



China Sunsine Chemical Holdings Ltd.

112 Robinson Road #11-01 Singapore 068902
Tel: (65) 6220-9070 Web: www.ChinaSunsine.com

Company Registration No.: 200609470N

RESPONSE TO SGX-ST QUERIES

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 the following information in response to a query from Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 1 June 2018 with regards to our financial statements announcement dated 25 April 2018 (“**Results Announcement**”) for the first quarter ended 31 March 2018 (“**1Q2018**”).

Query:

It was disclosed that there was an increase by 116% in administrative expenses. Please provide a breakdown of such expenses with the comparative period (between the 1st quarter ended 31/3/2018 and the 1st quarter ended 31/3/2017) and explain the material items.

Company’s response:

The breakdown of administrative expenses for 1Q2018 as well as the comparative period of first quarter ended 31 March 2017 (“**1Q2017**”) are summarised below:-

	1Q2018	1Q2017	Increase/(Decrease)
	RMB’ million	RMB’ million	RMB’ million
R&D	22.7	0.3	22.4
Staff costs	36.5	13.6	22.9
Various taxes and additions	7.9	2.8	5.1
Safety production expenses	4.3	5.5	(1.2)
Depreciation & amortisation	3.6	6.8	(3.2)
Sewerage expense	2.5	2.6	(0.1)
Others	6.0	7.0	(1.0)
Total	83.5	38.6	44.9

The increase in R&D expenses was mainly due to the implementation of 5 R&D projects in 1Q2018. There was no major R&D project carried out in 1Q2017.

The increase in staff costs was mainly due to higher staff welfare and bonus paid/payable as a result of better performance.

BY ORDER OF THE BOARD

Xu Chengqiu
Executive Chairman
4 June 2018