

**China SunSine Chemical Holdings Ltd.**

112 Robinson Road #11-01 Singapore 068902  
Tel: (65) 6220-9070 Web: www.ChinaSunSine.com

Company Registration No.: 200609470N

**Press Release**

## **China SunSine posted 131% rise in net profit to RMB 506.3 million in FY2021**

- **2H2021 net profit increased 77% y-o-y to RMB 241.1million, driven by higher Average Selling Price (“ASP”) and sales volume**
- **Bolstered by capacity expansion, the Group continued to grow its sales volume by 15% to a record high at 195,405 tonnes for FY2021**
- **Proposing a total of 2 Singapore cents final dividend, consisting of 1 Singapore cent dividend and another 1 Singapore cent special dividend per share for FY2021**

**SINGAPORE - 23 February 2022 - China SunSine Chemical Holdings Ltd (“China SunSine” or the “Group”), a specialty rubber chemicals producer and a global leader in the production and supply of rubber accelerators, is pleased to present a solid set of financial results (unaudited) for the second half and the full year ended 31 December 2021 (“2H2021” and “FY2021” respectively).**

Leveraging the rapid recovery of China's economy and auto market in 2021 from the impact of the unexpected COVID-19 pandemic in the previous year, the Group's performance significantly improved in FY2021.

**Financial Highlights**

RMB' million	6 Months Ended		Change	12 Months Ended		Change
	31 Dec 21	31 Dec 20		31 Dec 21	31 Dec 20	
Group Revenue	<b>1,967.7</b>	1,291.1	52%	<b>3,725.2</b>	2,333.7	60%
Gross Profit	<b>494.2</b>	358.4	38%	<b>1,046.5</b>	600.3	74%
Gross Profit Margin (GPM)	<b>25.1%</b>	27.8%	(2.7 pts)	<b>28.1%</b>	25.7%	2.4 pts
Profit before tax	<b>338.4</b>	185.6	82%	<b>699.1</b>	300.5	133%
Net profit after tax	<b>241.1</b>	136.4	77%	<b>506.3</b>	218.8	131%
Sales Volume (tonnes)	<b>102,243</b>	93,556	9%	<b>195,405</b>	169,876	15%



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EPS (RMB cents)	<b>24.85</b>	14.04	77%	<b>52.17<sup>1</sup></b>	22.50	132%
NAV per share (RMB cents) as of the period				<b>327.30<sup>2</sup></b>	280.28	17%

**2H2021**

During the second half of the year, the Group's revenue increased by 52% to RMB 1,967.7 million from RMB 1,291.1 million in 2H2020, on the back of the increase in both overall Average Selling Price (“ASP”) and sales volume.

The overall ASP improved 40% to RMB 18,983 per tonne, from RMB 13,579 per tonne a year ago. The increase was mainly due to the rise in raw material prices, which we were able to pass on to our customers.

On top of that, our sales volume continued to expand, growing 9% in 2H2021 to 102,243 tonnes. This was attributed to the Group's consistent and robust marketing efforts, backed by its capacity expansion to meet the market demand.

Gross profit rose 38%, from RMB 358.4 million in 2H2020 to RMB 494.2 million. However, the average gross profit margin (“GPM”) slid 2.7 percentage points from 28.8% in 2H2020 to 25.1% in 2H2021. This was due to the increase in the prices of raw materials outpacing the increase in ASP as raw material prices were accelerating since September to November 2021, and in general, our selling prices to major customers had been set a quarter earlier.

Profit before tax (“PBT”) increased by 82%, from RMB 185.6 million in 2H2020 to RMB 338.4 million in 2H2021, mainly due to increased sales revenue and gross profit. Net profit surged 77% from RMB 136.4 million a year ago to RMB 241.1 million.

<sup>1</sup>Based on weighted number of shares: 970,398,000 shares, equivalent to SGD 11.06 cents at exchange rate of 4.7179 as of 31 December 2021.

<sup>2</sup>Based on number of issued shares: 970,395,000 shares at end of the year, equivalent to SGD 69.37 cents at exchange rate of 4.7179



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**FY2021**

On a 12-month basis, the Group's revenue for FY2021 rose 60% to RMB 3,725.2 million from RMB 2,333.7 million in FY2020. Overall ASP increased by 39% to RMB 18,820 per tonne as compared to RMB 13,571 per tonne in FY2020. The sales volume reached a new record of 195,405 tonnes, up 15% from 169,876 tonnes in FY2020. GPM for the year enlarged 2.4 percentage points from 25.7% a year ago to 28.1%.

Other income amounted to RMB 104.1 million, consisting mainly of the interest income (RMB 24.2 million), government grants (RMB 49.3 million) and sales of scrap materials.

Distribution and marketing expenses increased by 30% to RMB 96.0 million, as compared to RMB 73.8 million in FY2020. This was mainly due to higher freight costs, higher port charges, and higher incentives payable to sales personnel as a result of better sales performance.

Administrative expenses for the year increased by 49%, from RMB 156.6 million in FY2020 to RMB 233.2 million. This was mainly due to higher staff costs and bonus as a result of better performance, as well as administrative expenses incurred by our subsidiary, Shandong Hengshun New Materials Co., Ltd., which started operations at the end of 2021.

Research & Development (“**R&D**”) expenses also increased by 47% to RMB 110.8 million in FY2021, mainly due to more R&D activities being carried out.

PBT surged 133%, from RMB 300.5 million in FY2020 to RMB 699.1 million, mainly due to higher sales revenue.

For the reasons set above, the net profit in FY2021 soared 131% to RMB 506.3 million from RMB 218.8 million in FY2020 .



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### Analysis of Sales and Volume

	Sales Volume (Tonnes)				Sales (RMB'million)			
	2H2021	2H2020	FY2021	FY2020	2H2021	2H2020	FY2021	FY2020
<b>Rubber Chemical</b>								
Accelerators	52,310	50,470	101,970	90,950	1,148.2	780.6	2,228.1	1,435.3
Insoluble Sulphur	20,198	17,322	37,274	30,655	161.0	128.4	307.5	229.0
Anti-oxidant	28,971	24,471	54,566	46,035	617.9	344.3	1,112.6	610.8
Others	764	1,293	1,595	2,236	13.8	17.2	29.5	30.3
<b>Total</b>	<b>102,243</b>	<b>93,556</b>	<b>195,405</b>	<b>169,876</b>	<b>1,940.9</b>	<b>1,270.5</b>	<b>3,677.7</b>	<b>2,305.4</b>
<i>Local Sales</i>	<i>65,666</i>	<i>67,610</i>	<i>125,001</i>	<i>120,437</i>	<i>1,203.2</i>	<i>896.8</i>	<i>2,258.2</i>	<i>1572.4</i>
<i>International Sales</i>	<i>36,577</i>	<i>25,946</i>	<i>70,404</i>	<i>49,439</i>	<i>737.7</i>	<i>373.7</i>	<i>1,419.5</i>	<i>733.0</i>
<b>Heating Power</b>	<b>48,134</b>	<b>43,470</b>	<b>86,632</b>	<b>83,177</b>	<b>11.8</b>	<b>8.2</b>	<b>19.1</b>	<b>15.8</b>
<b>Waste treatment</b>	<b>6,143</b>	<b>4,116</b>	<b>12,367</b>	<b>4,116</b>	<b>14.2</b>	<b>12.1</b>	<b>27.1</b>	<b>12.1</b>
<b>Hotel &amp; Restaurant</b>		-	-	-	<b>0.8</b>	<b>0.3</b>	<b>1.3</b>	<b>0.4</b>

In 2H2021, sales volume for Accelerators, Insoluble Sulphur (“IS”) and Anti-oxidants increased by 4%, 17% and 18%, respectively. While domestic sales volume declined slightly by 3%, international sales volume grew 41% year on year, mainly due to the increase in the production utilisation rate of overseas tyre makers, against the backdrop of global economic recovery.

For the 12-month period, the Group's sales volume for Accelerators, IS and Anti-oxidants increased by 12%, 22% and 19%, respectively. Overall, the capacities for all these three categories achieved a very high utilisation rate; with IS and Anti-oxidants running over 100% capacities.

Commenting on the results, Mr Xu Cheng Qiu (徐承秋), Executive Chairman, says, *“Riding on the strong recovery of China's economy and the global economy, as well as the resilient auto market, the Group delivered a stellar performance in FY2021. Our strategy of 'sales and production equilibrium' has helped us successfully to ride out the storm of the past 2 years.*



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*Even though China's economy is projected to slow in 2022, the Board believes that it will still remain healthy.*

*Several challenges persist. Volatile oil prices will lead to fluctuation in raw material prices, the utilisation rate of downstream tyre manufacturers are still low, and the rubber chemicals industry is facing increasing competition as some of our competitors are executing their expansion plans.*

*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 strengthen our market leadership position. 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 FY2021 results, the Group's earnings per share was RMB 52.17 cents. The Group's financial position remains robust with total cash and bank balances of RMB1,377.3 million, and it is debt-free. Net assets per share amounted to RMB 327.3 cents as at 31 December 2021.

### **Expansion Project Update**

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

Commercial production commenced in December 2021.

#### *2. 30,000-tonne per annum Anit-oxidant TMQ project*

Construction and installation had been completed; the project is now pending the Government's approval for trial run. We expect the trial run will start in 2Q2022 and commercial production will begin in 2H2022.

#### *3. Controlled Landfill Projects*



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The Phase 1, 50,000-tonne capacity Controlled Landfill Project has been completed and has started commercial operation. The Group has started the construction of Phase 2 of another 50,000-tonne capacity Controlled Landfill Project. The Phase 2 project occupies 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 complete by 1H2022.

Update of our Annual Capacity<sup>3</sup> is set out below:

Tonnes	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022e
Accelerators	87,000	87,000	87,000	97,000	117,000	117,000	117,000
Insoluble Sulphur	20,000	20,000	30,000	30,000	30,000	60,000	60,000
Anti-oxidant	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>162,000</b>	<b>172,000</b>	<b>192,000</b>	<b>222,000</b>	<b>252,000</b>

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

- End -

### 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.

<sup>3</sup> Annual Capacity excludes capacity of intermediary materials such as 4ADPA and MBT



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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.

**For more information, please contact:**

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