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NEWS RELEASE

China Sunsine posts 1H2020 net profit of RMB 82.4 million

- **1H2020 revenue decreased 26% y-o-y to RMB 1,042.6 million mainly due to the decrease in overall Average Selling Price ("ASP") and lower sales volume**
- **Sales volume slid 7% to 76,320 tons in 1H2020**
- **Net profit down 69% compared to that in 1H2019 due to lower profit margin resulting from intensifying competition and weak demand impacted by the COVID-19 pandemic and the slowing down of economies**
- **Strong balance sheet provides sound fundamental support for further challenges and future development**

SINGAPORE – 12 August 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, has announced that the Group's performance in the first half year ended 30 June 2020 ("**1H2020**") was affected by the slowing down of the economy and continued downward pressure on ASP during the COVID-19 pandemic.

Financial Highlights

RMB' million	Half Year Ended		Change
	30 Jun 20	**30 Jun 19**	
Group Revenue	**1,042.6**	1,413.6	(26%)
Gross Profit	**241.9**	488.0	(50%)
Gross Profit Margin (GPM)	**23.2%**	34.5%	(11.3 pts)
Profit before tax	**114.9**	320.0	(64%)
Net profit after tax	**82.4**	265.9	(69%)
Sales Volume (tons)	**76,320**	82,078	(7%)
EPS (RMB cents)	**8.46**[1]	27.09	(69%)

[1]Based on weighted average number of shares 973,756,000 shares, equivalent to 1.66 SGD cents at exchange rate of 5.0813

NAV per share (RMB cents) as of the period	**266.19**[2]	249.80	7%

The Group recorded revenue of RMB 1,042.6 million in 1H2020, a 26% decline from RMB 1,413.6 million in 1H2019 due to the decrease in both the overall ASP and sales volume.

ASP dropped by 21% to RMB 13,560 per ton in 1H2020 as compared to RMB 17,107 per ton in 1H2019. The decrease in ASP was mainly due to (i) the lower raw material prices, and (ii) the weaker demand for our products resulting from the lower production utilization rate in the tire manufacturing industry which was affected by the COVID-19 pandemic and slowing down of the economies. These caused higher competition and thus brought more pressure on the ASP.

Due to the above reasons, sales volume for the first half of this year declined 7% to 76,320 tons from 82,078 tons a year ago. The Group's capacity utilization rate was at about 80% which was a relatively high level in the industry.

Gross profit fell 50% from RMB 488.0 million in 1H2019 to RMB 241.9 million in 1H2020, and gross profit margin (GPM) shrank 11.3 percentage points from 34.5% to 23.2%. The reductions were mainly due to the decrease in ASP.

As a result, profit before tax ("**PBT**") decreased by 64% from RMB 320.0 million in 1H2019 to RMB 114.9 million in 1H2020. The effective income tax rate was approximately 28% in 1H2020 compared to 17% in 1H2019. The management is of the view that the possibility of successfully renewing the "High-tech Enterprise" status this year is low, thus the management decided not to submit the renewal application. As such, the income tax expenses were accrued based on the statutory rate of 25%.

For the reasons set out above, the Group's net profit for the first half-year (1H2020) was RMB 82.4 million, down 69% from a year ago.

[2]Based on 972,262,000 shares, equivalent to 52.38 SGD cents at exchange rate of 5.0813

Analysis of Sales and Volume

	Sales Volume (Tons)		**Sales** (RMB'm)	
	1H2020	**1H2019**	**1H2020**	**1H2019**
Rubber Chemical				
Accelerators	40,480	43,790	654.7	953.3
Insoluble Sulphur	13,333	14,930	100.7	140.7
Anti-oxidant	21,564	22,385	266.5	293.0
Others	943	973	13.0	17.1
Total	**76,320**	**82,078**	**1,034.9**	**1,404.1**
Local Sales	*52,827*	*53,534*	*675.6*	*838.1*
International Sales	*23,493*	*28,544*	*359.3*	*566.0*
Heating Power	**39,707**	**48,623**	**7.6**	**9.1**
Hotel & Restaurant	**-**	**-**	**0.1**	**0.4**

In 1H2020, sales volume for Accelerators, IS and Anti-oxidant products decreased by 8%, 11% and 4%, respectively. Contributions from local sales and international sales were 65% and 35%, respectively.

Based on its latest six months' results, the Group's earnings per share was 8.46 RMB cents in 1H2020. The Group's financial position remains robust. Its cash stands at RMB 1,334.5 million with no bank borrowing. Net assets per share amounted to 266.19 RMB cents.

Commenting on the Group's performance in 1H2020, Mr Xu Cheng Qiu (徐承秋) said, ***"Although the Group's productions were affected by the unexpected COVID-19 pandemic, we had actively dealt with all the difficulties, and resumed our production as soon as possible. The Group also committed to social responsibility by not implementing job and wage cuts across our businesses.***

"The international situation remains volatile and economic recovery is fraught with difficulties. The COVID-19 pandemic outside China is still very severe; the relationship between US and China is getting more toxic, which causes greater

uncertainties. Raw material prices are still hovering at low levels, and as such, the Group's ASP is still under pressure. In addition, some players in our industry may have increased their production capacities which will result in greater competition in our industry.

"On the bright side, our balance sheet remains strong. Together with other advantages such as our market leadership position, quality products, economies of scale, full product range, competition edges in environmental protection and safety production, we are confident that the Group will weather this economic downturn. Our clear strategic priorities will better position ourselves to emerge stronger and deliver long-term growth. "

"The Group will endeavour to improve its sales, focus on operational improvement, reduce raw material consumption, control cost, eliminate wastage, and strengthen its cash flow management in order to achieve sustainable growth. We remain confident about the Group's profitability in the next 12 months." Mr Xu added.

Updates of capacity expansion plan

1. Phase 1 30,000-ton per annum IS project

The construction of the infrastructure was completed. It is now in the process of installing the relevant machinery. It is expected to be completed on schedule by the end of 2020. Commercial production will commence in 2021, depending on the market situation.

2. Phase 2 20,000-ton per annum TBBS project

The installation and trial-run had been completed. It is currently in commercial production. However, due to the lower demand caused by COVID-19, the production capacity has not been fully utilized.

3. 30,000-ton per annum Anti-oxidant TMQ project

This project is still at its preliminary stage. The project applications have been approved by the relevant environmental and safety agencies last week. As such, construction commenced last week. The project is expected to be completed by 1H2021 due to the delay in the approvals.

Set out below is an overview of the Group's production capacity:

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***

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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 rubber accelerators, insoluble sulphur and anti-oxidant and other vulcanizing agents. It is the largest rubber accelerator producer in the world and biggest insoluble sulphur producer in the PRC. It continues to serve more than 65% 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 auto and tire industries in the PRC, 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. It has achieved ISO9001:2008 standard for quality, ISO14001:2004 standard for environment, and GB/T28001-2011 standard for occupational health and safety management system.

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