



China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

Press Release

China SunSine Achieves Record Volume Gains Market Share in Global Downturn

- **Net Profit flat quarter-on-quarter at RMB 25.0 million on Revenue of RMB 201.7 million in 3Q2009**
- **Gross Margin of 22.1%**
- **3Q Sales volume hit record 12,554 tons, Strong Growth from PRC Market**
- **Strong Cash Position, Continues Growth Path**

SINGAPORE - 30 Oct 2009 - China SunSine Chemical Holdings Ltd (“China SunSine” or the “Group”), a specialty rubber chemicals producer and the largest accelerator producer in PRC and the world, is pleased to announce its results for 3Q2009 and for the nine months of financial period ended 30 September 2009 (“9M2009”).

Financial Highlights

| RMB' million | 9 Months Ended | | Change | Quarter Ended | | Change |
|---|-----------------|------------|----------|-----------------|-----------|----------|
| | 30 Sept 09 | 30 Sept 08 | | 30 Sept 09 | 30 Jun 09 | |
| Group Revenue | 513.5 | 660.8 | (22.3)% | 201.7 | 177.7 | 13.5% |
| Gross Profit | 110.4 | 184.9 | (40.3)% | 44.5 | 43.6 | 2.1% |
| Gross Profit Margin (GPM) | 21.5% | 28.0% | - 6.5pts | 22.1% | 24.5% | -2.4 pts |
| Profit before tax | 70.7 | 113.8 | (37.9)% | 28.8 | 29.6 | (2.7%) |
| Net profit after tax | 61.4 | 98.6 | (37.7)% | 25.0 | 25.5 | (2.0%) |
| Sales Volume (tons) | 32,871 | 24,503 | 34.2% | 12,554 | 11,130 | 12.8% |
| EPS* (RMB cents) | 12.79 | 20.05 | (36.2)% | 5.24 | 5.31 | (1.3%) |
| NAV per share at end period (RMB cents) | 119.92** | 109.84 | 9.2% | 119.92** | 114.57 | 4.7% |

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

** approximately S\$0.25



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Competitive Pricing Effective in Driving Business Volume

Sales Volume for the 9M2009 rose 34.2% to reach 32,871 tons, as 3Q2009 achieve a record 12,554 tonnage shipped, up 76% against last year, even though net profit of RMB 61.4 million on revenue of RMB 513.5 million represent a decline of 37.7% and 22.3% respectively compared to previous year due to lower prices during the current period.

“We are thankful to our customers who have supported us as much as we have supported them, when we lowered our pricing at the beginning of the year to help them. Overall, the average selling price (ASP) for all our products declined from RMB36.3k in 3Q2008 to RMB16.1k in 3Q2009 due to the ‘Olympic effect’ in comparative year, while current quarter pricing is a ‘recession year pricing’. However, we have noticed that prices have stabilized in the current quarter and in fact, have been strengthening compared to 2Q2009 pricing of RMB16k. This is a good sign,” says Mr Xu Cheng Qiu, Executive Chairman of China Sunsine.

“Given the good sales we have achieved, we are likely to reach our plan of 40,000 tons for the full year. We will continue to expand our production and reach out to new markets and customers through various channels,” notes Chairman Xu.

On gross margins, Chairman Xu says that the prior year margin of 35.6% is not sustainable, due to the Olympic effect, with extraordinary high prices due to constrained production. Current gross margins are **“within the range of management’s expectation of a sustainable long term margin.”**

Chairman Xu also notes that the Group’s financial position remain healthy and strong. Total assets stood at RMB 749.2 million and net assets at RMB 572.7 million giving a net asset per share of RMB 119.92 cents, compared to RMB 114.57 cents as at 30 June 2009, an increase of 4.7%. **The Group has strong cash/notes position of RMB279.3 million comprising cash of RMB 227.0 million and notes receivables of RMB52.3 million.** The Group had a short-term loan of RMB50.0 million in the quarter.



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Looking Ahead

Going forward, Chairman Xu says the global slowdown continues to affect the Group's selling prices. *“International tyre sector appears to have stabilized although we do not expect recovery in this financial year. The China market has shown good growth in vehicle sales this quarter which has led to a corresponding growth in the domestic tyre production, thus benefiting our industry.”*

On risks/concerns, Chairman Xu noted that the risk arising from the US Government's action imposing additional tariff of 35% for the first year on light truck and passenger car tyres imported from China may affect the Chinese tyre sector in 4Q2009 and beyond.

“However, in the case of China Sunsine, it has not significantly been affected and we continue to take proactive action to mitigate such impact by diversifying our sales to other tyre companies less or not affected by the US Government action and non-tyre sectors such as pharmaceutical sector. We also note that some tyre customers are diversifying their US sales to other regions.”

In the midst of these challenges, the Group continues to explore other areas of co-operation with partners to serve its customers better.

“We are discussing with potential partners to work on other regions currently under-served by our products and will make appropriate announcements if any definitive agreement is reached,” says Chairman Xu.

The Group has completed expansion of its antioxidant TMQ plant from 5,000 tons to 10,000 tons and the additional facility is currently undergoing testing and trial production. The new MBTS plant in Facility 2 has commenced commercial production after satisfactory testing. The expansion of insoluble sulphur plant is expected to reach 7,000 to 8,000 tons per annum (TPA) by year end, and 10,000 TPA by 1H2010, depending on market conditions.



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For the launch of New Anti-oxidant 6PPD project, please refer to separate announcement.

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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, with 50,000 TPA of accelerators capacity and 20,000 TPA planned for TMQ/IS. 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, China Sunsine 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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