



## Fabchem China Limited

### ANNOUNCEMENT OF INTERESTED PERSON TRANSACTIONS PURSUANT TO RULE 905(2) OF THE LISTING MANUAL

Pursuant to Rule 905(2) of the listing manual of the Singapore Exchange Securities Trading Limited (“Listing Manual”), Fabchem China Limited (the “Company” and together with its subsidiary, the “Group”) wishes to announce the following interested person transactions (“IPTs”) that the Group has entered into for the period from 1 April 2017 (being the commencement of the current financial year) to the date hereof:

Name of interested person (s)	Details of IPTs	Aggregate Value of IPTs (excluding transactions less than S\$100,000 and transactions conducted under a shareholders’ mandate pursuant to Rule 920) RMB’000
Shandong Yinguang Security Services Co., Ltd (“Yinguang Security”)	Provision of security services to the Company’s wholly-owned subsidiary, Shandong Yinguang Technology Co., Ltd (“Yinguang Technology”)  This IPT was entered into by the Group on an arm’s length basis in its ordinary course of business and the service fee was arrived at on a willing buyer-willing seller basis, taking into consideration prevailing market rates.	6,500
Wulian Hanyue Blasting Services Co., Ltd (“Wulian Hanyue”)	Purchase of commercial explosives from the Company’s wholly-owned subsidiary, Yinguang Technology  This IPT was entered into by the Group on an arm’s length basis in its ordinary course of business and the selling price was arrived at on a willing buyer-willing seller basis, taking into consideration prevailing market rates.	5,060
<b>Total</b>		<b>11,560</b>



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Each of Mr Sun Bowen (the managing director and a controlling shareholder of the Company) and Mr Bao Hongwei (the executive director of the Company) holds an aggregate 60.0% and 6.0% of the issued and paid-up share capital of Shandong Yinguang Chemical Group Co., Ltd (“Yinguang Chemical Group”) as at the date of announcement, respectively. Both Mr Sun Bowen and Mr Bao Hongwei are also directors of Yinguang Chemical Group. Yinguang Chemical Group owns 100.0% of Yinguang Security and 83.03% of Wulian Hanyue as at the date of announcement. Mr Bao Hongwei is a director of Yinguang Security and Mr Sun Bowen is a director of Wulian Hanyue.

By virtue of Mr Sun Bowen and Mr Bao Hongwei’s shareholdings in Yinguang Chemical Group which owns 100.0% of Yinguang Security and 83.0% of Wulian Hanyue, Yinguang Security and Wulian Hanyue are considered to be indirect associates of the Directors and controlling and substantial shareholders of the Company, namely, Mr Sun Bowen and Mr Bao Hongwei. Therefore, Yinguang Security and Wulian Hanyue are deemed to be interested persons. Accordingly, transactions entered into between the Group and Yinguang Security and Wulian Hanyue are IPTs, and subject to Chapter 9 of the Listing Manual.

For the purposes of Rule 905(2) of the Listing Manual, Yinguang Security and Wulian Hanyue are treated as the same interested person and the value of the transactions entered into between the Group and Yinguang Security and Wulian Hanyue are aggregated for the purpose of assessing whether the designated financial threshold under Rule 905(2) of the Listing Manual is triggered.

The aggregate value of the IPTs entered into between the Group and the same interested persons for the period from 1 April 2017 to the date hereof is approximately RMB 11.56 million (the “Aggregate Value”), representing approximately 3.13% of the Group’s latest audited net tangible assets of approximately RMB 369,173,000 as at 31 March 2017 (the “Group’s NTA”).

Save as disclosed above, the Group has not entered into any other IPTs in the current financial year each of which is more than S\$100,000 and not conducted under a shareholders’ mandate pursuant to Rule 920.

### **Rational and Benefits of the IPTs**

The Group’s core business is in the manufacturing and sales of commercial explosives.

Yinguang Security is principally engaged in the provision of specialised security services and provides such services to our wholly-owned subsidiary, Yinguang Technology through the provision of its personnel for Yinguang Technology’s manufacturing facilities, office area and during the transportation of commercial explosives. It is envisaged that the Group will in its ordinary course of business continue to enter into security services with Yinguang Security (“Yinguang Security Services”).

Yinguang Technology sells commercial explosives to Wulian Hanyue and it is envisaged that the Group will in its ordinary course of business continue to enter into the sales transaction with Wulian Hanyue (“Wulian Hanyue Sales”) of such aggregate value that would require our Shareholders’ approval pursuant to Chapter 9 of the Listing Manual. Such transactions are recurring transactions that are likely to occur with some degree of frequency and are part of the day-to-day operations of the Group, and could arise at any time.





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Notwithstanding the Aggregate Value of the IPTs do not exceed 5% of the Group NTA, given that the Wulian Hanyue Sales are primarily of a revenue nature and are expected to be recurrent and occur at any time, and due to the time-sensitive nature of these transactions, to allow the Group to undertake such transactions in a more expeditious manner and in consideration of the transaction value with Yinguang Security, we will be seeking the approval of our Shareholders for the Yinguang Security Services and Wulian Hanyue Sales for the purposes of Chapter 9 of the Listing Manual. In this regard, a circular dated 14 July 2017 has been despatched to shareholders.

### **Audit Committee's Statement**

The Audit Committee of the Company has reviewed the above IPTs and is of the view that the IPTs are transacted on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

### **Interest of Directors and Substantial Shareholders**

Save as disclosed above and save for their shareholdings in the Company, none of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the IPTs.

### **By Order of the Board**

**Sun Bowen**  
**Managing Director**  
**17 July 2017**

