

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

RESPONSE TO SGX QUERIES ON UPDATE ANNOUNCEMENT ON THE PROPOSED DISPOSAL OF JIANGSU JURONG PETROCHEMICALS CO., LTD

*Unless otherwise expressly specified, capitalised terms herein shall bear the same meanings as defined in the previous announcements of Sunvic Chemical Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Sunvic Group**”) dated 19 March 2020, 25 March 2020, 29 September 2020 and 5 October 2020 relating to the proposed disposal of Jiangsu Jurong Petrochemical Co., Ltd.*

The Board of Directors (the “**Board**”) of the Company refers to the Company’s announcement on 5 October 2020 regarding the Company’s responses to the SGX-ST’s queries in relation to the Company’s previous announcement on 29 September 2020 relating to the proposed disposal of Jiangsu Jurong Petrochemical Co., Ltd. (the “**5 October 2020 Announcement**”) and would like to provide the Company’s further responses on Query 5 and Query 6 of the SGX-ST as set out in the 5 October 2020 Announcement:

The Company’s further response on Query 5 of the SGX-ST:

The management team of JJC has informed the Board that the Purchaser is not willing to disclose any information regarding its financial position to JJC as the Purchaser is not under any obligation to do so, and that such information is not available publicly in the PRC.

The Board would like to reiterate and clarify that the disclosed statement that “the Purchaser could no longer proceed with the JJP Proposed Disposal due to its financial constraints” was a reason provided by the Purchaser as set out in the Termination Agreement. In this regard, the management team of JJC has informed the Board that it is likely that the Purchaser has provided such reason as the Purchaser is primarily in the business of crude oil trading and the collapse of crude oil prices in early 2020 due to the global reduction in demand and oversupply of crude oil in view of the outbreak of COVID-19 may have negatively affected the Purchaser’s financial position.

As mentioned at the Company’s response on Query 2(i) in the 5 October 2020 Announcement, the Board is of the view that there are good commercial reasons for the termination of the Framework Agreement by way of the Termination Agreement and it is in the best interest of the Sunvic Group and had accordingly, rectified the entering into of the Termination Agreement by JJC after having considered the reasons for the parties’ agreement to terminate the Framework

Agreement as announced in the 29 September 2020 Announcement and as clarified in the 5 October 2020 Announcement, the background of the JJP Proposed Disposal as set out in the Company's response on Query 2(i) in the 5 October 2020 Announcement and the explanation from the management team of JJC that based on the advice of the PRC counsel of the Vendors, it is in the best interest of the Vendors to enter into the Termination Agreement as a full and final settlement of all issues pertaining to the Framework Agreement to avoid the possible situation of the Purchaser taking any legal action or commencing any court proceedings in the PRC against the Vendors in view of the potential breaches by the Vendors under the Framework Agreement as mentioned at the Company's response on Query 6 in the 5 October 2020 Announcement.

The Company's further response on Query 6 of the SGX-ST:

The management team of JJC has informed the Board that the PRC counsel had provided the legal advice as set out in the Company's response on Query 6 of the SGX-ST in the 5 October 2020 Announcement to the Vendors on 18 June 2020, and that the PRC counsel has confirmed to the management team of JJC that they have not acted on behalf of or advised the Purchaser, or its shareholders or directors, in relation to the JJP Proposed Disposal, the termination of the Framework Agreement or other matters previously.

BY ORDER OF THE BOARD

Sun Li Hua
Executive Director and Chief Executive Officer
26 October 2020