



China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

NEWS RELEASE

China SunSine FY2017 net profit surges 54% to RMB341 million

- 4Q2017 net profit doubled to RMB132 million, boosted by higher Average Selling Price (ASP)
- Total sales volume for FY2017 at a record high of 140,476 tons
- Debt-free balance sheet with cash and bank balances of RMB499.6 million
- Proposes a final dividend of 2.5 Singapore cents per ordinary share, with total dividend of 3 Singapore cents per ordinary share for FY2017

SINGAPORE - 28 February 2018 - 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 an unprecedented set of financial results for the fourth quarter as well as the full year ended 31 December 2017 (“4Q2017” and “FY2017”, respectively) attesting to the Group’s ability to stay ahead in a challenging market environment.

Financial Highlights

RMB' million	Quarter Ended		Change	12 Months Ended		Change
	31 Dec 17	31 Dec 16		31 Dec 17	31 Dec 16	
Group Revenue	873.3	553.4	58%	2,738.4	2,036.9	34%
Gross Profit	291.2	143.8	103%	788.1	540.4	46%
Gross Profit Margin (GPM)	33.3%	26.0%	7.3 pts	28.8%	26.5%	2.3 pts
Profit before tax	195.6	98.8	98%	476.8	309.5	54%
Net profit after tax	132.0	66.3	99%	341.3	221.7	54%
Sales Volume (tons)	38,774	34,460	13%	140,476	135,791	3%
EPS (RMB cents)	26.85	14.27	88%	70.82¹	47.66	49%
NAV per share (RMB cents) as of the period				354.37²	293.42	21%

¹Based on weighted number of shares: 481,921,000 shares, equivalent to SGD0.145 at exchange rate of 4.8831

²Based on number of issued shares: 491,694,000 shares at end of the year, equivalent to SGD0.726 at exchange rate of 4.8831



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During the last quarter ended 31 December 2017, Group revenue grew 58% to RMB873.3 million as compared to RMB553.4 million in 4Q2016, mainly due to the increase in both overall average selling price (“ASP”) and sales volume.

ASP in 4Q2017 increased by 40% to RMB22,384 per ton from RMB16,000 per ton a year ago and 21% as compared to that in 3Q2017. The increase in ASP was due to the continued short supply situation in 4Q2017 resulting from the stringent environmental protection inspection and higher raw materials costs which allowed the Group to increase its ASP.

Sales volume in 4Q2017 increased by 13% mainly due to the short supply of rubber chemicals situation in China which continued in 4Q2017, and many rubber chemical producers failing to meet the requirements of environmental protection laws and regulations, thereby adversely affecting their production.

During the quarter, gross profit rose 103% from RMB143.8 million to RMB291.2 million. The average gross profit margin (GPM) also improved 7.3 percentage points from 26.0% a year ago to 33.3% mainly due to the higher ASP.

On a 12-month basis, the Group’s revenue grew 34% to RMB2,738.4 million in FY2017 as compared to RMB2,036.9 million in FY2016, boosted by strong demand and the significant increase in ASP. The overall ASP climbed 30% to RMB19,398 per ton in FY2017 from RMB14,956 per ton in FY2016. GPM in FY2017 rose 2.3 percentage points from 26.5% a year ago to 28.8%.

Selling and distribution expenses increased by 4% to RMB75.7 million mainly due to higher freight cost and incentives which was in line with the growth of sales volume.

Administrative expenses increased by 32% to RMB227.8 million mainly due to the increase in staff incentive, R&D expenses and safety production cost.



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As such, net profit in FY2017 escalated to RMB341.3 million, up 54% from RMB221.7 million in FY2016.

Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB'm)			
	4Q17	4Q16	FY17	FY16	4Q17	4Q16	FY17	FY16
Rubber Chemical								
Accelerators	21,722	21,284	83,335	82,767	597.6	402.5	1,915.1	1,469.3
Insoluble Sulphur	6,010	5,503	22,283	20,031	68.6	54.4	239.7	192.3
Anti-oxidant	10,665	7,272	33,258	31,214	192.1	87.4	535.4	339.9
Others	377	401	1,600	1,779	9.6	7.1	34.8	29.4
Total	38,774	34,460	140,476	135,791	867.9	551.4	2,725.0	2,030.9
Local Sales	26,952	22,748	95,560	91,728	571.1	337.5	1,753.3	1,266.0
International Sales	11,822	11,712	44,916	44,063	296.8	213.9	971.7	764.9
Heating Power	31,030	10,936	74,777	30,311	5.1	1.8	12.2	4.8
Hotel & restaurant					0.2	0.2	1.2	1.2

During the year, sales volume of Accelerators, Insoluble Sulphur (IS) and anti-oxidant products increased by 1%, 11% and 7% respectively. As a result, total sales volume for FY2017 reached a new record high at 140,476 tons. Sales to both domestic and international markets continued to grow.

Mr Xu Cheng Qiu (徐承秋), Executive Chairman, says, *“Due to the greater importance placed on environmental protection and safety production in China, the inspection regime in these areas have become commonplace and prevalent. Our competitors are likely to make greater investments in environmental protection and safety production measures, to maximise their utilisation rate, and to improve their capacity through innovations. These will lead to a gradual normalisation of prices eventually.*

“The Group has always been investing heavily in environmental protection and safety production measures, which benefited us greatly. In the coming years, the Group will focus on production technology and innovation, and will continue to invest in R&D, including collaborating with leading academics from prominent universities in China, to integrate Production, Learning and Research. We believe these should give us an



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edge over our competitors. With our high quality and comprehensive range of products, scale of production, environmental protection advantages, and market leadership position, I am very confident of our profitability and outlook in the next 12 months.”

Based on its latest FY2017 results, the Group’s earnings per share was RMB70.82 cents. The Group’s financial position remains strong and healthy, with total cash and bank balances amounting to RMB499.6 million, and no bank loans. Net assets per share amounted to RMB354.37 cents per share as at 31 December 2017.

Expansion Project Update

The Group has completed the new Phase I 10,000-ton TBBS production line and 10,000-ton Insoluble Sulphur production line in Ding Tao facility in FY2017.

Trial-run applications for these two projects to the relevant Government Authorities had been submitted and are pending approval.

The construction of the expansion of Guangshun Heating Plant with addition of one boiler and one generator is completed, and is now undergoing the machinery testing. Management is confident to start the trial-run by 2Q2018.

Update of our Annual Capacity³ is set out below:

Tons	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018e
Accelerators	70,500	87,000	87,000	87,000	87,000	97,000
Insoluble Sulphur	20,000	20,000	20,000	20,000	20,000	30,000
Anti-oxidant	25,000	45,000	45,000	45,000	45,000	45,000
Total	115,500	152,000	152,000	152,000	152,000	172,000

To reward our shareholders, the Board of Directors is recommending a final one-tier tax exempt dividend of SGD0.025 per ordinary share. In addition to the interim dividend of SGD0.005 per share declared before, the total dividend for FY2017 will be SGD0.03 which is consistent with our new dividend policy.

- End -

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



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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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