

SUNVIC CHEMICAL HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200406502E)

NOTICE OF COMPLIANCE: REQUIREMENT TO PERFORM QUARTERLY REPORTING OF UNAUDITED FINANCIAL STATEMENTS

The Board of Directors (the “**Board**”) of Sunvic Chemical Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to inform the shareholders of the Company that the Singapore Exchange Regulation Pte Ltd (the “**Exchange**”) has notified the Company on 6 February 2020 that it is still required to continue with the quarterly reporting of its unaudited financial statement under Amended Rule 705(2) on an ongoing basis with effect from 7 February 2020 and the grace period extended under Rule 705(2A) is not applicable to the Company.

Under the Amended Rule 705(2), the Company will have to report its unaudited financial statements on a quarterly basis instead of half-yearly basis if it meets one of the following criteria:

- (1) It has received a qualified opinion, disclaimer of opinion or adverse opinion (collectively, “**Modified Opinion**”) from its auditors on its latest audited financial statements;
- (2) Its auditors have expressed a materiality uncertainty relating to going concern on its latest audited financial statements; and
- (3) The Exchange has regulatory concerns with the Company.

As noted by the Exchange in its Notice of Compliance issued to the Company on 6 February 2020, the Exchange has expressed regulatory concerns on the following matters:

- (a) On 10 January 2019, the Company belatedly announced that two of its wholly owned subsidiaries, Yixing Yinyan and Jiangsu Jurong, had received letters of demand amounting to RMB 226 million in respect of unauthorised significant guarantees purportedly extended by the Company’s subsidiaries for loans made by Yixing City Futao Rural Micro Credit Co., Ltd (“**YFC**”) and Bank of China Co., Ltd., to purportedly unrelated parties namely Jiangsu Donglai and Jiangsu Dahe respectively.
- (b) On 13 February 2019, SGX RegCo issued a Notice of Compliance to require inter alia the Company to place its proceeds from the sale of its 45% equity interest in the share capital of Taixing Sunke Chemicals Co., Ltd into an escrow account to be operated jointly only by the independent directors of the Company, resident in Singapore.
- (c) On 14 November 2019, the Company announced the Special Audit Report which expressed concerns about the veracity of the YFC Corporate Guarantee.

For more information, please refer to the Notice of Compliance announced on SGXNet on 6 February 2020.

At the present, the Board would like to caution that the current coronavirus outbreak may affect the audit timetable and is working closely with the Management and the Company's external auditors to release its third quarter results for the period ended 30 September 2019 immediately after the figures are available and full year results for the year ended 31 December 2019 by 29 February 2020.

In addition, the Exchange requires the Company to continue to do quarterly reporting of its financial results ("QR") in accordance with the requirements set out in the Amended Rule 705(2) on an ongoing basis and the Company to report the quarterly financial statements for the period from 1 January to 31 March 2020 ("QR Commencement Date") by 15 May 2020, until further notice from the Exchange.

The Company further recognises the Exchange's notice that a failure to comply with the requirements of the Exchange are deemed as a contravention of the Listing Rules, and that the Exchange has the right to take disciplinary action against the Company and/or Relevant Persons for breaches of the Listing Rules or any failure to comply with the requirements imposed by the Exchange.

The Company wish to inform all shareholders that the Notice of Compliance does not have any impact on the Board's current approach, which is to inform all shareholders of all material development to the Company's financials in a timely manner and on a quarterly basis. Further, the Board will continue to notify all shareholders of all material developments.

BY ORDER OF THE BOARD

Sun Xiao
Executive Director and Chief Executive Officer
7 February 2020