



China Sunsine Chemical Holdings Ltd.

16 Raffles Quay #15-08 Hong Leong Building Singapore 048581
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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 2025 (“**1Q2025**”), China’s GDP grew 5.4%¹ year-on-year, which is beyond market expectation. This growth rate shows that China’s economy is off to a good start underpinned by high quality development, demonstrating steady performance and resilience.

China automakers sold a total of 7.47 million units in China in 1Q2025, representing year-on-year increase of 11.2%². Sales volume of New Energy Vehicles (“**NEVs**”) rose 47.1% year-on-year to 3.075 million units in 1Q2025, accounting for 41.2% of total new vehicle sales³.

However, the competition in the Chinese rubber chemicals industry remains intensive. The Group continued with its flexible pricing strategy in order to obtain more orders from customers. In 1Q2025, the Group sold a total of 53,093 tonnes of products, which is a slight 1% increase as compared to the sales volume in the first quarter ended 31 March 2024 (“**1Q2024**”). However, the sales revenue decreased marginally by 1% to approximately RMB 839 million from RMB 851 million in 1Q2024, due to lower Average Selling Price (“**ASP**”). The ASP in 1Q2025 decreased by approximately 2% year-on-year to RMB 15,592 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 0.7 percentage point to 24.1% in 1Q2025 mainly due to lower raw material costs. Net profit increased by 27% to RMB 108 million.

As stated in our 2024 Annual Report, the current global economy is still facing numerous challenges. The rising geopolitical tensions, escalating international conflicts, and the ratcheting up of trade protectionism have heightened risks and uncertainties in the economic landscape. Recently, the US Trump administration's policy of imposing "reciprocal tariffs" on its trading partners has seriously jeopardized the multilateral trading system which impacted badly the global supply chains, and further exacerbated the international trade tensions and global economic fragmentation.

In recent years, the oversupply situation and competition within the Chinese rubber chemicals industry has been intensifying, the prices of our main raw materials are hovering at their low end. All these have been placing significant pressure on our selling prices.

In spite of the challenges, the Group will continue with its strategy of “Sales and Production Equilibrium”, and adopt more flexible pricing strategy. Beyond market expansion, the Group is also dedicated to enhancing internal efficiency. By increasing productivity, reducing costs, and improving internal management processes, we strive to maximise profitability. With a strong foundation and a clear vision, we are confident about the Group’s future growth and success.

Updates of capacity expansion plans

1. Phase 2, 30,000-tonne per annum IS project (located in Hengshun plant)

The Group has started the trial run of its Phase 2, 30,000-tonne per annum IS project. The management expects commercial production to commence by the end of 2025.

¹ Source: National Bureau of Statistics

² Source: China Association of Automobile Manufacturing

³ Source: China Association of Automobile Manufacturing

2. *Phase 2, 40,000-tonne per annum Continuous Production of High-Quality Solvent MBT project (located in Henghsun plant)*

The Phase 1, 20,000-tonne per annum project (“**Phase 1 MBT Project**”) was successfully completed and commenced commercial production in 2024. The initial targets associated with Phase 1 MBT Project have been met, resulting in significantly lower unit production cost of the Phase 1 MBT Project compared with the acid-based MBT produced in our old facilities. As such, Phase 2, 40,000-tonne per annum solvent MBT project (“**Phase 2 MBT Project**”) has started construction. The budget for Phase 2 MBT Project is approximately RMB 160 million. The management expects that Phase 2 MBT Project will be ready for trial run by 2H2025.

3. *20,000-tonne per annum Continuous Production of High-Quality Solvent MBT project (located in Weifang plant)*

The method used to produce MBT in our Weifang plant is still acid-based. With the successful completion of Phase 1 MBT Project in Hengshun plant, the Group decided to launch a 20,000-tonne per annum solvent MBT project in Weifang plant in order to further reduce costs, improve our competitiveness, and maintain our leadership position in the industry. The budget for this project is approximately RMB 80 million. The management expects its machinery installation to be completed in 2H2025, and be ready for trial run by the end of 2025.

4. *Transform TBBS2 workshop to CBS workshop (located in Shandong Sunsine plant)*

Currently, Shandong Sunsine has 3 workshops to produce TBBS; they are TBBS1 and TBBS2 workshops located in Shandong Sunsine plant, and TBBS3 workshop located in Yongshun plant. Over the years, with its technical transformation and machinery upgrading, the annual capacity of TBBS1 workshop has now reached 18,000 tonnes, while TBBS3 workshop’s annual capacity is 30,000 tonnes. Together, the TBBS capacity for workshops 1 & 3 has already reached 48,000 tonnes per annum, which is sufficient to meet our sales requirement.

Shandong Sunsine’s CBS workshop was built at a very early stage; part of its machinery is aged and automation level in CBS workshop is low. Furthermore, there will be more MBT feedstocks once the Phase 2 MBT Project commences its production. In order to further strengthen our accelerator’s global leadership position, and improve our competitiveness for CBS product, the Group decided to launch a project to transform TBBS2 workshop to CBS workshop. This project will use solvent MBT as feedstock, and use as much of the existing equipment as possible, and at the same time, increase its automation levels. After its completion, this CBS new workshop will have an annual capacity of 20,000 tonnes. The budget for this project is approximately RMB 70 million, and the management expects its machinery installation to be completed in 2H2025, and be ready for trial run by the end of 2025.

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

Tonnes	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025e
Accelerators	97,000	117,000	117,000	117,000	117,000	117,000	117,000
Insoluble Sulphur	30,000	30,000	30,000	60,000	60,000	60,000	60,000
Anti-oxidant	45,000	45,000	45,000	77,000	77,000	77,000	77,000
Total	172,000	192,000	192,000	254,000	254,000	254,000	254,000

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



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BY ORDER OF THE BOARD

Xu Chengqiu
Executive Chairman
30 April 2025