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NEWS RELEASE

China Sunsine's sales volume continues to grow in an unparalleled year FY2020

- **2H2020 net profit increased 11% y-o-y to RMB 136.4 million, but FY2020 net profit dragged down by COVID-19 impacted 1H2020 results to record a 44% y-o-y decrease to RMB 218.8 million**
- **Benefiting from the recovery of China's economy and increasing demand from the tire market, the Group's sales volume recorded another new high of 169,876 tons for FY2020**
- **Proposing a final dividend of 1 Singapore cent per ordinary share for FY2020**

SINGAPORE - 25 February 2021 - China Sunsine Chemical Holdings Ltd ("China Sunsine" or the "Group"), a specialty rubber chemicals producer and a global leader in production and supply of rubber accelerators, is pleased to present its financial results for the second half as well as the full year ended 31 December 2020 **("2H2020"** and **"FY2020"** respectively).

Although the global economy was still heavily impacted by the unexpected COVID-19 pandemic, the Group's performance improved in 2H2020, fueled by China's rapidly recovering economy and the auto market's rebound.

Financial Highlights

RMB' million	Half-year Ended		Change	12 Months Ended		Change
	31 Dec 20	31 Dec 19		31 Dec 20	31 Dec 19	
Group Revenue	**1,291.1**	1,278.0	1%	**2,333.7**	2,691.6	(13%)
Gross Profit	**358.4**	292.8	22%	**600.3**	780.8	(23%)
Gross Profit Margin (GPM)	**27.8%**	22.9%	4.9pts	**25.7%**	29.0%	(3.3pts)
Profit before tax	**185.6**	132.6	40%	**300.5**	452.6	(34%)
Net profit after tax	**136.4**	123.0	11%	**218.8**	388.9	(44%)
Sales Volume (tons)	**93,556**	85,377	10%	**169,876**	167,455	1%
EPS (RMB cents)	**14.04**	12.59	12%	**22.50**[1]	39.72	(43%)

[1] Based on weighted number of shares: 971,344,000 shares, equivalent to SGD 4.56 cents at exchange rate of 4.9314

NAV per share (RMB cents) as of the period				**280.28**[2]	262.56	7%

2H2020

During the second half of the year, the Group's revenue increased marginally to RMB 1,291.1 million from RMB 1,278.0 million in 2H2019, mainly due to the higher sales volume albeit offset by lower overall average selling price ("**ASP**").

The overall ASP declined by 9% to RMB 13,579 per ton, from RMB 14,877 per ton a year ago. This was mainly due to the decrease in raw material prices and intensifying competition in the rubber chemicals industry.

However, sales volume continued to grow 10% to 93,556 tons. This was attributed to the Group's consistent and robust marketing efforts, backed by the expansion in the company's capacity to meet the market demand.

Gross profit rose by 22%, from RMB 292.8 million in 2H2019 to RMB 358.4 million. The average gross profit margin ("**GPM**") improved by 4.9 percentage point from 22.9% in 2H2019 to 27.8%.

Profit before tax ("**PBT**") increased by 40% to RMB 185.6 million, from RMB 132.6 million in 2H2019, mainly due to the higher gross profit and lower expenses. Net profit surged 11% from RMB 123.0 million to RMB 136.4 million.

FY2020

On a 12-month basis, the Group's revenue for FY2020 was down 13% from RMB 2,691.6 million in FY2019 to RMB 2,333.7 million. This was mainly due to the lower overall ASP

[2] Based on number of issued shares: 970,720,000 shares at end of the year, equivalent to SGD 56.84 cents at exchange rate of 4.9314

which decreased by 15% to RMB 13,571 per ton as compared to RMB 15,970 per ton in FY2019, while the sales volume increased to a new record high of 169,876 tons. GPM for the year fell 3.3 percentage points from 29.0% a year ago to 25.7%.

Other income amounted to RMB 8.5 million, consisting mainly of interest income, gain on bargain purchase of a subsidiary, offset by foreign exchange loss of RMB 18.1 million due to the depreciation of USD against RMB.

Selling and distribution expenses decreased by 24% to RMB 73.8 million, as compared to RMB 96.6 million in FY2019, mainly due to the decrease in the Group's expenses relating to freight as a result of the Group's efforts on the cost control, as well as lower port charges as international sales volume decreased.

Administrative expenses for the year declined by 13%, from RMB 177.6 million in FY2019 to RMB 155.1 million. This was mainly due to lower staff cost and social insurance, offset by a higher depreciation due to more downtime in 1H2020.

PBT decreased by 34%, from RMB 452.6 million a year ago to RMB 300.5 million, mainly due to the decrease in revenue as a result of lower ASP, especially in 1H2020.

The income tax expense increased by RMB 18.0 million, from RMB 63.7 million in FY2019 to RMB 81.7 million. The tax was accrued based on the statutory rate of 25%. The "High-tech Enterprise" status of our main subsidiary, Shandong Sunsine, expired on 27 December 2019. As the possibility of renewing the status this year is low, Management did not submit the renewal application in 2020.

As such, the net profit in FY2020 reduced by 44%, from RMB 388.9 million in FY2019 to RMB 218.8 million.

Analysis of Sales and Volume

	Sales Volume (Tons)				**Sales** (RMB' million)			
	2H20	**2H19**	**FY20**	**FY19**	**2H20**	**2H19**	**FY20**	**FY19**
Rubber Chemical								
Accelerators	50,470	44,472	90,950	88,262	780.6	798.4	1,435.3	1,751.7
Insoluble Sulphur	17,322	14,986	30,655	29,916	128.4	126.9	229.0	267.6
Anti-oxidant	24,471	24,898	46,035	47,283	344.3	329.4	610.8	622.4
Others	1,293	1,021	2,236	1,994	17.2	15.5	30.3	32.6
Total	***93,556***	***85,377***	***169,876***	***167,455***	***1,270.5***	***1,270.2***	***2,305.4***	***2,674.3***
Domestic sales	67,610	57,198	120,437	110,732	896.8	792.0	1,572.4	1,630.1
International sales	25,946	28,179	49,439	56,723	373.7	478.2	733.0	1,044.2
Heating Power	**43,470**	**39,686**	**83,177**	**88,309**	**8.2**	**7.6**	**15.8**	**16.7**
Hotel & Restaurant	**-**	**-**	**-**	**-**	**0.3**	**0.3**	**0.4**	**0.7**
Waste treatment	**4,115.7**	**-**	**4,115.7**	**-**	**12.1**	**-**	**12.1**	**-**

2H2020 sales volume for Accelerators and Insoluble Sulphur ("**IS**") increased by 13% and 16%, respectively, while anti-oxidant products remained flat. The Group was able to increase production to meet the increased demand from its enlarged capacity as the Chinese market staged a rapid recovery from the COVID-19 pandemic in the second half-year. The flexible pricing strategy that the Group adopted also helped in the volume growth and market share expansion in this competitive environment.

2H2020 domestic sales volume increased by 18%, while international sales volume decreased by 8% as the international market is still suffering from the impact of the pandemic.

For the 12-month period, the Group's sales volume for Accelerator, and IS increased by 3% and 2%, respectively. Anti-oxidant products decreased by 3% mainly due to the lower sales volume in 1H2020 caused by COVID-19. Overall, the capacities for all these three categories achieved a high utilization rate.

Commenting on the results, Mr Xu Cheng Qiu (徐承秋), Executive Chairman, says, ***"2020 had been a very challenging year for the global economy. After experiencing a difficult 1st half-year, we saw a rapid recovery of China's economy thereafter. Auto sales started to pick up since the 2nd half-year. Overall, I believe the Group achieved a set of satisfactory results, thanks to its strategy of 'sales and production equilibrium'. I am pleased that we are on track for progressive capacity expansion, which allows us to produce more to meet the increased demand and further grow our market share.***

As we enter 2021, we are seeing positive signs from the downstream demand; the rubber chemicals industry is further consolidating and raw material prices are increasing. All these factors will provide support for our ASP.

With our two major expansion projects slated for completion in 2021, we will be able to strengthen our market leadership position further. Coupled with our other competitive advantages, such as our strong balance sheet and financial position, ability to provide high-quality products, large-scale production, a variety of product range of rubber chemicals, and compliance with national environmental protection laws and regulations, we are confident about the Group's profitability in the next 12 months." Mr Xu said.

Based on the FY2020 results, the Group's earnings per share was RMB 22.50 cents. The Group's financial position continues to remain robust with total cash and bank balances of RMB1,326.2 million, and is debt-free. Net assets per share amounted to RMB 280.28 cents per share as at 31 December 2020.

<u>Expansion Project Update</u>

1. Phase I 30,000-ton IS project

The construction and machinery installation had been completed. Trial run is expected in March 2021. Commercial production will commence in 2H2021, depending on the market situation.

2. Phase II 20,000-ton high-end accelerator TBBS project

This 20,000-ton production line was put into use in May 2020. We strongly believe that this newly added capacity will give the Group's scale in TBBS a clear and distinct advantage over our competitors.

3. 30,000-ton Anit-oxidant TMQ project

Currently at the construction stage, this project is expected to be completed by 1H2021, and commercial production will begin in 2H2021.

4. Phase 1 50,000-ton capacity Controlled Landfill Project

During the production of rubber chemicals, the Group generates dangerous wastes. In order to properly treat the wastes, the Group acquired Yongshun in FY2020, in order to reduce the environmental risks faced by the Group and, at same time, save the cost of such waste treatment in the long run. (please refer to the Company's announcement dated 21 July 2020 for the acquisition of Yongshun for more details).

Yongshun is able to treat all organic wastes by burning them, but not inorganic wastes. Furthermore, there will be some ashes generated after the organic wastes are treated by Yongshun. In order to dispose of such inorganic wastes and the ashes properly, and to cope with the increasing dangerous wastes generated in Heze area, the Company has decided to carry out a Controlled Landfill project in Shanxian after conducting a detailed feasibility study, to provide a comprehensive solution to the treatment of all wastes generated during our production process and to mitigate such environmental risks.

The whole project will cost approximately RMB 600 million (to be funded by internal resources) with a total capacity of 700,000-ton, and will be carried out in numerous phases. The phase 1 of 50,000-ton capacity Controlled Landfill project will be carried out and completed in 2021, and occupies a land area of 50 mu (approximately 33,334 m2). The rest of the entire project will be carried out progressively over time depending on market conditions and our own scale of production in the next few years. When the Controlled Landfill project is finally completed, and together with Yongshun's waste treatment capabilities, the Group will be able to treat our production waste materials completely. In doing so, the Group will not only be able to reduce its environmental risks, but will also generate additional income from it. The budget for this Phase 1 project is approximately RMB 80 million. The Group will monitor carefully the demand for such Controlled Landfill usage, and only carry out the next phase when the economics justify further investment.

Update of our Annual Capacity[3] is set out below:

Tons	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021e
Accelerators	87,000	87,000	87,000	87,000	87,000	97,000	117,000	117,000
Insoluble Sulphur	20,000	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	75,000
Total	***152,000***	***152,000***	***152,000***	***152,000***	***162,000***	***172,000***	***192,000***	***252,000***

In consideration of the Group's earnings performance and future expenditure for expansion, the Board of Directors recommends a final one-tier tax exempt dividend of SGD0.01 per ordinary share, in appreciation of the support from our shareholders.

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About China Sunsine Chemical Holdings Ltd.

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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 2/3 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.

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

Riding on the robust growth of the global auto and tyre industries, 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.

China Sunsine is a constituent of FTSE ST Singapore Shariah Index.

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