



China Sunsine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

China Sunsine Chemical achieves record 3Q2008 net profit of RMB 45m, up 406%

- Revenue rises strongly to RM258.6 million, up 67% y-o-y
- Cash reserves of RMB181 million, notes receivables of RMB53 million and unutilised bank facility of RMB50 million, no bank loan
- Group confident of its business profitability

SINGAPORE - 7 November 2008 - China Sunsine Chemical Holdings Ltd (“China Sunsine Chemical” or “The Group”), a global leader in the production and supply of rubber accelerators, has the Beijing Olympics to thank for its sterling 3Q2008 financial performance.

Financial Highlights

RMB' million	3Q2008	3Q2007	Change	9M2008	9M2007	Change
Group Revenue	258.6	154.8	67%	660.8	440.0	50%
Gross Profit	92.0	29.0	217%	184.9	91.4	102%
Profit before tax	52.6	8.9	491%	113.8	53.3	114%
Net profit	45.0	8.9	406%	98.6	53.3	85%
EPS* (RMB cents)	9.16	1.83	401%	20.05	13.56	48%
NTA per share (RMB cents)	109.84	90.77				

* Based on weighted average number of shares applicable to basic EPS.

During the quarter ended 30 September 2008, net profit rose a hefty 406% to RMB45.0 million on a 67% increase in revenue to RMB258.6 million, due primarily to a sharp spike in average selling price (ASP) during the quarter, and a share issue charge of RMB7.7 million in comparative period.

ASP for the period under review increased about 82% to RMB36,274 per ton due to the impact of the Beijing Olympics where various kinds of restrictions were imposed from July.



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“Some competitors’ productions were affected and our products were in short supply, driving up prices,” says Mr Xu Cheng Qiu, Executive Chairman of China Sunsine Chemical. *“This was notwithstanding the fact that our production was also similarly affected as the supply of certain raw materials was affected due to transportation restriction during the Olympics in August, thereby affecting our sales volume.”* Sales volume during the quarter fell 8% to 7,130 tons. According to Chairman Xu, some customers have stocked up our products in 2Q2008 till the Olympics due to concerns of supply constraints and needed time to use up their excess inventory.

During the period, local sales increased by 42% to RMB127.1 million contributing 49% of total sales, compared to 58% in 3Q2007. Revenue contributions from key customers include Hangzhou Zhongce, GITI Tires, Sumitomo Rubber (China), Shanghai Tyres, Michelin (China), Korean Kumho (China), Guizhou Tyres and Hankook Tire (China).

Export sales increased by 101% to RMB131.5 million, with contributions from key customers such as Bridgestone, Sumitomo Rubber, Goodyear Tires, PT Gajah Tunggal and Korean Kumho Petrochemical. Significant increase in sales to Michelin Tires was noted due to sales of accelerator CBS which received accreditation this year.

The latest 3Q2008 results have boosted the Group’s nine-month performance, with net profit rising 85% to RMB98.6 million on the back of a 50% increase in revenue to RMB660.8 million, exceeding FY2007 net profit and revenue of RMB76.1 million and RMB619.5 million respectively. Based on the Group’s latest 9-month results, its earnings per share for 9M2008 would have grown on a year-on-year basis from 13.56 RMB cents to 20.05 RMB cents, while net assets per share rose from 95.36 RMB cents as at 31 December 2007 to 109.84 RMB cents as at 30 September 2008.

Outlook for FY2008/9

Looking ahead, Chairman Xu cautions against a slower 4Q2008 performance. *“We expect 4Q volume and average selling prices to be lower than 3Q2008,”* he says, referring to the current global financial crisis which is expected to bring about a global economic recession.



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Moving into FY2009, the outlook for the tyre industry is still unclear, depending on new vehicles sales for various categories as well as the tyre replacement markets which may increase in proportion as the new vehicle sales decline.

“However, growth in certain vehicle markets such as the BRIC (Brazil, Russia, India and China) region may still be hopeful,” notes Chairman Xu.

According to him, the Group shall continue to monitor the market closely and execute its growth strategy to gain market share in those markets where its share is still relatively small.

“The American, European and Indian markets offer opportunities for the Group. We continue to deepen customer relationship, gain new markets from existing customers,” says Chairman Xu, citing **maiden shipments** to **Goodyear Brazil, Poland and Columbia**, as well as **Yokohama Japan** and **Bridgestone India** during the quarter.

The Group unveils its plans for FY2009

With a year-end capacity of 50,000 tons of accelerators, the Group is delaying the expansion of the Insoluble Sulphur (IS) and anti-oxidant TMQ to end of 1H2009, as current capacity is adequate to meet demand.

Updated Annual Capacity (Tonnes)

	FY2007	FY2008e	FY2009e
Accelerators	39,000	50,000	55,000
Insoluble Sulphur	5,000	5,000	10,000
Anti-oxidant	-	5,000	10,000

Taking advantage of its product quality, the Group is setting aside RMB 20 million for a 7,000-ton plant for accelerator MBTS expected to be completed by 3Q2009 which will replace its current 4,000-ton plant to meet demands from the pharmaceutical industry as this product is used in the production of antibiotics medicine. Expecting higher demands from its accelerator DCBS,



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the Group is planning to build a 3,000-ton plant by end 1H2009 to replace its current 1,000-ton plant with a budget of RMB 15 million.

The Group has completed upgrading its sulphur-recycling facility, and is working on upgrading its water treatment plant, expected to complete by 1H2009. To support its continued growth, the Group is planning to boost R&D capability by building a R&D centre, as well as a workers' canteen, a workers' rest quarters and office building at its Facility 2. These are expected to complete by end FY2009.

Overall, the Group is still confident of its business profitability.

“Today, we have a large scale and highly efficient operations in place. We are prudent, and we have strong financial resources - no bank loan, cash position of RMB181 million, unutilized bank facility of RMB 50 million, notes receivable of RMB 53 million. Our large customer base of more than 600 in China and the world provides stability of revenue contributions. And we offer reliability of supplies to our global customers,” declares Chairman Xu.



“We continue to execute our expansion plans to be the clear global market leader, serving our global customers in their other markets that we don't currently serve. In a down cycle, customers are more likely to stick with you if your pricing is reasonable, and you continue to provide stable and reliable supply. China Sunsine Chemical's strong branding and market leadership position allow it to ride out this bumpy ride during this period of uncertainty.”

***Xu Chengqiu
Executive Chairman***

-End-



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The initial public offering of the Company was sponsored by CIMB-GK Securities Pte. Ltd. (the “Manager”). The Manager assumes no responsibility for the contents of this announcement.

About China Sunsine Chemical Holdings Ltd.

Listed on SGX-ST on 5 July 2007, China Sunsine Chemical Holdings Ltd. is a leading specialty chemical producer and probably the largest producer of rubber accelerators in PRC and the world. It serves all the global top 10 tyre manufacturers - Bridgestone, Michelin, Goodyear, Continental, Pirelli, Sumitomo, Yokohama, Hankook, Cooper, Kumho Tires - and more than 600 other customers in PRC and the world. Sunsine Chemical distributes its products under its own "Sunsine" brand, a brand which has been accredited as a “Shandong Province Famous Brand.”

As a chemical producer servicing its global customers, Sunsine Chemical continuously improves its manufacturing capability, and has achieved ISO9001:2000 standard for quality, ISO14001:2004 standard for environment, and GB/T28001-2001 standard for occupational health and safety management system.

It is a component stock of the FTSE-ST China Index. Its SGX ticker code is “ChinaSsine”.

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