

- (1) **PROPOSED DISPOSAL OF ALL THE SHARES OF YINGUANG TECHNOLOGY TO TRIPLE VISION PTE. LTD.**
 - (2) **PROPOSED CAPITAL REDUCTION**
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1. INTRODUCTION

The Board of Directors (“**Board**” or “**Directors**”) of Fabchem China Limited (“**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that:

- (a) the Company has, on 19 March 2021, entered into a sale and purchase agreement (“**SPA**”) with its controlling shareholder, Triple Vision Pte. Ltd. (Company Registration No. 201812334H) (“**Triple Vision**”), pursuant to which the Company has agreed to dispose, in exchange for payment of S\$18 million in cash by Triple Vision (“**Disposal Consideration**”), of the Company’s ownership of the aggregate RMB 156 million registered capital of Shandong Yinguang Technology Co. Ltd. (山东银光科技有限公司) (Unified Social Credit Code: 9137130076870702XE), a company incorporated in the People’s Republic of China (“**PRC**”), with its registered office at No. 1 Huagong Road, Fei County, Linyi City, Shandong Province, PRC (“**Yinguang Technology**”), representing 100% of the entire fully-paid registered capital of Yinguang Technology (“**Sale Shares**”), to Triple Vision (“**Proposed Disposal**”), and
- (b) subsequent to the Proposed Disposal, the Company intends to undertake a capital reduction exercise (“**Proposed Capital Reduction**”) pursuant to Section 78A read with 78C of the Companies Act (Cap 50) of Singapore (“**Act**”), 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 after the EGM (as defined below), 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 (“**BCD**”).

The Proposed Disposal is deemed an “interested person transaction” (“**IPT**”) under Chapter 9 of the Listing Rules of the Singapore Exchange Securities Trading Limited (“**Listing Rules**”) (“**SGX-ST**”) and a “major transaction” under Chapter 10 of the Listing Rules. The Proposed Disposal and Proposed Capital Reduction will be subject to the approval of the Shareholders being obtained at an extraordinary general meeting to be convened as described in Paragraph 12 below (“**EGM**”).

Upon the completion of the Proposed Disposal, Yinguang Technology will cease to be a subsidiary of the Company. This announcement is also made pursuant to Rule 704(19) of the Listing Rules, and the Company will cease to have any operating business upon completion of the Proposed Disposal and is likely to be deemed a cash company under Rule 1018 of the Listing Rules.

2. INFORMATION ON TRIPLE VISION AND YINGUANG TECHNOLOGY

- 2.1 **Triple Vision.** Triple Vision is a private company limited by shares, incorporated on 12 April 2018 with an issued and paid-up capital of S\$10.00 comprising 10 ordinary shares. Triple Vision is a management consultancy services company and its sole shareholder and sole director is Mr Wee Henry. As at the date of this announcement, (i) Triple Vision is a controlling shareholder of the Company, directly interested in 52.16% of the entire issued and paid-up share capital of Company; and (ii) together with its sole shareholder, Mr Wee Henry (held through Nomura Singapore Limited as nominee), Triple Vision has an aggregate direct and deemed interest in 24,515,699 Shares, representing 52.38% of the entire issued and paid-up share capital of the Company.
- 2.2 **Yinguang Technology.** Yinguang Technology is a company incorporated in the People’s Republic of China (“**PRC**”) on 23 November 2004, and the sole operating and the principal subsidiary of the Company. It is a pioneer and market leader in the production of explosive devices (boosters) in the PRC, which are widely used in the mining, energy exploration, hydroelectric and infrastructure construction sectors.

As at the date of this announcement, Yinguang Technology has an aggregate registered capital of RMB 156.0 million, representing 100% of its entire fully-paid registered capital. Shareholders should note that there is no open market for the Sale Shares as they are not publicly traded.

- 2.3 Based on the latest announced unaudited consolidated financial statements of the Group for the six-months financial period ended 30 September 2020 (which is prior to the Company effecting the change of its financial year-end from 31 March to 30 June), the Company's cost of investment in Yinguang Technology was S\$22.5 million (translated to RMB112.1 million based on the exchange rate of RMB4.9751 : S\$1.00 as at 30 September 2020).

Based on the Disposal Consideration of S\$18 million, the loss on disposal of Yinguang Technology would be S\$4.5 million (which is equivalent to RMB22.6 million based on an exchange rate of RMB4.9751 : S\$1.00 as at 30 September 2020).

The book value and the net tangible assets ("NTA") of Yinguang Technology was RMB155.3 million (S\$31.2 million) as at 30 September 2020. The Disposal Consideration is at a discount of RMB65.7 million (S\$13.2 million) to the NTA of Yinguang Technology.

3. PRINCIPAL TERMS OF THE SPA

- 3.1 Pursuant to the terms and subject to the conditions of the SPA, the Company shall sell to Triple Vision and Triple Vision shall purchase from the Company all the Sale Shares free from all encumbrances and together with all rights, benefits and entitlements attaching or accruing thereto, in exchange for the Disposal Consideration, less any outstanding amount(s) owing by the Company to Triple Vision pursuant to the Loan of up to S\$1.0 million under the Loan Agreement (both as defined and announced in the Company's announcement of 23 February 2021) ("**Net Disposal Proceeds**"). As at the date of this announcement, the Loan amount outstanding is S\$200,000.
- 3.2 The Disposal Consideration was arrived at by mutual agreement between the Company and Triple Vision (collectively, the "**Parties**") after arm's length negotiations, on a "willing-buyer, willing-seller" basis, and on the basis, *inter alia*, that a valuation of 100% equity interest of Yinguang Technology and all its properties, assets, receivables, businesses, undertakings, operations, goodwill, stock-in-trade, rights and entitlements (whether under contract, trusts or otherwise) and relationships with customers, suppliers, employees, agents and others having relationships with any of them ("**Appraised Value**") to be conducted by AVA Associates Limited, a competent, independent valuer in accordance with the International Valuation Standards published by the International Valuation Standards Council and appointed by the Company pursuant to Rule 1014(5) of the Listing Rules, as set out in a valuation report to be issued and delivered by AVA Associates Limited ("**Valuation Report**"), is not more than S\$18.0 million.
- 3.3 **Conditions Precedent to the Proposed Disposal.** The sale and purchase of the Sale Shares and completion of the SPA shall be subject to and conditional upon the fulfilment and satisfaction of, *inter alia*, all the conditions set out below ("**Conditions Precedent**"):
- (a) the Company being, on the completion date, being such date falling 3 business days after the satisfaction of all the conditions precedent set out in the SPA ("**Completion Date**"), (i.) the legal, beneficial and registered owner of the Sale Shares, free from all encumbrances, and not holding the same on trust for other beneficiaries, and (ii.) entitled to sell and transfer to Triple Vision the full legal title and beneficial ownership of the Sale Shares together with all the rights, benefits and entitlements attaching and accruing thereto (including without limitation, the rights to any dividends or other distributions declared or payable thereon) as at the Completion Date;
 - (b) the approval and such approval not having been qualified or withdrawn, of the Shareholders at the EGM for all transactions contemplated under the SPA and such other transactions in connection therewith and incidental thereto, including without limitation, the Proposed Disposal in accordance with Rules 906(1) and 1014(2) of the Listing Rules;
 - (c) the issuance and delivery of the Valuation Report and the Appraised Value being not more than S\$18.0 million;
 - (d) an unqualified opinion by the IFA (as defined below) that the Proposed Disposal is on normal commercial terms and not prejudicial to the interest of the Company and its minority shareholders;

- (e) all licenses, consents, permits, approvals, waivers, authorisations or other orders of and all notices, registrations, submissions or filings with all relevant regulators, entitled third-parties, counterparties, financing or facility providers of the Parties and Yinguang Technology, as may be required for or in connection with the Proposed Disposal, all transactions contemplated in the SPA and such other transactions in connection therewith or incidental thereto having been obtained, and not having been withdrawn, revoked or amended and if subject to any conditions, such conditions being reasonably acceptable to the Parties and are fulfilled on or before the Completion Date, and all other actions having been taken by or on behalf of the Parties and Yinguang Technology to comply with all applicable legal and other requirements necessary to ensure that the transfer of the Sale Shares is in accordance with, and do not infringe any existing law, statute, regulation, decision, ruling, judgment, award, code, practice, direction, decree, order, contract or agreement, including without limitation:
 - (i.) approval of the SGX-ST for the Proposed Disposal, being an IPT under Chapter 9 and a major transaction under Chapter 10 of the Listing Rules, and
 - (ii.) all relevant approvals, filings, submissions, notifications required in PRC for compliance with applicable PRC laws.
- (f) there being no unpaid debts due from Yinguang Technology or any of its subsidiaries or associate companies to the Company as at the Completion Date;
- (g) there being no outstanding guarantees, indemnities, performance bonds or other liabilities or obligations of the Company for the liabilities or obligations of Yinguang Technology or any of its subsidiaries or associate companies as at the Completion Date;
- (h) no relevant regulator taking, instituting, implementing or threatening to take. Institute or implement any action, proceeding, suit, investigation, inquiry or reference, or made, proposed or enacted any law, statute, regulation, decision, ruling, judgment, award, code, practice, direction, decree or order or taken any steps and there not continuing to be in effect or outstanding any law, statute, regulation, decision, ruling, judgment, award, code, practice, direction, decree or order which would or might:
 - (i.) make the Proposed Disposal, all transactions contemplated under the SPA and such other transactions in connection therewith and incidental thereto, void, invalid, illegal, and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same, and/or
 - (ii.) render the Company unable to sell all or any of the Sale Shares in the manner set out in the SPA;
- (i) there being no unsatisfied award, judgment or court order outstanding against the Company nor any distress, execution or other process that has been levied against the businesses, undertakings, properties, assets or goodwill of the Company, and
- (j) no Insolvency Event (as defined in the SPA) happening to, threatened or started in relation to any Party and/or Yinguang Technology.

The Company and Triple Vision agree that they shall each use all reasonable endeavours to take all actions and do all things necessary for the purpose of enabling the aforesaid conditions precedent to be satisfied.

Unless compliance is otherwise expressly waived in writing, in whole or in part, by the respective entitled Party, if any of the Conditions Precedent are not fulfilled on or before 31 August 2021 or such later date as the Parties may agree in writing, the SPA shall, *ipso facto*, cease and determine and the Parties shall be released and discharged from their respective obligations and liabilities under the SPA, save in respect of (i.) any claim by a Party against any other for costs, damages, compensation or otherwise arising from any accrued liabilities, antecedent and/or existing breaches of the terms thereof, (ii.) the respective obligations, covenants or undertakings which, pursuant to the terms of the SPA, are expressed to survive such termination, which shall continue in full force and effect to bind the Parties in the manner so expressed, and (iii.) for costs and expenses as expressly agreed upon and provided for in the SPA.

- 3.4 **Moratorium Undertakings.** Triple Vision acknowledges that upon completion of the Proposed Disposal, the Company may become a cash company pursuant to Rule 1018 of the Listing Rules and Triple Vision undertakes (as may be required by SGX-ST) to execute and deliver to the Company and procure the execution and delivery by Triple Vision, any of the Company's directors and chief executive officer holding Shares, and other Controlling Shareholders of the Company of such contractual undertakings to observe a moratorium on the transfer or disposal of their interests, direct and indirect, in the securities or shares of the Company from the date of the EGM up to and including the completion date of the acquisition by the Company of a business which is able to satisfy SGX-ST's requirement for a new listing pursuant to Rule 1018(1)(c) and (d) of the Listing Rules.
- 3.5 **Proposed Capital Reduction.** The Parties agree that upon completion of the Proposed Disposal, the Company will make a cash distribution by way of the Proposed Capital Reduction to distribute the Net Disposal Proceeds after setting aside sufficient funds for the Company's working capital requirements, *pro-rata*, to all Shareholders as at the BCD. More details of the Proposed Capital Reduction are set out in Paragraph 9 below, of this announcement.
- 3.6 **Representations and Warranties.** Pursuant to the SPA, the Parties have furnished representations and warranties typical for transactions such as the Proposed Disposal.
- 3.7 **No Service Agreements.** No additional or new Director(s) will be appointed to the Board pursuant to the Proposed Disposal.

4. **RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING RULES**

The relative figures computed on the bases set out in Rule 1006 of the Listing Rules in respect of the Proposed Disposal and based on the latest announced unaudited financial statements of the Group for the period ended 30 September 2020 ("HY2021") are as follows:

(a)	Net asset value of the asset to be disposed of, compared with the Group's net asset value	102.3% ⁽¹⁾
(b)	Net profits attributable to the asset to be disposed of, compared with the Group's net profits	Not meaningful ⁽²⁾
(c)	Aggregate value of the Disposal Consideration, compared to the Company's market capitalisation as at 18 March 2021, being the last market day preceding the date of the SPA	205.7% ⁽³⁾
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable to disposal of assets
(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate to the Group's proven and probable reserves	Not applicable to the Group's industry

Notes:

- (1) The net asset value attributable to Yinguang Technology and the Group as at 30 September 2020 was RMB 155.3 million and RMB 151.9 million respectively.
- (2) The net profits attributable to Yinguang Technology for HY2021 was approximately RMB103,000 as a product segment recorded higher sales, and the Group's net loss for HY2021 was approximately RMB2,716,000.
- (3) Based on the issued share capital of the Company of 46,800,000 Shares as at 30 September 2020 and the volume weighted average Share price of S\$0.187 on 5 March 2021, being the last full market day on which the Shares were traded on the Main Board of the SGX-ST preceding the date of the SPA.

As the relative figures computed on the bases set out in Rule 1006(a) and Rule 1006(c) of the Listing Rules exceed 20%, the Proposed Disposal constitutes a "major transaction" under Chapter 10 of the Listing Rules and the Company will be seeking Shareholders' approval for the Proposed Disposal pursuant to Rule 1014(2) of the Listing Rules at the EGM.

5. RATIONALE FOR THE PROPOSED DISPOSAL

5.1 Declining financial performance and to reposition to capture new opportunities

Operating in a highly regulated industry, the Company's sole operating subsidiary, Yinguang Technology, has been affected by new government regulations restricting the production and sales of its commercial explosive products over the past few years, particularly in the product segment of detonating cords and detonators. In addition, the temporary shortage of explosives raw materials has also affected Yinguang Technology's production schedule and production capacity for the past quarters. As a result, the operating environment for Yinguang Technology has been very challenging and this has affected the Group's overall business performance.

(RMB'000)	FY2020 (audited)	FY2019 (audited)	FY2018 (audited)
Net loss after tax	(37,323)	(150,373)	(19,828)

As shown above, the Group has been incurring losses over the last three (3) financial years ("FY") ended 31 March 2018 to 31 March 2020.

In line with the above and having regard to the terms and timing of the Proposed Disposal, the Board is of the view that the Company would benefit from the Proposed Disposal as it is an opportune and appropriate time for the Company to dispose of its existing business for a satisfactory consideration and re-position itself to identify and acquire new operating businesses with proven track records and/or are well-positioned to leverage on current shifts in global economies and to capture future growth opportunities. Such acquisition(s) of new businesses and/or assets could potentially enable the Company to increase its market capitalisation and widen the investor base for its Shares, thereby leading to an overall increase in investor interest and improved trading liquidity, ultimately enhancing Shareholders' value moving ahead.

5.2 Triple Vision's rationale for entering into the Proposed Disposal

The Proposed Disposal represents an opportunity for Triple Vision to have direct and full control over the business development of Yinguang Technology, and to facilitate greater management flexibility and operational efficiencies in implementing business restructuring and internal re-organisation initiatives, as required.

6. INTERESTED PERSON TRANSACTION

As at the date of this announcement, Triple Vision, together with its sole shareholder, Mr Wee Henry, holds a direct and deemed interest in the Company representing an aggregate of 52.38% of the issued and paid-up share capital of the Company and is therefore a Controlling Shareholder of the Company as defined in the Listing Rules. As such, Triple Vision and Mr Wee Henry are each defined as interested persons under Chapter 9 of the Listing Rules ("**Interested Person**").

Accordingly, the Proposed Disposal would constitute an IPT under Chapter 9 of the Listing Rules.

As the Disposal Consideration is 57.8% (ie. greater than 5%) of the Group's latest audited NTA of RMB154.9 million as at 31 March 2020, the Company will be seeking Shareholders' approval for the Proposed Disposal pursuant to Rule 906(1) of the Listing Rules at the EGM.

Save for the Proposed Disposal, the Loan and Loan Agreement as announced on 23 February 2021, his role as an advisor to the Group for which he is compensated S\$3,000 per month from the Company, and as disclosed in this Paragraph 6 of this announcement, there is no other relationship or dealings between each of Triple Vision, Mr Wee Henry and the Company, and there are no other transactions between Triple Vision and/or Mr Wee Henry, and the Company for the current financial year ending 30 June 2021 to-date. Rule 906(1) of the Listing Rules does not apply to payment of the advisory fee to Mr Wee Henry as such amount is less than S\$100,000 per annum.

Pursuant to Rule 919 of the Listing Rules, an interested person and its associates shall abstain from voting on the resolutions approving IPT involving themselves and their associates. Furthermore, such

interested person and their associates shall not act as proxies in relation to such resolutions unless specific voting instructions have been given by shareholders.

Accordingly, Triple Vision and Mr Wee Henry have disclosed their interests and will each abstain from deliberating and voting on the Shareholders' resolution in relation to the Proposed Disposal at the EGM. Pursuant to the SPA, Triple Vision has undertaken that it and Wee Henry will not accept appointments as proxies for the Shareholders' resolution in relation to the Proposed Disposal at the EGM.

7. CASH COMPANY – COMPLIANCE WITH RULE 1018 OF THE LISTING RULES

- 7.1 **Cash Company.** The Company will cease to have any operating business upon completion of the Proposed Disposal and is likely to be deemed a cash company under Rule 1018 of the Listing Rules. Shareholders are to note that under Rule 1018 of the Listing Rules, in addition to the compliance requirements stated therein, if the assets of an issuer consist wholly or substantially of cash or short-dated securities, its securities will normally be suspended. The suspension will remain in force until the issuer has a business which is able to satisfy the SGX-ST's requirements for a new listing, and all relevant information has been announced. In view of the moratorium undertakings to be given as described in Paragraph 3.4 above, the Company will make an application to the SGX-ST for the continued trading of the Shares. The SGX-ST will proceed to remove an issuer from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company, subject to any extension as may be approved by the SGX-ST.
- 7.2 **Escrow Account.** Pursuant to Rule 1018(1)(a) of the Listing Rules, 10% of the Company's cash and short-dated securities as at the date of the completion of the Proposed Disposal (including the Disposal Consideration from the Proposed Disposal) may be retained by the Company for its daily operating expenses and the remaining 90% will be placed in an account opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the relevant authorities and cannot be drawn down until the completion of the acquisition of a business which is able to satisfy SGX-ST's requirements for a new listing, except for payment of expenses incurred in a reverse take-over approved by Shareholders and *pro-rata* distributions to Shareholders. As the cash distribution pursuant to the Proposed Capital Reduction will be a *pro-rata* distribution to Shareholders, the Company will make an application to the SGX-ST for confirmation that the cash to be distributed to Shareholders under the Proposed Capital Reduction will not be escrowed pursuant to Rule 1018(1)(a).
- 7.3 **Future Plans.** The Company will continue to explore potential and suitable acquisitions, joint ventures and strategic alliances, as and when suitable opportunities arise.

8. INDEPENDENT FINANCIAL ADVISER AND STATEMENT OF AUDIT COMMITTEE

Pursuant to Rule 921(4)(a) of the Listing Rules, the Company has appointed Provenance Capital Pte. Ltd. as the independent financial adviser ("**IFA**") to advise the Directors of the Company who are considered independent for the purposes of the Proposed Disposal, namely Wee Phui Gam, Jiang Rongguang, Sun Bowen and Bao Hongwei (collectively, "**Independent Directors**"), on whether the Proposed Disposal is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders. Pursuant to Rule 917(4)(ii) of the Listing Rules, the Company's Audit Committee will form its views upon receipt of the IFA's opinion, and will set out its views in the Circular (as defined below).

9. THE PROPOSED CAPITAL REDUCTION

- 9.1 **Existing Share Capital.** As at the date of this announcement, the Company has an issued and paid-up share capital of S\$23,458,984.97 comprising 46,800,000 Shares. The Company has no treasury shares.

9.2 **Amount Distributed under the Proposed Capital Reduction.** Subject to completion of the Proposed Disposal and approval of the Shareholders at the EGM, the Company is proposing to return an aggregate amount of S\$17,222,400 in cash, *pro-rata*, to all Shareholders, amounting to S\$0.368 for each Share held by Shareholders or on their behalf as at the BCD, based on the total number of 46,800,000 Shares in existence (“**Distributable Amount**”), computed as follows:

Disposal Consideration	S\$18,000,000
Less Loan amount outstanding under the Loan Agreement ⁽¹⁾ and anticipated 12-month Working Capital Requirements of the Company ⁽²⁾	(S\$777,600)
Distributable Amount	S\$17,222,400
Divided by 46,800,000 total Shares in existence	S\$0.368 per Share

Notes:

- (1) To the extent the Loan drawn down is outstanding as at the Completion Date, the Net Disposal Proceeds will be reduced by such Loan amount outstanding. As at the date of this announcement, the Loan amount outstanding is S\$200,000.
- (2) Working capital requirements of the Company include, *inter alia*, fees and expenses for professional advisers and other service providers, salaries, general overheads, rental, printing and other ancillary costs associated with holding general meetings and listing fees as well as professional expenses for the Proposed Disposal and Proposed Capital Reduction.

The actual amount per Share to be received by each Shareholder pursuant to the Proposed Capital Reduction will be based on the total number of Shares in existence as at the BCD. The aggregate amount of cash to be paid to each Shareholder pursuant to the Proposed Capital Reduction will be adjusted by rounding down any fraction of a cent to the nearest cent, where applicable.

9.3 **Illustration.** The following illustrates the amount to be received by a Shareholder who holds 1, 10, 100 or 1,000 Shares as at the BCD:

Number of Shares held	Amount paid to Shareholder
1	S\$0.36 (rounding down to nearest cent)
10	S\$3.68
100	S\$36.80
1,000	S\$368.00

9.4 **No Cancellation of Shares or Change in Shareholdings.** The Proposed Capital Reduction will not result in (i.) a cancellation of Shares, (ii.) a change in the number of Shares held by any Shareholder, or (iii.) a change in the proportion of Shares held by the Shareholders, immediately after the Proposed Capital Reduction. Accordingly, assuming the Shareholders have not dealt in the Shares, each Shareholder will hold the same number of Shares before and immediately after the Proposed Capital Reduction.

9.5 **Rationale and Funds for the Proposed Capital Reduction.** The Company intends to distribute the Net Disposal Proceeds from the Proposed Disposal after setting aside sufficient funds for the Company’s working capital requirements (ie. Distributable Amount), *pro-rata*, to all Shareholders as at the BCD. As the Company does not have sufficient retained earnings to make the cash distribution entirely to its Shareholders by way of a declaration of special dividend, such distribution has to be undertaken by way of the Proposed Capital Reduction. The Proposed Disposal will enable the Company to dispose of its loss-making businesses for the Disposal Consideration in cash, and to return most of it to Shareholders via the Proposed Capital Reduction. The Proposed Capital Reduction will also allow Shareholders to realise their investment in the Company in cash upon completion of the Proposed Disposal, while retaining their Shares.

9.6 **Financial Effects of the Proposed Capital Reduction.** The financial effects of the Proposed Capital Reduction are set out in Paragraph 10 of this announcement.

9.7 **Approval and Conditions.** The Proposed Capital Reduction is subject to, *inter alia*, the following:

- (a) completion of the Proposed Disposal and receipt of the Net Disposal Proceeds from Triple Vision;
- (b) approval of the SGX-ST for the issue of the Circular;
- (c) approval of the Shareholders by way of a special resolution for the Proposed Capital Reduction at the EGM, of which not less than 21 days notice of the EGM shall have been given ("**Capital Reduction Resolution**");
- (d) the Company complying with the relevant solvency requirements set out in the Act, and the Directors making the requisite solvency statements not before 30 days of the EGM ("**Solvency Statement**");
- (e) the lodgement with ACRA of copies of the Solvency Statements made by the Directors and the Capital Reduction Resolution, within 15 days beginning with the date of the EGM;
- (f) the Company complying with the relevant publicity requirements as prescribed in the Act, including but not limited to, lodging the reduction information (containing amongst others, the amount of the Company's share capital that is thereby reduced) with ACRA within 8 days beginning with the date of the EGM;
- (g) no application having been made for the cancellation of the Capital Reduction Resolution by any creditor of the Company during the period of six (6) weeks beginning with the date of the EGM, and, if such application was made, the withdrawal of such application or dismissal thereof by the High Court of Singapore;
- (h) the Company, after the end of six (6) weeks (but before the end of eight (8) weeks) beginning with the date of the EGM, lodging the following documents with ACRA:
 - (i.) a statement made by the Directors confirming that the requirements under Section 78C(1)(c) of the Act and the solvency requirements under Section 78C(3) of the Act have been complied with, and that no application for cancellation of the Capital Reduction Resolution has been made, and
 - (ii.) a notice containing information in relation to the Proposed Capital Reduction as specified under the Act; and
- (i) all other relevant approvals and consents being obtained.

10. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL AND THE PROPOSED CAPITAL REDUCTION

10.1 Bases and Assumptions

The proforma financial effects of the Proposed Disposal and the Proposed Capital Reduction on the share capital, earnings, net tangible assets ("**NTA**"), net asset value ("**NAV**") and gearing of the Group have been prepared based on the latest audited consolidated financial results of the Group for FY2020 and the latest audited financial information of Yinguang Technology for FY2020.

The proforma financial effects of the Proposed Disposal and Proposed Capital Reduction are for illustrative purposes only and do not necessarily reflect the actual future results and financial position of the Group following the completion of the Proposed Disposal and the Proposed Capital Reduction.

For the purposes of illustrating the financial effects of the Proposed Disposal and the Proposed Capital Reduction, the following key assumptions have been adopted:

- (a) the financial effects on the Group's earnings and earnings per Share are computed assuming that the Proposed Disposal and Proposed Capital Reduction was completed on 1 April 2019;

- (b) the financial effects on the Group's NTA, NAV, share capital and gearing are computed assuming that the Proposed Disposal and the Proposed Disposal was completed on 31 March 2020;
- (c) the analysis takes into account a loss on disposal of Yinguang Technology of RMB22.6 million (based on S\$4.5 million @ RMB 4.979 : S\$1.00) assuming the Proposed Disposal been completed on 31 March 2020;
- (d) the NTA per Share and NAV per Share are computed based on the 46,800,000 Shares in issue, as at 31 March 2020. There is no change in the number of issued Shares since 31 March 2020 to the date of this announcement;
- (e) expenses incurred by the Company in relation to the Proposed Disposal and the Proposed Capital Reduction are estimated to be approximately S\$230,000;
- (f) the Proposed Capital Reduction is based on S\$0.368 per Share; and
- (h) the exchange rate of RMB 4.979 : SGD 1.00 as at 31 March 2020.

10.2 NTA / NAV of the Group

(RMB'000)	Before the Proposed Disposal	After the Proposed Disposal	After the Proposed Disposal and the Proposed Capital Reduction
NTA/NAV	154,900	154,900	154,900
Less: Effects of Proposed Disposal	-	(67,064) ⁽¹⁾	(67,064)
Less: Effect of Proposed Capital Reduction	-	-	(85,750) ⁽²⁾
Resultant NTA/NAV	154,900	87,836	2,086
NTA/NAV per Share (RMB)	3.31	1.88	0.04

Notes:

1. The NTA/NAV of the Group will decrease by RMB67.1 million due mainly to the Disposal Consideration being less than the NAV of Yinguang Technology, and estimated expenses in relation to the Proposed Disposal and Proposed Capital Reduction; and
2. The NTA/NAV of the Group will be reduced further by the Proposed Capital Reduction.

10.3 Losses of the Group

(RMB'000)	Before the Proposed Disposal	After the Proposed Disposal	After the Proposed Disposal and the Proposed Capital Reduction
Loss attributable to Shareholders	(37,323)	(37,323)	(37,323)
Add: Effects of Proposed Disposal	-	5,410 ⁽³⁾	5,410
Less: Effect of Proposed Capital Reduction	-	-	-(4)
Resultant loss attributable to Shareholders	(37,323)	(31,913)	(31,913)
Loss per Share (RMB)	(0.80)	(0.68)	(0.68)

Notes:

3. The Group will record a loss on disposal of Yinguang Technology of RMB22.6 million and related estimated expenses of RMB1.1 million.
4. There is no material impact on earnings/losses arising from the Proposed Capital Reduction.

10.4 Gearing of the Group

(RMB'000)	Before the Proposed Disposal	After the Proposed Disposal	After the Proposed Disposal and the Proposed Capital Reduction
Total borrowings	58,000	-	-
Total assets	311,509	91,404 ⁽⁶⁾	5,654 ⁽⁷⁾
Gearing (times)⁽⁵⁾	0.19	-	-

Notes:

5. Gearing is determined based on total bank borrowings divided by total assets. Total bank borrowings are in relation to bank loans extended to Yinguang Technology. After the Proposed Disposal, the Group will have no bank borrowings.
6. Total assets exclude assets of Yinguang Technology but include Disposal Consideration following the Proposed Disposal.
7. Total assets are further reduced following the Proposed Capital Reduction.

10.5 Share Capital of the Company

(RMB'000)	Before the Proposed Disposal	After the Proposed Disposal	After the Proposed Disposal and the Proposed Capital Reduction
Paid-up share capital	116,849	116,849	31,099 ⁽⁸⁾
Number of issued Shares	46,800,000	46,800,000	46,800,000

Note:

8. Paid-up share capital will be reduced by the Proposed Capital Reduction, and there is no change in the number of issued Shares arising from the Proposed Disposal and Proposed Capital Reduction.

11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or Controlling Shareholders have any interest, direct or indirect, in the Proposed Disposal and Proposed Capital Reduction other than through their respective shareholdings in the Company (as the case may be).

12. EGM AND CIRCULAR TO SHAREHOLDERS

The Company will convene an EGM to seek the approval of the Shareholders for the Proposed Disposal and the Proposed Capital Reduction and a circular ("**Circular**") containing, *inter alia*, details thereof, together with the opinions and recommendations of the IFA and the Independent Directors in relation to the Proposed Disposal, and enclosing the notice of EGM in connection therewith, will be despatched to the Shareholders in due course.

13. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be available for inspection during normal business hours at the Company's registered office at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 for a period of three (3) months from the date of this announcement.

Shareholders who wish to inspect the aforementioned document at the registered office are required to send an email request to wlkwek@fabchemchina.com to make an appointment in advance. The inspection of documents will be arranged with each shareholder to limit the number of people who are present at the registered office at any one point in time and such arrangements will be subjected to the prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, Proposed Capital Reduction, Triple Vision, the Group and Yinguang Technology, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, 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.

15. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the SPA, Proposed Disposal and Proposed Capital Reduction as appropriate or when there are further developments. The Company will also make the required announcements under Rule 1018 of the Listing Rules as prescribed therein, as may be applicable if the Company becomes a cash company.

16. CAUTION IN TRADING

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 will proceed to completion, as the completion is subject to, *inter alia*, the fulfilment of all the Conditions Precedent in the SPA and in the event the Proposed Disposal does not take place, the Proposed Capital Reduction will also not take place. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements and the Circular by the Company carefully. 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.

Wee Phui Gam
Acting Chairman and Lead Independent Director
19 March 2021