



China SunSine Chemical Holdings Ltd.

112 Robinson Road #12-04 Singapore 068902
Tel: (65) 6220-9070 Web: www.ChinaSunSine.com

Company Registration No.: 200609470N

CLARIFICATION ON THE FY2011 ANNUAL REPORT

The Board of Directors (the “**Board**”) of China SunSine Chemical Holdings Ltd. (the “**Company**”) wishes to provide the following information in response to queries from Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 17 April 2012 with regards to the Company’s annual report (“**Annual Report**”).

Query 1:

For the purpose of complying with Listing Rule 1207(10) please note that there should not be a disclaimer on “absence of any evidence to the contrary” in the opinion. In this respect, please provide a clean opinion that is in compliance with Listing Rule 1207(10). Please note that the opinion required should be in respect of the Group’s and not the Company’s internal controls. Please also clarify whether the Board’s opinion is based solely on reports of the internal auditor as disclosed in the Annual Report.

Company’s response:

The relevant paragraphs of the Corporate Governance Report appearing on page 29 of the Annual Report shall be amended as follows:

Original Version of the Corporate Governance Report

The Company’s internal auditor conduct an annual review of the adequacy and effectiveness of the Company’s internal controls, including financial, operational and compliance controls, and risk management policies and systems established by Management (collectively “**internal control**”). Any material non-compliance or failures in internal control, and recommendations for improvements, are reported to the AC. The AC also reviews the effectiveness of the actions taken by Management on the recommendations made by the internal and external auditors in this respect, and holds regular discussions with Management to ensure the timely and proper implementation of such recommendations.

Based on the reports of the internal auditor, the Board, with the concurrence of AC, is of the opinion that, in the absence of any evidence to the contrary, the system of internal controls and risk management procedures maintained by the Management are reasonably adequate to meet the needs of the Company in addressing the financial, operational and compliance risks to the Company.

Amended Version of the Corporate Governance Report

The Company’s internal auditor conduct an annual review of the adequacy and effectiveness of the Group’s internal controls, including financial, operational and compliance controls, and risk management policies and systems established by Management (collectively “**internal control**”). Any material non-compliance or failures in internal control, and recommendations for improvements, are reported to the AC. The AC also reviews the effectiveness of the actions taken by Management on the recommendations made by the internal and external auditors in this respect, and holds regular discussions with Management to ensure the timely and proper implementation of such recommendations.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board



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Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 31 December 2011.

Query 2:

We note that the Company has disclosed on page 28 of the annual report that no non-audit fees were paid to the external auditors for financial year ended 31 December 2011. However, on page 56, the Company has disclosed "Non audit fees to auditor of the Company" of RMB 92,000 and "Non audit fees to other auditors" of RMB 65,000 for 2011. Please clarify.

Company's response:

During the financial year ended 31 December 2011, our external auditors, Paul Wan & Co, acted as tax agent of the Company, for an aggregate fee of RMB 92,000.

The non-audit fees to other auditors of RMB 65,000 for FY2011 related to services provided by Shandong Zhongda Certified Public Accountants Co., Ltd, a firm of certified public accountants in the PRC, for preparation of an audit report on the expenditure incurred by the Group in connection with its new R&D building, to be submitted to the local PRC government for the purposes of obtaining an R&D grant.

Accordingly, the relevant paragraph of the Corporate Governance Report appearing on page 28 of the Annual Report will be amended as follows:

Original Version of the Corporate Governance Report

In addition, the AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors. No non-audit fees were paid to the external auditors for financial year ended 31 December 2011.

Amended Version of the Corporate Governance Report

In addition, the AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors. During the financial year ended 31 December 2011, our external auditors, Paul Wan & Co, acted as tax agent of the Company, for an aggregate fee of RMB 92,000. The AC is of the view that the non-audit services performed by Paul Wan & Co are not significant compared to the level of audit services carried out by them that may affect the external auditors' independence.

BY ORDER OF THE BOARD

Xu Chengqiu
Executive Chairman

18 April 2012