



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.

In the first quarter ended 31 March 2024 (“**1Q2024**”), China’s GDP grew 5.3%¹ year-on-year, indicating that China’s economy is continuing on a positive trajectory and is off to a good start this year.

However, 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 1Q2024, the Group sold a total of 52,584 tonnes of products, which is approximately an 8% increase as compared to the sales volume in the first quarter ended 31 March 2023 (“**1Q2023**”). However, the sales revenue decreased slightly by 1% to approximately RMB 851 million from RMB 863 million in 1Q2023, due to lower Average Selling Price (“**ASP**”). The ASP in 1Q2024 decreased by approximately 8% year-on-year to RMB 15,977 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. The Gross Profit Margin (“**GPM**”) increased by 1 percentage point to 23.4% in 1Q2024 mainly due to lower raw material costs. Net profit increased to RMB 85 million.

China Automakers sold a total of 6.72 million units in China for 1Q2024, representing a 10.6% increase year-on-year². Sales volume of New Energy Vehicles (“**NEVs**”) rose 31.8% year-on-year to 2.09 million units in 1Q2024, accounting for 31.1% of total new vehicle sales³.

As stated in our 2023 Annual Report, the current global economy is still facing numerous challenges, including weakening international trade, sluggish investment, a high-interest-rate environment, the Ukraine-Russia conflict, the war in Gaza, and escalating geopolitical tensions. In recent years, competition within the Chinese rubber chemicals industry has been intensifying, placing significant pressure on our selling prices.

In spite of the challenges, the Company will continue with its strategy of “Sales and Production Equilibrium”, and adopt more flexible pricing strategy, to leverage the Group’s competitive advantages, continuously expand and strengthen our presence, and maintain a market leadership position in both the Chinese and international rubber chemicals industry.

Given our strong balance sheet and financial stability, our market leadership position, our ability to consistently and reliably provide high-quality products, 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 2 30,000-tonne per annum IS project

The Group has re-started the construction of its Phase 2 30,000-tonne per annum IS project. The management expects the IS project to be completed by the end of 2024.

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

¹ Source: National Bureau of Statistics

² Source: China Association of Automobile Manufacturing

³ Source: China Association of Automobile Manufacturing

The project is now under trial run. The management expects the trial run will be successfully completed in 1H2024, and commercial production to commence in 2H2024.

Below is a summary of our 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 Chengqiu
Executive Chairman
3 May 2024

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