

FABCHEM CHINA LIMITED

(Company Registration Number: 200413128G)

THE PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTEREST IN HEBEI YINGUANG CHEMICAL CO., LTD. (“HBYG”) BY A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

- UPDATES

*Unless otherwise defined herein, the capitalised terms used herein shall have the meaning ascribed to it in the Company’s announcement dated 16 June 2016 (the “**Announcement**”).*

The board of directors (the “**Board**” or the “**Directors**”) of Fabchem China Limited (the “**Company**”) and together with its subsidiaries (the “**Group**”) refers to the Announcement and wishes to provide the following updates to Shareholders:-

1. EGM AND CIRCULAR TO SHAREHOLDERS

The Company is currently making arrangements to convene the extraordinary general meeting (the “**EGM**”) to seek Shareholders’ approval in respect of the Proposed Disposal. The circular containing further details on the Proposed Disposal and the notice of the EGM will be despatched to Shareholders in due course. The Company had on 1 August 2016 received the clearance from the SGX-ST on the said circular.

2. SUPPLEMENTAL AGREEMENT TO THE EQUITY PURCHASE AGREEMENT

2.1 The Company’s wholly-owned subsidiary, Shandong Yinguang Technology Co., Ltd. (the “**Vendor**”) has entered into a supplemental agreement (“**Supplemental Agreement**”) with Wang Jian (the “**Purchaser**”) to vary the terms of the Proposed Disposal under the EPA.

2.2 The Vendor and the Purchaser have agreed to the following terms in the Supplemental Agreement:-

- (a) the Purchaser acknowledges that HBYG has existing bank loans of approximately RMB 30 million in aggregate and he shall bear all liabilities for the repayment of the said bank loans and interests on such loans with effect from 1 September 2016 (instead of the original 1 August 2016);
- (b) the Purchaser has also additionally undertaken, represented and warranted to the Vendor that he shall not transfer the beneficial or controlling interest (whether direct or indirectly) of HBYG to the Directors and/or controlling shareholders of the Company or their respective nominees or associates as at the date of the Supplemental Agreement and from time to time after the completion of the Proposed Disposal;
- (c) the Purchaser shall be appointed as the legal representative of HBYG with effect from the Completion Date of the Proposed Disposal; and
- (d) the Long-Stop Date shall be extended to 30 September 2016 or such other date as the Vendor and the Purchaser may mutually agree in writing.

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3. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Supplemental Agreement will be made available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

4. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Disposal and other matters contemplated by this announcement. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Sun Bowen
Managing Director

8 August 2016