



## China SunSine Chemical Holdings Ltd.

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

Company Registration No.: 200609470N

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### RESPONSE TO SGX-ST QUERIES ON RESULTS ANNOUNCEMENT FOR 2Q2019

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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 queries from Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 14 August 2019 with regards to our results announcement dated 6 August 2019 (the “**Announcement**”) for the second quarter ended 30 June 2019 (“**2Q2019**”).

#### Query 1:

*We note that in 2Q2019, administrative expenses decreased by 61.5million as compared to 2Q2018. The Company had explained that the decrease was due to reduction in staff salaries and accrued bonus for all personnel, including the Chairman.*

- a. *Please elaborate whether the salary amounted to RMB 61.5million in the 3 months from April-June 2018;*
- b. *If so, to elaborate on why was such a significant amount paid in 2Q2018;*
- c. *To elaborate on how salary and bonus decreased by RMB 61.5million in 2Q2019 ended 30 June 2019 in the middle of the FY.*

#### Company’s response:

The Company stated in the Announcement that the decrease in 2Q2019 administrative expenses was **MAINLY** due to the decrease in staff salaries and accrued bonus for all personnel, including the Chairman.

- a. The salary in the 3 months from April – June 2018 did not amount to RMB 61.5 million;
- b. The main items of administrative expense for 2Q2019 vs 2Q2018 are listed below:

	2Q2019 RMB’ million	2Q2018 RMB’ million	Difference RMB’ million
Staff salaries	5.9	9.4	(3.5)
Staff bonus, related expenses and staff social insurance & CPF	5.5	17.7	(12.2)
Accrued bonus for the Chairman			
- Current year	17.8	38.3	(20.5)
- Over provision for prior year	(25.9)	-	(25.9)
Allowance for doubtful debts	(2.8)	(0.5)	(2.3)
Depreciation & amortisation	4.2	3.3	0.9
Consultancy fee	0.1	2.5	(2.4)
Sewerage expenses	3.1	3.9	(0.8)
Safety production expenses	5.9	4.2	1.7
Business taxes and additions	7.3	6.3	1.0
Other admin expenses	5.6	3.1	2.5
	<b>26.7</b>	<b>88.2</b>	<b>(61.5)</b>



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The main reason for the higher accrual for staff salaries and bonus in 2Q2018, including those for the Chairman, was mainly due to the exceptional results achieved in 2Q2018 and 1H2018.

- c. As stated in the Announcement, the Chairman requested that in the overall best interest of the Company, his FY2018 bonus should not exceed the amount he received in FY2017. As such, approximately S\$5.1 million (equivalent to RMB 25.9 million) of bonus over accrued was reversed out in 2Q2019. Additionally, in consideration of the lower revenue and profit generated in 1H2019, lesser staff salaries, bonus (including the Chairman's bonus) and related expenses were accrued in 2Q2019.

### Query 2:

*In 2Q2019, other receivables, deposits and prepayment amounted to RMB 89.7 million for the period ended 30 June 2019. Please disclose:*

- a. *A breakdown of the other receivables, deposits and prepayment of RMB 89.7 million;*
- b. *Explain why other receivables increased by RMB 19.8 million when revenue decreased by 19% during the same financial period.*

### Company's response:

- a. The breakdown of the other receivables, deposits and prepayment as at 30 June 2019 and 31 December 2018 are as follows:

	30 Jun 2019 RMB' million	31 Dec 2018 RMB' million	Difference RMB' million
Other receivables	24.3	18.3	6.0
Deposits	63.4	49.7	13.7
Prepayment	2.0	1.9	0.1
	<b>89.7</b>	<b>69.9</b>	<b>19.8</b>

- b. Other receivables are non-trading in nature. As such, they do not directly relate to the increase or decrease in revenue. The increase in other receivables was mainly due to more down-payments being made to contractors to acquire certain PPEs. The increase in deposits was mainly due to the RMB 13.5 million deposit paid to Shanxian Local Government to secure the new piece of land for the Company's further expansion (please refer to the Company's announcements dated 12 March 2019 and 16 March 2019 for more information on this new piece of land).

### **BY ORDER OF THE BOARD**

Xu Chengqiu  
Executive Chairman  
15 August 2019