



尚舜化工
S U N S I N E

CHINA SUNSINE CHEMICAL HOLDINGS LTD.

中国尚舜化工控股有限公司

2H2022 & FY2022 Results Briefing

1 March 2023

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PRESENTATION OUTLINE

Our Company

Financial Overview

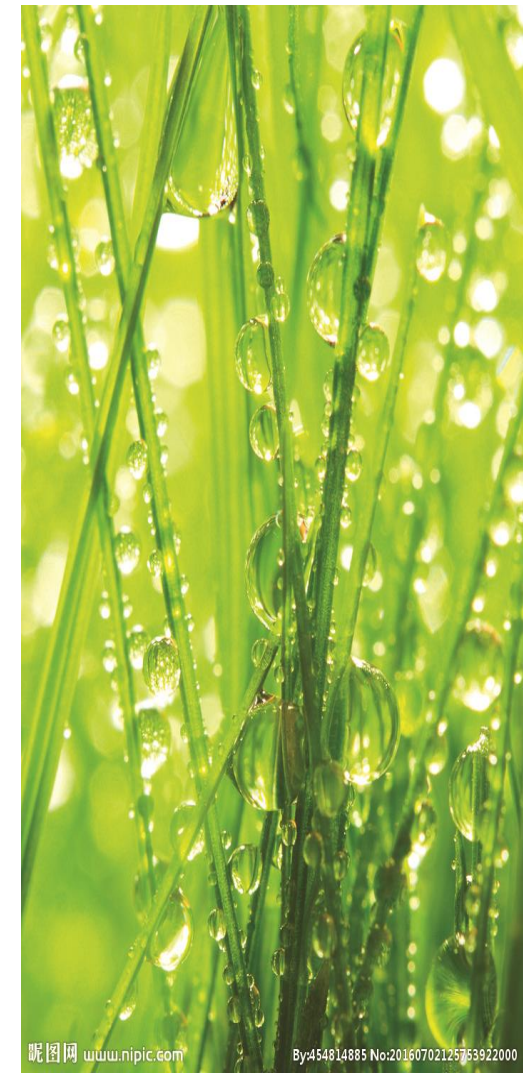
Key Developments

Industry Info and Outlook

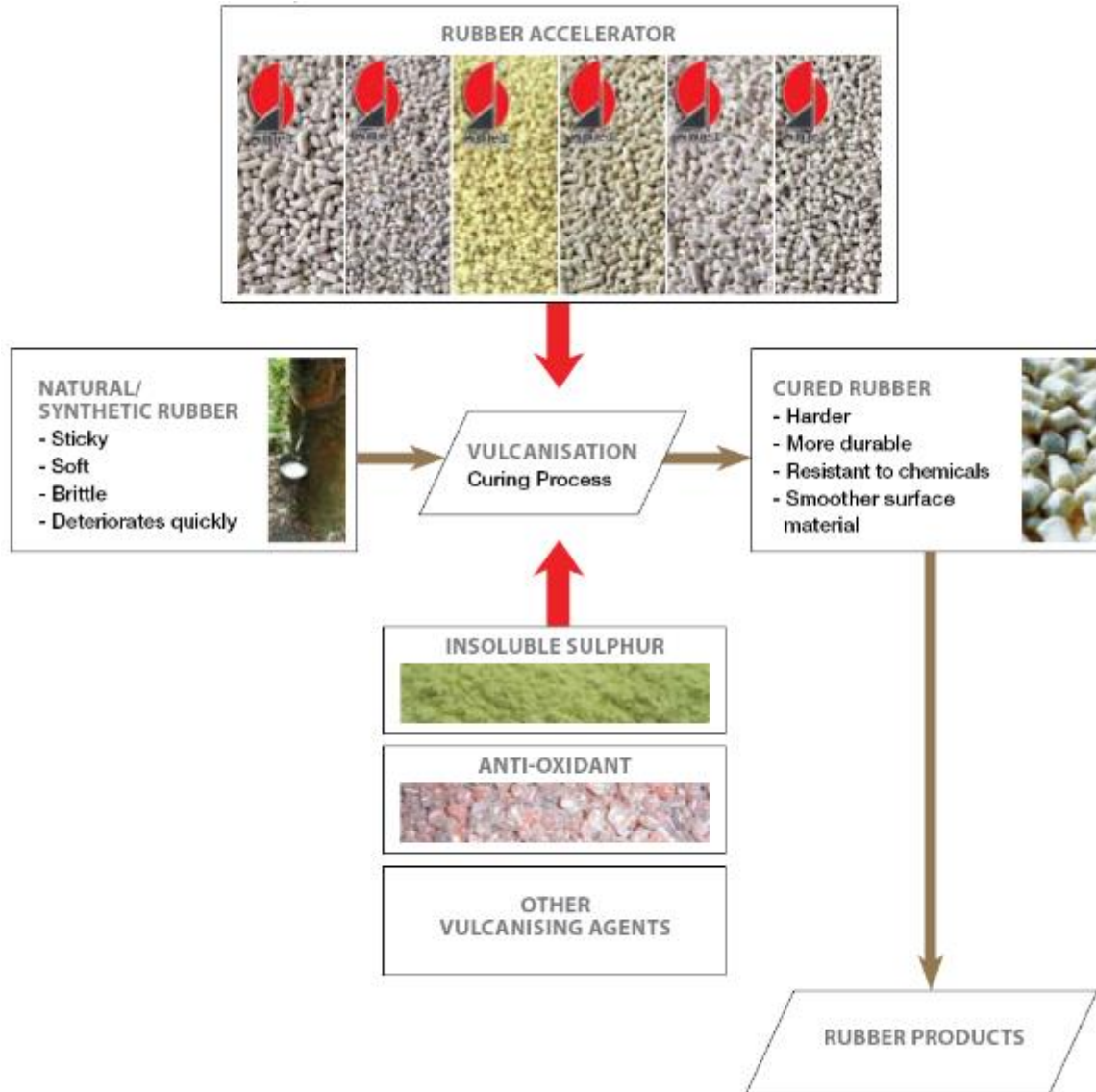
Our Company

About CHINA SUNSINE

- ✓ **China's largest** rubber chemicals producer
- ✓ **World's largest** producer of Rubber Accelerators
- ✓ **One of the world's largest** producers of Insoluble Sulphur
- ✓ Superior product quality and comprehensive product range
- ✓ Accredited by a strong customer base of top tire makers
- ✓ Beneficiary of stringent environmental protection standards



Our Products: Rubber Chemicals



Rubber Chemicals are *Essential Additives* in the production of rubber products



Our Products - Rubber Chemicals



Rubber Accelerators

MBT/MBTS/CBS/TBBS/TMTD
DPG/DCBS



Insoluble Sulphur (IS)



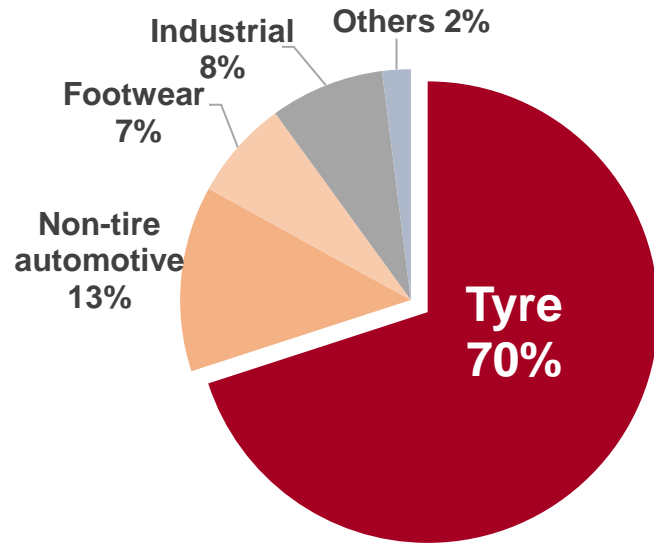
Anti-Oxidants

TMQ /HTMQ
6PPD
4010NA

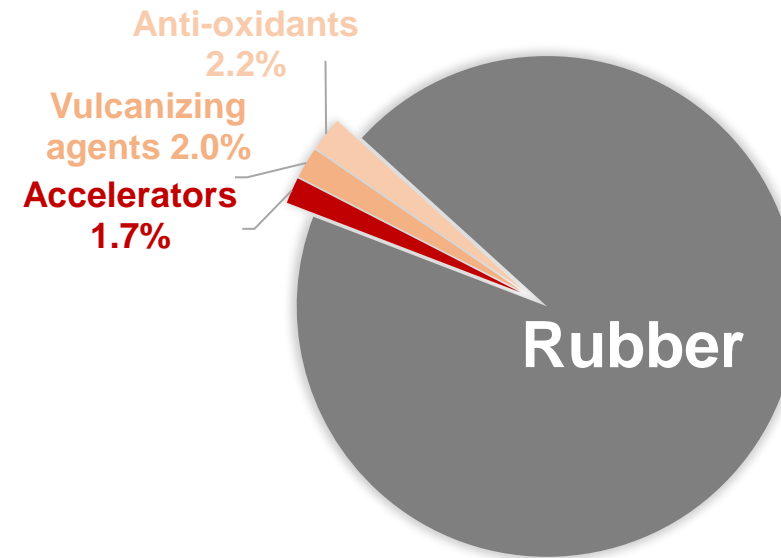


Rubber/ Rubber Chemicals Consumption

Global Rubber Consumption by Applications



www.fortunebusinessinsights.com



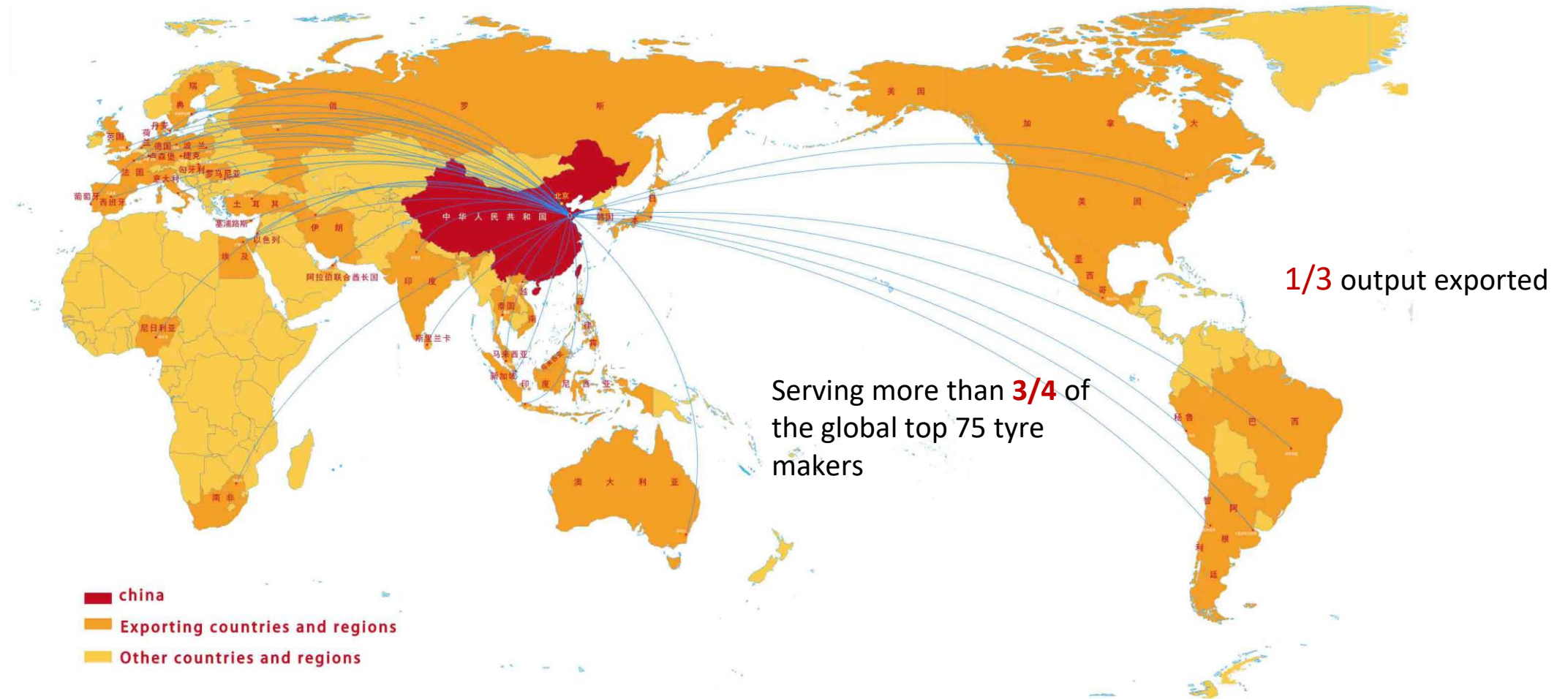
- **By volume**, rubber chemicals compose around 6% of the total rubber used in tyre manufacturing
- **By value**, rubber chemicals cost accounts for about 3% of total tyre cost

Note: Above two charts are general information, for reference only



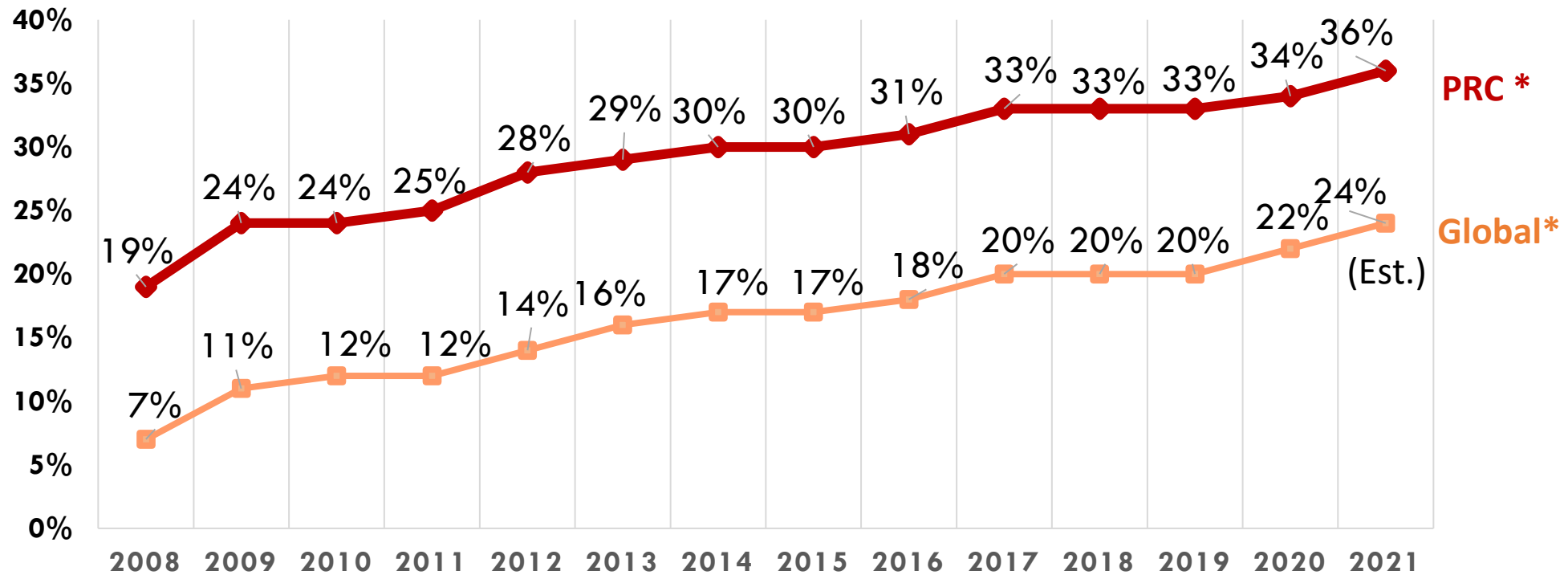
Our Strong Customer Base

Over 1,000 customers globally



Our Rubber Accelerators Market Share

Group's market share of accelerators continued to grow throughout the years



* Based on published records from China Rubber Association and management's estimation



Our Market Leadership Position

GLOBAL TOP 3 ACCELERATOR PRODUCERS

Company	Annual Capacity 2022
China Sunsine 中国尚舜	117,000 tonnes
Tianjin Kemai 天津科迈	70,00 tonnes
Yanggu Huatai 阳谷华泰	60,000 tonnes

PRC TOP 3 INSOLUBLE SULPHUR PRODUCERS

Company	Annual Capacity 2022
China Sunsine 中国尚舜	60,000 tonnes
Yanggu Huatai 阳谷华泰	60,000 tonnes
Wuxi Huasheng 无锡华盛	30,000 tonnes

* Based on browsing of media reports and our management's collection of industrial info



Our Production Bases

Shanxian

- **HQ base:**
 - RA: 59,500-tonne
 - IS: 10,000-tonne
 - AO: 45,000-tonne
- **Hengshun New Materials:**
 - IS: Phase I 30,000-tonne
Phase II 30,000-tonne (CIP)
 - MBT: Phase I 20,000-tonne (CIP)
- **Yongshun New District:**
 - RA (TBBS): 30,000-tonne
 - AO: 32,000-tonne



5 production bases in 3 cities



Weifang Plant

- RA: 27,500-tonne



RA: Rubber Accelerators
IS: Insoluble Sulphur
AO: Anti-oxidants

Dingtao Plant

- IS: 20,000-tonne



Support facilities at Shanxian:

- **Heating plant:** Centralised steam production
- **Yongshun Env:** Waste treatment
- **Controlled landfill**



Financial Overview

Financial Highlights

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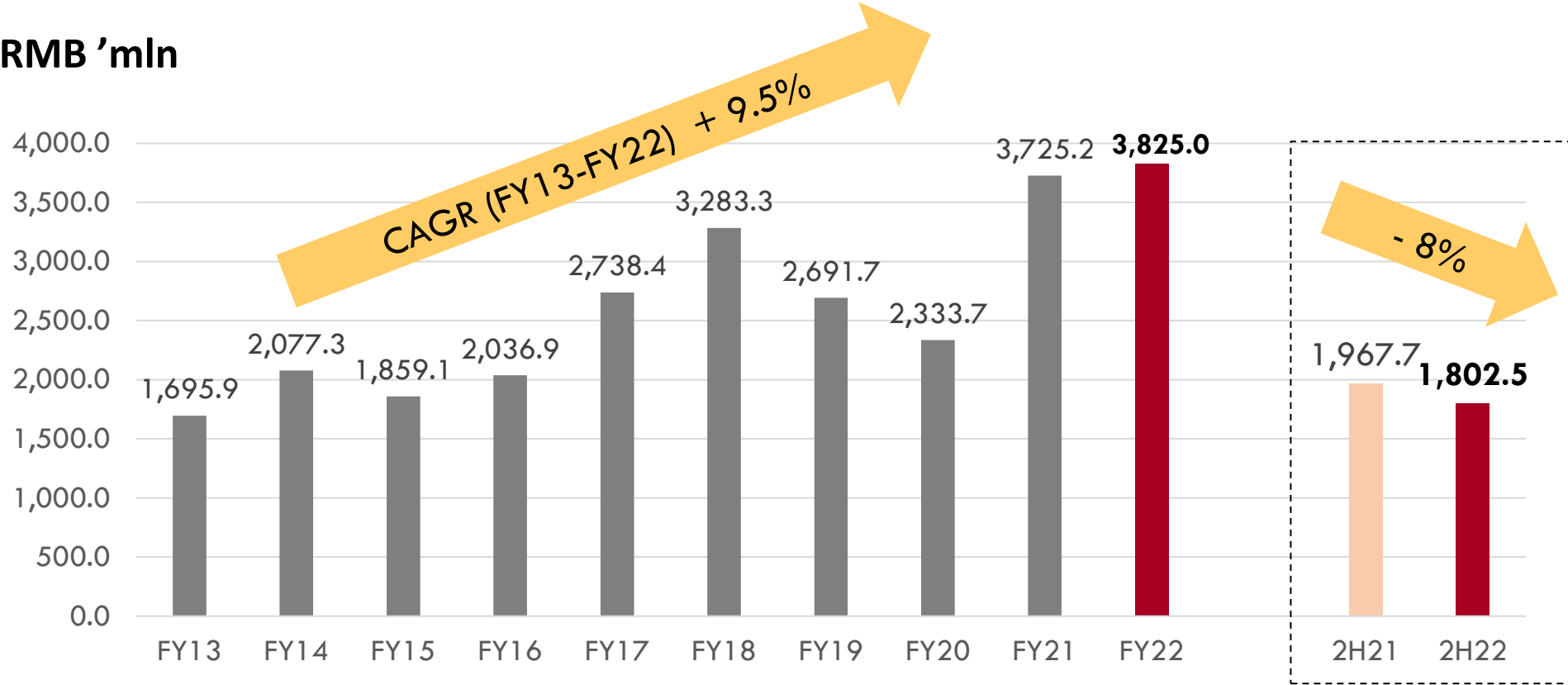
RMB 'mln	6 Months Ended			12 Months Ended		
	31/12/22	31/12/21	Change	31/12/22	31/12/21	Change
Group Revenue	1,802.5	1,967.7	(8%)	3,825.0	3,725.2	3%
Gross Profit	469.9	494.2	(5%)	1,163.9	1,046.5	11%
Gross Profit Margin	26.1%	25.1%	+1.0 pts	30.4%	28.1%	+2.3 pts
Profit Before Tax	263.6	338.4	(22%)	733.7	699.1	5%
Profit After Tax	214.9	241.1	(11%)	642.4	506.3	27%
EPS (RMB/SGD Cents*)	22.21/ 4.29	24.85/ 4.79	(11%)	66.29/ 12.79	52.17/ 10.07	27%
NAV per share (RMB/SGD Cents*)				382.32/ 73.76	327.30/ 63.15	

* Singapore Dollars to RMB at the exchange rate of 5.1831



Revenue Growth

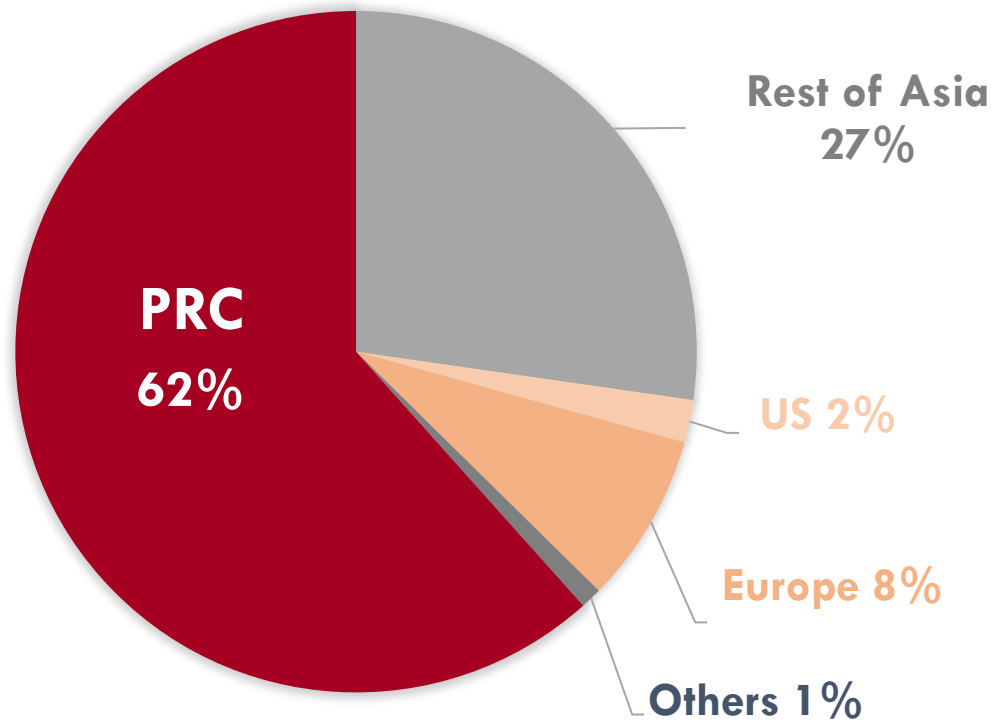
RMB 'mln



- FY2022 revenue up 2.7% yoy due to higher Average Selling Price (ASP)
- 2H2022 revenue down 8% yoy due to the decrease in both ASP and sales volume



Rubber Chemical Sales By Region

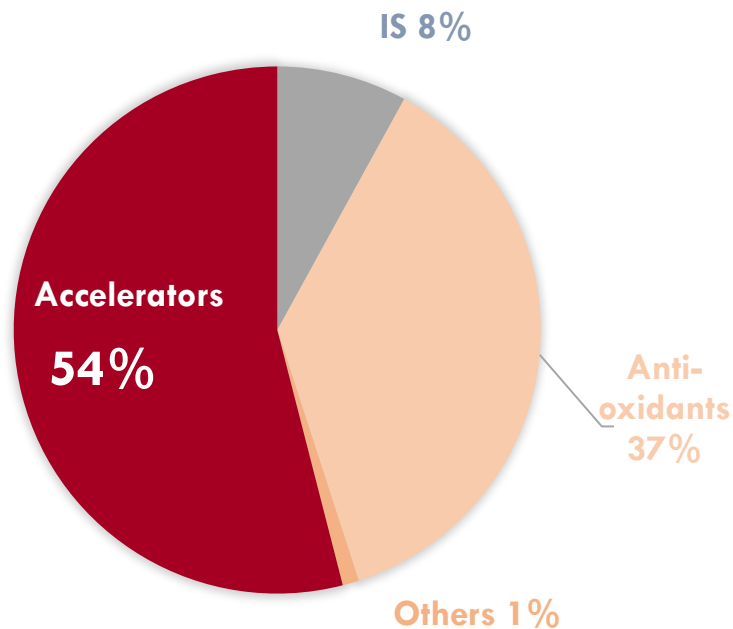


Region	FY2022	FY2021	FY2020
PRC	61%	62%	71%
Rest of Asia	28%	28%	20%
US	2%	3%	2%
Europe	8%	5%	4%
Others	1%	2%	3%
Total	100%	100%	100%



Rubber Chemical Sales By Products

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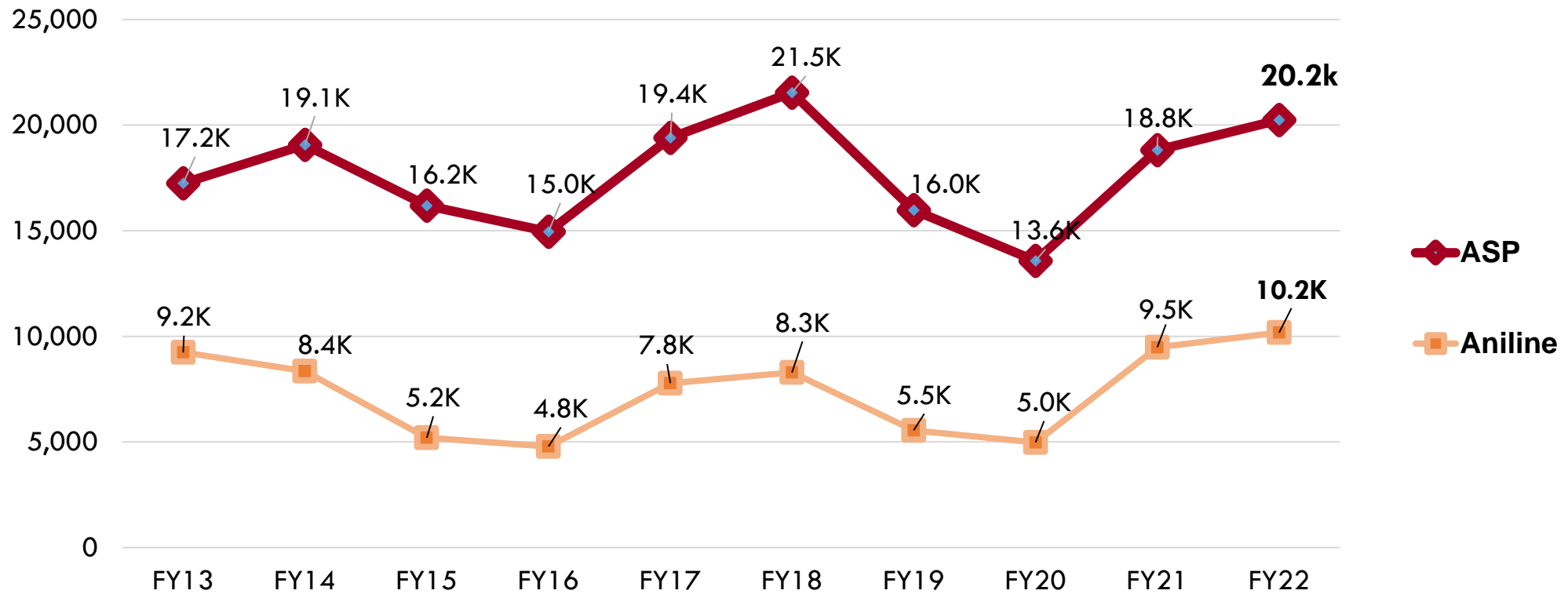
	FY22		FY21		FY20	
	Revenue (RMB mln)	%	Revenue (RMB mln)	%	Revenue (RMB mln)	%
Accelerators	2,043.3	54	2,228.1	61	1,435.3	62
Insoluble Sulphur	297.7	8	307.5	8	229.0	10
Anti-Oxidants	1,405.2	37	1,112.6	30	610.8	27
Others	21.1	1	29.5	1	30.3	1
Total	3,767.3	100	3,677.7	100	2,305.4	100



- Anti-oxidants sales increased due to higher ASP and new capacity added in 1H2022

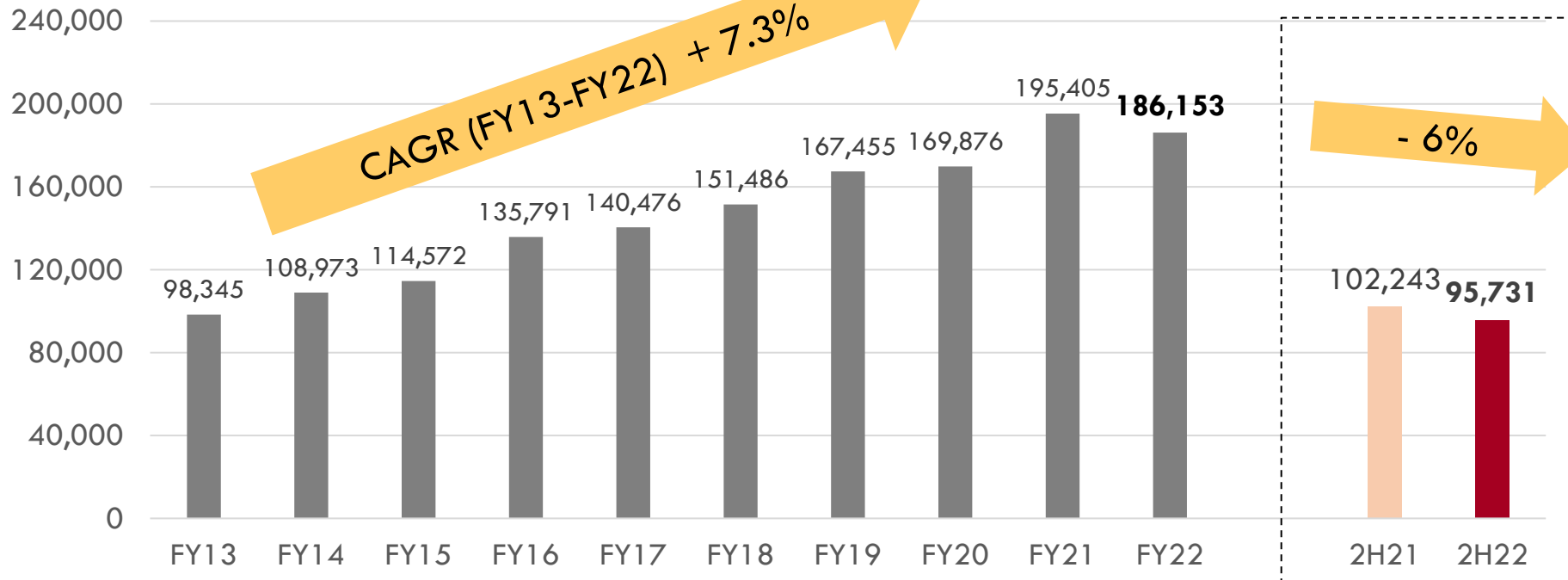
Overall ASP vs Major Raw Material price

RMB/Tonne



Sales Volume

Tonnes



FY22 sales volume decreased by 5% y-o-y, mainly due to:

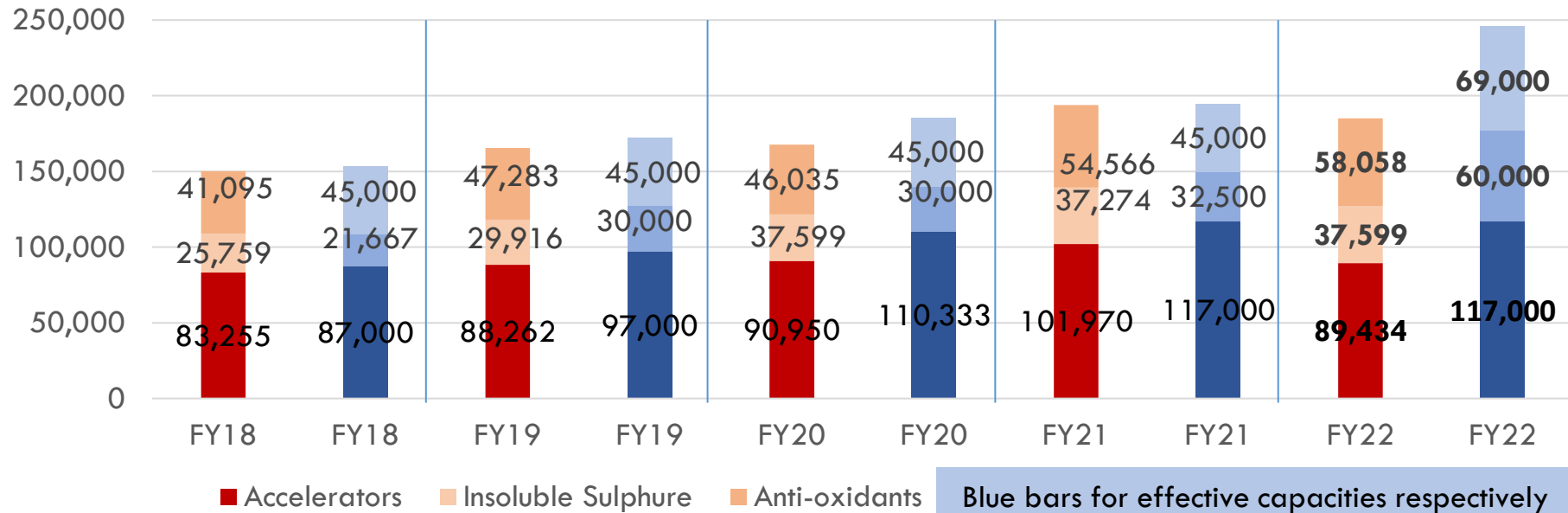
- Accelerators sales volume down 12% due to the decrease in TBBS sales volume as some customers were affected by the COVID-19 restrictions



Sales Volume vs Effective Capacity

Project expansion in recent years provides stronger support to meet the demand for our products and allows us to scale up sales volume in the future

Tonnes

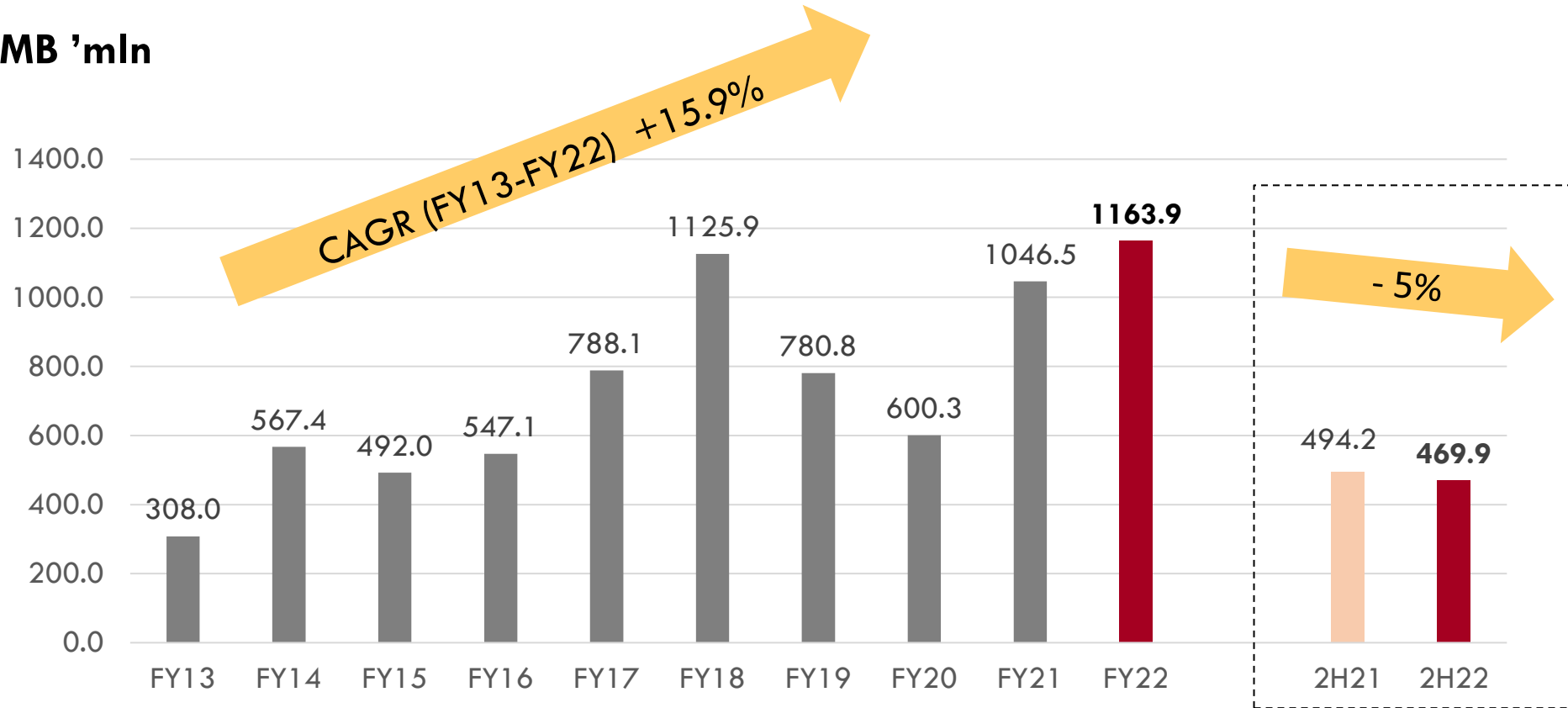


Effective Utilisation Rate	FY2018	FY2019	FY2020	FY2021	FY2022
Accelerators	96%	91%	82%	87%	76%
Insoluble Sulphur	119%	100%	102%	115%	63%
Anti-oxidants	91%	105%	102%	121%	84%



Gross Profit

RMB 'mln

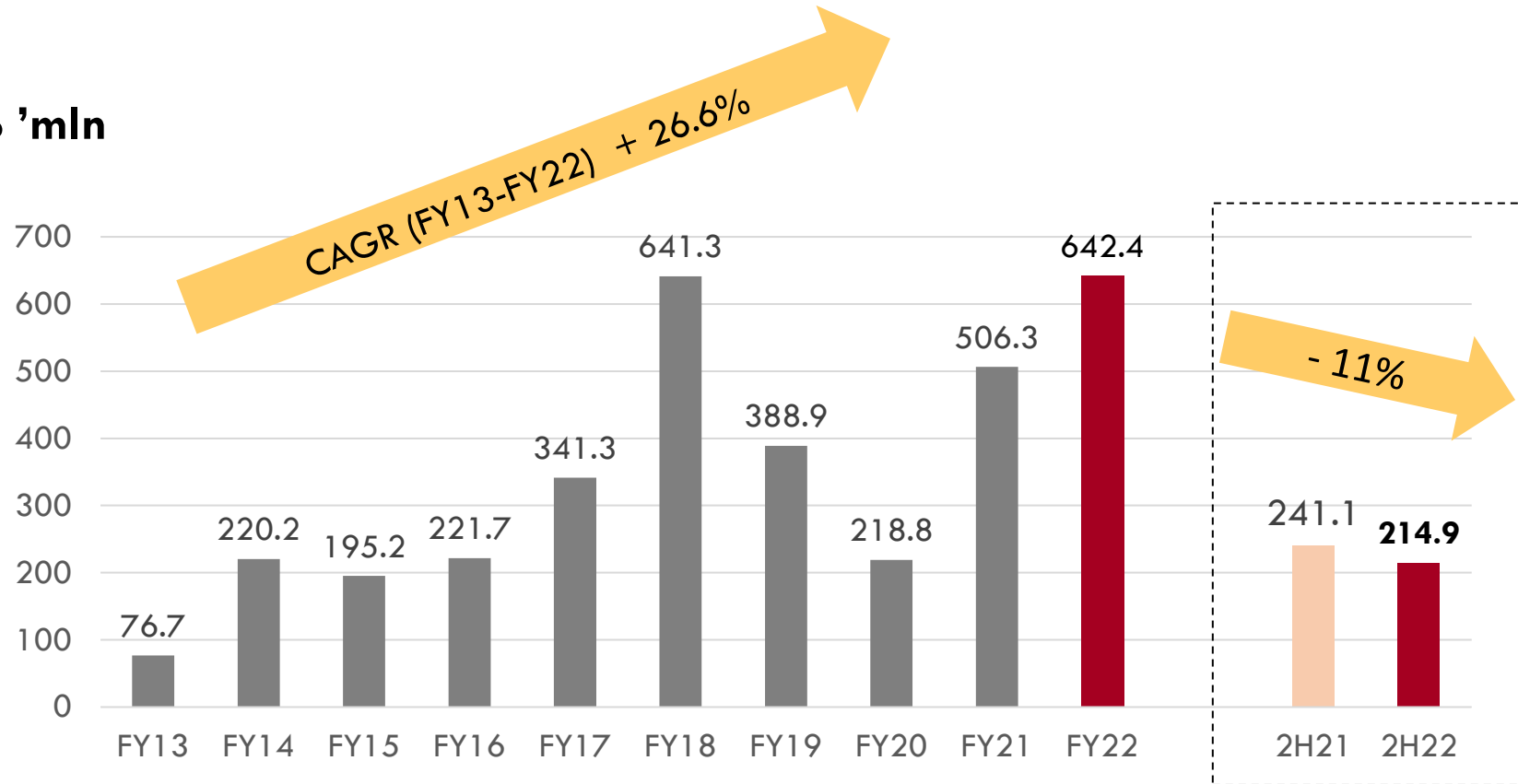


- FY22 gross profit increased by 11% yoy due mainly to higher ASP
- 2H22 gross profit decreased by 5% yoy due to lower ASP and sales volume



Net Profit

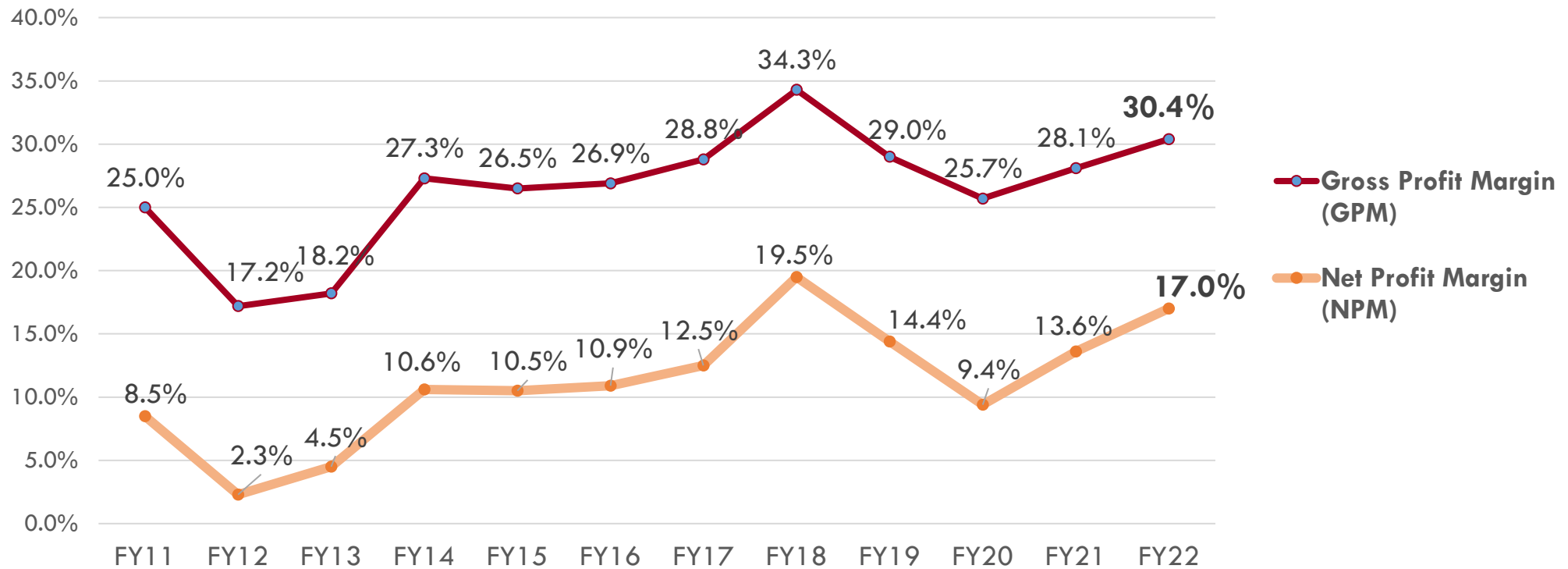
RMB 'mln



- FY22 net profit increased by 27% yoy due mainly to higher ASP and concessionary tax rate
- 2H22 net profit decreased by 11% yoy due to lower gross profit



Margins Analysis



- FY22 GPM improved 2 percentage points due to higher ASP



Balance Sheet Highlight

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	31/12/2022	31/12/2021	31/12/2020
Current Assets (RMB'mln) *	3,149.8	2,839.5	2,239.2
Current Liabilities (RMB'mln)	532.7	747.2	451.4
Current Ratio	5.91	3.80	4.96
Shareholders' Equity (RMB'mln)	3,691.8	3,176.1	2,720.7
D/E ratio	0	0	0
ROE	17%	16%	8%
NAV per share (RMB cents) (equivalent to SGD cents)	382.32/ 73.76	327.3/ 63.15	280.28/ 54.08
Cash per share (RMB cents) (equivalent to SGD cents)	143.13/ 27.61	141.93/ 29.46	137.26/ 28.50

- Current Assets including cash of RMB 1,364.9 mln
- Singapore Dollars to RMB at the exchange rate of 5.1831



Key Developments

Expansion Projects Completed in recent years

Project	Completion
30,000-tonne fully-automated Accelerator TBBS capacity at Shanxian:	
-- Phase I of 10,000-tonne	Jan 2019
-- Phase II of 20,000-tonne	1H2020
60,000-tonne Insoluble Sulphur Capacity at Chemical Zone in Shanxian	
Phase I of 30,000-tonne	Dec 2021
700,000-tonne Controlled Landfill	
-- Phase I of 50,000-tonne	1H2021
-- Phase II of 50,000-tonne	2H2022
30,000-tonne Anti-oxidant TMQ & 2,000-tonne HTMQ	
	1H2022



Expansion Projects in Progress

Project	Schedule	CapEx	Notes
<p>60,000-tonne Insoluble Sulphur</p> <p>Phase 2 of 30,000-tonne capacity</p>	<p>To be completed by end of 2023</p>	<p>RMB 100 mln</p>	<ul style="list-style-type: none"> Adopts continuous production method, the highest standard of production technology, which was developed in-house Awarded “First Prize of Scientific and Technological Progress” issued by CPCIF*
<p>60,000-tonne Continuous production of High-Quality MBT (“MBT project”)</p> <p>Phase I of 20,000-tonne capacity</p>	<p>To be completed by end of 2023</p>	<p>RMB 200 mln</p>	<ul style="list-style-type: none"> Innovative technology was jointly developed by our R&D team and Tsinghua University’s Academician team For this achievement, the Group was entitled to a government grant of RMB 24.36 mln

*CPCIF: China Petroleum Chemical Industry Federation



Annual Capacity

	FY17	FY18	FY19	FY20	FY21	FY22	FY23e
Rubber Accelerators	87,000	87,000	97,000	117,000	117,000	117,000	117,000
Insoluble Sulphur	20,000	30,000	30,000	30,000	30,000	60,000	60,000
Anti-oxidants (TMQ & 6PPD)	45,000	45,000	45,000	45,000	45,000	77,000	77,000
Total	152,000	162,000	172,000	192,000	192,000	254,000	254,000

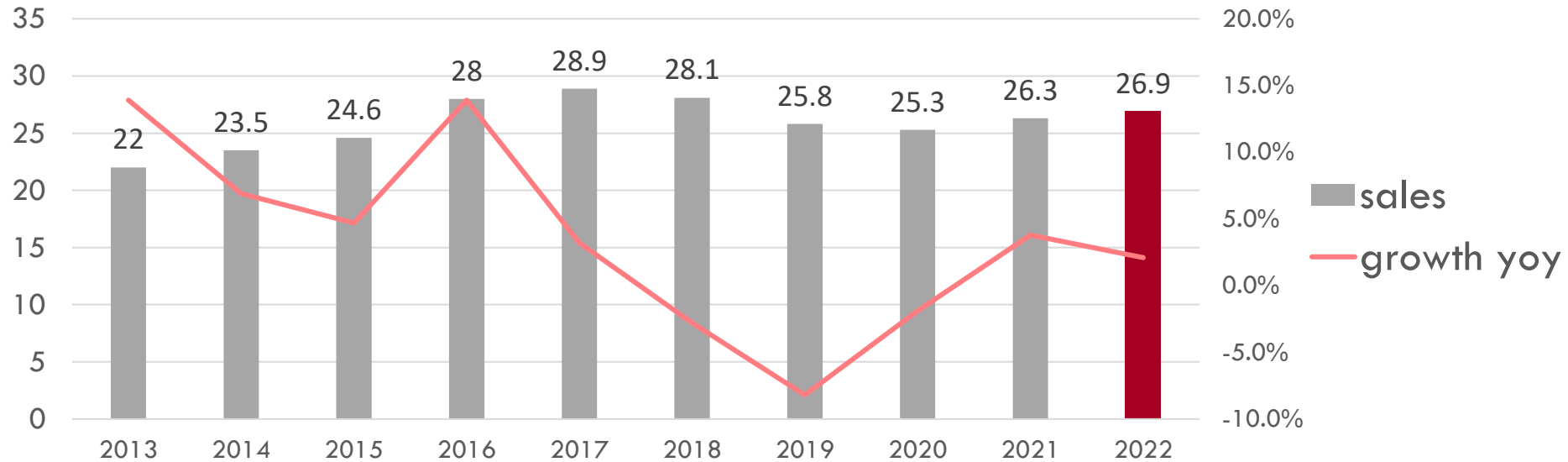
Note: Annual capacity refers to the capacity by the end of each financial year, and is exclusive of the capacity of intermediary materials such as MBT and 4ADPA



Industry Info and Outlook

China's New Car Sales

in million units



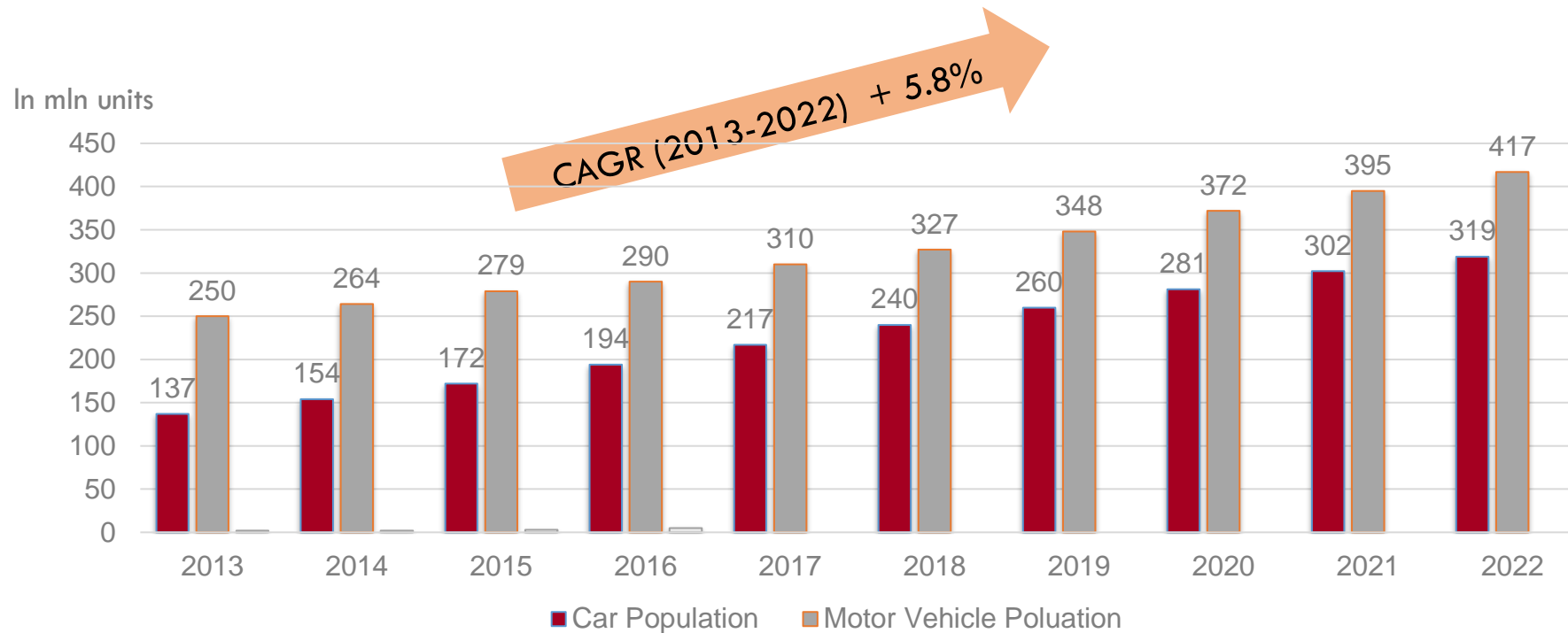
Source: China Association of Automobile Manufacturers (CAAM)

- China is the world's largest automobile market. It has been experiencing steady growth in car sales for the past several years. 26.9 million units sold in 2022, up 2.1% yoy
- New Energy Vehicles (NEVs) is a strong driver. The increasing trend will continue, given the Chinese government's incentives and commitment to promoting the development of the NEV industry and reducing carbon emissions.



PRC Vehicle Population

PRC Motor Vehicle & Car Population



http://www.gov.cn/shuju/2023-01/11/content_5736278.htm

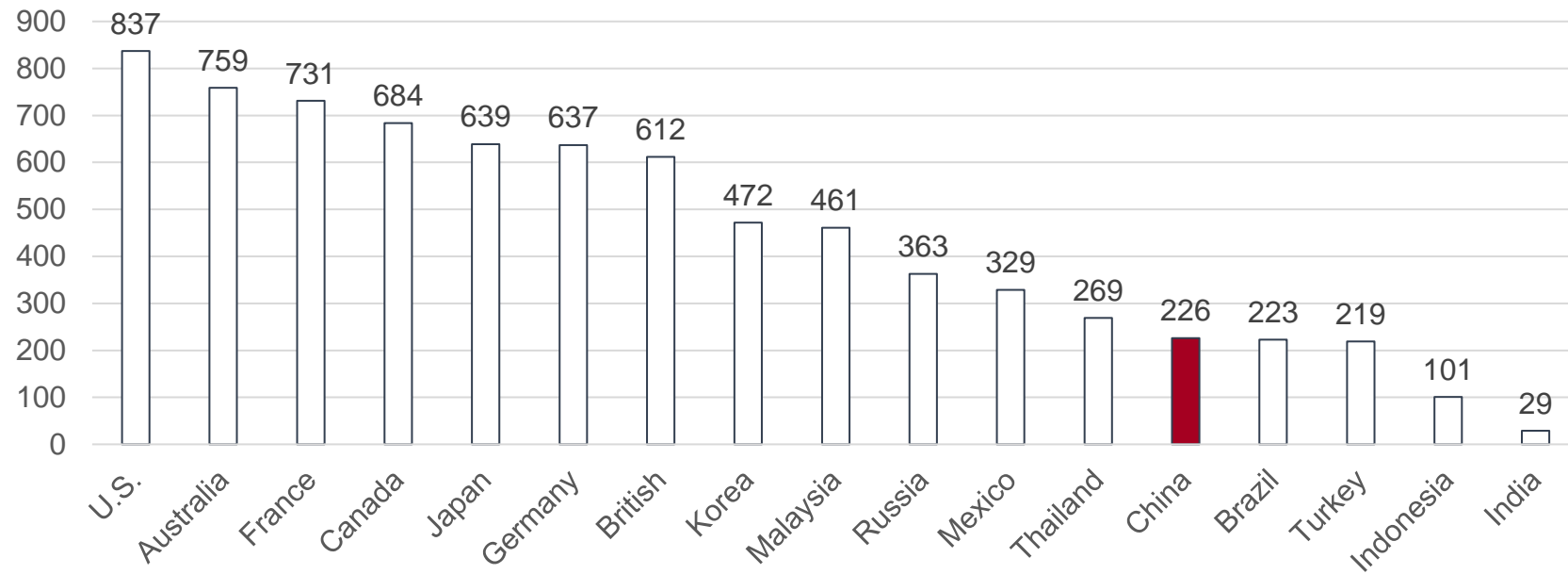
- China's total car population ranks No. 1 in the world



Global Car Population

Car ownership per 1000 people in global major auto markets in 2022

In units



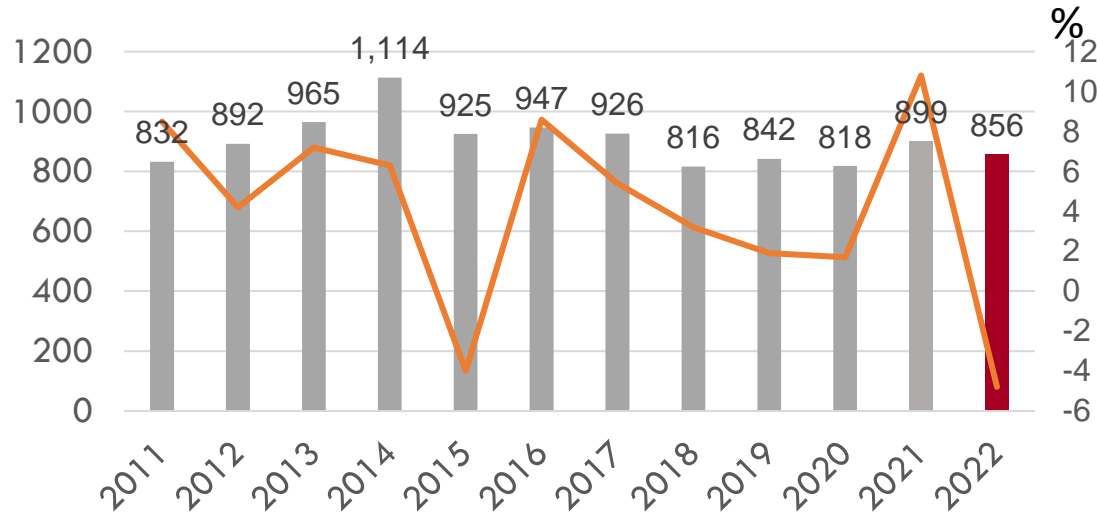
Source: www.163.com

- Global vehicle population is growing, mainly driven by rising car ownership in developing countries



PRC Vehicle Tyre Production

in million units



Source: www.myzaker.com

The global tyre market size reached 2,321.3 Million Units in 2022. Looking forward, it will reach 2,741.2 Million Units by 2028, exhibiting a growth rate (CAGR) of **2.88% during 2023-2028.**

-by IMARC Group



- Tire segment by end use: OEM (for new cars) & Replacement
According to Michelin's annual report 2021, OEM 23.6%, Replacement 76.4%
- One of the leading factors driving the demand for tires is the accelerating sales of passenger vehicles, particularly in emerging economies.

Operating Environment & Industry Outlook

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- **Greater challenges and uncertainties** in macro-economic environment, impacted by a variety of factors, such as Ukraine-Russia conflict, interest rate hike, high inflation, US-China relationship tension
- **Volatile International crude oil prices** leading to fluctuation in the prices of our main raw materials
- **Intensified competition** resulted from expansion projects successively launching into the market in recent years
- **Re-opening** from COVID-19 paves the way for a faster-than-expected recovery. Work and life will be back to normal, and demand for goods and services will increase eventually
- **Expected increase in production utilisation rate** of tyre manufacturing companies will lead to an increase in demand for rubber chemicals



Production and Sales Equilibrium

***Higher production leads to higher sales volume,
which in turn stimulates even higher production***

- Our goal - Increase market share and strengthen our market leadership position
- Expanding capacity to meet the increased demand for our products
- Increasing efficiency on operational improvement, cost control, elimination of wastage, cash flow management etc
- Poised for long-term and sustainable growth



Competitive Strengths

Market Leadership

- World largest accelerators and China's biggest IS producer
- Our accelerator products capture 36% of PRC market and 24% of global market
- Listed in the first batch of "National Champion Manufacturing Enterprise"

Products & Economy of Scale

- Full range of essential rubber chemicals with superior quality
- Stable & consistent supply
- Largest capacity with economies of scale

Strong Customer Base

- Over 1,000 customers worldwide spanning over 40 countries
- Serving 3/4 of global top 75 tyre manufacturers
- 1/3 output exported

Environmental Protection advantage

- Early adopter of Environmental protection initiative
- 1/3 of capex invested in environmental protection and safety

R&D Capability

- Transformation towards "Green, Automated & Continuous" production
- R&D in partnership with Tsinghua & Qingdao University of Science & Technology
- Provincial-level R&D centre and "High-tech Enterprise" Award

Financial strength

- Strong cash position
- Ready resources such as funds and land for further expansion



Listed On SGX Mainboard

SHARE PERFORMANCE



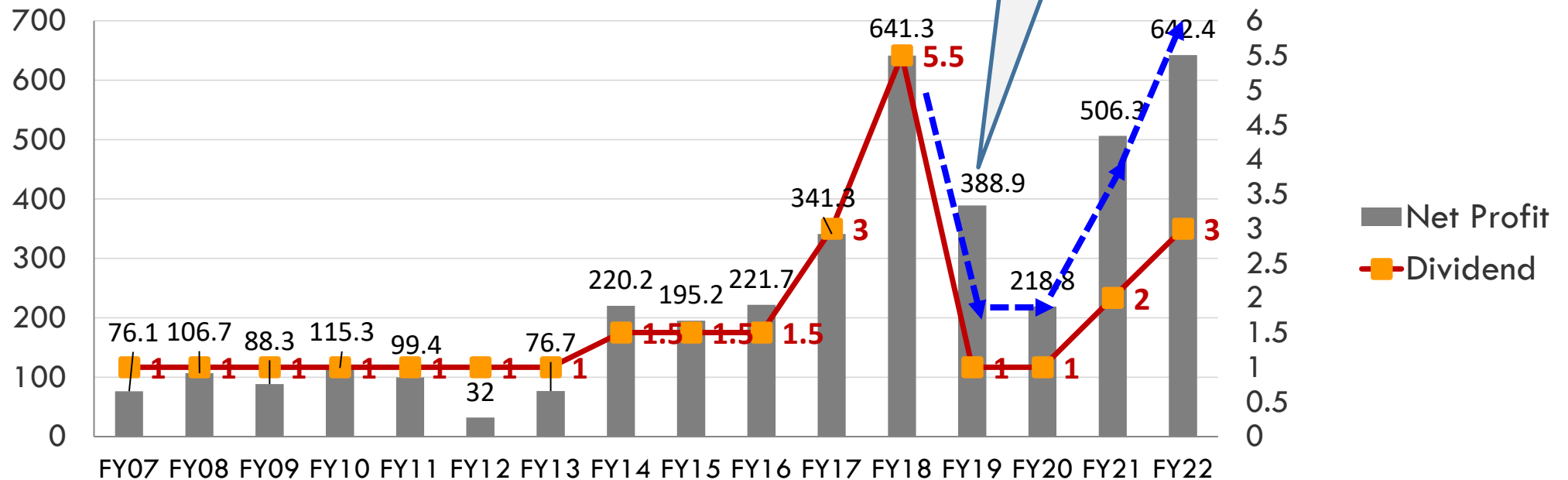
- Since IPO, no new share placement and rights issue



Dividend Payment History

Net Profit
(in RMB 'mln)

Dividend
(in SGD cents)



Interim Special Dividend paid : SGD 0.5 cents per share (in celebrating 15th Anniversary of IPO)
 Proposed Final Ordinary Dividend : SGD 1 cent per share
 Proposed Final Special Dividend : SGD 1.5 cents per share

Total dividend for FY2022 will be SGD 3 cents, payout ratio at 23%



Investment Merits

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- ✓ Market leadership position and largest market share in rubber accelerators
- ✓ Strong customer base
- ✓ Capacity expansion ongoing, focusing on growing sales volume and market share
- ✓ Strong cash position (cash per share SGD 27.6 cents) with no bank loan
- ✓ 15-year track record & annual dividend payment since IPO
- ✓ NAV per share SGD 73.76 cents. Price/NAV only 0.6X



Chairman's Message

“The Chinese economy is facing insufficient demand, which is impeding economic growth and development. However, the recent reopening from COVID-19 has paved the way for a faster-than-expected recovery. We expect that work and life will be back to normal, and demand for goods and services will increase eventually. Tyres manufacturing companies’ production utilisation rate will also increase, which will lead to increased demand for rubber chemicals.

However, it is worth noting that with many foreign governments hiking interest rates to control high inflation, the Ukraine-Russia conflict which has no end in sight, as well as the increasingly complex and worsening US-China relationship, the global economy is facing greater challenges and uncertainties. In addition, some of our rivals have implemented their expansion plans, and the management expects the competition to intensify in the rubber chemicals industry.

The Group will continue with its “sales production equilibrium” strategy. We aim to further increase our market share and enhance our market leadership position by leveraging our competitive advantages, such as economics of scale, comprehensive range of high-quality products, abundant resources for expansion, R & D capabilities, and more.

Despite this, I remain confident in the Group’s performance in 2023 and beyond.”



Mr. Xu Chengqiu
Executive Chairman



Q & A

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