

VOLUNTARY CONDITIONAL CASH OFFER

by



W CAPITAL MARKETS PTE. LTD.
(Company Registration No.: 201813207E)
(Incorporated in the Republic of Singapore)

for and on behalf of

HARRIER GROUP PTE. LTD.
(Company Registration No.: 202029119W)
(Incorporated in the Republic of Singapore)
("Offeror")

to acquire all the issued and paid-up ordinary shares (each a "Share") in the capital of

SUNVIC CHEMICAL HOLDINGS LIMITED
(Company Registration No.: 200406502E)
(Incorporated in the Republic of Singapore)
("Company")

other than those already held by the Company as treasury Shares

OFFER ANNOUNCEMENT

1. INTRODUCTION

W Capital Markets Pte. Ltd. ("**Financial Adviser**") wishes to announce, for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional cash offer ("**Offer**") for all the Shares in the capital of the Company other than those already held by the Company as treasury Shares in accordance with Rule 15 of The Singapore Code on Take-overs and Mergers ("**Code**").

2. OFFER

Subject to the terms and conditions of the Offer to be set out in the formal offer document to be issued by the Financial Adviser for and on behalf of the Offeror ("**Offer Document**"), the Offeror will make the Offer on the following basis:

(a) **Offer Shares**

The Offer will be extended to all the Shares other than those already held by the Company as treasury Shares ("**Offer Shares**").

(b) **Offer Price**

The offer price for each Offer Share: **S\$0.028 in cash (“Offer Price”)**.

(c) **No Encumbrances**

The Offer Shares are to be acquired (i) fully paid, (ii) free from all claims, charges, pledges, mortgages, encumbrances, liens, options, equity, power of sale, declarations of trust, hypothecation, retention of title, rights of pre-emption, rights of first refusal, moratoriums or other third party rights or interests of any nature whatsoever (“**Encumbrances**”), and (iii) together with all rights, benefits, entitlements and advantages attached thereto as at the date of this Announcement (“**Offer Announcement Date**”) and hereafter attaching thereto, including but not limited to all voting rights and the right to receive and retain all dividends, rights, distributions, returns of capital and/or other entitlements (if any) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date.

If any dividend, right or other distribution or return of capital is announced, declared, paid or made by the Company on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by an amount equivalent to such dividend, right, other distribution or return of capital.

(d) **Minimum Acceptance Condition**

The Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and the parties acting in concert with it (“**Concert Group**”) (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Concert Group holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares (excluding treasury Shares) as at the close of the Offer (“**Minimum Acceptance Condition**”).

Save for the Minimum Acceptance Condition, the Offer is unconditional in all other respects.

(e) **Further Details**

Further details of the Offer and the terms and conditions upon which the Offer will be made will be set out in the Offer Document.

3. INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in Singapore on 21 September 2020. The Offeror has not carried on any business since its incorporation. As at the Offer Announcement Date, the Offeror has an issued and paid-up capital of S\$10,000 comprising 10,000 ordinary shares. The sole director and sole shareholder of the Offeror is Mr Song Wuying. The Offeror does not hold any Shares as at the Offer Announcement Date.

Mr Song Wuying is a private investor and is not related to any director or substantial shareholder of the Company.

4. INFORMATION ON THE COMPANY

The Company is a company incorporated in Singapore on 27 May 2004, and was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 5 February 2007. The key business of the Company and its subsidiaries (collectively, “Offeree Group”) is the manufacture and sale of chemical products in the People's Republic of China. Based on a search conducted with the Accounting and Corporate Regulatory Authority of Singapore on the Offer Announcement Date, the Company currently has an issued and paid-up share capital of approximately S\$76,530,402 comprising 532,000,641 Shares (excluding 1,650,000 treasury Shares). As at the Offer Announcement Date, based on publicly available information, the Company does not have any outstanding instruments convertible into, rights to subscribe for, nor options (whether pursuant to an employee share option scheme or otherwise) in respect of, securities which carry voting rights of the Company.

As at the Offer Announcement Date, the directors of the Company are Mr Sun Li Hua (Executive Director and Chief Executive Officer), Mr Koh Poh Beng (Lead Independent Director) and Mr Lua Poh Huat (Independent Director).

5. RATIONALE FOR THE OFFER

5.1 Intention to Delist and Privatise the Company

The Offeror intends to make the Offer with a view to delisting and privatising the Company.

5.2 Opportunity for Shareholders who are not prepared to bear the risks associated with the Company to realise their investment in cash

The Company has been placed on the SGX watch-lists under the minimum trading price entry criteria and financial entry criteria pursuant to Rules 1311(2) and 1311(1) respectively of the Listing Manual of the SGX-ST (the “Listing Manual”) on 5 June 2018. With effect from 1 June 2020, the minimum trading price entry criteria has been removed and the Company is no longer required to comply with the minimum trading price exit criteria. The Company has 36 months from 5 June 2018 to meet the requirements to be removed from the watch-list under the financial entry criteria, failure of which may subsequently result in the SGX-ST delisting the Company or suspending trading in the Company’s Shares with a view to delisting the Company.

In addition, trading in the Company’s securities has been suspended from 14 January 2019 arising from the issues identified in the Company’s announcement dated 10 January 2019 relating to two of the Company’s wholly owned subsidiaries, Yixing Yinyan Import & Export Co., Ltd and Jiangsu Jurong Chemical Co., Ltd, having received letters of demand amounting to an aggregate of approximately RMB 226.7 million in respect of unauthorised significant guarantees purportedly extended by the aforesaid subsidiaries (each of the aforesaid guarantees shall be referred to as “YFC Corporate Guarantee” or “BOC Corporate Guarantee”, and collectively “Corporate Guarantees”) for loans made by Yixing City Futao Rural Micro Credit Co., Ltd and Bank of China Co., Ltd., Xiangshui County Sub-branch to Jiangsu Donglai Real Estate Development Co., Ltd and Jiangsu Dahe Lvjian Chemical Co., Ltd respectively. Notwithstanding that the Company has on 5 March 2020 announced that the Company has reversed in full the provision of the contingent liabilities in connection with the YFC Corporate Guarantee from the financial statements of the Group as at 31 December 2018 (“FY2018 Financial Statements”) following the completion of the special audit by Ernst & Young Advisory Pte. Ltd., the Company’s independent auditor, Foo Kon Tan LLP, had issued a disclaimer of opinion (“Disclaimer of Opinion”) in their report dated 19 March 2020 on the FY2018 Financial Statements on the basis of, among other matters described in the Disclaimer of Opinion, the Corporate Guarantees. In the event the Company is unable to resolve these issues to the satisfaction of the SGX-ST, the Company will remain suspended.

Shareholders who are not prepared to bear the aforesaid risks associated with the Company will benefit from the clean cash exit opportunity provided through the Offer.

5.3 **Offer Price at a premium to traded benchmark prices at different time periods**

When compared to the benchmark prices of the Shares prior to the Last Trading Day (as defined herein), the Offer Price represents a premium/(discount) of approximately 21.7%, (3.4)%, 16.7% and (12.5)% over the volume weighted average price (“VWAP”) per Share for the 1-month, 3-months, 6-months and 12-months periods, respectively and a premium of approximately 27.3% to the closing price on the Last Trading Day.

The Offer presents the Shareholders with a clean cash exit opportunity to realise their entire investment in the Shares at a premium over the 1-month and 6-months VWAP and the last transacted price of the Shares on the Last Trading Day without incurring brokerage and other trading costs.

5.4 **Greater Management Flexibility**

The Offeror is of the view that the delisting and privatisation of the Company will provide the Offeror and the Company with greater control and management flexibility in utilising and deploying the available resources of the Company and facilitating the implementation of any strategic initiatives and/or operational changes of the Offeree Group to achieve greater efficiency and competitiveness.

5.5 **Compliance Costs relating to Listing Status**

If the Company is delisted, the Company will be able to save on compliance costs associated with maintenance of a listed status and other regulatory requirements and human resources that have to be committed for such compliance and focus its resources and channel such expenses towards its business operations.

6. **OFFEROR’S INTENTIONS FOR THE COMPANY**

The Offeror has no current intention to (a) make material changes to the existing business of the Offeree Group, (b) re-deploy the Offeree Group's fixed assets, or (c) discontinue the employment of the employees of the Offeree Group, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves.

7. **COMPULSORY ACQUISITION AND LISTING STATUS**

7.1 **Compulsory Acquisition**

Pursuant to Section 215(1) of the Companies Act (Cap. 50) (“**Companies Act**”), if the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the Offer Announcement Date and excluding any treasury Shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (“**Dissenting Shareholders**”) at a price equal to the Offer Price (“**Compulsory Acquisition**”).

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from SGX-ST.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which,

together with treasury Shares and the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares. Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice. Unlike Section 215(1) of the Companies Act, the 90% threshold under Section 215(3) of the Companies Act does not exclude treasury Shares or Shares held by the Offeror, its related corporations or their respective nominees as at the date of the Offer.

7.2 Listing Status

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Concert Group to above 90% of the total number of issued Shares (excluding treasury Shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time it is satisfied that at least 10% of the total number of issued Shares (excluding treasury Shares) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury Shares), thus causing the percentage of the total number of issued Shares (excluding treasury Shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares (excluding treasury Shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding treasury Shares) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

The Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company. In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted.

8. FINANCIAL ASPECTS OF THE OFFER

The Offer Price represents the following premia over certain historical market prices of the Shares as set out below:

	Description	Share Price ⁽¹⁾ (S\$)	Premium/(Discount) of Offer Price over Share Price (%) ⁽²⁾
(a)	Last traded price of the Shares on the SGX-ST on 4 January 2019, being the last day on which the Shares were traded prior to this Announcement (“ Last Trading Day ”)	0.022	27.3
(b)	Volume weighted average price (“ VWAP ”) ⁽³⁾ for the 1-month period up to and including the Last Trading Day	0.023	21.7
(c)	VWAP ⁽³⁾ for the 3-month period up to and including the Last Trading Day	0.029	(3.4)
(d)	VWAP ⁽³⁾ for the 6-month period up to and including the Last Trading Day	0.024	16.7
(e)	VWAP ⁽³⁾ for the 12-month period up to and including the Last Trading Day	0.032	(12.5)

Notes:

- (1) Rounded to the nearest three (3) decimal places.
- (2) For the purpose of the table above, all percentage figures are rounded to the nearest one (1) decimal place.
- (3) The VWAP is calculated based on the total value of the Shares divided by volume of the Shares traded for the relevant period as extracted from Bloomberg L.P..

9. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

9.1 Shareholdings and Dealings in Company Securities

Based on the latest information available to the Offeror, as at the Offer Announcement Date, none of (i) the Offeror and its sole director and (ii) the Financial Adviser and its directors:

- (a) owns, controls or has agreed to acquire any (i) Shares, (ii) securities which carry voting rights in the Company, or (iii) convertible securities, warrants, options or derivatives in respect of the Shares or securities which carry voting rights in the Company (collectively, the “**Company Securities**”);
- (b) has dealt for value in any Company Securities during the period commencing three (3) months prior to the date of this Announcement;
- (c) has received any irrevocable commitment or undertaking from any person to accept or reject the Offer; and
- (d) has, in relation to the Company Securities:
 - (i) entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company which might be material to the Offer;
 - (ii) granted any security interest to another person, whether through a charge, pledge or otherwise;
 - (iii) borrowed from another person (excluding borrowed Company Securities which have been on-lent or sold); or
 - (iv) lent to another person.

9.2 Further Enquiries

In the interests of confidentiality, the Offeror has not made enquiries in respect of certain other parties who are or may be presumed to be acting in concert with the Offeror in connection with the Offer. Similarly, the Financial Adviser has not made enquiries in respect of other parties who are or may be presumed to be acting in concert with the Financial Adviser in connection with the Offer. Further enquiries will be made of such persons and the relevant disclosures (if any), will be made in due course and in the Offer Document.

10. CONFIRMATION OF FINANCIAL RESOURCES

W Capital Markets Pte. Ltd., as the Financial Adviser to the Offeror, has confirmed that sufficient financial resources are available to the Offeror to satisfy in full all acceptances under the Offer.

11. DESPATCH OF THE OFFER DOCUMENT

The Offer Document setting out the terms and conditions of the Offer and enclosing the appropriate form(s) of acceptance of the Offer will be despatched to Shareholders not earlier than 14 days and not later than 21 days from the Offer Announcement Date. The Offer will remain open for acceptances by Shareholders for a period of at least 28 days from the date of posting of the Offer Document. **Shareholders are advised to exercise caution and seek appropriate independent professional advice when dealing in the Shares.**

12. OVERSEAS SHAREHOLDERS

12.1 Overseas Jurisdictions

This Announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Announcement in any jurisdiction in contravention of applicable law. The Offer will be made solely by the Offer Document and the relevant form(s) of acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted. **For the avoidance of doubt, the Offer will be open to all Shareholders, including those to whom the Offer Document and the relevant form(s) of acceptance may not be sent.**

The release, publication or distribution of this Announcement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Announcement is released, published or distributed should inform themselves about and observe such restrictions.

Copies of this Announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the laws of that jurisdiction (“**Restricted Jurisdiction**”) and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the register of members of the Company or in the records of The Central Depository (Pte) Limited (as the case may be) (each, an “**Overseas Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions.

The Offeror and the Financial Adviser each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Overseas Shareholders by announcement to the SGX-ST or notice and if necessary, by paid advertisement in a newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement, notice or advertisement.

12.2 Copies of the Offer Document

Where there are potential restrictions on sending the Offer Document and the relevant form(s) of acceptance accompanying the Offer Document to any overseas jurisdictions, the Offeror and the Financial Adviser each reserves the right not to send these documents to Overseas Shareholders in such overseas jurisdictions. Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, attend in person and obtain a copy of the Offer Document and the relevant form(s) of acceptance during normal office hours from the office of the Company's share registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898. Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write to the Company's share registrar at the above-stated address to request for the Offer Document and the relevant form(s) of acceptance to be sent to an address in Singapore by ordinary post at his own risk, up to the five (5) market days prior to the close of the Offer.

13. RESPONSIBILITY STATEMENT

The sole director of the Offeror (including where he may have delegated detailed supervision of this Announcement) has taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate, and that no material facts have been omitted from this Announcement, and he accepts responsibility accordingly.

Where any information in this Announcement has been extracted or reproduced from published or otherwise publicly available sources (including without limitation, in relation to the Offeree Group), the sole responsibility of the director of the Offeror has been to ensure, through reasonable enquiries, that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

Issued by
W CAPITAL MARKETS PTE. LTD.

For and on behalf of
HARRIER GROUP PTE. LTD.

20 November 2020

Any inquiries relating to this Announcement or the Offer should be directed during office hours to W Capital Markets Pte. Ltd., Mr Foo Say Nam at telephone number (65) 6513 3536 or Ms Sheila Ong at telephone number (65) 6513 3525.

IMPORTANT NOTICE

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the current expectations, beliefs, hopes, intentions or strategies of the party making the statements regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Offeror nor the Financial Adviser undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.