

FUJIAN ZHENYUN PLASTICS INDUSTRY CO., LTD.

(Company Registration No. 350000400000368)

(Incorporated in the People's Republic of China)

UPDATE ANNOUNCEMENT

Further to the holding announcement made on 26 December 2014, the Board of Directors (the "Board") of Fujian Zhenyun Plastics Industry Co., Ltd (the "Company", together with its subsidiaries, the "Group") wish to update the shareholders on the situation the Company is facing.

1. There was allegedly an unauthorised investment ("Unauthorised Investment") made by the Company in the last quarter of 2014 in gold mines located in Vietnam.
2. The Board and the Chief Financial Officer ("CFO") were not informed and the Unauthorised Investment was not approved by the Board. To date, the Company was not able to contact Fang Bin (Executive Director) and Huang Chan Chin (Executive Chairman) for clarification on the Unauthorised Investment.
3. The Unauthorised Investment was allegedly funded by the Group's cash holdings, bank borrowings as well as third parties' borrowings.
4. Leading from the above, the Group is experiencing cash flow difficulties and staff salaries were delayed. There was a purported legal action initiated by a third party to freeze one of the Company's bank accounts. The Group's operations have been halted.

The above findings are based on (i) visits to the Company by the CFO and Independent Directors ("IDs") and (ii) communications between the IDs and the Taskforce. The Taskforce was set up to manage the current state of affairs of the Group. The Taskforce comprises mainly of executive officers and member from the supervisory committee of the Company.

The CFO and IDs have visited the Company on 6 January 2015 and 19 January 2015 respectively to further understand the situation. During the visit, they (i) sighted the finance and official seals of the Company and Fuqing Zhenyun Plastics Technology Co., Ltd., (ii) visited the Fuqing factory; and (iii) met up and held discussions with the Taskforce and a local government representative.

Further to the foregoing, the Company has engaged a law firm, Dacheng Wong Alliance LLP to provide legal advice regarding this matter. The non-executive directors are working with the Taskforce to commission a full investigation into the allegations, assess the financial position of the Company and restore normal operations. In this regard, the Company is making the necessary arrangements to appoint a special auditor to investigate into and ascertain the veracity of the Unauthorised Investment.

Further announcements will be made on a timely basis to keep the shareholders updated.

By Order of the Board

Shirley Tan
Company Secretary
18 February 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited, for compliance with the relevant rules of the SGX-ST. The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Ong Hwee Li (Tel: (65) 6221 5590) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.