



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 ON RESULTS ANNOUNCEMENT FOR 3Q2017

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 17 November 2017 with regards to our financial statements announcement dated 13 November 2017 (the “**Announcement**”) for the third quarter ended 30 September 2017 (“**3Q2017**”).

Query 1:

In paragraph 8 of the Announcement under the heading “[a] review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business”, it was stated that there was “[o]ther operating income” which amounted to RMB 6.2 million in 3Q2017 which consisted of mainly sales of scrap materials and government grants received. With respect to the government grants received, please elaborate on the government grants received as well as providing the following information:

- a. *Why was the grant given;*
- b. *One-off grant; and*
- c. *Quantify the amount of grant.*

Company’s response:

The government grants received in 3Q2017 mainly consist of 2 one-off incentives given by the Shanxian government as listed in the table below:-

Number	Purposes	Received From	Amount (RMB' million)
1	To award Shandong SunSine as the most outstanding contributor to Shanxian's tax collection	Shanxian Bureau of Finance	3.0
2	To award our Executive Chairman, Mr Xu Chengqiu, for his lifelong contribution to Shanxian County Economic Development	Shanxian Bureau of Finance	1.0
	Total		4.0

Query 2:

It was also stated in the same paragraph that “[o]ther operating expenses was RMB 12.5 million in 3Q2017, mainly consisting of unrealised exchange losses caused by weakening of USD against RMB.” With respect to this, we would like to clarify what is the underlying item in US\$ that caused the significant unrealised exchange losses as well as what was the loss amount caused.

Company’s response:

The USD depreciated by RMB0.1386 from USD1.00 : RMB6.7755 at the end of June 2017 to USD1.00 : RMB6.6369 at the end of September 2017. The effect of exchange losses, together with other operational expense items are shown below:-



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	Amount (USD' million)	Amount (RMB' million)
Bank balances	34.2	
Trade receivables	15.1	
Total bank and trade receivables	<hr/> 49.3 <hr/>	
Unrealised exchange losses arising from weakening USD against RMB (49.3 * 0.1386)		6.8
Other unrealised exchange losses arising from translation of other currency, such as SGD etc		1.5
Realised exchange losses		2.3
Total exchange losses		<hr/> 10.6 <hr/>
Donations to charitable organisations		1.2
Other operating expense		0.7
Total other expense as per 3Q2017 announcement		<hr/> 12.5 <hr/>

BY ORDER OF THE BOARD

Xu Chengqiu
Executive Chairman
22 November 2017