



## China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

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### Voluntary Disclosure – Business Updates

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The Board of Directors (the “**Board**”) of China SunSine Chemical Holdings Ltd. (the “**Company**”, and together with its subsidiaries collectively, the “**Group**”) wishes to provide its business updates to shareholders.

With COVID-19 under control in China and on the back of the Chinese economy's strong recovery in the first quarter of 2021 (with GDP growth of 18.3%), the Board is pleased to announce that the Group's financial performance in the first quarter ended 31 March 2021 (“**1Q2021**”) had seen an overall improvement as compared to the first quarter ended 31 March 2020 (“**1Q2020**”). The Group recorded sales revenue of approximately RMB 840 million in 1Q2021, a 66% increase as compared to 1Q2020. Gross profit margin (“**GPM**”) reached 31.6%, and net profit increased by 274% as compared to 1Q2020 to RMB125 million. The sales volume for 1Q2021 reached another high of approximately 47,000 tonnes. The overall capacity utilisation rate is about 98%.

The above improvement was mainly due to (i) the increase in the average selling price (“**ASP**”) of our products, as a result of the increase in the prices of raw materials; and (ii) the increase in sales volume owing to the higher demand resulting from the strong recovery of the Chinese economy.

All our expansion projects are proceeding according to their respective schedules.

Looking forward to the rest of this year, the Group has observed that starting from the end of last year to February and March this year, the economic rebound had led to soaring prices of rubber chemicals. However, as we enter April 2021, prices began to fall, mainly due to raw material prices beginning to descent from their high levels as a result of sufficient supply. Downstream tire manufacturers had placed large orders in February and March 2021, and we foresee relatively weaker demand in the months ahead.

From a macro-economic perspective, it will take time for the global economy to get out of the trough due to the continued threat of the pandemic. The current geopolitical tensions also bring great risks and uncertainty to the global economic recovery.

The rubber chemicals industry is also undergoing consolidation. Bigger players had achieved good profits in the past few years. Some of them have started to increase production capacities. Therefore, market competition is becoming more intensified and smaller players may be squeezed out of the market. Environmental protection and safety production requirements continue to be more and more stringent. All these require us to work harder, and be more cautious and vigilant in our daily operations.

To cope with the current and long-term operating environment, and in the midst of mapping out its expansion development plan, the Group will continue to focus on improving technology and production process, improving the level of automation and continuous production, strengthening cash flow management and cost control, and reducing consumption and emission.

We firmly believe that, by leveraging our robust financial position, economies of scale, quality and variety of products, and environmental protection advantages, the Group will be able to further strengthen its financial position and expand its market share.

Below is a summary of our latest anticipated Annual Capacity<sup>1</sup> for FY2021, against past years' capacities:

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<sup>1</sup> Annual Capacity excludes capacity of intermediary materials such as 4ADPA and MBT

<b>Tons</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>
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
<b>Total</b>	<b>152,000</b>	<b>152,000</b>	<b>152,000</b>	<b>152,000</b>	<b>162,000</b>	<b>172,000</b>	<b>192,000</b>	<b>252,000</b>

**BY ORDER OF THE BOARD**

Xu Chengqiu  
Executive Chairman  
29 April 2021