

FABCHEM CHINA LIMITED
(Company Registration No.: 200413128G)
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX'S QUERIES ON TERM SHEET IN RELATION TO THE PROPOSED ACQUISITION OF SHARES IN THE ISSUED AND PAID-UP CAPITAL OF RENEWABLE POWER MANAGEMENT PTY LTD

The board of directors (“**Board**” or “**Directors**”) of Fabchem China Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) refers to the following queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on the Company’s announcement of 12 October 2020 (“**Announcement**”), and wishes to provide the following clarifications and additional information. Unless otherwise defined herein or the context otherwise requires, all capitalised terms shall bear the same meanings as defined in the Announcement.

SGX Query 1:

Please announce the latest 3 years historical financial results on the Target by tomorrow, 14 October 2020.

Company’s response:

Please see below latest 3 years historical financial results of the Target.

AUD’000	Financial year ended 30 June 2020 Unaudited	Financial year ended 30 June 2019 Unaudited	Financial year ended 30 June 2018 Audited*
Trading income	5,540**	11,162	10,089
Cost of generation	(3,715)	(5,646)	(4,072)
Gross profit on trading	1,825	5,516	6,017
Other income	813	87	63
Gross profit and other income	2,638	5,603	6,080
Total expenses	(4,048)	(4,982)	(4,410)
Net (loss)/profit	(1,410)	621	1,670

* Audited by Deloitte Touche Tohmatsu

** Based on information provided by the Target, revenue was affected by COVID-19 measures such as movement restriction controls and the partial lock-down across Australia, and in particular, Brisbane, affecting the Target’s supply of fuel and hence, power production..

The Company would like to highlight that the above financial information is subject to further due diligence and audit of the Target and the Business to be carried out by the appointed auditors. In the event there are material adjustments to the above financial information, the Company will make the necessary update announcement(s).

SGX Query 2:

The Company disclosed that “The Company will procure the disposal of its subsidiary Yinguang Technology for a consideration of between SGD15.0 million and SGD20.0 million, payable in cash to the Company as a potential interested person transaction (“Proposed IPT Disposal”). Noting that an independent business valuation of Yinguang Technology has not yet been undertaken, please disclose the factors that were taken into account in arriving at and the basis in arriving at the consideration value of between SGD15-20 million. Please quantify to support your response.

Company’s response:

The Company performed a Cash Generating Unit (CGU) valuation on the main product of Yinguang Technology, boosters, in conjunction with the audit of the Group’s financial statements for the financial year ended 31 March 2020 (“FY2020”). This valuation was performed by an independent valuer in accordance with the International Valuation Standards as published by the International Valuation Standard Committee and guidelines provided by FRS 36. The independent valuer valued the boosters’ CGU at RMB82.88 million, or approximately S\$16.6 million (based on exchange rate of SGD1 : RMB4.979). This value represents the main part of Yinguang Technology’s business and is within the range of SGD15.0 million and SGD20.0 million set out in the Announcement for the Proposed IPT Disposal, before taking into account the rest of Yinguang Technology’s value.

As stated in the Announcement, the Company will engage an independent valuer to perform an independent business valuation on Yinguang Technology, which is expected to include the main product, boosters. As mentioned under point 4.5 (a), the disposal will be subject to (i.) an independent business valuation of Yinguang Technology (ii.) an unqualified opinion by the independent financial adviser to the Company’s independent directors (“IFA”) that the Proposed IPT Disposal is on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders, (iii.) the approval of the SGX-ST, and (iv.) approval of the Shareholders at the EGM.

SGX Query 3:

The Company disclosed that “An arranger fee shall be payable to the arrangers (“Arrangers”) as follows: SGD1.12 million to Mr Tan Chun Wei, Shaun and SGD880,000 to Mdm Tek Geok Lan and fully satisfied through the issue and allotment of new ordinary shares in the equity capital of the Company, at the Issue Price (“Arranger Shares”). Please provide the background of the introducers: Mr Tan Chun Wei, Shaun and Mdm Tek Geok Lan.

Company’s response:

Mr Tan Chun Wei, Shaun (“Mr Tan”) is the Group CEO and founder of SNAAAP since June 2017, founder of AsiaMedicalSupply since March 2020 and Managing Partner of Lightonman Capital since January 2008.

SNAAAP (<http://www.snaaap.com/>) is a consumer engagement platform that allows consumer to interact with the environment. AsiaMedicalSupply (<http://asiamedicalsupply.com/>) connects consumers to verified suppliers of masks, thermometers, ventilators and other PPE equipment. Lightonman Capital (<https://www.lightonman.com/>) are a network of investment brokers connected to venture capitalist, funds, family offices, high-net worth individuals based in Singapore, Malaysia, Hong Kong, Shanghai, Beijing and Indonesia.

Mdm Tek Geok Lan is a retiree who is acquainted with Mr Tan.

The information above on the Target's financial results in response to Query 1 and the background of the Arrangers in response to Query 3 have been provided to the Company by the Vendors and Arrangers respectively with their consent for disclosure above and the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

By Order of the Board
Fabchem China Limited

Wee Phui Gam
Acting Chairman and Lead Independent Director
14 October 2020