

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

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**UPDATE ANNOUNCEMENT ON THE PROPOSED DISPOSAL OF JIANGSU JURONG PETROCHEMICALS CO., LTD**

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The Board of Directors (the “**Board**”) of Sunvic Chemical Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement on 2 September 2016 regarding the proposed disposal by the Company’s wholly owned subsidiary, Jiangsu Jurong Chemical Co., Ltd (“**JJC**”) and the Company’s associated company, SunVic Asia Pacific Investments Holdings Pte. Ltd. (“**SVAP**”, together with JJC, the “**Vendors**”) to Shenzhen Qianhai Gatsway Petrochemical Co., Ltd (the “**Purchaser**”) of the entire equity interest in Jiangsu Jurong Petrochemical Co., Ltd (“**JJP**”) held by the Vendors collectively (the “**JJP Proposed Disposal**”), pursuant to a framework agreement between the Vendors and the Purchaser dated 4 July 2016 (the “**Framework Agreement**”).

The Board wishes to announce the following updates in relation to the JJP Proposed Disposal since the signing of the Framework Agreement as informed to the Board by the management team of JJC:

- (1) the Vendors had transferred the management and control rights of JJP to the Purchaser on 25 August 2016 which include:
  - (a) the replacement of JJP’s legal representative from Mr. Yang Guoqiang to the Purchaser’s nominee; and
  - (b) the handing over of the company chop, the finance chop and the legal representative chop of JJP to the Purchaser’s management team for JJP,

and in consideration, JJC had received the amount of RMB 50 million from the Purchaser in full on 15 November 2017 as mentioned in the Company’s annual report for the financial year ended 31 December 2017;

- (2) the Vendors and the Purchaser have been in discussion and negotiations on various matters to progress the JJP Proposed Disposal since the signing of the Framework Agreement, particularly in relation to the application process for the relevant government approvals/ permits required for the proposed modification of JJP’s productions plants by the Purchaser pursuant to the Framework Agreement

(the “**Permits Application Process**”);

- (3) the Vendors and the Purchaser are still working on the Permits Application Process, which has been protracted and held up due to, amongst others, the following circumstances:
- (a) JJP’s production plants are located in the chemical zone in Yancheng City, Jiangsu Province, the People’s Republic of China;
  - (b) since early 2018, the local government of Yancheng City, in response to a media exposure about pollution by chemical producers in the region, had taken a more stringent approach in its evaluation of the compliance of environmental regulations of all chemical producers in the chemical zone in Yancheng City including JJP and this had led to the Permits Application Process being protracted and held up; and
  - (c) as mentioned in the Company’s announcements on 27 March 2019 and 8 April 2019, a severe explosion had occurred in the chemical zone in Yancheng City on 21 March 2019 and consequently, the local government of Yancheng City had decided to completely shut down such chemical zone in April 2019. As such, the Permits Application Process has been at a standstill and as of the date of this announcement, there has been no material development;
- (4) on 8 January 2020, the Purchaser had transferred the management and control rights of JJP back to the Vendors which include:
- (a) the replacement of JJP’s legal representative from the Purchaser’s nominee to the Vendors’ nominee, Mr. Tao Xiaodong; and
  - (b) the handing back of the company chop, the finance chop and the legal representative chop of JJP to the Vendors’ management team for JJP,

for the purposes and with the intention to better facilitate the discussion with the local government of Yancheng City.

In view of the above, the Board would like to highlight that in the event that the JJP Proposed Disposal does not complete, this will have a material and adverse impact on the financial position, business and operations of the Group.

The Board has been working closely with the recently appointed executive director and chief executive officer of the Company, Mr. Sun, Lihua, to assess the available options in view of the protracted nature and hold up of the JJP Proposed Disposal. The Board will provide further updates to the shareholders of the Company in this regard as soon as possible and on any material developments on the JJP Proposed Disposal.

**BY ORDER OF THE BOARD**

**Sun, Lihua**  
**Executive Director and Chief Executive Officer**  
**19 March 2020**