

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

**RESPONSE TO SGX QUERIES ON ANNOUNCEMENT OF ARBITRATION
PROCEEDING AND INJUNCTIONS AGAINST THE COMPANY'S WHOLLY-
OWNED SUBSIDIARY**

*Unless otherwise expressly specified, capitalised terms herein shall bear the same meanings as defined in the Announcements on (i) Arbitration Proceeding and Injunctions Against the Company's Wholly-Owned Subsidiary (2 November 2018); and (ii) Proposed Disposal of 45% Equity Interest in Taixing Sunke Chemicals Co., Ltd. (8 November 2018) (the "**Taixing Sunke Disposal Announcement**").*

Sunvic Chemical Holdings Limited (the "Company") has received queries from the Singapore Exchange Securities Trading Limited (the "SGX-ST") regarding the Company's announcement on arbitration proceeding and injunctions against the Company's wholly-owned subsidiary. The Company's responses to the queries of the SGX-ST are set out below:-

1. Whether Taixing Jurong is a material asset/operation. Please quantify to substantiate your statement;

Company's response:

Taixing Jurong is a material asset/operation based on the following contributions in percentage to the Group:

	<i>FY2017 (%)</i>	<i>6M 2018 (%)</i>
Total assets	13.4	9.2
Total liabilities	24.9	27.6
Revenue	49.0	48.1
Net loss	(a)	34.7

Note:

(a) In FY2017, Taixing Jurong contributed a net profit of RMB0.5 million whilst the Group's incurred a net loss of RMB22.9 million.

2. The Board's opinion if the Company will be able to operate as a going concern and the basis for the Board's view; and

Company's response:

The arbitration proceeding had affected the banking facilities of the Company's subsidiaries in the PRC, the Management has been working closely with Taixing Sunke and Arkema to resolve the matter as evidenced by the signing of the LOI as mentioned in the Taixing Sunke Disposal Announcement. With the completion of the disposal of 45% in Taixing Sunke, the Company is expected to receive net cash of approximately RMB384.6 million (being sale consideration of RMB808.7 million less Amount X of RMB108.7 million to be paid to Taixing Sunke and the Net Overdue Amount of RMB315.4 million). The Company intends to use the net sale proceeds for repayment of bank borrowings (50%) and working capital purposes (50%).

On this basis, the Board is of the view that the Company will be able to operate as a going concern

3. The Board's confirmation that all the material disclosures have been provided for trading of the Company's shares to continue.

Company's response:

The Board confirmed that all the material disclosures have been provided for trading of the Company's shares to continue.

4. In view of the arbitration proceeding commenced by Taixing Sunke, please disclose whether this will have an impact on other loans extended by banks, finance companies and creditors or counter guarantees within the group. If so, please provide specific details.

Company's response:

The arbitration proceeding had affected the banking facilities of the Company's subsidiaries in the PRC. The Management has been working closely with all banks to explain and assure the banks that the arbitration proceeding with Taixing Sunke has been suspended since the signing of the LOI. Lenders are closely monitoring the progress of the LOI.

As of today, nothing has come to our attention that the banks are seeking early repayments of their loans as a results of the ongoing arbitration proceeding.

For more details on the arbitration proceeding and injunctions, please refer to Paragraph 4.7 of the Taixing Sunke Disposal Announcement.

BY ORDER OF THE BOARD

Sun Xiao
Executive Director and Chief Executive Officer
12 November 2018