stringent environmental protection enforcement in the industry. Moreover, some tire makers recognised the Group's ability to provide stable quality supply, thus placing more orders with the Group. As a result, both domestic and international sales increased during the quarter.

Based on its latest six months' results, the Group's earnings per share was 79.15 RMB cents in 1H2018. The Group's financial position remains strong and healthy - with total cash increasing to RMB566.4 million. Net assets per share amounted to 421.14 RMB cents as at 30 June 2018.

Mr Xu Cheng Qiu (徐承秋), Executive Chairman commented: *"I am proud that the Group has achieved such outstanding performance in the first half of 2018. This result is attributed to the Group's unceasing efforts in complying with environmental protection regulations over the years. However, as China's economy is facing a slowdown in its growth amidst trade war tensions, China's tire capacity utilisation rate is falling. Some players will resume their production after successfully complying with the environmental and safety regulations. As such, we expect the selling price of rubber chemicals to continue to normalise. In addition, as the Chinese government continues to enforce stringent environmental protection regulations and conduct frequent inspections under "The Battle for a Blue Sky", this may materially affect all chemical companies in China, including our Group."*

On prospects for the remainder of the year, Mr Xu says the Group will continue to maintain its strategy that "higher production leads to higher sales volume, which in turn stimulates even higher production". *"We will also continue to focus on production technology and innovation, and investment in R&D to gain a competitive edge over other producers."*

*"For the above reasons, we remain positive of our performance in the next 12 months,"* says Mr Xu.



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### Project Updates

As of the latest quarter, the Group is awaiting the approval from the relevant government authorities for the trial-run of the new Phase1 10,000-ton TBBS production line as well as the new 10,000-ton Insoluble Sulphur production line in Ding Tao facility.

Meanwhile, the expansion of Guangshun Heating plant has been completed and is currently undergoing grid integration.

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

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



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### **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 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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