



China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

NEWS RELEASE

**China SunSine Reports Lower Profit
As It Faces Higher Raw Material and Operating Costs**

- Record sales volume at 81,371 tons
- FY2012 net profit of RMB32 million with lower GPM at 17.2%
- Proposes a final tax exempt dividend of SGD 1 cent per ordinary share

SINGAPORE – 1 March 2013 - China SunSine Chemical Holdings Ltd (“China SunSine” or the “Group”), a specialty rubber chemicals producers and global leader in the production and supply of rubber accelerators, today announced its financial results for the fourth quarter and full year ended 31 December 2012 (“4Q2012” and “FY2012” respectively).

Financial Highlights

RMB' million	Quarter Ended		Change	12 months Ended		Change
	31 Dec 12	31 Dec 11 (Restated*)		31 Dec 12	31 Dec 11 (Restated*)	
Group Revenue	361.0	295.5	22%	1,417.3	1,175.1	21%
Gross Profit	51.1	71.7	(29%)	243.9	293.4	(17%)
Gross Profit Margin (GPM)	14.2%	24.3%	(10.1 pts)	17.2%	25.0%	(7.8 pts)
Profit before tax	1.2	25.5	(95%)	56.7	144.8	(61%)
Net profit after tax	(0.9)	21.1	(104%)	32.0	99.4	(68%)
Sales Volume (tons)	21,190	16,292	30%	81,371	60,907	34%
EPS (RMB cents)	(0.19)	4.41	(105%)	6.85 ¹	20.84	(67%)
NAV per share (RMB cents) as at 31 Dec				163.49 ²	160.66	1.8%

* Restated figures relate to financials after accounting for prior year adjustments as stated in the Company's announcement dated 21 February 2013

¹ Equivalent to 1.35 SGD cents at exchange rate of 5.0929

² Equivalent to 31.67 SGD cents at exchange rate of 5.1622



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For FY2012, revenue continued to grow with its annual sales volume hitting another record high. Revenue increased 21% to RMB 1,417.3 million compared to RMB 1,175.1 million in FY2011 while the sales volume grew 34% year-on-year to 81,371 tons. Average Selling Price (“ASP”) for all products decreased by 10% to RMB 17,418 per ton compared to RMB 19,293 in the previous year. Such decrease in ASP during the year had affected the gross profit margin (“GPM”) which declined 7.8 pts from 25.0% to 17.2% in FY2012. At the same time, increase in cost of main raw materials such as Aniline had added further pressure to the GPM. Aniline was at its all time high as the cost of its raw material, Benzene, increased along with increased demand.

Net profit decreased significantly by 68% to RMB 32.0 million from RMB 99.4 million in FY 2011 mainly due to the 7.8pts drop in GPM as well as increase in operating costs such as the following:

- RMB 35.6 million of additional depreciation as the various common facilities at Shanxian and Weifang completed in FY2011 and FY2012;
- RMB 8.6 million of additional accruals of social insurance;
- RMB 13.5 million of additional R&D expenses of which RMB 9.3 million related to the trial production of 6PPD; and
- Additional operating expenses as the Group increased its production scale in Shanxian and Weifang plants in FY2012.

During the last three months ended 31 December 2012, the Group’s revenue rose 22% to RMB 361.0 million compared to RMB 295.5 million in 4Q2011. This was mainly due to the increase in sales volume, but partially offset by the decrease in ASP. The sales volume further improved 30% to 21,190 tons, hitting a new quarter high record. However, the ASP for all our products decreased by 6% to RMB 17,038 per ton in 4Q2012 from RMB 18,136 a year ago. Due to the slowdown in the PRC economy and overcapacity situation in the rubber chemical industry, the Group reduced its selling price so as to capture a bigger domestic



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market share and maintain its competitiveness. Thus, GPM for 4Q2012 dropped 10.1pts to 14.2%. Higher material costs had also affected the GPM.

4Q2012 net loss was RMB 0.9 million compared to net profit of RMB 25.5 million in 4Q2011. This was due mainly to the 10.1pts drop in GPM, additional depreciation of RMB 5.8 million and an increase of RMB 1.8 million in living allowance expenses partially offset by a reduction of RMB 6.8 million in R&D expense.

Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB 'million)			
	4Q12	4Q11	FY12	FY11	4Q12	4Q11	FY12	FY11
Accelerators	15,892	13,030	64,252	50,148	292.4	255.4	1,196.0	1,040.4
Insoluble sulphur	3,194	2,677	10,724	7,873	35.8	30.3	121.2	90.4
Anti-oxidant	1,842	330	5,183	2,061	28.2	4.5	76.9	27.1
Others	262	255	1,212	825	4.6	5.3	23.2	17.2
Total	21,190	16,292	81,371	60,907	361.0	295.5	1,417.3	1,175.1
Domestic Sales	15,635	11,516	56,033	38,846	249.9	191.8	902.5	686.4
International sales	5,555	4,776	25,338	22,061	111.1	103.7	514.8	488.7

During the year, sales volume across all categories increased due to the Group's ability to increase its capacity to meet the increased demand given its marketing and pricing strategies. The Group also gained market share in the domestic market and improved its sales in the international market despite the slowdown in the PRC economy and the Euro zone debt crisis.

Mr Xu Cheng Qiu (徐承秋), Executive Chairman, says, *“Although the market we operate in faced difficulties such as overcapacity and increase in operating cost at a challenging time for both the PRC as well as the larger global economy, we managed to achieve relatively positive operating results in FY2012. Profit margin was down in the face of tough competition and higher material costs. However, I remain positive on the outlook for the domestic market given our established track record, healthy cashflows and portfolio of quality products. With perseverance, we will be able to overcome the current challenges.”*



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Based on its latest 12 months results, the Group's earnings per share was RMB 6.85 cents. The Group's financial position remains strong. Its total cash and liquid notes amounted to RMB 115.3 million with net assets per share of RMB 163.49 cents as at 31 December 2012.

Expansion Plan Update

During the year, the Group completed the following projects:

- Successfully completed the trial production of 6PPD's intermediary materials - 4ADPA in March;
- Completed 4,000-ton MBTS plant at Weifang facility in March;
- Successfully completed the trial production of 6PPD in June; All major customers have been given samples for product accreditation; and
- Completed 6,000-ton CBS plant and trial production at Weifang facility in June

The Group has been liaising with major customers on the accreditation of 6PPD. So far it has received accreditation from some PRC customers and will continue to efforts on achieving successful accreditation for the rest of its customers.

Moving forward, the Group intends to complete a new 4,000-ton DPG plant at Weifang facility in 3Q2013.

Update of our production capacity is set out below:

Tons	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013e
Accelerators	39,000	50,000	55,000	56,500	56,500	66,500	70,500
Insoluble Sulphur	5,000	5,000	8,000	10,000	10,000	10,000	10,000
Anti-oxidant	-	5,000	10,000	10,000	25,000	25,000	25,000
Total	44,000	60,000	73,000	76,500	91,500	101,500	105,000

To reward our shareholders, the Board of Directors is recommending a final tax exempt dividend of SGD 0.01 per ordinary share.

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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 accelerators, anti-oxidant, vulcanising agent and anti-scorching agent. It is the largest producer of rubber accelerators in PRC and one of the largest in the world serving all the global top 10 tire manufacturers - Bridgestone, Michelin, Goodyear, Continental, Pirelli, Sumitomo, Yokohama, Hankook, Cooper, Kumho Tire as well as PRC Tire giants such as Hangzhou Zhongce, GITI Tire 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”.

As a chemical producer serving 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”, Bloomberg ticker code is “CSSC SP”.

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