

SUNVIC CHEMICAL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200406502E)
(The “Company”)

**ANNOUNCEMENT PURSUANT TO RULE 704(5) OF THE LISTING MANUAL – EMPHASIS OF
MATTER BY THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS FOR
FINANCIAL YEAR ENDED 31 DECEMBER 2015**

Pursuant to Rule 704(5) of the Listing Manual of the SGX-ST, the Board of Directors of Sunvic Chemical Holdings Limited (the “**Company**”) wishes to announce that the Company’s independent auditors, Foo Kon Tan LLP, had included an emphasis of matter in respect of interested person transactions by the Group, in the Independent Auditors’ Report on the financial statements for the financial year ended 31 December 2015 (“**FY2015**”). An extract of the Independent Auditors’ Report is attached to this announcement for shareholders’ reference.

Shareholders of the Company are advised to read the Independent Auditors’ Report and the Group’s financial statements for FY2015 in the Company’s annual report, which have been despatched on 14 April 2016.

BY ORDER OF THE BOARD

Sun Xiao
Executive Director and CEO
28 April 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNVIC CHEMICAL HOLDINGS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of SunVic Chemical Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Emphasis of Matter

Yixing Danson

On 30 April 2013, the Company announced that (i) the transactions between the Group and Yixing Danson Technology Co., Ltd ("Yixing Danson") were interested person transactions which exceeded 5% in FY2011, 2012, first quarter 2013 ("Past Interested Person Transactions") and (ii) the Company would be seeking approval from shareholders to ratify the Past Interested Person Transactions at an extraordinary general meeting to be convened. During the financial year ended 31 December 2015, the transactions consist of the sale of chemical products of RMB340.6 million (2014: RMB445.5 million) and purchase of inventories of RMB26.1 million (2014: RMB8.5 million). We understand that the Company has appointed the relevant professional advisers to assist in the compliance. The Company has not convened the extraordinary general meeting as at the date of this report as they are in the process of obtaining SGX's approval in respect of the contents in the shareholder's circular to the extraordinary general meeting. We draw your attention to the uncertainty related to the outcome of this convening of extraordinary general meeting or the non-compliance of the SGX listing rules. Our opinion is not qualified in this respect of this matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNVIC CHEMICAL HOLDINGS LIMITED

Taixing Jinyan

The transactions between the Group and Taixing Jinyan Chemical Technology Co., Ltd ("Taixing Jinyan") were interested person transactions. Ms. Hu Yanping, the substantial shareholder of the Group, Mr Sun Xiao (the Chief Executive Officer of the Company) and their associates own in aggregate 100% of the equity interest in Jiaying Jinyan Chemical Co. Ltd. ("Jiaying Jinyan"), while Taixing Jinyan is a 86% owned subsidiary company of Jiaying Jinyan. The transactions consist of the purchase of assets on behalf of RMB3.2 million (2014: RMB34.9 million), the sale of chemical products of RMB294.0 million (2014: RMB245.1 million) and purchase of inventories of RMB0.3 million (2014: RMB Nil). We understand that the Company has appointed the relevant professional advisers to assist in the compliance. The Company has not convened the extraordinary general meeting as at the date of this report as they are in the process of obtaining SGX's approval in respect of the contents in the shareholder's circular to the extraordinary general meeting. We draw your attention to the uncertainty related to the outcome of this convening of extraordinary general meeting or the non-compliance of the SGX listing rules. Our opinion is not qualified in this respect of this matter.

Corporate guarantee

As disclose in Note 29, the Group has provided guarantees to certain financial institutions for loan facilities totalling RMB1,204 million (2014: RMB1,264 million) to related parties. The Company would be seeking approval from shareholders to ratify the Past Interested Person Transactions at an extraordinary general meeting to be convened. We understand that the Company has appointed the relevant professional advisers to assist in the compliance. The Company has not convened the extraordinary general meeting as at the date of this report as they are in the process of obtaining SGX's approval in respect of the contents in the shareholder's circular to the extraordinary general meeting. We draw your attention to the uncertainty related to the outcome of this convening of extraordinary general meeting or the non-compliance of the SGX listing rules. Our opinion is not qualified in this respect of this matter.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan LLP

*Public Accountants and
Chartered Accountants*

Tei Tong Huat

Partner in charge of the audit

Singapore, 8 April 2016