



China SunSine Chemical Holdings Ltd.
18 Cross Street #07-08 Cross Street Exchange Singapore 048423
Tel: (65) 6220-6686 Web: www.ChinaSunSine.com

Company Registration No.: 200609470N

RESPONSE TO SGX-ST QUERIES ON RESULTS ANNOUNCEMENT FOR 1H2022

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 22 August 2022 with regards to our condensed interim financial statements announcement dated 11 August 2022 (the “**Announcement**”) for the first half year ended 30 June 2022 (“**1H2022**”).

Query 1:

With reference to note 16 to the Condensed Interim Financial Statements, please disclose the aging and nature of other payables of RMB 225.6m and whether the counterparties are related parties.

Company’s response:

The aging report of other payables as at 30 June 2022 was as follows:-

	1 – 3 months	3 – 6 months	6 – 12 months	> 12 months	Total
	RMB’ million	RMB’ million	RMB’ million	RMB’ million	RMB’ million
Advance from customers	48.8	-	-	-	48.8
Accrued purchases*	143.9	-	-	-	143.9
Payable to contractors	27.8	1.2	1.0	2.9	32.9
Total	220.5	1.2	1.0	2.9	225.6

* Accrued purchases refer to raw materials purchased and received by the Group with no official invoices received. The Group accrued for the cost of these purchases based on the respective contracts entered into with its suppliers. The official invoices will be received by the Group usually within one month thereafter. Once the Group receives the invoices, the accrued purchases will be reversed out and actual cost will then be recorded.

There were no related party transactions included in the other payables.

Query 2:

Please provide the reason(s) for the significant trade and other payables of RMB475.7 million when the Group recorded a cash and bank balance of RMB 1,206.4 million as at 30 June 2022.

Company’s response:

Note 16 to the Announcement and Response to Query 1 above have disclosed the composition of our trade and other payables.

The trade and other payables actually decreased by RMB 162.1 million from RMB 637.8 million as of December 2021 to RMB 475.7 million as of June 2022, mainly due to the decrease in notes payables. The decrease in notes payables was mainly due to the Group having received large amounts of notes receivables towards the end of June 2022, as a result of which the Group was able to endorse these notes receivables to pay off our suppliers, without the necessity to issue our own notes payables.



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For comparison purposes, as of December 2021, when our trade and other payables were RMB 637.8 million, our cash and bank balances were RMB 1,377.3 million. Having high cash and bank balances does not obligate the Group to pay off all its trade and other payables before their due dates.

Query 3:

It is noted that the Company has a net cash outflow from operating activities of RMB87.5 million and a net profit of RMB427.5 million for the financial period ended 30 June 2022. Please explain why the Company is unable to generate net cash inflow from its operating activities, despite the Company's net profit position for the financial period.

Company's response:

As explained in our Announcement, the net cash outflow from operating activities were mainly due to the increase in trade and other receivables. The Group believes that the net cash outflow for the period under review is only temporary, and we have great confidence in our performance and cash generation capability.

BY ORDER OF THE BOARD

Xu Chengqiu
Executive Chairman
24 August 2022