



Fabchem China Limited

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”)

The Board of Directors (the “**Board**”) of Fabchem China Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to its announcement dated 4 December 2018 (“**Announcement**”) in relation to the notification of inclusion on the Watch-list due to the Financial Entry Criteria (as detailed in the Announcement) with effect from 5 December 2018.

Pursuant to Rule 1313(2) of the Listing Manual of the SGX-ST (“**Listing Rules**”), the Company must, for the period in which it remains on the Watch-list, provide the market with a quarterly update on its efforts and the progress made in meeting the exit criteria of the Watch-list.

Please refer to the Company’s announcement on 27 August 2021 on the unaudited financial statements of the Group for the 15-month period ended 30 June 2021 for an update on the Group’s financial position.

On 19 March 2021, the Company announced that it had entered into a sale and purchase agreement with Triple Vision Pte Ltd (“**Triple Vision**”) to sell to Triple Vision (“**Disposal Agreement**”), the Company’s ownership of the aggregate RMB156 million registered capital of Shandong Yinguang Technology Co., Ltd (山东银光科技有限公司) (“**Yinguang Technology**”), representing 100% of the entire fully-paid registered capital of Yinguang Technology, in exchange for payment of S\$18.0 million in cash by Triple Vision (“**Proposed Disposal**”).

Subsequent to the Proposed Disposal, the Company intends to undertake a capital reduction exercise (“**Proposed Capital Reduction**”) pursuant to and subject to compliance with Section 78A read with 78C of the Companies Act (Cap 50) of Singapore, for a cash distribution, *pro-rata*, to all shareholders of the Company (“**Shareholders**”) of S\$0.368 for each ordinary share in the equity capital of the Company (“**Share**”) held by Shareholders as at a books closure date to be determined by the Directors in their sole and absolute discretion for the purpose of determining the entitlement of the Shareholders to the cash distribution pursuant to the Proposed Capital Reduction.

Upon completion of the Proposed Disposal, the Company will cease to have any operating business and will be deemed as a cash company under Rule 1018 of the Listing Manual of the SGX-ST. The Company will comply with the requirements of Rule 1018 for a cash company.

The Proposed Disposal is an interested person transaction under Chapter 9 of the Listing Rules and the Proposed Disposal and Proposed Capital Reduction are subject to, *inter alia*, approval of Shareholders at an extraordinary general meeting of the Company (“**EGM**”). The Company will convene the EGM for the Proposed Disposal and Proposed Capital Reduction, and issue a circular to Shareholders with the notice of EGM in due course.

Please refer to the Company’s announcement on 19 March 2021 for more information on the Proposed Disposal and Proposed Capital Reduction.



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On 22 April 2021, the Company announced that it had entered into a sale and purchase agreement (“**Acquisition Agreement**”) with Tan Jit Meng, Soh Loong Chow Jackie and Tan Chee Khoon (collectively the “**Vendors**” and each a “**Vendor**”) to acquire 100.0% of the shares in the entire issued and paid-up share capital of Lincotrade & Associates Pte Ltd (“**Proposed Acquisition**”) in consideration for the allotment and issuance of an aggregate 113,636,363 new Shares by the Company, credited as fully paid-up, to the Vendors (“**Consideration Shares**”), at an issue price of S\$0.22 per Consideration Share.

In connection with the Proposed Acquisition, the Company will also seek to transfer the listing and quotation of its Shares from the Mainboard of the SGX-ST to the Catalist board of the SGX-ST (“**Catalist**”) pursuant to Rule 410 of the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”), subject to receipt of the required approvals (“**Proposed Transfer to Catalist**”).

The Proposed Acquisition, if undertaken and completed, is expected to result in a reverse take-over of the Company under Chapter 10 of the Listing Rules and the Proposed Acquisition, Proposed Transfer to Catalist and other related transactions in connection with the Proposed Acquisition, are subject to, *inter alia*, satisfaction of conditions precedent set out in the Acquisition Agreement and receipt of all relevant approvals, including that of the SGX-ST, the Securities Industry Council and Shareholders. The Company will convene a separate EGM for the Proposed Acquisition, Proposed Transfer to Catalist and other related transactions in connection with the Proposed Acquisition, and issue a circular to Shareholders with the notice of EGM in due course.

Please refer to the Company’s announcement on 22 April 2021 for more information on the Proposed Acquisition.

Pursuant to the terms of the Disposal Agreement, the Company had appointed AVA Associates Limited as the independent valuer for the Proposed Disposal. On 3 June 2021, Singapore Exchange Regulation (“**SGX Regco**”) issued a Notice of Compliance (“**Notice**”) requesting the Company to appoint another valuer of international standing and repute to report on the valuation of the Proposed Disposal. On 24 June 2021, the Company, with the approval of SGX RegCo, announced the appointment of Duff & Phelps Singapore Pte Ltd (“**Duff & Phelps**”) to act as another valuer to report on the valuation of the Proposed Disposal. The Company and the Vendors had also mutually agreed to temporarily suspend all due diligence and preparatory activities for the Proposed Acquisition. Please refer to the respective Company’s announcements on 4 June 2021, 9 June 2021 and 24 June 2021 for more information.

On 12 August 2021, the Company announced that the Company and Triple Vision had mutually agreed in writing to extend (a) the Long-Stop Date for Completion of the Proposed Disposal from 31 August 2021 to 30 November 2021, and (b) the Maturity Date under the Loan Agreement between the Company and Triple Vision announced by the Company on 23 February 2021, to the earlier of 30 November 2021 or the Completion Date of the Proposed Disposal. Please refer to the Company’s announcement on 23 February 2021 for more information on the Loan Agreement.

On 20 August 2021, the Company announced that AVA Associates Limited and Duff & Phelps had completed their valuation of Yinguang Technology as at 31 March 2021 and the Company had re-submitted the draft circular for the Proposed Disposal to SGX RegCo for review and clearance. The Company had also resumed its due diligence and preparatory activities for the Proposed Acquisition.



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Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company as there is no certainty or assurance as at the date of this announcement that the Proposed Disposal, Proposed Capital Reduction, Proposed Acquisition and Proposed Transfer to Catalist will proceed to completion, as the respective completion thereof are subject to, *inter alia*, the fulfilment of all the conditions precedent in the respective agreements and receipt of the relevant approvals. Shareholders and potential investors of the Company are advised to read the Company's announcements on 19 March 2021 and 22 April 2021, any further announcements by the Company and the relevant circulars to Shareholders to be issued by the Company carefully and in their entirety. Shareholders and potential investors of the Company should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the actions they should take.

Other than the above, there is no other material development that may have a significant impact on the movement of the Company's share price that would affect its position on the Watch-list. The Company will continue to explore to seek growth through other strategic acquisitions, joint ventures and alliances in addition to organic growth, as and when suitable opportunities arise.

By Order of the Board

Bao Hongwei
Managing Director
27 August 2021

