

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

UPDATE ON THE PROPOSED DISPOSAL OF 45% EQUITY INTEREST IN TAIHING SUNKE CHEMICALS CO., LTD

1. The Board of Directors (the “**Board**”) of Sunvic Chemical Holdings Limited (the “**Company**”) refers to the Company’s announcement on 28 June 2019 regarding the circular to the shareholders of the Company (the “**Shareholders**”) dated 29 June 2019 (the “**Circular**”) in relation to the proposed disposal by Taixing Jurong Chemical Co., Ltd (“**Taixing Jurong**”), a wholly-owned subsidiary of the Company, to Arkema Asie SAS and Arkema (China) Investment Co. Ltd. (the “**Purchasers**”) of the 45% equity interest in the share capital of Taixing Sunke Chemicals Co., Ltd (“**Taixing Sunke**”, together with Taixing Jurong and the Purchasers, the “**Parties**”) held by Taixing Jurong (the “**Proposed Disposal**”).
2. Unless other expressly specified, capitalised terms herein shall bear the same meanings as defined in the Circular.
3. Following the approval by the shareholders of the Company of the Proposed Disposal in an extraordinary meeting of the Company held on 15 July 2019, the Board wishes to update the shareholders of the Company that the Conditions Precedent to Effectiveness and the Conditions Precedent to Completion as set out at Section 2.4.4 of the Circular had been fulfilled. In particular, the Parties had entered into the Simple Form ETA on 19 July 2019 and under which, the Parties had agreed that the Transfer Price shall be the amount of RMB875,409,564.49, comprising of RMB700.00 million plus RMB175,409,564.49 (being the Amount X). Thereafter, accordingly, the Parties had commenced and completed the steps for Completion as set out at Section 2.4.5 of the Circular.
4. With regard to the payment of the Transfer Price, the Company had been working with the Parties towards the fulfillment of the directions of the SGX-ST under the Notice of Compliance, the SGX-ST Escrow Requirements and the Escrow Account Conditions as set out at Section 2.4.6 of the Circular. In this regard, in relation to the Escrow Agreement and the Escrow Account, subsequent to further discussion between the Company and the SGX-ST:
 - (a) BNP Paribas (China) Limited (“**BNP Shanghai**”) had been appointed as the Escrow Agent;

- (b) the Company and the independent directors of the Company, Mr. Koh Poh Beng (“**Koh**”) and Mr. Lua Poh Huat (“**Lua**”), had been included as parties to the Escrow Agreement together with Taixing Jurong and BNP Shanghai; and
 - (c) as required under the applicable laws and regulations in the PRC, two (2) escrow accounts had been opened, namely one (1) special bank account (to receive payment from Arkema Asie) and one (1) normal settlement bank account (to receive payment from Arkema (China)) (the “**Escrow Accounts**”).
5. The SGX-ST had given its no objection in writing to the Escrow Agreement on 2 September 2019 and accordingly, Taixing Jurong, Koh, Lua, the Company and BNP Shanghai had entered into the Escrow Agreement on 5 September 2019. In particular, pursuant to the Escrow Agreement:
- (a) Koh and Lua have been appointed as the joint authorised signatories to the Escrow Accounts (the “**Authorised Signatories**”);
 - (b) any change to the Authorised Signatories would require, amongst others, the written consent of the existing Authorised Signatories and the written consent of the SGX-ST;
 - (c) any amendment to the Escrow Agreement would require, amongst others, the written consent of the Authorised Signatories and the SGX-ST;
 - (d) prior to any transfer by the Escrow Agent of any monies from the Escrow Accounts, the Escrow Agent shall conduct a mandatory telephone call-back with any of the Authorised Signatories to, amongst others, confirm and verify such transfer; and
 - (e) the relevant instalments of the Transfer Price to be deposited into the Escrow Accounts by the Purchasers in accordance with the Equity Transfer Agreement and the Simple Form ETA are as follows:
 - (i) in respect of the First Instalment of Transfer Price, being the Amount X, the amount of RMB175,409,564.49;
 - (ii) in respect of the Second Instalment of Transfer Price, being the Net Overdue Amount, the amount of RMB322,921,822.16; and
 - (iii) in respect of the Third Instalment of Transfer Price, being the aggregate amount equivalent to the Transfer Price less the Amount

X and the Net Overdue Amount, the amount of RMB377,078,177.84.

6. In connection with the Escrow Agreement and the Escrow Accounts, at the request of SGX-ST, Koh and Lua issued a letter dated 5 September 2019 to the SGX-ST (the “**Undertaking Letter to SGX-ST**”), under which each of Koh and Lua:
 - (a) undertakes to SGX-ST that:
 - (i) all withdrawals from any of the Escrow Accounts must be reviewed by the Company’s internal auditor and external auditor (the “**Auditors**”), for its basis and veracity, and that the Auditors must confirm that they are satisfied that the withdrawals will be disbursed to the right party for proper and legitimate usage of the Company or any of its subsidiaries; and
 - (ii) for any material withdrawal from any of the Escrow Accounts, it shall be subject to:
 - (1) both Koh and Lua providing to SGX-ST with the abovementioned Auditors’ confirmations; and/or
 - (2) any other conditions that may be imposed by SGX-ST; and
 - (b) represents, warrants and undertakes to and for the benefit of SGX-ST that any actions taken by him in relation to the Escrow Accounts are in accordance with the Notice of Compliance and he shall adhere to SGX-ST’s instructions in connection therewith, provided always that such directions and/or instructions by SGX-ST shall be in compliance with any applicable laws and regulations.
7. In consideration of each of Koh and Lua entering into the Escrow Agreement and executing the Undertaking Letter to SGX-ST, by way of respective letters dated 5 September 2019, each of the Company and Taixing Jurong undertakes to waive, release and discharge each of Koh and Lua from any liabilities to the Company and Taixing Jurong respectively, and to indemnify each of Koh and Lua against any liabilities that each of them may incur, in connection with the Escrow Agreement, the Escrow Accounts and the Undertaking Letter to SGX-ST to the fullest extent legally permissible.
8. Further to the above, the SGX-ST had given its no objection in writing on 10 September 2019 for the Purchasers to proceed with the transfers of the three separate instalments of the Transfer Price into the Escrow Accounts, and the transfers by the Escrow Agent of the First Instalment of Transfer Price and the Second Instalment of Transfer Price from the Escrow Accounts to Taixing Sunke.

Accordingly, in accordance with the terms of the Equity Transfer Agreement (as described at Section 2.4.6 of the Circular) and the Escrow Agreement:

- (a) the First Instalment of Transfer Price:
 - (i) was deposited into the Escrow Accounts by the Purchasers in full on 17 September 2019; and
 - (ii) was transferred to and received by Taixing Sunke from the Escrow Agent in full on 18 September 2019, and Taixing Sunke had provided the Acknowledgement of the Amount X to Taixing Jurong and the Purchasers on 19 September 2019;
 - (b) the Second Instalment of Transfer Price:
 - (i) was deposited into the Escrow Accounts by the Purchasers in full on 23 September 2019; and
 - (ii) was transferred to and received by Taixing Sunke from the Escrow Agent in full on 24 September 2019, and Taixing Sunke had provided the Acknowledgement of the Net Overdue Amount to Taixing Jurong and the Purchasers on 24 September 2019; and
 - (c) the Third Instalment of Transfer Price was deposited into the Escrow Accounts by the Purchasers on 26 September 2019.
9. The Third Instalment of Transfer Price shall remain in the Escrow Accounts for the time being and any withdrawal shall only be made in accordance with the Notice of Compliance, the Escrow Agreement, the Undertaking Letter to SGX-ST and such other directions or conditions as instructed by the SGX-ST from time to time.
10. The Board will keep the Shareholders updated on any material developments in due course, and the Company will make further announcement as and when there is any subsequent development.

BY ORDER OF THE BOARD

Sun Xiao
Executive Director and Chief Executive Officer
27 September 2019