UOBKayHian

Country Daily | Singapore

Tuesday, 08 September 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	53414.3	(0.5)	(0.3)	(1.2)	11.1
S&P 500	7718.6	(0.4)	0.1	(0.5)	12.8
FTSE 100	10831.1	(0.0)	0.4	(0.6)	9.1
AS30	9201.5	0.1	(0.8)	(2.6)	2.0
CSI 300	4548.1	(0.1)	(1.3)	(3.1)	(1.8)
FSSTI	5802.0	0.9	1.8	1.8	24.9
HSCEI	8555.0	2.0	0.8	0.3	(4.0)
HSI	25650.9	1.7	0.3	(0.1)	0.1
JCI	6636.5	(0.5)	1.8	3.5	(23.3)
KLCI	1708.1	(0.4)	(1.9)	(1.6)	1.7
KOSPI	6920.4	3.5	1.5	10.6	64.2
Nikkei 225	65020.9	1.3	(1.9)	(0.9)	29.2
SET	1595.6	1.2	0.5	(1.0)	26.7
TWSE	46551.1	1.5	0.5	5.3	60.7
BDI	3628	4.0	16.8	17.4	93.3
CPO (RM/mt)	4663	0.1	1.1	3.5	18.5
Brent Crude (US$/bbl)	97	0.5	6.9	15.8	59.0

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Analyst Marketing by Julia Pan on Greater China Internet Sector	Singapore	07 Sep	08 Sep
Analyst Marketing by Julia Pan on Greater China Internet Sector	Malaysia	09 Sep	11 Sep
17th Asian Gems Conference 2026 (Virtual)	Singapore	22 Sep	23 Sep
Post-results NDR with Sunny Optical (2382 HK)	Taipei	22 Sep	23 Sep

Corporate and Macro Calendar

Economic Indicator/Event	Date
MAS 12-Week Bill Auction	8 Sep
MAS 4-Week Bill Auction	8 Sep
6-Month T-Bill Auction	10 Sep
MAS 12-Week Bill Auction	15 Sep

Top Stories

Company Results | China Sunsine Chemical (CSSC SP/**HOLD**/S$0.66/Target: S$0.71)

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- Sunsine reported strong 1H26 earnings, with revenue of Rmb2.01b (+19% yoy) and PATMI of Rmb254.3m (+5% yoy), ahead of our expectations. This was supported by record-high sales volume (+9% yoy) and higher ASPs. However, elevated raw material costs, higher R&D expenses and forex headwinds remain near-term constraints. Maintain HOLD with a slightly higher target price of S$0.71.

Market Spotlight

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- US stocks were closed for a holiday yesterday.
- The FSSTI fell 9.68pt to 5,792.28, on the back of weakness in DBS, SIA and OCBC Bank, with both mid- and small-cap indices falling with a broad market decline on S$1.64b turnover.

Technical Analysis

Frencken Group (FRKN SP)

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- Trading Buy Range: S$2.36-2.37

Singapore Airlines (SIA SP)

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- Trading Sell Range: S$6.74-6.75

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

China Sunsine Chemical (CSSC SP)

1H26: Lacklustre Environment Offset By Decent 5% Yield

Highlights

- Sunsine's 1H26 revenue of Rmb2.01b (+19% yoy) and PATMI of Rmb254.3m (+5% yoy) were ahead of expectations.
- Record volumes (+9% yoy), driven by strong growth in accelerators and insoluble sulphur as well as increase in international volumes (+17% yoy).
- Operating environment is expected to remain challenging from intense competition. Maintain HOLD with a 1.4% higher target price of S$0.71.

1H26 Results

Year to 31 Dec (Rmbm)	1H26	2H25	1H25	hoh%	yoy%
Revenue	2,007.8	1,587.2	1,690.2	26.5	18.8
Gross profit	506.0	354.5	415.8	42.7	21.7
Gross profit margin (%)	25.2	22.3	24.6	2.9ppt	0.6ppt
Net profit	254.3	162.2	242.7	56.8	4.8
Net profit margin (%)	12.7	10.2	14.4	2.5ppt	(1.7ppt)
Sales volume (tonnes)	119,959	112,548	109,695	6.6	9.4
Average selling price* (Rmb/tonne)	16,586	13,911	15,195	19.2	9.2

Source: CSSC, UOB Kay Hian

Analysis

- **1H26 revenue and earnings ahead of expectations.** China Sunsine Chemical (Sunsine) reported 1H26 revenue of Rm2.01b (+19% yoy) and PATMI of 254.3m (+5% yoy), forming 59% and 63% of our full-year forecasts respectively. On a hoh basis, revenue rose 26% while PATMI increased 57%, supported by higher ASPs and record sales volume. Gross margin improved to 25.2% (1H25: 24.6%), although profitability was partly weighed down by a Rmb48.6m forex loss and higher R&D expenses.
- **Sales volume at record high.** 1H26 sales volume rose 9% yoy to a record 119,959 tonnes, reaching 54% of 2025's full-year volume and putting Sunsine on track to surpass last year's record. Growth was led by accelerators (+12% yoy) and insoluble sulphur (+17% yoy), while antioxidant volumes were broadly stable. International volumes grew a stronger 17% yoy, supported by higher orders from Chinese tyre manufacturers with overseas operations and global tyre makers, compared with 4% growth in domestic volumes.
- **Higher interim dividend; final payout to support 2026 policy.** Sunsine declared a S$0.01/share special interim dividend for 1H26, double that in 1H25. This implies an interim payout ratio of approximately 20% of 1H26 earnings. With its 40% payout commitment for 2025-26, we expect the final dividend to make up the balance based on full-year earnings.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	3,516	3,277	3,792	4,004	4,238
EBITDA	718	650	679	717	750
Operating profit	585	504	517	544	563
Net profit (rep./act.)	424	405	414	437	451
Net profit (adj.)	424	405	414	437	451
EPS (fen)	44.5	42.5	43.5	45.8	47.3
PE (x)	7.8	8.2	8.0	7.6	7.3
P/B (x)	0.8	0.7	0.7	0.7	0.6
EV/EBITDA (x)	1.0	1.1	1.1	1.0	1.0
Dividend yield (%)	4.5	4.8	5.0	5.3	5.5
Net margin (%)	12.1	12.4	10.9	10.9	10.6
Net debt/(cash) to equity (%)	(49.3)	(52.5)	(54.5)	(54.7)	(55.1)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	10.4	9.4	9.1	9.0	8.8
Consensus net profit (Rmbm)	-	-	453	431	436
UOBKH/Consensus (x)	-	-	0.91	1.01	1.04

Source: CSSC, Bloomberg, UOB Kay Hian

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HOLD (Maintained)

Share Price	S$0.66
Target Price	S$0.71
Upside	7.6%
Previous TP	S$0.70

Stock Data

Sector	Materials
Bloomberg ticker	CSSC SP
Shares issued (m)	953.4
Market cap (S$m)	624.5
Market cap (US$m)	493.3
3-mth avg daily t'over (US$m)	0.2

Price Performance (%)

52-week high/low: S$0.836 /S$0.604

1mth	3mth	6mth	1yr	YTD
(3.0)	0.0	(1.9)	(12.3)	(17.3)

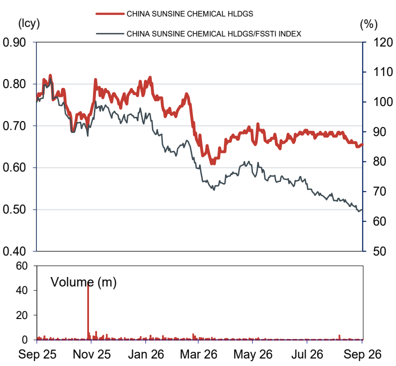
Major Shareholders (%)

Xu Cheng Qiu	57.8

Balance Sheet Metrics

FY26 NAV/Share (S$)	4.95
FY26 Net Cash/ Share (S$)	2.70

Price Chart



Source: Bloomberg

Company Description

Sunsine produces rubber chemicals, primarily rubber accelerators and other related rubber chemicals such as anti-scorching agents.

- **Sunsine expects operating environment to remain challenging,** amid geopolitical uncertainties, volatile raw material prices and intense industry competition. Nevertheless, Sunsine remains confident in its long-term prospects. Sunsine will execute its 'Sales and Production Equilibrium' strategy, strengthen its market leadership through disciplined execution, technological innovation and operational excellence, while advancing its capacity expansion initiatives to support sustainable long-term growth.
- **ASP rebound on cost pass-through.** 1H26 ASP rose 9% yoy to Rmb16,586/tonne from Rmb15,195/tonne, reversing the downward pressure seen in 2025. The improvement mainly reflected higher raw material costs following the Iran conflict and shipping disruptions through the Strait of Hormuz, with Sunsine responding by raising selling prices. The successful cost pass-through, alongside higher volumes, supported the 0.6ppt yoy improvement in gross margin to 25.2%.
- **Strong balance sheet despite weaker OCF.** Sunsine remained debt-free at end-Jun 26, with cash and bank balances of Rmb2.22b (S$0.44/share). Operating cash flow remained positive at Rmb78.3m (1H25: Rmb431.5m), although lower yoy as higher inventories and trade receivables absorbed working capital. Its sizeable net cash position provides ample flexibility to fund capacity expansion and shareholder returns.
- **Capacity expansion remains on track.** Sunsine continues to progress its expansion plans, with the 20,000-tonne Weifang MBT project commencing trial runs in 1H26 and commercial production targeted by end-26. The conversion of its TBBS2 workshop into CBS production has also already commenced commercial operations. Management expects total annual capacity to rise 7% yoy to 272,000 tonnes by end-26, supporting further volume growth and strengthening its market leadership.

Earnings Revision/Risk

- We raise our 2026/27/28 earnings estimates by 3%/4%/3% respectively, after increasing our 2026-28F revenue by 13%, reflecting continued volume growth following the better-than-expected 1H26 top-line performance. However, this is offset by marginally lower gross margin assumption on more intense competition.

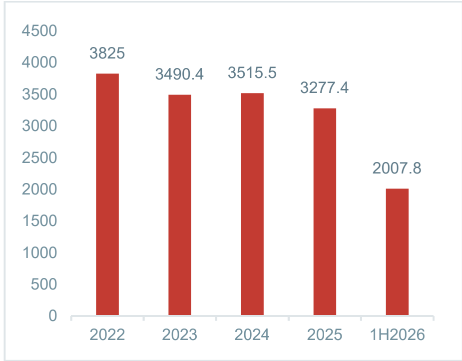
Valuation/Recommendation

- **Maintain HOLD with a 1.4% higher target price of S$0.71 (from S$0.70),** pegged to an unchanged 8.9x 2026F PE (+0.5SD above historical mean). The slightly higher target price reflects our upward revision to 2026 earnings following stronger-than-expected 1H26 revenue and ASP performance.

Share Price Catalyst

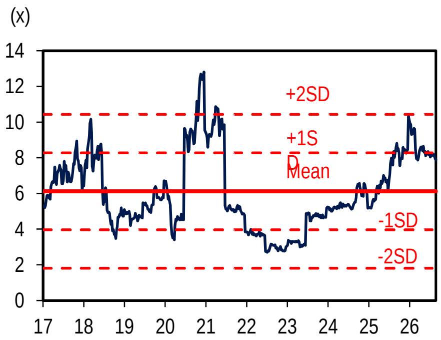
- New manufacturing capacities commencing production.
- Higher ASPs for rubber chemicals.
- Higher-than-expected utilisation rates.

Revenue Trends 2022-1H26 (Rmb'm)



Source: CSSC, UOB Kay Hian

Historical PE Band



Source: CSSC, UOB Kay Hian

Profit & loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	3,277.4	3,792.3	4,004.2	4,237.7
EBITDA	649.5	678.8	716.8	750.1
Deprec. & amort.	145.9	161.6	172.4	187.3
EBIT	503.6	517.3	544.3	562.7
Total other non-operating income	0.0	0.0	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	0.0	0.0	0.0	0.0
Pre-tax profit	503.6	517.3	544.3	562.7
Tax	(98.7)	(102.9)	(107.8)	(111.4)
Minorities	0.0	0.0	0.0	0.0
Net profit	404.9	414.3	436.5	451.3
Net profit (adj.)	404.9	414.3	436.5	451.3

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	940.8	1,035.7	1,119.9	1,189.6
Other LT assets	256.7	189.5	184.0	178.2
Cash/ST investment	2,328.9	2,571.6	2,729.7	2,902.0
Other current assets	1,355.8	1,568.8	1,656.5	1,753.1
Total assets	4,882.2	5,365.6	5,690.0	6,022.8
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	444.6	502.6	529.7	557.9
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	0.0	0.0	0.0	0.0
Shareholders' equity	4,437.6	4,718.5	4,989.3	5,265.9
Minority interest	0.0	0.0	0.0	0.0
Total liabilities & equity	4,882.2	5,221.1	5,519.0	5,823.7

Cash flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	645.0	415.7	542.9	564.4
Pre-tax profit	503.6	517.3	544.3	562.7
Tax	(148.9)	(98.5)	(102.7)	(107.6)
Deprec. & amort.	141.4	156.3	167.0	181.5
Associates	0.0	0.0	0.0	0.0
Working capital changes	168.8	(159.4)	(65.6)	(72.3)
Non-cash items	(19.9)	0.0	0.0	0.0
Other operating cashflows	0.0	0.0	0.0	0.0
Investing	(182.7)	(184.0)	(245.7)	(245.4)
Capex (growth)	(251.2)	(251.2)	(251.2)	(251.2)
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	68.5	67.2	5.5	5.8
Financing	(184.8)	(133.4)	(165.8)	(174.7)
Dividend payments	(184.8)	(133.4)	(165.8)	(174.7)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	0.0	0.0	0.0	0.0
Net cash inflow (outflow)	277.5	98.3	131.5	144.3
Beginning cash & cash equivalent	2,073.9	2,328.9	2,427.2	2,558.6
Changes due to forex impact	(22.5)	0.0	0.0	0.0

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	19.8	17.9	17.9	17.7
Pre-tax margin	15.4	13.6	13.6	13.3
Net margin	12.4	10.9	10.9	10.6
ROA	8.5	8.1	7.9	7.7
ROE	9.4	9.1	9.0	8.8
Growth				
Turnover	(6.8)	15.7	5.6	5.8
EBITDA	(9.5)	4.5	5.6	4.6
Pre-tax profit	(13.9)	2.7	5.2	3.4
Net profit	(4.5)	2.3	5.4	3.4
Net profit (adj.)	(4.5)	2.3	5.4	3.4
EPS	(4.5)	2.3	5.4	3.4
Leverage				
Debt to total capital	0.0	0.0	0.0	0.0
Debt to equity	0.0	0.0	0.0	0.0
Net debt/(cash) to equity	(52.5)	(54.5)	(54.7)	(55.1)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

Market News

US stocks were closed for a holiday yesterday.

During the last trading session, the FSSTI fell 9.68pt to 5,792.28. Among the top active stocks were Singtel (+0.9%), DBS (-0.2%), OCBC Bank (-1.2%), Riverstone (-0.6%) and SIA (-0.4%). The FTSE ST Mid Cap Index rose 0.5%, while the FTSE ST Small Cap Index gained 0.5%. The broader market had 263 gainers and 258 losers with a total trading value of S$1.64b.

Technical Analysis

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Frencken Group (FRKN SP)

Trading buy range:	S$2.36-2.37
Last price:	S$2.40
Target price:	S$2.80
Protective stop:	S$2.21

Price rebounded from its resistance-turned-support boundary. A bullish RSI divergence has emerged at the support pivot with the oscillator curling upwards. This structural momentum alignment signals that downside sell-side pressure has exhausted, favouring a sustained mean-reversion rebound towards higher primary overhead targets.

The potential upside target is S$4.90. Stop-loss could be placed at S$4.39.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S$3.30.

Singapore Airlines (SIA SP)

Trading sell range:	S$6.74-6.75
Last price:	S$6.73
Target price:	S$6.41
Protective stop:	S$6.87

Price experienced a clean rejection after testing its overhead resistance boundary. The RSI remains suppressed below its neutral 50-midline to signal persistent seller control. As long as intraday retests remain capped below this key resistance ceiling, path-of-least-resistance dynamics favour a continued downside drift towards lower support targets.

The potential downside target is S$6.41. Stop-loss could be placed at S$6.87.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental HOLD and target price of S$6.71.