



## China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

### NEWS RELEASE

## China SunSine achieved satisfactory results for 1Q2019

- 1Q2019 revenue decreased by 20% to RMB686.6 million mainly due to lower Average Selling Price (“ASP”)
- Sales volume for 1Q2019 increased by 5% to 38,715 tons
- Gross profit margin maintained at a reasonable level

SINGAPORE - 29 April 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 announce a satisfactory set of financial results for the first quarter ended 31 March 2019 (“1Q2019”) despite a very challenging business environment.

### Financial Highlights

RMB' million	Quarter Ended		Change
	31 Mar 19	31 Mar 18	
Group Revenue	686.6	856.9	(20%)
Gross Profit	235.7	298.8	(21%)
Gross Profit Margin (GPM)	34.3%	34.9%	(0.6 pts)
Profit before tax	132.3	181.6	(27%)
Net profit after tax	110.2	149.5	(26%)
Sales Volume (tons)	38,715	36,797	5%
EPS (RMB cents)	22.43 <sup>1</sup>	30.40	(26%)
NAV per share (RMB cents) as of the period	495.45 <sup>2</sup>	384.36	29%

Group’s revenue for 1Q2019 declined 20% to RMB686.6 million from RMB856.9 in 1Q2018. This was mainly due to the decrease in ASP. ASP in 1Q2019 slid 24% to

<sup>1</sup>Based on weighted number of shares: 491,311,700 shares, equivalent to SGD0.045 at exchange rate of 4.9634

<sup>2</sup>Based on number of issued shares: 491,311,700 shares at end of the period (excluding treasury shares), equivalent to SGD0.998 at exchange rate of 4.9634



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RMB17,637 per ton from RMB23,168 per ton in 1Q2018 and decreased by 8% as compared to that in 4Q2018. The decrease in ASP was mainly due to the decrease in raw material prices. However, sales volume for 1Q2019 increased by 5% from 36,797 tons in 1Q2018 to 38,715 tons mainly due to the increase in our production, and the Group's flexible pricing strategy.

Gross profit fell 21% from RMB298.8 million a year ago to RMB235.7 million in 1Q2019. However, the Group was able to maintain its gross profit margin ("GPM") at a satisfactory level of 34.3%, down 0.6 percentage points from 34.9% in 1Q2018.

As a result, net profit in 1Q2019 amounted to RMB110.2 million, 26% lower than the RMB149.5 million in 1Q2018.

### Analysis of Sales and Volume

	Sales Volume (Tons)		Sales (RMB' million)	
	1Q2019	1Q2018	1Q2019	1Q2018
<b>Rubber Chemical</b>				
Accelerators	20,207	19,907	465.3	585.0
Insoluble sulphur	7,353	6,212	70.6	72.8
Anti-oxidant	10,684	10,353	137.9	186.3
Others	471	325	9.0	8.4
<b>Total</b>	<b>38,715</b>	<b>36,797</b>	<b>682.8</b>	<b>852.5</b>
Domestic Sales	24,012	25,155	384.2	545.3
International sales	14,703	11,642	298.6	307.2
<b>Heating Power</b>	<b>19,126</b>	<b>25,977</b>	<b>3.6</b>	<b>4.2</b>
<b>Hotel &amp; Restaurant</b>	<b>-</b>	<b>-</b>	<b>0.2</b>	<b>0.2</b>

In the first three months of this year, sales volume of Accelerators, Insoluble Sulphur and anti-oxidant products increased by 2%, 18% and 3%, respectively. By adopting flexible pricing strategy, the Group, with its expanded capacity, was able to increase its sales volume.

Due to strong demand from overseas market, international sales volume increased by 26%, while domestic sales volume dropped 5% y-o-y.



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Mr Xu Cheng Qiu (徐承秋), Executive Chairman, says, *“Although there was a decrease in our 1Q2019 profits as compared with that for the same period last year, I am delighted that we have achieved RMB110.2 million net profit amidst a slowing down of the global and China’s economies. However, as raw material prices are hovering at lower levels, the Group’s ASP for rubber chemicals came under pressure. At the same time, as some players have resumed their operation after investing more in technological upgrading and environmental protection & safety production equipment, competition is expected to be more intense for some of our products, which will further challenge our ASP.*

*“However, more frequent inspections may benefit bigger companies that excel in environmental and safety practices, and may lead to industry consolidation.” Mr Xu commented.*

*“We will continue to maintain our strategy that “higher production leads to higher sales volume, which in turn stimulates even higher production”. We will expand capacity to gain more market share in the rubber chemicals industry. We will also continue to focus on environmental protection and safety production, as well as production technology and innovation, to gain a competitive edge over other producers.” Mr Xu added.*

The Group remains cautiously confident about the Group’s performance and profitability for the next 12 months.

Based on its latest results, the Group’s earnings per share in 1Q2019 was RMB22.43 cents. The Group’s financial position remains robust. Net assets per share reached RMB495.45 cents per share as at 31 March 2019.

Our Annual Capacity<sup>3</sup> is set out below:

Tons	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019e
Accelerators	70,500	87,000	87,000	87,000	87,000	87,000	97,000
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>172,000</b>

- End -



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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 the world and has become the largest producer of insoluble sulphur in the PRC serving more than 65% of Global Top 75 tire manufacturers, such as Bridgestone, Michelin, Goodyear, 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 standard for quality, ISO14001 standard for environment, and GB/T28001-2001 standard for occupational health and safety management system.

Its SGX ticker code is “ChinaSsine”, Bloomberg ticker code is “CSSC SP”.

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