

APPLICATION FOR WAIVER OF MORATORIUM REQUIREMENTS FOR SUN BOWEN

Unless otherwise defined, capitalised terms used in this announcement shall bear the same meaning ascribed to them in the Company's announcement dated 22 April 2021.

Introduction

1. The board of directors ("**Board**" or "**Directors**") of Fabchem China Limited ("**Company**") wishes to announce that the Company had on 24 March 2022, been granted the Waiver (as defined below) by the SGX-ST, waiving the requirement for Mr Sun Bowen ("**Mr Sun**"), an existing Controlling Shareholder (as defined in the Listing Rules) and a non-executive and non-independent director of the Company, to give contractual undertakings to observe the Moratorium Requirement (as defined below) in respect of the existing Shares held by him through Fortsmith Investments Limited ("**Fortsmith**").

Background

2. The Proposed Acquisition is a RTO and is subject to, *inter alia*, Rule 1015 of the Catalist Rules. Rule 1015(3)(b)(i) of the Catalist Rules provides, among others, that the incoming business and the enlarged group in the context of a RTO must comply with the moratorium requirements of Rules 420, 421 and 422 or 443 of the Catalist Rules ("**Moratorium Requirements**"), which are applicable to:
 - (a) persons who are existing Controlling Shareholders or who will become Controlling Shares of the issuer as a result of the asset acquisition; and
 - (b) associates of any person in paragraph 2(a) above.
3. As at the date of this announcement, the Company has two existing Controlling Shareholders, namely Mr Wee Henry ("**Mr Wee**") and Mr Sun. Mr Wee has an aggregate indirect interest in 24,665,699 Shares or 52.70% of the share capital of the Company. Mr Sun has an aggregate indirect interest in 15,140,000 Shares or 32.35% of the share capital of the Company, through Fortsmith. As Mr Wee and Mr Sun are each an existing Controlling Shareholder of the Company, their Shares would be subject to the Moratorium Requirements after Completion.

Moratorium Waiver

4. RHB Bank Berhad, through its Singapore branch as the financial adviser in respect of the Proposed Acquisition and RTO, and sponsor of the Company upon the Proposed Transfer to Catalist, had on 3 March 2022, submitted an application to the SGX-ST ("**Application**") on behalf of the Company seeking a waiver ("**Waiver**") from the application of the Moratorium Requirements under Rule 1015(3)(b)(i) of the Catalist Rules in respect of the transfer or disposal of the existing Shares held by Mr Sun for the reasons set out below:
 - (a) after Completion and before any compliance placement, Mr Sun's interest will be diluted to 9.09% and he will cease to be a Controlling Shareholder of the Company;
 - (b) if the Waiver is obtained, Mr Sun intends to reduce his shareholding to less than 5% immediately after Completion via vendor sale. If such opportunity arises, he will fall outside of the definition of substantial shareholder, which will assist the Company in meeting the public float requirement following Completion amid uncertain market conditions;
 - (c) save for Fortsmith, Mr Sun's associates (as defined in the Catalist Rules) do not have any shareholding interest in the Company;
 - (d) Mr Sun and his associates do not have any interest in the Target. Neither are they or will they be involved in the management and/or the operations of the Target currently, or the Enlarged Group going forward. Furthermore, Mr Sun will step down as a director of the Company upon Completion. Accordingly, upon Completion, Mr Sun will not fall within the definition of "promoter" in the Catalist Rules;
 - (e) Mr Sun and his associates have no interest in the Target to be acquired by the Company pursuant to the Proposed Acquisition. Mr Sun has not acquired or disposed his Shares held through Fortsmith since 2 February 2007. Accordingly, Mr Sun is not considered as an investor of the Target or the Company for the purpose of Rule 422 of the Catalist Rules; and

- (f) as the Vendors and Mr Wee will provide undertakings to observe the Moratorium Requirements, their commitment to the Company will be maintained and their interest will be aligned with that of public shareholders. No waiver will be sought by the Company for Mr Wee and he will comply and observe the Moratorium Requirements.
5. The SGX-ST had on 24 March 2022, informed the Company that they have no objections to granting the Company the Waiver with respect to the Moratorium Requirements of Mr Sun in the Enlarged Group subject to the following:
- (a) the Company making a SGXNET announcement of the Waiver granted, stating the reasons for seeking the Waiver and the conditions as per Listing Rule 107;
 - (b) the disclosure of the Waiver granted and the bases for seeking the Waiver in the Circular;
 - (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; and
 - (d) Mr Sun reducing his shareholdings in the Company to less than 5% of the share capital of the Enlarged Group by the time of completion of the Compliance Placement.
6. With the disclosures in this announcement, the Company will have complied with the Waiver condition in paragraph 5(a) above on the date of this announcement. The Company will make update announcements when the other conditions have all been met.

Further Information

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

Trading Caution

8. 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, 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
25 March 2022