



## 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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### UPDATE ON THE IMPACT OF COVID-19 ON THE GROUP'S OPERATIONS

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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 updates on the impact of the Coronavirus Disease 2019 ("**COVID-19**") on the Group's operations.

On 11 March 2020, the World Health Organization ("**WHO**") declared the COVID-19 outbreak as a global pandemic. Governments worldwide placed unprecedented stringent measures in a bid to contain the virus and economists have since lowered their estimates for global growth. Like any other companies, the businesses of the Group are not immune to the disruptions caused by the COVID-19 pandemic.

China has largely brought the virus under control, but it remains on edge, fearful that a second wave could undermine its efforts to get the economy back up and running.

The Group has partially resumed its production since 11 February 2020 after the Chinese Government initially extended the Chinese New Year holiday to 2 February 2020, and later directed businesses not to resume work before 10 February 2020 at the earliest in order to contain the spread of COVID-19 in China. The Group has produced and sold approximately 60,000 tons of rubber chemicals for the period from January to May 2020, and our production facilities are currently running at 70%-80% utilization rate due to lower demand from our customers, especially overseas customers.

Although some of our customers are facing more challenges due to COVID-19 and have slowed down their payments, the Group does not expect any material defaults from our customers. Nevertheless, the Group will be vigilant in monitoring its accounts receivables.

As at 31 March 2020, we have a bank and cash balance of RMB 1.35 billion and no debt. With our strong balance sheet, we are committed to our original plans before the outbreak of the COVID-19 pandemic, and will continue to implement the expansion projects in phases as disclosed in our full year results announcement dated 28 February 2020. The Group believes that with the completion of these expansion projects, our market leadership position will be further strengthened.

Despite the challenges posed by COVID-19 to its operations, the Group is pleased to inform shareholders that since the start of the pandemic, it has not implemented any job cuts across its businesses and all employees have returned to work. The Group is also not in breach of any COVID-19 restrictions placed by China's Central and Local Governments.

The extent of the impact of COVID-19 on the Group's financial performance for the financial year ending 31 December 2020 ("**FY2020**") cannot be fully determined at this juncture as although businesses in China have returned to work, many countries are only slowly beginning to ease lockdowns and re-open their economies, and therefore the situation remains fluid. Barring any unforeseen circumstances, the Group is expected to record lower revenue and profit for FY2020, as compared to the preceding financial year ended 31 December 2019. The Company will announce its unaudited financial results for the six-month financial period ending 30 June 2020 by 14 August 2020.

To cope with the current and possible long-term disruptions to its businesses, the Group is taking active steps to focus on operational improvements, strengthening cash flow management, and controlling cost.



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The Company will continue to closely monitor the COVID-19 situation and its impact on the Group's operations and financial situation, and will release further announcements as and when there are material developments in its businesses and operations.

In the meantime, the Board wishes to advise shareholders of the Company and potential investors to exercise caution when dealing in the shares of the Company. If in doubt about the action that they should take, shareholders of the Company and potential investors should consult their stockbrokers, bankers, solicitors, accountants, tax advisers and/or other professional advisers.

**BY ORDER OF THE BOARD**

Xu Chengqiu  
Executive Chairman  
26 May 2020