



China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

NEWS RELEASE

China SunSine Posts Record Net Profit of RMB115.3 mln for FY2010

- 4Q2010 net profit of RMB22.8mln on revenue of RMB273.3 mln
- FY2010 revenue jumps 38% y-o-y to RMB991.4 mln
- Strong demand pushes full year sales volume 19.5% higher to record 54,275 tons
- Expects demand for its products to remain strong
- Recommends a final tax exempt dividend of SGD 1 cent per ordinary share

SINGAPORE – 28 Feb 2011 - 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 delivered a set of strong financial results for 12 months ended 31 Dec 2010 (“FY2010”).

Financial Highlights

RMB' million	12 Months Ended		Change	Quarter Ended		Change
	31 Dec 10	31 Dec 09		31 Dec 10	31 Dec 09	
Group Revenue	991.4	718.4	38%	273.3	204.9	33%
Gross Profit	224.1	160.2	40%	55.8	49.8	12%
Gross Profit Margin (GPM)	22.6%	22.3%	+0.3pts	20.4%	24.3%	-3.9pts
Profit before tax	135.3	103.1	31%	27.8	32.4	-14%
Net profit after tax	115.3	88.3	31%	22.8	26.9	-15%
Sales Volume (tons)	54,275	45,420	19%	14,654	12,866	14%
EPS* (RMB cents)	24.1 ¹	18.41	31%	4.77	5.63	-15%
NAV per share (RMB cents) as of the period	144.90 ²	125.56	15%			

¹ Based on 477,357,000 shares (excluding treasury shares), equivalent to 4.72 SGD cents at exchange rate of 5.1191

² Based on 477,357,000 shares (excluding treasury shares), equivalent to 28.31 SGD cents at exchange rate of 5.1191



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For FY2010, net profit increased 31% to RMB115.3 million from RMB88.3 million in FY2009 on a 38% increase in revenue to RMB991.4 million compared to RMB718.4 million in FY2009. The increase in revenue was due to continuous strong sales for its products. Total sales volume climbed 19% to a record level at 54,275 tons from 45,420 tons a year ago. Average Selling Price (“ASP”) for all products increased to RMB18,266 per ton in FY2010 compared to RMB15,817 in FY2009.

Besides the increase in demand for its products, the higher ASP was also partly due to increase in raw material price. Overall in FY2010, the gross profit margin (GPM) increased a moderate 0.3pts to 22.6% which is in line with the management’s expectation for a long term, sustainable GPM of around 20%.

For the three months ended 31 December 2010 (“4Q2010”), total revenue increased 33% from RMB204.9 million to RMB273.3 million as the sales volume continued its growth momentum to reach another record high of 14,654 tons. However, net profit declined 15% to RMB 22.8 million from RMB 26.9 million in 4Q2009 as a result of higher raw material costs not passed on to certain customers due to prior agreed pricing, relocation and impairment costs, higher selling and distribution expenses, operating costs, and research & development expenses. The Group will closely monitor its material cost and operating expenses and adjust its selling price accordingly.

Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB’ million)			
	4Q10	4Q09	FY10	FY09	4Q10	4Q09	FY10	FY09
Accelerators	12,227	11,072	46,343	40,196	242.7	185.3	892.1	664.0
Insoluble sulphur	1,252	1,049	4,413	3,468	14.3	10.2	50.2	32.1
Anti-oxidant	1,009	615	2,971	1,361	12.6	6.4	37.4	13.4
Others	166	130	548	395	3.7	3.0	11.7	8.9
Total	14,654	12,866	54,275	45,420	273.3	204.9	991.4	718.4
Domestic Sales	9,317	8,036	33,707	29,504	163.7	120.2	580.8	437.5
International sales	5,337	4,830	20,568	15,916	109.6	84.7	410.6	280.9

During the year under review, sales volume across all categories and all markets increased. Accelerators remained the key contributor, accounting for about 90% of total sales. Other two main products, namely Insoluble Sulphur and Anti-oxidant, TMQ, contributed 5% and 3.8% respectively.



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Local and export sales contributed 59% and 41% of total revenue. The Group cemented its market leader position by serving more than 50% of the Global Top 75 tire makers, including all the global top 10 tire makers and PRC major tire makers.

With this set of sterling performance, the Group's financial position has been further strengthened. Total cash and notes amounted to RMB180.1 million with net assets per share of RMB144.90 cents as at 31 December 2010.

Commenting on the FY2010 results, executive chairman Mr Xu Cheng Qiu (徐承秋), says, *“Tapping into the continuously growing PRC automobile market and the support from our customers, our Group registered record profits along with record sales volume during the year. By operating in this fast growing automobile market, I believe the new and replacement tires market should create sustainable demand for our products given the value and quality of products and services we deliver to our customers.”*

According to the *China Association of Automobile Manufacturers (CAAM)*, vehicles sales in the 12 months of 2010 reached 18.1 million vehicles compared to 13.6 million units in 2009, making China the world's largest automobile market in term of car sales for the second consecutive year. Although rising fuel prices, the removal of subsidies and tighter rules on new car registration in certain cities may put a damper on demand for new cars in 2011, industry insiders³ believe that car sales in China will nevertheless continue to grow. This is because of rising income levels and the low level of car ownership in inland areas. Car ownership ratio⁴ in China is 50 cars for every 1,000 people, far lower than the world's average of 160. Further, with about 85.5 million⁵ cars plying the roads in China, the replacement tires market segment will also continue to grow.

In response to the market demand and support of our existing customers, China Sunsine has been pushing ahead with its expansion plans according to schedule.

³ Source: <http://in.reuters.com/article/2011/01/10/retire-us-china-autos-idINTRE70926X20110110>

⁴ Source: China Association of Automobile Manufacturers

⁵ Source: <http://www.chinasignpost.com/2011/01/dying-for-a-spot-china%E2%80%99s-car-ownership-growth-is-driving-a-national-parking-space-shortage/>



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Expansion Plans Update

During FY2010, the Group has completed the following expansion projects:

- Structural construction of the R&D centre and office facilities at Facility 2 in June.
- Capacity expansion of Insoluble Sulphur to 10000 tons p.a. in September along with the commencement trial production.
- Construction of 15000-ton 6PPD plant at Facility 2 in September with trial production commencing in 3Q2011 after completion of its intermediary material, 4-Aminodiphenylamine (4ADPA) production plant construction.

The Group will continue with the following projects:

- Complete the interior works of the R&D centre and office facilities at Facility 2 by 1Q2011.
- Complete Phase 1 of Facility 3 at Weifang plant (15,000-ton MBT) by 1Q2011.
- Complete the shifting of all production facilities from Facility 1 to Facility 2 by 1H2011.
- Complete the construction of 6PPD's intermediary material 4ADPA production plant by 3Q2011.
- Commence and complete Phase 2 of Facility 3 where existing 15000-ton MBT equipment from Facility 1 will be relocated to new facilities in Facility 3 by 4Q2011.

An update of our production capacity is set out below:

Tons	FY2007	FY2008	FY2009	FY2010	FY2011e
Accelerators	39,000	50,000	55,000	56,500	56,500
Insoluble Sulphur	5,000	5,000	8,000	10,000	10,000
Anti-oxidant	-	5,000	10,000	10,000	25,000
Total	44,000	60,000	73,000	76,500	91,500

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

Barring unforeseen circumstances, the Group expects to its profitability to continue for FY2011.

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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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