



## China Sunsine Chemical Holdings Ltd.

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Company Registration No.: 200609470N

### NEWS RELEASE

## China Sunsine's 3Q2014 net profit reached another record high

- 3Q2014 revenue grew 32% y-o-y to RMB 582.2 million, underpinned by continuing growth in both average selling price (ASP) and sales volume
- Gross profit margin for 3Q2014 improved to 31.1% from 19.2% a year ago
- 9M2014 net profit rose 186% to RMB166.0 million compared to 9M2013

SINGAPORE – 12 November 2014 - China Sunsine Chemical Holdings Ltd (“China Sunsine”, and together with its subsidiaries, collectively the “Group”), a specialty rubber chemicals producer and global leader in the production and supply of rubber accelerators, is today pleased to announce that the Group delivered a strong performance for the third quarter and nine months ended 30 September 2014 (“3Q2014” and “9M2014”, respectively).

### Financial Highlights

RMB' million	Quarter Ended		Change	9 Months Ended		Change
	30 Sept 14	30 Sept 13		30 Sept 14	30 Sept 13	
Group Revenue	<b>582.2</b>	440.3	32%	<b>1,554.2</b>	1,205.8	24%
Gross Profit	<b>181.0</b>	84.4	114%	<b>400.7</b>	219.7	82%
Gross Profit Margin (GPM)	<b>31.1%</b>	19.2%	11.9 pts	<b>25.8%</b>	17.6%	8.2pts
Profit before tax	<b>109.5</b>	39.3	179%	<b>226.6</b>	87.5	159%
Net profit after tax	<b>83.0</b>	27.1	206%	<b>166.0</b>	59.2	180%
Sales Volume (tons)	<b>28,905</b>	25,406	14%	<b>82,273</b>	72,204	14%
EPS (RMB cents)	<b>17.83</b>	5.82	206%	<b>35.65<sup>1</sup></b>	12.73	180%
NAV per share (RMB cents) as of the period				<b>205.54<sup>2</sup></b>	171.01	20%

Riding on short supply situation for its main product-rubber accelerators-the Group's revenue in 3Q2014 grew 32% to RMB 582.2 million compared to RMB 440.3 million in 3Q2013. ASP for all products in this quarter increased to RMB 20,142 per ton from RMB 17,330 per ton in 3Q2013, due mainly to the significant increase in ASP of accelerators which jumped from RMB 18,566 per ton in 3Q2013 to RMB 22,822 per ton in this quarter.

<sup>1</sup>Based on weighted number of shares: 465,504,000 shares, equivalent to 7.39 SGD cents at exchange rate of 4.8268

<sup>2</sup>Based on 465,504,000 shares (excluding treasury shares), equivalent to 42.58 SGD cents at exchange rate of 4.8268



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Due to the enforcement of environmental protection law since end of 2013, a number of factories which failed to meet the environmental standards had to shut down their production. This caused a significant increase in the market price of MBT and other accelerators.

The Group's sales volume continued its upward trend, increasing 14% yoy from 25,406 tons a year ago to 28,905 tons in 3Q2014. The overall gross profit margin climbed to 31.1% from 19.2% in 3Q2013, due mainly to the increase in ASP as well as the decrease in raw material prices.

For the latest quarter, net profit soared 206% from RMB 27.1 million in 3Q2013 to RMB 83.0 million in 3Q2014 mainly due to higher gross profit margin and sales revenue.

The Group's 9M2014 net profit improved 180% to RMB 166.0 million from RMB 59.2 million in 9M2013 for the above mentioned reasons.

### Analysis of Sales and Volume

	Sales Volume (Tons)				Sales (RMB'm)			
	3Q2014	3Q2013	9M2014	9M2013	3Q2014	3Q2013	9M2014	9M2013
Accelerators	20,064	18,695	57,660	53,715	457.9	347.1	1,206.9	997.2
Insoluble sulphur	3,288	2,840	9,176	8,997	36.4	32.3	103.2	103.7
Anti-oxidant	5,409	3,489	14,758	8,461	84.6	53.8	230.2	131.5
Others	144	382	679	1,031	3.3	7.1	13.9	18.4
<b>Total</b>	<b>28,905</b>	<b>25,406</b>	<b>82,273</b>	<b>72,204</b>	<b>582.2</b>	<b>440.3</b>	<b>1,554.2</b>	<b>1,250.8</b>
Local Sales	19,709	17,249	53,691	49,102	371.8	277.4	950.7	794.2
International Sales	9,196	8,157	28,582	23,102	210.4	162.9	603.5	456.6

During the quarter, sales volume across all categories increased. The increase in the sales volume of accelerator products was due mainly to the short supply in the market. Insoluble sulphur sales volume increased as we were able to meet increased demand. Sales volume for accelerators and insoluble sulphur grew 7% and 16%, respectively yoy. Sales volume for anti-oxidant grew a significant 55% with contributions mainly from the 6PPD product which is receiving more accreditation from the Group's major customers.

Mr Xu Cheng Qiu (徐承秋), Executive Chairman, says, *"I am happy that the Group has achieved yet another consecutive quarter of record net profit. We have benefited from our persistence with adhering to stringent environmental protection standards over the years. US's anti-dumping and countervailing measures against China's tire makers took effect in November 2014, and the China tire industry continues to face over-capacity and under utilisation issues. These may dampen demand for our rubber chemical products. On 1 January 2015, the new Environmental Protection Law of China will come into force. As environmental regulations become increasingly stringent, there may be further consolidation in*



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*the rubber chemicals industry in China. Through a series of capacity expansion and enhancement of our current environmental protection measures, the Group expects to further strengthen its market position as the number 1 accelerator producer in the world. I am also happy to see our anti-oxidant 6PPD product obtaining more accreditation from most of our major customers. We expect more revenue contribution from 6PPD with another 15,000-ton per annum additional capacity built in this year. We are confident of the outlook of the Group for the coming year.”*

Based on its latest 9M2014 results, the Group's earnings per share was RMB 35.65 cents. The Group's financial position remains healthy. Its total cash and cash equivalents amounted to RMB 149.1 million with net assets per share of RMB 205.54 cents as at 30 September 2014, up from RMB 171.01 cents at the previous year-end.

### Expansion Plan Update

Since this year, the Group has completed and/or is expanding its capacities as below:

- The construction of Guangshun heating plant located at Shanxian has been completed in 3Q2014 and is expected to start its commercial production by end of this year.
- Phase 2 of 15,000-ton Anti-oxidant 6PPD facility at Shanxian has been completed.
- Another 4,000-ton MBTS facility at Weifang has been completed.
- A new 8,000-ton DCBS with improved technology at Shanxian is under construction and expected to be completed by end of this year.

Update of our production capacity is set out below:

Tons	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014e
Accelerators	55,000	56,500	56,500	66,500	70,500	87,000
Insoluble Sulphur	8,000	10,000	10,000	10,000	20,000	20,000
Anti-oxidant	10,000	10,000	25,000	25,000	25,000	45,000
<b>Total</b>	<b>73,000</b>	<b>76,500</b>	<b>91,500</b>	<b>101,500</b>	<b>115,500</b>	<b>152,000</b>

- End -



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### **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 accelerators, anti-oxidant, vulcanising agent and anti-scorching agent. It is the largest producer of rubber accelerators in the world and has become the largest producer of insoluble sulphur in the PRC serving more than 60% of Global Top 75 tire manufacturers, such as Bridgestone, Michelin, Goodyear, Pirelli, Sumitomo, Yokohama, Hankook, Cooper, Kumho Tire as well as PRC Tire giants such as Hangzhou Zhongce, GITI Tire 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”.

As a chemical producer serving its global customers, China Sunsine continuously improves its manufacturing capability, and has achieved ISO9001 standard for quality, ISO14001 standard for environment, and GB/T28001-2001 standard for occupational health and safety management system.

Its SGX ticker code is “ChinaSsine”, Bloomberg ticker code is “CSSC SP”.

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