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NEWS RELEASE

China Sunsine's sales volume hits another record high in FY2019

- **4Q2019 sales volume reached 43,049 tons, lifting the full-year sales volume to a new record of 167,455 tons for FY2019**
- **However, 4Q2019 net profit dropped 60% y-o-y to RMB 43.1 mln due mainly to lower Average Selling Price (ASP)**
- **Proposes a final dividend of 1 Singapore cent per ordinary share (equivalent to 2 Singapore cent per ordinary share before share split) for FY2019**

SINGAPORE - 28 February 2020 - 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 its financial results for the fourth quarter as well as the full year ended 31 December 2019 (**"4Q2019"** and **"FY2019"** respectively).

Financial Highlights

	Quarter Ended RMB' million		Change	12 Months Ended RMB' million		Change
	31 Dec 19	**31 Dec 18**		**31 Dec 19**	**31 Dec 18**	
Group Revenue	**626.0**	770.1	(19%)	**2,691.6**	3,283.3	(18%)
Gross Profit	**106.8**	249.4	(57%)	**780.8**	1,125.9	(31%)
Gross Profit Margin (GPM)	**17.1%**	32.4%	(15.3 pts)	**29.0%**	34.3%	(5.3pts)
Profit before tax	**33.7**	142.3	(76%)	**452.6**	711.6	(36%)
Net profit after tax	**43.1**	108.6	(60%)	**388.9**	641.3	(39%)
Sales Volume (tons)	**43,049**	39,957	8%	**167,455**	151,486	11%
EPS (RMB cents)	**4.42**	11.05*	(60%)	**39.72**[1]	65.23*	(39%)
NAV per share (RMB cents) as of the period				**262.56**[2]	236.66*	11%

* The figure has been adjusted retrospectively after the 1 for 2 share split completed in November 2019.

[1]Based on weighted average number of shares: 979,109,341 shares, equivalent to 7.68 Singapore cents at the exchange rate of SGD1 : RMB5.1739
[2]Based on number of issued shares: 975,642,700 shares at the end of the year, equivalent to 50.75 Singapore cents at the exchange rate of SGD1 : RMB5.1739

During the last quarter ended 31 December 2019, the Group's revenue slid 19% to RMB 626.0 million as compared to RMB 770.1 million in 4Q2018, mainly due to the lower overall average selling price ("**ASP**").

The ASP in 4Q2019 declined by 24% to RMB 14,466 per ton from RMB 19,110 per ton a year ago, and decreased by 5% as compared to that in 3Q2019, respectively. Since August 2018, the ASP had started to decrease from its peak. This downward trend was noticeable throughout the year of 2019. Besides the lower raw material prices, another reason causing the significant drop in ASP was the intensifying market competition. As some players have resumed their operations after investing more in technological upgrading and environmental protection and safety production equipment, there has been more competition in the rubber chemicals industry since last year.

However, sales volume in 4Q2019 grew by 8%, continuing the upward trend, as a result of the Group's consistent and increasing marketing efforts, as well as its ability to produce more to meet market demand.

During the quarter, gross profit reduced by 57% from RMB 249.4 million a year ago to RMB 106.8 million. The average gross profit margin (GPM) slid 15.3 percentage points from 32.4% a year ago to 17.1% mainly due to the lower ASP.

On a 12-month basis, the Group's revenue for FY2019 amounted to RMB 2,691.6 million, down 18% from RMB 3,283.3 million in FY2018. This was mainly due to lower overall ASP, offset by higher sales volume. The overall ASP for FY2019 decreased by 26% to RMB 15,970 per ton from RMB 21,535 per ton in FY2018. GPM for the year was cut back by 5.3 percentage points from 34.3% a year ago to 29.0%.

Selling and distribution expenses decreased by 3% to RMB 96.6 million as compared to RMB 99.5 million in FY2018, mainly due to the decrease in incentives payable to sales personnel as a result of lower sales revenue, offset by higher freight costs as sales volume increased.

Administrative expenses for the year decreased by 28% from RMB 246.5 million in FY2018 to RMB 177.6 million in FY2019, mainly due to the decrease in accrued bonus for all personnel, including the Chairman.

As such, net profit in FY2019 shrank 39%, from RMB 641.3 million in FY2018 to RMB 388.9 million.

Analysis of Sales and Sales Volume

	Sales Volume (Tons)				**Sales** (RMB' million)			
	4Q19	**4Q18**	**FY19**	**FY18**	**4Q19**	**4Q18**	**FY19**	**FY18**
Rubber Chemical								
Accelerators	22,251	20,961	88,262	83,255	383.7	517.6	1,751.7	2,283.2
Insoluble Sulphur	7,313	6,725	29,916	25,759	59.8	72.1	267.6	292.7
Anti-oxidant	12,994	11,850	47,283	41,095	171.7	165.1	622.4	655.1
Others	491	421	1,994	1,377	7.5	8.8	32.6	31.2
Total	***43,049***	***39,957***	***167,455***	***151,486***	***622.7***	***763.6***	***2,674.3***	***3,262.2***
Domestic sales	29,370	27,256	110,732	101,708	407.0	482.0	1,630.1	2,009.4
International sales	13,679	12,701	56,723	49,778	215.7	281.6	1,044.2	1,252.8
Heating Power	**16,943**	**34,103**	**88,309**	**111,249**	**3.2**	**6.3**	**16.7**	**20.1**
Hotel & Restaurant	**-**	**-**	**-**	**-**	**0.1**	**0.2**	**0.7**	**1.0**

During the quarter, sales volume for Accelerators, Insoluble Sulphur (IS) and Anti-oxidants increased by 6%, 9% and 10%, respectively as compared to those in 4Q2018. For the 12 month-period, sales volume of Accelerators, IS and Anti-oxidants products increased by 6%, 16% and 15%, respectively y-o-y. This was mainly due to the increase in production capacity and the Group's flexible pricing strategy.

The Group had added a 10,000-ton accelerator TBBS production line since January 2019 and a 10,000-ton IS capacity from the end of 2018. The capacities for all these three categories were under high utilisation rate. As a result, the total sales volume for FY2019 reached a new record high of 167,455 tons. Both domestic and international sales volume continued to grow.

Mr Xu Cheng Qiu (徐承秋), Executive Chairman, says, ***"For the full year of 2019, the Group outperforms its competition despite the high pressure on ASP. A combination of factors, such as the slowing economic growth in China, declining auto sales and low raw material prices, as well as intensifying market competition, had put intense pressure on the Group's ASP. However, our sales volume continued to grow, thanks to the Group's strategy of 'higher production leads to higher sales volume, which in turn stimulates even higher production', and all our tremendous efforts in marketing, R&D and implementing high-standards of environmental protection and safety production. All in all, the Group had achieved a set of satisfactory results under challenging economic conditions.***

As we enter 2020, the challenges are even more severe. We expect that the changing dynamics of the current outbreak of COVID-19 will drag down the demand for our products from Chinese tire/auto makers as they are running at very low utilisation rates at the moment. The ASP will continue to come under pressure. However, with our expansion plans which are ongoing, we are poised for further strengthening of our market leadership position, and I hope to see incremental market share gains from our capacity expansion and high utilisation rate in the near future.

Based on its latest FY2019 results, the Group's earnings per share was RMB 39.72 cents. The Group's financial position continued to remain robust with total cash and bank balances of RMB 1,279.9 million, and is debt-free. Net assets per share amounted to RMB 262.56 cents per share as at 31 December 2019.

Expansion Projects Update

1. Phase I 30,000-ton IS project

The construction of this project has started in our newly-acquired piece of land in the comprehensive chemical zone and is scheduled to be completed by the end of 2020.

Commercial production will start in 2021. The budget for this Phase I project is approximately RMB 270 million.

2. Phase II 20,000-ton high-end accelerator TBBS project

The fully automated TBBS project of a total of 30,000-ton per annum capacity has been approved in January 2019. As the Phase I, 10,000-ton capacity is ramping up very quickly, the installation of the Phase II, 20,000-ton production line is onging, and is targeted to be completed by June 2020. The management expects the commercial production of this 20,000-ton capacity to commence shortly after successful trial-run. As previously stated, the budget for this Phase II, 20,000-ton TBBS is approximately RMB 60 million.

3. 30,000-ton Anit-oxidant TMQ project

The Group also intends to further expand its TMQ capacity by constructing another 30,000-ton p.a. TMQ plant in its Yongshun New District production facility in Shanxian, with a budget of approximately RMB 150 million. This project is also expected to be completed by the end of 2020, and commercial production will start in 2021.

These three expansion projects are in line with the Group's long-term objectives - to continue focusing on the production of rubber accelerator products and enhance our market position as a global leader in this field. In addition, we seek to increase our market share of insoluble sulphur and anti-oxidant products. We will maximise the scale and efficiency of our production to maintain our current market advantage in an environmentally-friendly way.

Update of our Annual Capacity[3] is set out below:

Tons	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020e
Accelerators	87,000	87,000	87,000	87,000	87,000	97,000	117,000
Insoluble Sulphur	20,000	20,000	20,000	20,000	30,000	30,000	30,000
Anti-oxidant	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Total	***152,000***	***152,000***	***152,000***	***152,000***	***162,000***	***172,000***	***192,000***

[3] Annual Capacity excludes capacity of intermediary materials such as 4ADPA and MBT

Dividend

In consideration of the Group's earnings performance in FY2019, the current uncertain economic conditions, and the anticipated capital expenditure for our expansion plans, the Board of Directors recommends a final one-tier tax exempt **dividend of SGD 0.01 per ordinary share (equivalent to SGD 0.02 per ordinary share before share split)**, in appreciation of the support from our shareholders.

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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 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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