



China SunSine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

Voluntary Disclosure – Business Updates

The Board of Directors (the “**Board**”) of China SunSine Chemical Holdings Ltd. (the “**Company**”, and together with its subsidiaries collectively, the “**Group**”) wishes to provide its business updates to shareholders.

China’s GDP grew 5.2%¹ year-on-year in the first three quarters of 2023 (“**YTD3Q2023**”), and 4.9% in 3Q2023, gaining momentum in its overall economic recovery from its zero-COVID policies. Automakers sold a total of 21.07² million units in China in YTD3Q2023, representing an increase of 8.2% in auto sales year-on-year. Sales volume of New Energy Vehicles (“NEVs”) also rose 37.5% year-on-year to 6.278³ million units in YTD3Q2023, accounting for 29.8% of total new vehicle sales. The production utilisation rate of the Chinese tyre manufacturing companies improved relatively in 3Q2023.

The competition in the Chinese rubber chemicals industry remains intensive. In order to obtain more orders from customers, the Group continued with its flexible pricing strategy. In 3Q2023, the Group sold a total of 56,114 tonnes of products, which is approximately a 16% increase as compared to the sales volume in the third quarter of FY2022 (“**3Q2022**”). This is the highest quarterly sales volume ever. However, the Sales Revenue decreased by 5% to approximately RMB 875 million from RMB 921 million in 3Q2022, mainly due to lower Average Selling Price (“**ASP**”). The ASP in 3Q2023 decreased by approximately 18% year-on-year to RMB 15,430 per tonne, mainly due to the decrease in the prices of raw materials, as well as the adoption of the flexible pricing strategy stated above. Net Profit decreased to RMB 65 million in 3Q2023.

As stated in our 1H2023 Interim Financial Statement dated 14 August 2023, the global economy is still facing challenges and uncertainties, brought about by a high interest rate environment, the Ukraine-Russia conflict, and rising geopolitical tensions between the US and China. It is now facing another challenging situation arising from the Israel-Hamas conflict. Locally, the Group continues to face strong competition in the rubber chemicals industry.

Nevertheless, the Group will continue with its strategy of “sales production equilibrium” and focus on its rubber chemicals business by adopting a more flexible pricing strategy and strengthening its market leadership position.

Given our strong balance sheet and financial stability, our market leadership position, our ability to consistently provide high-quality products reliably, economies of scale, wide variety of rubber chemical products, and compliance with national environmental protection laws and regulations, we remain confident about the Group’s profitability in the next 12 months.

Updates of capacity expansion plans

1. Phase 1 20,000-tonne per annum Continuous Production of High Quality MBT project

The machinery testing has been completed, and the production trial run has begun. The management expects the commercial production to commence in early 2024.

2. Phase 2 30,000-tonne per annum IS project

The Group re-scheduled its Phase 2 30,000-tonne per annum IS project to a later stage in order to focus on the new MBT project. The management expects the IS project to commence in 1H2024.

¹ Source: National Bureau of Statistics

² Source: China Association of Automobile Manufacturing (“**CAAM**”)

³ Source: China Association of Automobile Manufacturing (“**CAAM**”)

Below is a summary of our estimated Annual Capacity⁴ at the end of each financial year:

Tonnes	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024e
Accelerators	87,000	97,000	117,000	117,000	117,000	117,000	117,000
Insoluble Sulphur	30,000	30,000	30,000	30,000	60,000	60,000	60,000
Anti-oxidant	45,000	45,000	45,000	45,000	77,000	77,000	77,000
Total	162,000	172,000	192,000	192,000	254,000	254,000	254,000

BY ORDER OF THE BOARD

Xu Cheng Qiu
Executive Chairman
15 November 2023

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