

Ref: REG/LC/QR2020020100

6 February 2020

Sunvic Chemical Holdings Ltd
112 Robinson Road
#11-01 Robinson 112
Singapore 068902

Attn: The Board of Directors

Dear Sirs

SUNVIC CHEMICAL HOLDINGS LTD (THE "COMPANY")

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

1. Singapore Exchange Regulation ("**SGX RegCo**" or the "**Exchange**") refers to:
 - (a) SGX RegCo's announcement dated 9 January 2020 titled "*SGX RegCo adopts risk-based approach to quarterly reporting, mandates more robust disclosures on matters of high impact*";
 - (b) SGXNet announcement dated 14 November 2019 (Announcement Reference No: SG191114OTHRR4FG) titled "*Notice of Compliance*";
 - (c) SGXNet announcement dated 13 February 2019 (Announcement Reference No: SG190213OTHSIYY) on the Notice of Compliance served on the Company titled "*Special Audit Report on Letters of Demand received by the Company's Wholly-Owned Subsidiaries*" (the "**Previous Notice of Compliance**"); and
 - (d) SGXNet announcement dated 10 January 2019 (Announcement Reference No.:SG190110OTHR1AX6) titled "Receipt of Letters of Demand by the Company's Wholly-Owned Subsidiaries".

Background

2. On 9 January 2020, SGX RegCo announced the removal of the market capitalisation threshold as a basis for quarterly reporting ("**QR**") of financial results. The amended rule 705(2) (the "**Amended Rule 705(2)**") will take effect from 7 February 2020. Instead, SGX RegCo will take a risk-based approach and will require companies to do QR if (a) auditors have issued a qualified opinion, disclaimer of opinion or adverse opinion (collectively, "**modified opinions**") or (b) companies that have a material uncertainty relating to going concern as highlighted by their auditors, both based on the latest audited financial statements. In addition, SGX RegCo

can also exercise our administrative powers to require QR for companies where we have regulatory concerns.

3. 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.
4. 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.
5. On 14 November 2019, the Company announced the Special Audit Report which expressed concerns about the veracity of the YFC Corporate Guarantee.
6. SGX RegCo therefore has serious concerns over the aforementioned matters.

Exchange's Directive: Requirement to Perform Quarterly Reporting

7. For the purposes of ensuring that the market is fair, orderly and transparent, pursuant to Mainboard Rule 1405(1)(b), SGX RegCo requires the Company to continue to do QR in accordance with the requirements set out in the Amended Rule 705(2) on an ongoing basis. The grace period extended under amended Rule 705(2A) is not applicable on your company. For the avoidance of doubt, the Company will report the next set of quarterly financial statements for Q1 ending Jan to Mar 2020 ("**QR Commencement Date**") by 15 May 2020.
8. The Company will need to perform QR until further notice from SGX RegCo.
9. In the announcement of your quarterly results, please include a statement on the cover page that the QR announcement is mandatory, made pursuant to the Exchange's requirements, as required under Listing Rule 705(2C).
10. Please announce the Exchange's directive to the Company and the QR Commencement Date through SGXNet immediately (before 7.30am on 7 February 2020).
11. Pursuant to Mainboard Rule 1405(4), failure to comply with the requirements in this notification shall be deemed as a contravention of the Listing Rules.



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12. Please note that SGX RegCo reserves the right to take disciplinary action against the Company and / or Relevant Persons for breaches of the Listing Rules, including any failure to comply with the requirements imposed by the Exchange.

Yours faithfully

June Sim
Senior Vice President
Head, Listing Compliance
Singapore Exchange Regulation