



FABCHEM CHINA LIMITED

Company Registration No. 200413128G
(Incorporated in the Republic of Singapore)

WAIVER FROM COMPLIANCE WITH CATALIST RULES 1015(1)(a)(ii) AND 1015(4)(a) IN RESPECT OF THE DISCLOSURE OF PRO FORMA FINANCIAL STATEMENTS OF THE ENLARGED GROUP IN THE CIRCULAR TO BE DESPATCHED TO SHAREHOLDERS IN RELATION TO THE PROPOSED ACQUISITION BY THE COMPANY OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF LINCOTRADE & ASSOCIATES PTE LTD (“LINCOTRADE” OR THE “TARGET”) (“PROPOSED ACQUISITION”), BEING A REVERSE TAKEOVER OF THE COMPANY (“PROPOSED RTO”)

Background

1. The board of directors (“**Board**” or “**Directors**”) of Fabchem China Limited (“**Company**”) refers to its announcement of 22 April 2021 (“**Announcement**”). *Unless otherwise defined herein or the context otherwise lends itself, all capitalised terms and references shall bear the same meanings as defined in the Announcement.*
2. In connection with the Proposed RTO, the Company will be seeking the approval of the Shareholders for the Proposed RTO and Proposed Transfer to Catalist. Upon completion of the Proposed RTO and the Proposed Transfer to Catalist, the Shares will be listed and quoted on Catalist.
3. RHB Bank Berhad, through its Singapore branch in their capacity as the Company’s financial adviser in respect of the Proposed RTO and Catalist full sponsor of the Company pursuant to Rule 410(2) of the Catalist Rules, had applied to the SGX-ST on behalf of the Company to seek a waiver of the requirements to comply with Rules 1015(1)(a)(ii) and 1015(4)(a) read with Rule 407(1) of the Catalist Rules (“**Relevant Rules**”), specifically, the requirement to present the pro forma financial statements of the Enlarged Group arising from the Proposed RTO in the Circular to be dispatched to Shareholders (“**Waiver**”).

Disclosure Requirements under the Relevant Rules

4. Rule 1015(1)(a)(ii) of the Catalist Rules requires the Company which is undertaking a very substantial acquisition or reverse takeover, after terms have been agreed, immediately announce the latest two years of historical financial information (of the Target) and one year of proforma financial information (of the Enlarged Group).
5. Rule 1015(4)(a) of the Catalist Rules requires that the Circular must contain, *inter alia*, in relation to the assets to be acquired, ie. the Target, information required by Rules 407, 416, Part XII of Chapter 4, 1010, 1011, 1012 and 1013, where applicable, of the Catalist Rules.
6. Rule 407(1) of the Catalist Rules provides that the Circular must comply with, *inter alia*, Part II to XI of the Fifth Schedule of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 (“**SFR**”). Paragraphs 24, 26 and 27 of Part 9 of the SFR, require the *pro forma* financial statements of the Enlarged Group to be included in the Circular for the most recently completed financial year and any applicable interim financial period (“**relevant financial periods**”), comprising:
 - (a) the *pro forma* profit and loss and *pro forma* cash flow statements for the relevant financial periods as if the Proposed Acquisition was effected at the beginning of the relevant financial periods, and
 - (b) the *pro forma* balance sheet as at the end of the relevant financial periods as if the Proposed Acquisition was effected at the end of such relevant financial periods.

Financial Information in the Circular if Waiver is Granted

7. In connection with the application for the Waiver, it was submitted that the Circular, in relation to the Target, will meet the requirements stipulated under Rule 407 of the Catalist Rules, including but not limited to, applicable law and, in particular, Parts 2 to 11 of the Fifth Schedule of the SFR ("**Fifth Schedule**").
8. Accordingly, the Circular, in relation to the financial information of the Target, will comply with Part 9 of the Fifth Schedule and the following financial information of the Target would be prepared by the Company for inclusion in the Circular:
 - (a) audited financial information of the Target for the latest three financial years and reviewed or audited financial information for relevant interim periods (if applicable), and
 - (b) *pro forma* financial information of the Target for the most recently completed financial year and interim period (if applicable).

Grant of Waiver

9. The Company is pleased to announce that the SGX-ST has informed the Company on 24 November 2021 that it has no objections to granting the Waiver, subject to:
 - (a) the Company making an SGXNet announcement of the Waiver granted, stating the reasons for seeking the Waiver and the conditions as per Rule 107 of the Listing Rules, and that the Company and/or the Board are not aware of any other material information in respect of the Company and the Proposed Acquisition which was not formerly disclosed to investors;
 - (b) the disclosure of the Waiver granted and the bases for seeking the Waiver in the Circular, and
 - (c) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and its constituent documents.
10. The Board confirms that save as set out in paragraph 11 below, Board is not aware of any other material information in respect of the Company and the Proposed Acquisition which was not formerly disclosed to investors.

Reasons for seeking the Waiver

11. The Company sought the Waiver for the following reasons:
 - (a) Upon completion of the Disposal as announced by the Company on 5 November 2021 and Proposed Capital Reduction as described in the Company's circular to Shareholders of 22 November 2021, the Company will have minimal cash for general working capital and liabilities comprising essentially the fees of professional advisers and service providers for the Proposed Acquisition and Proposed RTO which are non-recurring in nature. Upon completion of the Proposed Acquisition and Proposed RTO ("**RTO Completion**"), the Enlarged Group's business will comprise wholly of the business of the Target. Accordingly, the operations and financial position of the Company's past subsidiary, investments and businesses are not relevant to, and will not form part of, the operations and financial position of the Enlarged Group after RTO Completion.
 - (b) It would be more meaningful for Shareholders to consider only the financial information (actual and/or *pro forma*) of the Target, as opposed to the *pro forma* financial information of the Enlarged Group, as the financial information (actual and/or *pro forma*) of the Target reflects the economic substance of the Company's businesses upon RTO Completion, and will allow the Shareholders to make a more informed and meaningful assessment of the assets to be acquired. As the future business and assets of the Company will be represented only by the business and assets of the Target following RTO Completion, the presentation of the financial statements (actual and/or *pro forma*) of the Target would already provide the financial information required by Shareholders in arriving at their decision on whether or not to approve the proposed transactions at the EGM, including the Proposed Acquisition, Proposed RTO and Proposed Transfer to Catalist, and the *pro forma* financial information of the Enlarged Group would not be more meaningful nor material to Shareholders in any way.

- (c) The financial information of the Target will be prepared in accordance with the requirements under Part 9 of the Fifth Schedule for inclusion in the Circular as if the Target were to seek an initial public offering on Catalist, and will be reflective of the actual and/or *pro forma* (as the case may be) financial performance and position of the Target.
- (d) Shareholders who wish to have an understanding of the historical financial performance and position of the Company and its subsidiaries can refer to the Company's annual reports and periodic financial results announcements.
- (e) The Company would have to incur additional professional fees and expenses to engage the reporting accountants to report on the *pro forma* financial information of the Enlarged Group. The Company is of the view that the cost of preparation and reporting the *pro forma* financial information on the Enlarged Group outweighs the benefits to its Shareholders as the audited financial information and, if applicable, the *pro forma* financial statements of the Target that is proposed to be presented would adequately reflect the economic substance of the Enlarged Group following RTO Completion. Accordingly, the exclusion of the *pro forma* financial information of the Enlarged Group would not be prejudicial to the Shareholders.

Further Information

- 12. The Company will make further announcements in relation to the Proposed Acquisition, Proposed RTO and Proposed Transfer to Catalist at the relevant time, as and when there are material developments.

Trading Caution

- 13. Shareholders and investors are advised to exercise caution when dealing in their Shares and to read this announcement and any further announcement by the Company carefully, as the Proposed Acquisition, Proposed RTO and Proposed Transfer to Catalist are subject to the satisfaction of the Conditions Precedent in the Agreement between the Company and the Vendors and there is no certainty or assurance, as at the date of this announcement, as whether they may proceed to completion. Shareholders and investors should consult their stockbrokers, solicitors or other professional advisers if they have any doubts about the action they should take.

BY ORDER OF THE BOARD

Wee Phui Gam
Acting Chairman and Lead Independent Director
Fabchem China Limited
26 November 2021