PROPOSED ACQUISITION OF SHANDONG LAIZHOU PING'AN COMMERCIAL EXPLOSIVES CO., LTD. – TERMINATION OF PROPOSED ACQUISITION

1. INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of Fabchem China Limited (the "**Company**", together with its subsidiaries, the "**Group**") refers to the announcements made by the Company on 18 June 2018 and 31 January 2019 (the **"Announcements"**) in relation to the Proposed Acquisition. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as ascribed to them in the Announcements.

2. TERMINATION OF PROPOSED ACQUISITION

Further to the Announcements, the Board wishes to announce that the Company's wholly-owned subsidiary, Yinguang Technology, the Vendors and the Target Company (the **"Parties"**) have mutually agreed not to proceed with the Proposed Acquisition and accordingly have entered into a termination agreement on 15 March 2021 ("**Termination Agreement**").

Pursuant to the Termination Agreement:

(i) the SPA shall be terminated with effect on the same date; and

(ii) each of the Parties have agreed to discharge the others from all duties and obligations set out in the SPA.

As announced on 18 June 2018 and as provided for under the SPA, in the event that the Proposed Acquisition cannot be completed, Yinguang Technology shall transfer the Total Equity Interest back to the Vendors. As at the date of this announcement, the Total Equity Interest has been transferred back to a nominee appointed by the Vendors.

3. RULE 1014(4) OF THE LISTING MANUAL

3.1. <u>Reasons for the non-completion of the Proposed Acquisition</u>

As announced on 31 January 2019, the Proposed Acquisition was put on hold pending the resolution of due diligence issues in respect of the Target Group. To date, such issues have not been mutually resolved and the Company does not wish to continue expending additional time and resources on the same.

The termination of the Proposed Acquisition would also allow the Company to focus its attention and resources on exploring other business or corporate plans and opportunities.

3.2. Financial impact of the non-completion on the Company

To date, the Company has incurred expenses in the amount of approximately SGD190,000 mainly for the conduct of commercial, financial, and legal due diligence conducted on the Target Company in connection with the Proposed Acquisition.

The abovementioned expenses incurred in connection with the Proposed Acquisition are not material and the termination of the SPA is not expected to have a material financial impact on the Company.

3.3. Possible course(s) of action to protect Shareholders' interests

As no money has been paid to the Vendors under the SPA, the Company is of the view that there is no material negative impact on the interests of Shareholders.

By Order of the Board

Bao Hongwei
Managing Director
15 March 2021