

**China SunSine Chemical Holdings Ltd.**112 Robinson Road #11-01 Singapore 068902  
Tel: (65) 6220-9070 Web: www.ChinaSunSine.com

Company Registration No.: 200609470N

**NEWS RELEASE****China SunSine FY2018 net profit rises 88% to a record high of RMB 641.3 million**

- 4Q2018 net profit dipped 18% y-o-y to RMB108.6 due mainly to lower Average Selling Price (“ASP”)
- 4Q2018 sales volume reached new high to 39,957 tons, bringing the full year sales volume to a new record of 151,486 tons in FY2018
- New 10,000-ton high-end accelerator TBBS and 10,000-ton Insoluble Sulphur started commercial production
- Proposes higher dividend of 5.5 Singapore cents per ordinary share for FY2018 (FY2017: 3 cents) in line with its dividend policy

SINGAPORE - 28 February 2019 - 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 present a sterling set of financial performance for the full year ended 31 December 2018 (“FY2018”) in spite of the challenging and uncertain market conditions.

**Financial Highlights**

RMB' million	Quarter Ended		Change	12 Months Ended		Change
	31 Dec 18	31 Dec 17		31 Dec 18	31 Dec 17	
Group Revenue	770.1	873.3	(12%)	3,283.3	2,738.4	20%
Gross Profit	249.4	291.2	(14%)	1,125.9	788.1	43%
Gross Profit Margin (GPM)	32.4%	33.3%	(0.9 pts)	34.3%	28.8%	5.5 pts
Profit before tax	142.3	195.6	(27%)	711.6	476.8	49%
Net profit after tax	108.6	132.0	(18%)	641.3	341.3	88%
Sales Volume (tons)	39,957	38,774	3%	151,486	140,476	8%
EPS (RMB cents)	22.11	26.85	(18%)	130.45 <sup>1</sup>	70.82	84%
NAV per share (RMB cents) as of the period				473.32 <sup>2</sup>	354.37	34%

<sup>1</sup>Based on weighted number of shares: 491,576,000 shares, equivalent to SGD 26.06 cents at exchange rate of 5.0062<sup>2</sup>Based on number of issued shares: 491,311,700 shares at end of the year, equivalent to SGD 94.55 cents at exchange rate of 5.0062



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During the last quarter ended 31 December 2018 (“**4Q2018**”), the Group’s revenue slid 12% to RMB770.1 million as compared to RMB873.3 million in 4Q2017, mainly due to the lower overall ASP.

Overall ASP in 4Q2018 dropped by 15% to RMB 19,110 per ton from RMB22,384 per ton a year ago, and dropped by 8% as compared to the ASP in 3Q2018, mainly due to lower raw material prices, in particular, Aniline. However, sales volume in 4Q2018 grew 3% as a result of the Group’s continuous increased marketing efforts.

During the quarter, gross profit reduced by 14% from RMB291.2 million in 4Q2017 to RMB249.4 million. The average gross profit margin (GPM) slid 0.9 percentage points from 33.3% a year ago to 32.4%, mainly due to the lower ASP.

On a 12-month basis, the Group’s revenue grew 20% to RMB3,283.3 million in FY2018 as compared to RMB2,738.4 million in FY2017, underpinned by higher overall ASP and sales volume. The overall ASP for FY2018 increased by 11% to RMB21,535 per ton from RMB19,398 per ton in FY2017 due to short supply of rubber chemicals in China during the past few quarters. GPM for the year improved 5.5 percentage points from 28.8% a year ago to 34.3%.

Selling and distribution expenses increased by 31% to RMB 99.5 million mainly due to higher freight cost and higher incentive payments to sales personnel.

Administrative expenses for the year increased by 53% or RMB120.1 million from a year ago to RMB347.9 million in FY2018 mainly due to the increase in R&D expenses of RMB 78.3 million and increase of RMB 11.9 million in safety production expenses.

As such, net profit in FY2018 surged 88%, from RMB341.3 million in FY2017 to RMB 641.3 million.



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### Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB' million)			
	4Q18	4Q17	FY18	FY17	4Q18	4Q17	FY18	FY17
<b>Rubber Chemical</b>								
Accelerators	20,961	21,722	83,255	83,335	517.6	597.6	2,283.2	1,915.1
Insoluble Sulphur	6,725	6,010	25,759	22,283	72.1	68.6	292.7	239.7
Anti-oxidant	11,850	10,665	41,095	33,258	165.1	192.1	655.1	535.4
Others	421	377	1,377	1,600	8.8	9.6	31.2	34.8
<b>Total</b>	<b>39,957</b>	<b>38,774</b>	<b>151,486</b>	<b>140,476</b>	<b>763.6</b>	<b>867.9</b>	<b>3,262.2</b>	<b>2,725.0</b>
Domestic sales	27,256	26,952	101,708	95,560	482.0	571.1	2,009.4	1,753.3
International sales	12,701	11,822	49,778	44,916	281.6	296.8	1,252.8	971.7
<b>Heating Power</b>	<b>34,103</b>	<b>31,030</b>	<b>111,249</b>	<b>74,777</b>	<b>6.3</b>	<b>5.1</b>	<b>20.1</b>	<b>12.2</b>
<b>Hotel &amp; Restaurant</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.2</b>	<b>0.2</b>	<b>1.0</b>	<b>1.2</b>

During the quarter, sales volume for Accelerators decreased by 4% from 21,722 tons in 4Q2017 to 20,961 tons, mainly due to technical upgrading work during the quarter at Weifang's MBTS workshop to reduce waste gas discharge, which resulted in lower production of accelerator products. However, the sales volume for IS and Anti-oxidant products increased by 12% and 11% respectively, due to increased marketing efforts.

For the 12-month period, sales volume of Accelerators remained flat, while the sales volume of IS and Anti-oxidant products increased by 16% and 24%, respectively. Total sales volume for FY2018 reached a new record high at 151,486 tons. Sales to both domestic and international markets continued to grow.

Mr Xu Cheng Qiu (徐承秋), Executive Chairman, says, *"I am pleased that the Group has achieved this phenomenal performance in 2018. The global economic and geopolitical conditions remain uncertain. China's economy is continuing to slow down. Auto sales have seen its first decline in 2018 after 28 years of consecutive growth. On top of that, some players which have placed more emphasis on their environmental protection and safety measures had resumed their operations. The Group expects downward pressure on prices moving forward."*



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*“In spite of many challenges ahead, as a leading rubber chemicals producer, the Group continues to focus on production technology and innovation through investment in R&D, to gain a competitive edge over other players. Following our strategy that “Higher production leads to higher sales volume, which in turn stimulates even higher production”, the Group aims to grab more market share by expanding its production capacity gradually. We remain cautious about the outlook of the Group and are confident of our profitability in the next 12 months.”*

Based on its latest FY2018 results, the Group’s earnings per share was RMB 130.45 cents. The Group’s financial position continues to remain robust with total cash and bank balances of RMB1,038.6 million, and is debt-free. Net assets per share amounted to RMB473.32 cents per share as at 31 December 2018.

### **Expansion Project Update**

The two new projects, 10,000-ton IS production line and Phase I 10,000-ton high-end accelerator TBBS production line had been approved in November 2018 and January 2019, respectively and had started commercial production after successful trial-runs.

The Group expects the 10,000-ton TBBS capacity will ramp up quickly. As such, Phase II of another 20,000-ton TBBS production line will be installed this year.

The Group is currently negotiating with the local government to purchase more land for our capacity expansion purposes. The Group will update shareholders at the appropriate time.



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The following is an update of our Annual Capacity<sup>3</sup>:

Tons	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019e
Accelerators	70,500	87,000	87,000	87,000	87,000	87,000	117,000
Insoluble Sulphur	20,000	20,000	20,000	20,000	20,000	30,000	30,000
Anti-oxidant	25,000	45,000	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>162,000</b>	<b>192,000</b>

In appreciation of the support from our shareholders, the Board of Directors recommends a final one-tier tax exempt dividend of SGD0.055 per ordinary share. This represents a payout ratio of approximately 21% of the Group's net profit after tax, which is in line with our dividend policy.

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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 agent. 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.

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