



## China SunSine Chemical Holdings Ltd.

16 Raffles Quay #15-08 Hong Leong Building  
Singapore 048581  
Tel: (65) 6220 6686 Web: www.ChinaSunSine.com

Company Registration No.: 200609470N

### Press Release

## China SunSine reports net profit of RMB 372.4 million in FY2023

- **FY2023 revenue decreased by 9% y-o-y to RMB 3,490.4 million, as a result of lower average selling price (“ASP”), partially offset by higher sales volume**
- **Sales volume in FY2023 improved by 11% to a record high of 206,996 tonnes due to the increased demand for our products and adoption of more flexible pricing strategy to cope with intensified competition**
- **Proposing a total final dividend of SGD 0.025 per share for FY2023 comprising ordinary dividend of SGD 0.015 and special dividend of SGD 0.01**

**SINGAPORE - 29 February 2024 - China SunSine Chemical Holdings Ltd (“China SunSine” or the “Group”), a specialty rubber chemicals producer and a global leader in the production and supply of rubber accelerators, is pleased to present a satisfactory set of financial results (unaudited) for the second half and the full year ended 31 December 2023 (“2H2023” and “FY2023” respectively).**

In 2023, the global economy continued to face significant challenges and uncertainties due to a high interest rate environment, the Ukraine-Russia conflict, the conflict in Gaza, escalating geopolitical tensions between the US and China, and the weakening international trade landscape, alongside fluctuations in raw material prices, among others. Additionally, our rubber chemicals industry experienced intense competition, placing pressure on the average selling price (“ASP”). These factors collectively led to a modest performance in our FY2023 results, compared to the exceptionally high profit recorded in FY2022.

### Financial Highlights

RMB' million	6 Months Ended		Change	12 Months Ended		Change
	31 Dec 23	31 Dec 22		31 Dec 23	31 Dec 22	
Group Revenue	<b>1,761.3</b>	1,802.5	(2%)	<b>3,490.4</b>	3,825.0	(9%)
Gross Profit	<b>386.9</b>	469.9	(18%)	<b>798.9</b>	1,163.9	(31%)
Gross Profit Margin (GPM)	<b>22.0%</b>	26.1%	(4.1 pts)	<b>22.9%</b>	30.4%	(7.5 pts)
Profit before tax	<b>217.1</b>	263.6	(18%)	<b>453.2</b>	733.7	(38%)



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Net profit after tax	<b>177.8</b>	214.9	(17%)	<b>372.4</b>	642.4	(42%)
Sales Volume (tonnes)	<b>107,248</b>	95,731	12%	<b>206,996</b>	186,153	11%
EPS (RMB cents)	<b>18.50</b>	22.21	(17%)	<b>38.67<sup>1</sup></b>	66.29	(42%)
NAV per share (RMB cents) as of the period				<b>409.34<sup>2</sup></b>	382.32	7%

### 2H2023

In 2H2023, the Group's revenue decreased by 2% to RMB 1,761.3 million from RMB 1,802.5 million in 2H2022. This was mainly due to the decrease in overall ASP, partially offset by higher sales volume.

The overall ASP decreased by 13% to RMB 16,205 per tonne, down from RMB 18,532 per tonne in 2H2022. This decrease was mainly attributable to the decrease in the price of raw materials, as well as the Group's adoption of a more flexible pricing strategy in response to the intensified competition. Compared to RMB 17,093 per tonne in 1H2023, the ASP in 2H2023 decreased by 5%.

Sales volume increased by 12% to 107,248 tonnes from 95,731 tonnes in 2H2022. This was mainly due to higher demand for our products and the adoption of a more flexible pricing strategy.

As a result of lower revenue, gross profit declined by 18% from RMB 469.9 million in 2H2022 to RMB 386.9 million in 2H2023. The gross profit margin ("GPM") shrank 4.1 percentage points, from 26.1% in 2H2022 to 22.0% in 2H2023.

<sup>1</sup> Based on the weighted number of shares: 963,197,000 shares, equivalent to SGD 7.19 cents at the exchange rate of 5.3772 as of 31 December 2023.

<sup>2</sup> Based on the number of issued shares: 959,249,000 shares at the end of the year, equivalent to SGD 76.13 cents at the exchange rate of 5.3772



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Profit before tax (“PBT”) decreased by 18% from RMB 263.6 million in 2H2022 to RMB 217.1 million in 2H2023, mainly due to decreased sales revenue and lower gross profit achieved.

Consequently, net profit decreased by 17% from RMB 214.9 million in 2H2022 to RMB 177.8 million in 2H2023.

### **FY2023**

On a 12-month basis, the Group’s total revenue declined by 9% from RMB 3,825.0 million in FY2022 to RMB 3,490.4 million in FY2023. The overall ASP per tonne decreased by 18% to RMB 16,633 from RMB 20,237 in FY2022, which was attributed to lower raw material prices and the adoption of a flexible pricing strategy mentioned above which resulted in the decrease in the overall ASP.

However, sales volume grew 11% to 206,996 tonnes from 186,153 tonnes in FY2022, hitting a new record high. This was mainly due to the adoption of a more flexible pricing strategy and the Group’s ability to satisfy the increased demand from our customers supported by the capacity expansion over the years.

The GPM decreased by 7.5 percentage points, from 30.4% in FY2022 to 22.9% in FY2023.

Other income amounted to RMB 72.4 million, consisting mainly of interest income (RMB 36.0 million), government grants (RMB 8.5 million) and sales of scrap materials (RMB 19.0 million).

Distribution and marketing expenses decreased by 2% to RMB 102.7 million, as compared to RMB 104.3 million in FY2022. This was mainly due to lower incentive payable to sales personnel because of lower revenue and GPM, partially offset by higher freight costs and port expenses caused by higher sales volume.



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Administrative expenses for the year decreased by 22% from RMB 264.5 million in FY2022 to RMB 207.3 million. This decrease was primarily attributed to the decrease in depreciation resulting from lesser down time during the Chinese New Year in 2023, decrease in staff cost as well as lower bonuses.

Research & Development (“R&D”) expenses decreased by 16% from RMB 142.4 million in FY2022 to RMB 119.4 million, mainly due to the completion of some of the R&D activities in FY2023.

PBT declined 38%, from RMB 733.7 million in FY2022 to RMB 453.2 million, mainly due to the decrease in sales revenue and lower gross profit.

For the reasons set out above, the Group’s net profit decreased by 42% from RMB 642.4 million in FY2022 to RMB 372.4 million in FY2023.

### Analysis of Sales and Volume

	Sales Volume (Tonnes)				Sales (RMB' million)			
	2H2023	2H2022	FY2023	FY2022	2H2023	2H2022	FY2023	FY2022
<b>Rubber Chemical</b>								
Accelerators	53,020	43,719	99,809	89,434	1,032.7	947.3	1,961.1	2,043.3
Insoluble Sulphur	20,749	20,533	40,655	37,599	132.9	153.4	265.7	297.7
Anti-oxidant	32,670	30,992	65,127	58,058	559.2	664.7	1,192.8	1,405.2
Others	809	487	1,405	1,062	13.2	8.7	23.4	21.1
<b>Total</b>	<b>107,248</b>	<b>95,731</b>	<b>206,996</b>	<b>186,153</b>	<b>1,738.0</b>	<b>1,774.1</b>	<b>3,443.0</b>	<b>3,767.3</b>
<i>Local Sales</i>	<i>66,759</i>	<i>64,352</i>	<i>130,547</i>	<i>120,062</i>	<i>1,008.8</i>	<i>1,107.0</i>	<i>2,052.5</i>	<i>2,290.9</i>
<i>International Sales</i>	<i>40,489</i>	<i>31,379</i>	<i>76,449</i>	<i>66,091</i>	<i>729.2</i>	<i>667.0</i>	<i>1,390.5</i>	<i>1,476.3</i>
<b>Heating Power</b>	<b>41,377</b>	<b>33,518</b>	<b>70,761</b>	<b>75,429</b>	<b>9.6</b>	<b>9.4</b>	<b>17.9</b>	<b>21.3</b>
<b>Waste treatment</b>	<b>7,232</b>	<b>8,308</b>	<b>14,924</b>	<b>15,368</b>	<b>13.7</b>	<b>18.6</b>	<b>29.5</b>	<b>35.2</b>
<b>Hotel &amp; Restaurant</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.4</b>	<b>-</b>	<b>1.2</b>

In 2H2023, sales volume for Accelerators, Insoluble Sulphur (“IS”) and Anti-oxidants increased by 21%, 1% and 5%, respectively.



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Domestic sales volumes increased by 4%. Meanwhile, the international sales volume surged by 29% year on year, primarily due to many Chinese tyre manufacturers establishing plants in Southeast Asia, leading to an increase in orders from the Southeast Asian market.

For the 12-month period, the Group's sales volume for Accelerators, IS and Anti-oxidants products increased by 12%, 8% and 12%, respectively. Its total sales volume reached another record high of 206,996 tonnes. The utilisation rate of these three categories of products were at a satisfactory level.

In terms of sales value, the sales for Accelerators, IS and Anti-oxidants contributed 57%, 8% and 35%, respectively to the Group's total revenue.

Building upon its capacity expansion efforts over the years, China Sunsine has bolstered its market leadership position in the rubber chemicals industry. It continues to hold the title of the world's largest producer of accelerators, China's foremost producer of insoluble sulphur, and a significant player in the antioxidants market.

Based on the FY2023 results, the Group's earnings per share was RMB 38.67 cents. Its financial position remains strong. As of 31 December 2023, total cash and bank balances stands at RMB1,687.9 million with zero debt, and net assets per share amounted to RMB 409.34 cents.

Commenting on the FY2023 performance, our Executive Chairman, Mr Xu Cheng Qiu (徐承秋), says, *“Despite the various turbulent international situations and intense domestic competition as previously described, I am pleased that the Group achieved a satisfactory set of results in FY2023.*

*China's GDP grew by 5.2% in FY2023, while auto sales surged to 30.1 million units, up 12% year-on-year. Particularly noteworthy is the significant rise in New Energy Vehicle (NEVs) sales, which soared by 37.9% year-on-year to reach 9.5 million units. This sector, contributing 31.6% of new vehicle sales, has become a powerful driver.*



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*Entering into FY2024, China's auto market remains robust, Chinese tyre makers' production utilisation rate appears relatively high, and our sales order has seen improvements. However, we believe that the challenges and uncertainties brought about by various geopolitical tensions and the high interest rate environment will persist. In addition, some of our rivals have implemented their expansion plans. The management expects the intensification of competition to persist in the rubber chemicals industry.*

*Nevertheless, the Group will continue with its strategy of 'Sales Production Equilibrium', focus on the fulfilment of the needs of its customers, and seek to improve its sales volume in FY2024.*

*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." Xu added.*

### **Expansion Project Update**

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

The Group has re-started the construction of this project, with some equipment relocated from Shengtao. The management expects this project to be completed by the end of 2024.

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

MBT serves as an intermediate material in the production of various types of accelerators. The entire project aims to build a total annual capacity of 60,000 tonnes in two phases. This undertaking is designed not only to meet our own production requirements but also provide cost-saving benefits.



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The ongoing Phase 1, with a capacity of 20,000 tonnes per annum, is currently undergoing trial runs. The management expects the trial run will be successfully completed in 1H2024 and the commercial production to commence in 2H2024.

Update of our Annual Capacity<sup>3</sup> is set out below:

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
<b>Total</b>	<b>162,000</b>	<b>172,000</b>	<b>192,000</b>	<b>192,000</b>	<b>254,000</b>	<b>254,000</b>	<b>254,000</b>

In appreciation of the support from our shareholders and taking into account the Group's earnings performance, cash balance and future expansion plans, the Board of Directors is pleased to recommend a final one-tier tax-exempt dividend of SGD0.025 per share, consisting of an ordinary dividend of SGD0.015 and a special dividend of SGD0.01. This translates to a payout of 34% of the Group's earnings in FY2023.

- End -

### 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-oxidants and other vulcanising 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 75% of Global Top 75 tyre 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.

**For more information, please contact:**

<sup>3</sup> Annual Capacity excludes capacity of intermediary materials such as 4ADPA and MBT



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