

CIRCULAR DATED 14 JULY 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to this Circular or the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

This Circular is circulated to Shareholders (as defined herein) of Fabchem China Limited (the “**Company**”). The Notice of Extraordinary General Meeting and a proxy form are enclosed with this Circular.

If you have sold or transferred all your Shares (as defined herein) which are held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular, the accompanying Notice of Extraordinary General Meeting and proxy form to the purchaser or transferee, as CDP will arrange for a separate Circular and the accompanying documents to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not held through CDP, you should immediately forward this Circular, together with the accompanying Notice of Extraordinary General Meeting and proxy form to the purchaser, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any statements made or opinions expressed or reports contained in this Circular.



FABCHEM CHINA LIMITED

(Incorporated in the Republic of Singapore on 12 October 2004)
(Company Registration Number: 200413128G)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) **THE PROPOSED ACQUISITION OF THE PROPERTY (AS DEFINED HEREIN) BY SHANDONG YINGUANG TECHNOLOGY CO., LTD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, BEING A MAJOR TRANSACTION AND AN INTERESTED PERSON TRANSACTION**
- (2) **THE PROPOSED ADOPTION OF THE SHAREHOLDERS’ MANDATE FOR INTERESTED PERSON TRANSACTIONS**

Independent Financial Adviser to the Independent Directors of the Company in respect of the Proposed IPT Mandate



PROVENANCE CAPITAL

PROVENANCE CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200309056E)

IMPORTANT DATES AND TIMES

- Last date and time for lodgement of Proxy Form : 29 July 2017 at 10.30 a.m.
- Date and time of Extraordinary General Meeting : 31 July 2017 at 10.30 a.m. (or immediately after the conclusion of the Annual General Meeting scheduled at 9.30 a.m. on the same day and at the same place)
- Place of Extraordinary General Meeting : 2 Bukit Merah Central, Level 1 Drucker/Juran Boardroom, Singapore 159835

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:-

Companies, Organisations and Agencies

“CDP”	: The Central Depository (Pte) Limited
“Company”	: Fabchem China Limited
“Group”	: The Company and its subsidiary as at the Latest Practicable Date, namely Shandong Yinguang Technology Co., Ltd
“IFA”	: Provenance Capital Pte. Ltd., the independent financial adviser to the Independent Directors in respect of the Proposed IPT Mandate
“Hebei Yinguang”	: Hebei Yinguang Chemical Co., Ltd
“Mengyin Yinguang”	: Mengyin Xian Yinguang Minbao Qicai Co., Ltd
“Minbao Group”	: Collectively, Yinguang Minbao and Yinguang Commercial Explosives
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Valuer”	: AVA Associates Limited
“Vendor”	: Shandong Yinguang Tianhong Property Development Co., Ltd
“Wulian Hanyue”	: Wulian Hanyue Blasting Services Co., Ltd
“Yincheng Estate Management”	: Linyi Yincheng Estate Management Co., Ltd
“Yinguang Chemical Group”	: Shandong Yinguang Chemical Group Co., Ltd
“Yinguang Commercial Explosives”	: Shandong Yinguang Commercial Explosives Sales and Services Co., Ltd
“Yinguang Minbao”	: Shandong Yinguang Minbao Qicai Co., Ltd
“Yinguang Security”	: Shandong Yinguang Security Services Co., Ltd
“Yinguang Technology”	: Shandong Yinguang Technology Co., Ltd, the wholly-owned subsidiary of the Company

General

“Acquisition”	: The proposed acquisition of the Property pursuant to and subject to the terms and conditions of the Acquisition Term Sheet and subsequently to be superseded by the Agreement
“Acquisition Announcement”	: The announcement of the Company dated 12 June 2017 in relation to the Acquisition Term Sheet entered into between the Group and the Vendor
“Acquisition Parties”	: The parties to the Acquisition, being Yinguang Technology and the Vendor

“Acquisition Term Sheet”	: The conditional binding term sheet executed on 12 June 2017 which sets out the terms and conditions of the Acquisition, to be superseded by the Agreement
“AGM”	: The annual general meeting of the Company
“Agreement”	: The sale and purchase agreement to be entered into between the Vendor and Yinguang Technology in relation to the Acquisition
“AN Products”	: Explosive grade ammonium nitrate and its by-products
“Associate”	: This term shall have the same meaning as ascribed to it in the SGX-ST Listing Manual, as amended from time to time
“Audit Committee”	: The audit committee of the Company, consisting of Wee Phui Gam, Dr. Lim Seck Yeow and Tan Keng Keat, as at the date of this Circular
“Board”	: The board of Directors of the Company as at the date of this Circular
“Circular”	: This Circular to Shareholders dated 14 July 2017
“Companies Act”	: The Companies Act, Chapter 50 of Singapore, as amended, supplemented or modified from time to time
“Completion”	: The legal completion of the Acquisition in accordance with the terms of the Agreement
“Completion Date”	: The date of Completion, being 30 September 2017, or such other date as the parties to the Agreement may mutually agree in writing
“Conditions”	: The conditions precedent to the Completion pursuant to the Acquisition Term Sheet and as further described in Section 2.7.1(b) (<i>Conditions Precedent</i>) of this Circular
“Consideration”	: RMB32.87 million, payable by Yinguang Technology to the Vendor, to be satisfied in cash, in relation to the Acquisition
“Controlling Shareholder”	: A person who:- <ul style="list-style-type: none"> (i) holds, directly or indirectly, 15.0% or more of the nominal amount of all the voting shares in a company (provided that the SGX-ST may determine that a person who satisfies this definition is not a controlling shareholder); or (ii) in fact exercises control over a company
“Directors”	: The directors of the Company as at the date of this Circular
“EGM”	: The extraordinary general meeting of the Shareholders to be convened on 31 July 2017, notice of which is set out on pages 67 to 68 of this Circular
“FY”	: Financial year of the Company ended or ending 31 March

“IFA Letter”	: The letter dated 14 July 2017 issued by the IFA to the Independent Directors containing the advice of the IFA in respect of the Proposed IPT Mandate as reproduced in Appendix B to this Circular
“Independent Directors”	: The Directors of the Company who are deemed to be independent in respect of the Acquisition and the Proposed IPT Mandate, namely, Dr. Lim Seck Yeow, Wee Phui Gam, Prof. Jiang Rongguang and Tan Keng Keat
“Independent Shareholders”	: Shareholders other than Sun Bowen, Bao Hongwei and their Associates, who are each deemed to be interested in the Acquisition and the Proposed IPT Mandate for reasons set out in Sections 2.9.1 (<i>Details of the Interested Person</i>) and 4.5 (<i>Classes of Mandated Interested Persons</i>) of this Circular
“Initiation Systems Products”	: Collectively, explosive devices (boosters), industrial fuse and initiating explosive devices (detonating cords and non-electric tubes), and industrial detonators (piston non-electric detonators)
“Initiation Systems Products Sales”	: The Yinguang Commercial Explosives Sales, Wulian Hanyue Sales and sale of Initiation Systems Products to future Associates of Sun Bowen and Bao Hongwei (if any)
“IPT Announcement”	: The announcement of the Company dated 24 March 2017 in relation to interested person transactions entered into between the Group and each of Yinguang Security and Wulian Hanyue
“IPT Register”	: The register to be maintained by the Company to record all Mandated Transactions and as further described in Section 4.8.4(i) (<i>Register of Mandated Transactions</i>) of this Circular
“Latest Practicable Date”	: 7 July 2017, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	: The listing manual of the SGX-ST
“Long Stop Date”	: Three (3) months from 12 June 2017, being the date of the Acquisition Term Sheet, or such later date as the Acquisition Parties may agree in writing after the date of the Acquisition Term Sheet and as further described in Section 2.7.1(c) (<i>Long Stop Date</i>) of this Circular
“LPS”	: Loss per Share
“Mandated Interested Persons”	: The interested persons of the Company who fall within the Proposed IPT Mandate as set out in Section 4.5 (<i>Classes of Mandated Interested Persons</i>) of this Circular, which as at the date of this Circular, comprises Yinguang Security, Wulian Hanyue and Yinguang Commercial Explosives being the Associates of Sun Bowen and Bao Hongwei

For the avoidance of doubt, the Mandated Interested Persons will include present and future Associates (which may arise from time to time) of Sun Bowen and Bao Hongwei which are also involved in the Mandated Transactions.

“Mandated Transactions”	:	The categories of transactions with the Mandated Interested Persons which fall within the Proposed IPT Mandate, as set out in Section 4.6 (<i>Previous transactions with the Mandated Interested Persons</i>) and 4.7 (<i>Nature and Scope of the Mandated Transactions</i>) of this Circular, comprising the Initiation Systems Products Sales and Security Services Procurement
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Minbao Group IPT Mandate”	:	The general mandate of the Company approved by Shareholders at the FY2016 AGM to enable the Group to enter into certain interested person transactions with the classes of interested persons as set out in Appendix 2 to the notice of AGM for FY2016 to Shareholders dated 13 July 2016 and as further described in Section 4.1 (<i>Background Information</i>) of this Circular
“Notice of EGM”	:	The notice of the EGM as set out on pages 67 to 68 of this Circular
“NTA”	:	Net tangible assets
“PRC”	:	The People’s Republic of China, excluding Hong Kong Special Administrative Region and Macau Special Administrative Region for the purposes of this Circular
“Property”	:	The property to be acquired by Yinguang Technology from the Vendor, namely the 13 th , 14 th and 15 th storeys of Yinguang Fuyuan Plaza, comprising a total built-up area of 3,499.83 square metres, as well as 39 carpark lots, further details of which are set out in Section 2.2 (<i>Information on the Property</i>) of this Circular
“Proposed IPT Mandate”	:	The proposed Shareholders’ general mandate to be obtained by the Company at the EGM pursuant to Chapter 9 of the Listing Manual, details of which are set out in Section 4 (<i>The Proposed IPT Mandate</i>) of this Circular permitting the Group to enter into Mandated Transactions
“Refundable Deposit”	:	The refundable deposit of RMB6 million (S\$1,217,853.74 based on the exchange rate of S\$1:RMB4.93 on 27 March 2017) paid by Yinguang Technology to the Vendor on 27 March 2017, in relation to the Acquisition
“Security Services Procurement”	:	The procurement of Yinguang Security Services and security services from future Associates of Sun Bowen and Bao Hongwei (if any)
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, supplemented or modified from time to time
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the depositors whose direct securities accounts maintained with the CDP are credited with Shares
“Shares”	:	Ordinary shares in the share capital of the Company

“Substantial Shareholder”	: A person who has an interest in the Shares of which is not less than 5.0% of all the voting shares
“Threshold Limit”	: The threshold limit value for each Mandated Transaction of at least S\$100,000 and above but less than RMB1.0 million and as further described in Section 4.8.3 (<i>Approval Threshold Limits</i>) of this Circular
“Valuation Report”	: The valuation report dated 14 July 2017 issued by the Valuer to the Company as reproduced in Appendix A to this Circular
“Wulian Hanyue Sales”	: Sales of Initiation Systems Products from the Group to Wulian Hanyue, further details of which are set out in Section 4.6.2 (<i>Wulian Hanyue Sales</i>) of this Circular
“Yinguang Commercial Explosives Sales”	: Sales of Initiation Systems Products from the Group to Yinguang Commercial Explosives, further details of which are set out in Section 4.6.1 (<i>Yinguang Commercial Explosives Sales</i>) of this Circular
“Yinguang Security Services”	: Security services provided by Yinguang Security to the Group, further details of which are set out in Section 4.6.3 (<i>Yinguang Security Services</i>) of this Circular
“Yinguang Security Services Contract”	: The contract entered into between Yinguang Technology and Yinguang Security on 1 May 2014 and subsequently renewed on 1 May 2015, 1 May 2016 and 1 May 2017, in relation to the Yinguang Security Services

Currencies, Units of Measurements and Others

“RMB”	: Renminbi, the lawful currency of the PRC
“S\$” and “cents”	: Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
“%”	: Per centum or percentage

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA. The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act. The terms “**entity at risk**”, “**interested person**” and “**interested person transaction**” shall have the meanings ascribed to them in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, SFA or the Listing Manual or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act, SFA or the Listing Manual or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in percentages and tables included herein between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Any reference to “**you**”, “**your**” and “**yours**” in this Circular is, as the context so determines, to Shareholders.

The headings in this Circular are inserted for convenience only and shall not affect the construction of this Circular.

LETTER TO SHAREHOLDERS

FABCHEM CHINA LIMITED

(Incorporated in the Republic of Singapore on 12 October 2004)
(Company Registration Number: 200413128G)

Board of Directors:

Dr. Lim Seck Yeow	Non-Executive Chairman
Sun Bowen	Managing Director
Bao Hongwei	Executive Director / General Manager
Wee Phui Gam	Lead Independent Director
Professor Jiang Rongguang	Independent Director
Tan Keng Keat	Independent Director

Registered Office:

80 Robinson Road
#02-00
Singapore 068898

Date: 14 July 2017

To: The Shareholders of Fabchem China Limited

Dear Sir/Madam

- (1) **THE PROPOSED ACQUISITION OF THE PROPERTY (AS DEFINED HEREIN) BY SHANDONG YINGUANG TECHNOLOGY CO., LTD., A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, BEING A MAJOR TRANSACTION AND AN INTERESTED PERSON TRANSACTION**
- (2) **THE PROPOSED ADOPTION OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS**

1 INTRODUCTION

- 1.1 On 12 June 2017, the Board announced (the "**Acquisition Announcement**") that Yinguang Technology, a wholly-owned subsidiary of the Company, had on the same day entered into the Acquisition Term Sheet with the Vendor, pursuant to which Yinguang Technology had agreed on the principal terms to, subject to the satisfaction or waiver of the Conditions, acquire the Property for the Consideration of RMB32.87 million (the "**Acquisition**"). A copy of the Acquisition Announcement is available on the website of SGX-ST at www.sgx.com. The Company is required to seek approval from Shareholders for the Acquisition as it will constitute a major transaction under Chapter 10 of the Listing Rules and an interested person transaction under Chapter 9 of the Listing Rules.
- 1.2 On 24 March 2017, the Board announced (the "**IPT Announcement**") that the Group had entered into certain transactions with Yinguang Security and Wulian Hanyue, which constitute interested person transactions under Chapter 9 of the Listing Manual. The IPT Announcement further stated that the Company may in due course seek approval from Shareholders for future Yinguang Security Services and future Wulian Hanyue Sales. A copy of the IPT Announcement is available on the website of SGX-ST at www.sgx.com. Accordingly, the Company is seeking approval from Independent Shareholders for future Initiation Systems Products Sales and Security Services Procurement.
- 1.3 The purpose of this Circular is to provide Shareholders with the relevant information pertaining to (i) the Acquisition including, *amongst others*, the salient terms and conditions of the Acquisition, information on the Property, the rationale and the financial effects of the Acquisition; and (ii) the Proposed IPT Mandate in respect of the Mandated Transactions that the Group may enter into with the Mandated Interested Persons. The approval of the Independent Shareholders for the Acquisition and the Proposed IPT Mandate will be sought at the EGM.

- 1.4 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.

2 THE ACQUISITION

2.1 Background

- (i) As stated in the Acquisition Announcement, Yinguang Technology had on 12 June 2017 entered into the Acquisition Term Sheet with the Vendor, pursuant to which the Acquisition Parties had agreed upon the principal terms to the Acquisition.
- (ii) Yinguang Technology intends to subsequently enter into the Agreement with the Vendor, pursuant to which Yinguang Technology will, subject to the terms and conditions of the Agreement, acquire the Property for the Consideration.
- (iii) The Consideration for the Acquisition will be RMB32.87 million, to be satisfied fully in cash over several milestones, details of which are set out in Section 2.7.1(a) (*Consideration*) of this Circular.
- (iv) Yinguang Technology has already paid a refundable deposit of RMB6 million (S\$1,217,853,74 based on the exchange rate of S\$1:RMB4.93 on 27 March 2017) to the Vendor (the “**Refundable Deposit**”). This Refundable Deposit may be used to set-off part of the Consideration and shall be fully refunded by the Vendor to Yinguang Technology in the event that certain approvals in relation to the Acquisition are not obtained for any reason, including but not limited to the Group’s failure to obtain Shareholders’ approval. Further details of the Refundable Deposit and the Consideration are set out in Section 2.7.1(a) (*Consideration*) of this Circular.
- (v) The Acquisition will constitute an interested person transaction under Chapter 9 of the Listing Manual and a major transaction as set out under Rule 1014 of the Listing Manual as the relative figure under Rule 1006(c) of the Listing Manual exceeds 20%. As such, the Company will be seeking the approval of Independent Shareholders for, *amongst others*, the Acquisition at the EGM.

2.2 Information on the Property

The information in this section relating to the Property is based on information provided by and/or representations made by the Vendor. The Directors have not conducted independent review or verification of the statements and information below.

The Property comprises the 13th, 14th and 15th storeys of Yinguang Fuyuan Plaza and 39 carpark lots. Yinguang Fuyuan Plaza is a Grade A commercial and office building located in Fei County, at the junction of two (2) major highways in Linyi City, Fei County, Shandong Province, PRC. Accordingly, the Property benefits from a highly accessible location. Construction of Yinguang Fuyuan Plaza was completed on 31 December 2015. All regulatory approvals required for the completion of construction of Yinguang Fuyuan Plaza have been obtained.

Yinguang Fuyuan Plaza was developed and constructed by the Vendor. As at the Latest Practicable Date, approximately 57.3% of the total 157 units available for sale at Yinguang Fuyuan Plaza has been sold. The remaining approximately 67 units, which includes approximately 26 units for retail purposes, have yet to be sold.

Selling prices of the commercial office units at Yinguang Fuyuan Plaza are currently at an average of approximately RMB9,500 per square metre (based on gross floor area), and as at the Latest Practicable Date the latest transacted price in May 2017 was RMB8,800 per square metre (based on gross floor area). The Consideration arrived at between Yinguang Technology and the Vendor is based on RMB8,500 per square metre (based on gross floor area), being RMB1,000 per square metre less than the said current average selling price and RMB300 per square metre less than the latest transacted price. The Consideration of RMB32.87 million comprises approximately RMB29.75 million for the three storeys at Yinguang Fuyuan Plaza and approximately RMB3.12 million for the 39 carpark lots. The selling price of the said carpark lots is comparable to the prevailing transacted prices sold by the Vendor to other buyers.

Yinguang Fuyuan Plaza offers office spaces at a strategic location. Major tenants and occupants of Yinguang Fuyuan Plaza include Shandong Dayu, a certified public accounting firm (山东大宇会计师事务所), Rizhao Guomei Jianzhu Zhuangshi Co., Ltd (日照国美建筑装饰工程有限公司), a firm engaged in the business of design, renovation and construction, and Linyi Runda Reli Co., Ltd (临沂润达热力有限公司), a firm engaged in the business of heating system design. The area in which the Property is situated is also part of the local government's development plans and initiatives to further develop into the central business district of Fei County by the year 2020. Major local banks including the Agricultural Bank of China and China Minsheng Bank also currently have offices within the vicinity of Yinguang Fuyuan Plaza. As at the date of this Circular, the tenants and occupants are mostly undertaking fitting-out works and have yet to occupy the premises.

Yinguang Fuyuan Plaza is managed by Yincheng Estate Management, which is wholly-owned by the Vendor. Bao Hongwei, the Executive Director of the Company, is also a director of Yincheng Estate Management. Yincheng Estate Management was incorporated in June 2009 and currently manages more than 10 properties, including residential, retail and commercial buildings, in Fei County.

Further particulars of the Property are set out below:

Yinguang Fuyuan Plaza

Building description	:	An 18-storey office building comprising approximately 157 units with a one (1)-storey basement carpark comprising 143 carpark lots
Tenure	:	The land use rights expire on 5 June 2052
Land area	:	26,557 square metres
Gross floor area	:	41,670.86 square metres
Net lettable area	:	9,240.88 square metres

Location and Locality

Address	:	Intersection of Jianshe Road and G327, 100m North (建设路与327国道交汇, 路北100米), Fei County, Linyi, Shandong Province, PRC
Locality	:	Within the vicinity of the Property are predominantly high-end residences, a supermarket and the Qingdao University of Technology campus (Linyi campus); the Property will be at the heart of the future central business district of Fei County by the year 2020
Public transport	:	The Property is accessible along Jianshe Road and G327 and within close proximity of Fei County Railway Station which is expected to commence operations at the end of 2019

The Property

Office	:	13 th storey: lift lobby, 10 partitioned office rooms, storage area 14 th storey: lift lobby, 10 partitioned office rooms, storage area 15 th storey: lift lobby, 10 partitioned office rooms, storage area
Gross floor area	:	3,499.83 square metres (excluding 39 carpark lots)
Net lettable area	:	2,520.24 square metres

2.3 Rationale for the Acquisition

It is the Group's intention to acquire new premises to house the Group's corporate headquarters as the physical condition of the exterior walls and structures of the existing building in which the Group's corporate headquarters is currently situated is deteriorating due to wear and tear. The existing building in which the Group's corporate headquarters is currently situated is located at 129 Heping Road, Fei County, Linyi, Shandong Province, PRC, and has been leased from Yinguang Chemical Group for a term of 10 years commencing on 1 April 2013 on a rent-free basis. The abovementioned current corporate headquarters of the Group comprises a three (3)-storey building with a total floor area of approximately 2,760 square metres and is entirely occupied by the Group. In return for the said 10-year lease on a rent-free basis, the Group bore the costs of renovation and refitting of the interior of the building, to convert the building from the then production areas used by Yinguang Chemical Group to one suitable for administration and office use, such costs amounting to approximately RMB757,000. The said renovation and refitting works were completed in January 2014. Further details are set out in the Group's annual report for FY2015 and the Group's response to SGX's query on the annual report for FY2015 as announced on 21 July 2015. As a result of the wear and tear to the exterior walls and structures, the existing premises are gradually becoming unfit for use and occupation and in the near future may possibly give rise to workplace health and safety concerns. Yinguang Chemical Group intends to tear down the building once vacated by the Group. Pursuant to early termination of the aforesaid lease agreement, Yinguang Chemical Group will repay the Group the renovation costs on a pro rata basis as mutually agreed compensation for the said early termination.

As described above in Section 2.2 (*Information on the Property*), the Property is located in a strategic location with good transportation links, particularly as it is next to the G327 highway, which connects Fei County to other parts of the Shandong Province and Jiangsu Province. The Property will also be within close proximity of the Fei County Railway Station which is expected to commence operations at the end of 2019. Accordingly, the Property will allow greater accessibility for customers and suppliers of the Group to the corporate headquarters of the Group.

The Acquisition would also boost the fixed asset base of the Group, thereby enhancing the credibility and financial position of the Group from the perspective of its customers and business partners in the PRC.

In recent years, prices of office buildings in Fei County and Linyi City have risen. As described above in Section 2.2 (*Information on the Property*), as at the Latest Practicable Date, approximately 57.3% of the total 157 units available for sale at Yinguang Fuyuan Plaza has been sold. The Consideration was based on the lower rate of RMB8,500 per square metre, compared to the current average selling price of RMB9,500 per square metre and the latest transacted price of RMB8,800 per square metre. Under the Fei County Master Plan (2015-2030) 《费县县城总体规划 (2015-2030)》, through urban planning and further development, the local government also aims to strengthen the regional competitiveness of Fei County as a modern city⁽¹⁾. In February 2016, the local government had also announced its new focus and emphasis on, *amongst others*, promoting employment and entrepreneurship through encouragement of commercial activities and innovative entrepreneurs⁽²⁾. Accordingly, following the increase in the selling prices of commercial office units at Yinguang Fuyuan Plaza, coupled with the prime location of the Property within the central business district of Fei County to be developed by the year 2020, alongside the local government's further plans to stimulate the commercial environment, the Directors believe that the Acquisition provides an opportunity for the Group to acquire prime property at a reasonable cost.

Notes:

(1) <http://www.feixian.cc/news/local/3861861.html>

(2) <http://feixian.gov.cn/openness/detail/content/574550057f8b9a926aa66a27.html>

2.4 Valuation of the Property

The Company had commissioned the Valuer, AVA Associates Limited, to undertake an independent valuation of the Property to provide Shareholders with an opinion of the market value of the Property.

The Valuer is based in Hong Kong and Singapore and has been providing independent valuation services to clients in Asia since 2008. The Valuer currently has a team of eight (8) professionals provides transaction-based advisory services, primarily focusing on independent valuation services to assist its clients in complying with internal and external requirements, including those for public disclosure. Its valuation expertise covers all classifications of tangible and intangible assets, focusing on four (4) key competencies of business valuation, financial instrument valuation, intellectual property valuation and fixed asset valuation. The Valuer has previously undertaken valuation work for companies listed on the SGX-ST, including Aztech Group Ltd in December 2016 and TSH Corporation Limited in July 2016 as well as for our Company in our previous corporate actions. The Valuer was appointed by the Group for the Proposed Acquisition after taking into account its track record, credentials and the Group's past working relationship with the Valuer. The Group's Finance Manager in Singapore oversaw and was responsible for the appointment of the Valuer independently of any interested person.

Based on the valuation of the Property by the Valuer as at 30 April 2017, the value of the Property is RMB34,270,000. The said valuation was made on the Market Value (as defined below) basis. In arriving at their opinion, the Valuer had used the direct comparison approach, where sales and listings of similar properties in the vicinity and elsewhere were used as a guide to value, after relevant valuation adjustments were made for differences in, *amongst others*, location, land area, land tenure, and market conditions. The term "**Market Value**" means the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The said valuation was made on the basis of the Valuer's opinion of the current open market value, defined to mean the best price at which an interest in a property might reasonably be expected to be sold at the date of valuation, assuming, *amongst others*, a willing seller, willing buyer, that prior to the date of valuation, there had been a reasonable period for the proper marketing of the interest, for the negotiation and agreement of price and terms for the completion of the sale and that the price reflects that state of the market and other circumstances at the date of the valuation. The Valuation Report was prepared in accordance with the Valuation Standards and Guidelines published by the Royal Institution of Chartered Surveyors. The Royal Institution of Chartered Surveyors is a global professional body promoting and enforcing international standards in the valuation, management and development of land, real estate, construction and infrastructure⁽¹⁾. Please refer to the Valuation Report issued by the Valuer, a copy of which is reproduced in Appendix A of this Circular.

Note:

(1) <http://www.rics.org/sg/about-rics/who-and-what/>

2.5 Risk factors

2.5.1 Risk arising from the volatility of the PRC property market

The value of the Property is subject to the volatility of the PRC property market. In the event of negative sentiments in the property market, the Company may be required to make necessary provision on the value of the Property and such provisions may adversely affect the Group's profitability and financial position.

2.5.2 We are subject to applicable regulatory requirements and government policies in the PRC

To promote a stable and sustainable property market, the PRC government monitors the property market closely and adopts measures as and when it deems necessary. Whilst the Company does not expect any impending changes in policies relating to regulatory requirements, the PRC government may introduce new policies or amend or abolish existing policies at any time. Should the relevant authorities implement additional and/or more stringent requirements especially in respect of ownership of units in commercial buildings, we may have to incur additional expenses and devote extra time or efforts to comply with such changes.

2.5.3 *Acquisition Risks*

The Company has conducted a due diligence exercise with respect to the Property, spearheaded by Chen Hongyu, the Finance Manager (China Operations) of the Company, reporting directly to the Board. While there have been no adverse findings as at this date, there can be no assurance that the Property will not have defects or deficiencies requiring capital expenditure or repair expenses, or payment or other obligations to third parties, of which the Company may have to bear. In addition, there is no certainty that certain laws and regulations (including those in relation to real estate) have not been breached and certain regulatory requirements in relation to the Property have not been complied with prior to the Acquisition. As a result and in the event that the Company is unable to seek full indemnification from the Vendor for any reason, the Company may incur financial or other obligations in relation to such breaches or non-compliance.

2.6 **Information on the Acquisition Parties**

2.6.1 Yinguang Technology

Yinguang Technology is a wholly-owned subsidiary of the Company engaged principally in the business of manufacturing and selling Initiation Systems Products. Sun Bowen, the Managing Director and a Controlling Shareholder of the Company, and Bao Hongwei, the Executive Director of the Company, are also directors of Yinguang Technology.

2.6.2 Vendor

The information in this section relating to the Vendor is based on information provided by and/or representations made by the Vendor. The Directors have not conducted independent review or verification of the statements and information below.

The Vendor is Shandong Yinguang Tianhong Property Development Co., Ltd, a property development company incorporated in the PRC and is wholly-owned by Yinguang Chemical Group. The Vendor is also the developer of Yinguang Fuyuan Plaza.

Sun Bowen, the Managing Director and a Controlling Shareholder of the Company, holds an aggregate of 60.0% of the equity capital of Yinguang Chemical Group. Bao Hongwei, the Executive Director of the Company, holds an aggregate of 6.0% of the equity capital of Yinguang Chemical Group. Sun Qiang, the son of Sun Bowen and the sales and marketing manager of the Company, holds approximately 3.5% of the equity capital of Yinguang Chemical Group. The remaining 30.5% of the equity capital of Yinguang Chemical Group are held by other third parties who are not related to the Directors and Controlling Shareholders of the Company. These third parties are Yang Xingdong, Chen Hongyu, Wang Huaixia, Fan Zhihe, Bu Qingyou, Pan Youling, Li Xuehong, Sun Baicheng, Li Shanhua, Wang Hongying, Chen Shijiang, Bo Jianmei, Guo Shijing, Tian Jie, Yan Ruhong, Chen Yuechang, Wang Jianhua, Wang Longqing, Wang Xigui, Wang Jian, Yin Jihe, Liu Ping, Tan Guanglan, Wang Yujian, Shao Shitian, Han Xiuying, Wang Hongjiang, Tang Zhiqiang, Zhu Chaoxia, Guo Chaogui, Li Guangjun, Sun Xiaohui, Li Lili, Hong Lijuan, Yang Li, Wang Shenghan, Zhang Qingmei, Zhao Tidong, Cai Chunsheng and Han Zhenshan. Both Sun Bowen and Bao Hongwei are directors of Yinguang Chemical Group.

2.7 **Principal terms of the Acquisition**

Yinguang Technology had on 12 June 2017 entered into the Acquisition Term Sheet with the Vendor. The Acquisition Parties intend to subsequently enter into the Agreement which will be based on the model agreement provided by the Linyi City Administration for Industry and Commerce for the sale and purchase of real estate. The Agreement will, upon execution, supersede and replace the Acquisition Term Sheet in its entirety. The Agreement, will only be executed after the approval of Shareholders has been obtained. It is not in the interests of Yinguang Technology to execute the Agreement as the Acquisition Parties are expected to complete the Acquisition shortly after the execution of the Agreement in view of the limited conditions precedent provided therein. The key terms of the Agreement are materially similar to the Acquisition Term Sheet. Such key terms will not be changed upon the signing of the Agreement, save for the Conditions, which will have been largely fulfilled by the time of execution of the Agreement.

2.7.1 The following is a summary of the terms of Acquisition Term Sheet:

(a) Consideration

The Consideration for the Acquisition will be approximately RMB32.87 million, to be satisfied fully in cash over the following milestones:

- (i) 30% of the Consideration upon signing of the Agreement (less any payment that Yinguang Technology has made prior to the signing of the Agreement, including but not limited to the Refundable Deposit);
- (ii) 30% of the Consideration within 36 months after the signing of the Agreement; and
- (iii) the remaining 40% of the Consideration within 48 months after the signing of the Agreement.

Yinguang Technology had on 27 March 2017 made payment of the Refundable Deposit of RMB6 million (S\$1,217,853.74 based on the foreign exchange rate of S\$1:RMB4.93 on 27 March 2017) to the Vendor in return for an exclusive right to deal with the Vendor in respect of the Property for an exclusive period of up until 30 June 2017 (or such other date as the Acquisition Parties may mutually agree in writing). The Refundable Deposit was paid by Yinguang Technology to the Vendor, provided that the Refundable Deposit shall be immediately refunded in full to Yinguang Technology without demand upon the occurrence of any of the following events:

- (A) the approval of the board of directors of Yinguang Technology for the transactions contemplated in the Term Sheet not being obtained for any reason;
- (B) the requisite approval of the shareholders of Yinguang Technology and the Company at the extraordinary general meetings of such respective entities not being obtained for the Acquisition for any reason; or
- (C) if required, the approval of SGX-ST for the Acquisition not being obtained, or where such approval is obtained and is subject to conditions, such conditions not being reasonably acceptable to Yinguang Technology and the Company.

The Consideration was arrived at on a willing seller, willing buyer basis, taking into account the prevailing market rates of selling prices for commercial office units in the same building and in the vicinity. The selling price for commercial office units at Yinguang Fuyuan Plaza is an average of approximately RMB9,500 per square metre, being higher than the unit price the Consideration is based on. Further details of the prevailing market rates are set out in Section 2.2 (*Information on the Property*) of this Circular.

The Company intends to satisfy the Consideration using internal sources of funds.

(b) Conditions Precedent

Completion of the Acquisition shall be conditional upon, *amongst others*, the following conditions being satisfied on or before the Completion Date (the “**Conditions**”):

- (i) the approval of the board of directors of Yinguang Technology being obtained for the transactions contemplated hereunder;
- (ii) the requisite approval of the shareholders of Yinguang Technology and the Company at the extraordinary general meetings of such respective entities being obtained for the Acquisition;
- (iii) if required, the approval of the SGX-ST for the Acquisition being obtained, and if such approval is subject to conditions, such conditions being reasonably acceptable to Yinguang Technology and the Company;

- (iv) the execution of the Agreement before the Long Stop Date;
- (v) all ownership titles to the Property being transferred to or obtained by Yinguang Technology;
- (vi) completion of all relevant due diligence conducted by Yinguang Technology and its advisors in respect of the Property and Yinguang Technology being satisfied with the outcome of such due diligence at its sole discretion;
- (vii) the Vendor signing a handing over list for the Property; and
- (viii) the Vendor obtaining all relevant local regulatory and governmental approvals, permits and/or clearances for the sale and purchase of the Property and the completion of the Acquisition, and providing the necessary documentary evidence to Yinguang Technology.

(c) Long Stop Date

The Acquisition Parties agree that the Agreement shall be executed by no later than three (3) months from 12 June 2017, being the date of the Acquisition Term Sheet or such later date as the Acquisition Parties may agree in writing after the date of the Acquisition Term Sheet (the “**Long Stop Date**”).

(d) Costs and Expenses

Save that Yinguang Technology will bear all stamp duties payable in connection with the transfer of the Property, the Acquisition Parties will each bear their own legal, professional and other costs and expenses incurred by each of them in connection to the Term Sheet and Agreement.

(e) Vacant Possession

Upon Completion, the Vendor shall deliver vacant possession of the Property to Yinguang Technology. The Property shall be sold to Yinguang Technology, its nominees or sub-purchaser free from encumbrances.

(f) Termination

The Acquisition Term Sheet shall automatically lapse and terminate and cease to be in full force and effect on the earliest of the following dates:

- (i) the date on which the Agreement is executed; or
- (ii) the Long Stop Date, in the event that the Agreement is not executed for whatever reason,

and the Acquisition Parties shall not have any claims against one another.

2.7.2 In addition to the terms and conditions of the Acquisition Term Sheet, the principal terms of the Acquisition will also comprise the following terms of the Agreement to be executed:

(a) Completion

Completion shall take place by 30 September 2017 and the Vendor is to furnish receipt of approval from the relevant regulatory authorities, including but not limited to the Fei County Department of Housing and Urban Rural Development (费县住房和城乡建设局) and the Fei County Department of Housing and Property Management (费县房地产管理局). Such approvals include the Certificate of Final Acceptance (竣工工程验收备案证书) and Premises Permit (房产证) in relation to Yinguang Fuyuan Plaza.

(b) Tenure

Upon the signing of the Agreement, Yinguang Technology will obtain the right to use the Property until 5 June 2052, when the land use rights of the Vendor for the land on which Yinguang Fuyuan Plaza is built on expires. Subject to the laws prevailing and the condition of Yinguang Fuyuan Plaza at the time of expiry, an application to extend the land use rights of the Vendor may be made by the Vendor to the Land Management Bureau (土地管理局). In the event that the application is granted, Yinguang Technology's right to use the Property may also be extended accordingly, subject to further terms and conditions as may be agreed between the Acquisition Parties.

(c) Termination

- (i) The Vendor shall have the option to terminate the Agreement in the event that any payment to be made by Yinguang Technology to the Vendor is overdue; and
- (ii) Yinguang Technology shall have the option to terminate the Agreement in the event that there is late delivery of the Property to Yinguang Technology of more than 60 days after the date of Completion.

(d) Vendor's obligations

The Vendor shall, within 30 days of the date of signing of the Agreement, apply for a filing and registration of the Agreement with the relevant regulatory authorities.

(e) Vendor's guarantees and warranties

- (i) The Vendor guarantees that there will be no disputes as to rights over the Property. In event of such dispute, the Vendor shall bear all costs in relation to such dispute.
- (ii) In respect of building quality and repair and maintenance matters, the Vendor's warranties shall be in accordance with the Housing Quality Guarantee 《住宅质量保证书》 prescribed under PRC laws and all warranties and representations of the Housing Quality Guarantee shall form part of the Agreement.

2.8 The Proposed Acquisition as a Major Transaction

Chapter 10 of the Listing Manual governs the continuing listing obligations of a listed company in respect of acquisitions and realisations.

Based on the audited consolidated financial statements of the Group for FY2017, the relative figures in respect of the Acquisition computed on the bases set out in Rules 1006(a) to (e) of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value ⁽¹⁾	Not Applicable
(b)	Net profits attributable to the Property, compared with the Group's net profits	Not Applicable as the Property will be used by the Group for its corporate headquarters and no profits are attributable to the Property

Rule 1006	Bases	Relative Figures
(c)	The Consideration of RMB32.87 million, compared with the Company's market capitalisation of RMB35.62 million on 9 June 2017, being the last market day on which the Company's shares were traded preceding the date of the Acquisition Term Sheet, based on the total number of issued shares excluding treasury shares	92.3% ⁽²⁾
(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
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves (applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company)	Not Applicable

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) Based on the Consideration of RMB32.87 million and the Company's market capitalisation of RMB35.62 million. Under Rule 1002(5), "market capitalisation" is determined by multiplying the number of shares in issue by the volume weighted average price of such shares transacted on 9 June 2017, being the last market day the Shares were traded on the SGX-ST immediately preceding the date of the Acquisition Term Sheet. An exchange rate of S\$1.00:RMB4.91 on 9 June 2017 as extracted from Bloomberg was used.

Since the relative figure for Rule 1006(c) exceeds 20% in respect of the Acquisition, the Acquisition is regarded as a major transaction pursuant to Rule 1013 of the Listing Manual. Accordingly, the Acquisition is conditional upon the approval of Independent Shareholders of the Company at the EGM.

2.9 The Acquisition Being an Interested Person Transaction

2.9.1 Details of the Interested Person

The Vendor, Shandong Yinguang Tianhong Property Development Co., Ltd, is wholly-owned by Yinguang Chemical Group. Bao Hongwei, the Executive Director of the Company, is a director of the Vendor. As at the Latest Practicable Date, Sun Bowen, the Managing Director and a Controlling Shareholder of the Company, and Bao Hongwei, the Executive Director of the Company, holds an aggregate of 60.0% and 6.0% of the equity capital of Yinguang Chemical Group respectively. Sun Qiang, the son of Sun Bowen and the sales and marketing manager of the Company, holds approximately 3.5% of the equity capital of Yinguang Chemical Group. The remaining 30.5% of the equity capital of Yinguang Chemical Group are held by other third parties who are not related to the Directors and Controlling Shareholders of the Company, further details of which are set out in Section 2.6.2 (*Vendor*) of this Circular. Both Sun Bowen and Bao Hongwei are also directors of Yinguang Chemical Group.

Yincheng Estate Management, which manages the Property, is wholly-owned by the Vendor. Bao Hongwei is also a director of Yincheng Estate Management.

By virtue of Sun Bowen's and Bao Hongwei's shareholding in Yinguang Chemical Group, which in turn holds 100% of the Vendor, which in turn holds 100% of Yincheng Estate Management, the Vendor and Yincheng Estate Management are considered each an indirect associate of Sun Bowen and Bao Hongwei and are therefore deemed to be interested persons. Accordingly, transactions entered into between the Group and the Vendor and Yincheng Estate Management are deemed interested person transactions, and would be subject to Chapter 9 of the Listing Manual.

2.9.2 Chapter 9 of the Listing Manual

Under Chapter 9 of the Listing Manual, Shareholders' approval is required for an interested person transaction of a value equal to, or exceeding, 5.0% of the Group's latest audited NTA.

The value of the Acquisition (being the amount at risk to the Group) is approximately RMB32.87 million. There will also be annual property management fees payable to Yincheng Estate Management as property manager of Yinguang Fuyuan Plaza, pursuant to the Acquisition. The value of the property management fees will only be ascertained after execution of the Agreement, but the management of Yinguang Fuyuan Plaza has represented to the Group that such fees will be less than S\$100,000 per annum. In line with Rule 906 of the Listing Manual, transactions valued less than S\$100,000 do not have to be taken into account for the purposes of aggregation and as such, the abovementioned property management fees, being less than S\$100,000, do not have to be taken into account for the purposes of aggregation. The Group's latest audited NTA as at 31 March 2017 is RMB369,173,000. As the value of the Acquisition against the Group's latest audited NTA is 8.9%, which exceeds 5.0% of the Group's latest audited NTA, pursuant to Rule 906(1) of the Listing Manual, the approval of Independent Shareholders must be sought at the EGM.

Rule 921(4)(b)(ii) of the Listing Manual provides that an opinion from an independent financial adviser, stating whether an interested person transaction is on normal commercial terms and is prejudicial to the interests of the issuer and its minority shareholders, is not required for a transaction involving the purchase or sale of any real property where (a) the consideration for the purchase or sale is in cash, (b) an independent professional valuation has been obtained for the purpose of the purchase or sale of such property, and (c) the valuation of such property is disclosed in the circular. Instead, an opinion from the audit committee must be disclosed in the circular.

As the conditions of Rule 921(4)(b)(ii) of the Listing Manual are met with respect to the Acquisition, an independent financial adviser's opinion for the Acquisition is not required, and instead, the Audit Committee has, in its statement in Section 7 (*Statement of Audit Committee*) of this Circular, given its opinion that the Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

2.10 Total Value of All Interested Person Transactions

The current total of all transactions (excluding transactions which are less than S\$100,000, transactions conducted under the shareholders' mandate pursuant to Rule 920 and the Acquisition) with Sun Bowen and Bao Hongwei for the current financial year up to the Latest Practicable Date and the current total of all interested person transactions (excluding transactions which are less than S\$100,000, transactions conducted under the shareholders' mandate pursuant to Rule 920 and the Acquisition) entered into by the Group for the current financial year up to the Latest Practicable Date, are as follows:

Interested Person Transactions	Value (RMB'000)	As a percentage of the latest audited NTA of the Group as at 31 March 2017 of RMB 369,173,000 (%)
<i>Sun Bowen, Bao Hongwei and their Associates</i>		
Yinguang Security ⁽¹⁾ (Provision of security services)	6,500	1.76
Wulian Hanyue ⁽²⁾ (Sales of Initiation Systems Products)	5,060	1.37

Notes:

- (1) Yinguang Security is 100% held by Yinguang Chemical Group.
- (2) Wulian Hanyue is 83.0% held by Yinguang Chemical Group and 17.0% held by other third parties who are not related to the Directors and Controlling Shareholders of the Company, further details of which are set out in Section 4.5.2 (*Wulian Hanyue*) of this Circular.

Save as disclosed above, there are no other interested person transactions since the beginning of the current financial year up to the Latest Practicable Date.

2.11 Service Contracts

No directors will be appointed to the Board pursuant to or in connection with the Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

3 FINANCIAL EFFECTS OF THE ACQUISITION

The pro forma financial effects of the Acquisition on the Company are for illustrative purposes only and are not intended to reflect the actual future financial position of the Company following the Completion of the Acquisition. The pro forma financial effects in this Section are based on the audited consolidated financial statements of the Company for FY2017 and assuming that the Completion had been completed on 1 April 2016 for the purposes of the financial effect on the LPS and 31 March 2017 for the purposes of the financial effect on the NTA and gearing.

3.1 Share Capital

As at the Latest Practicable Date, the issued share capital of the Company is RMB 116,849,000 comprising 46,800,000 Shares. The Acquisition will have no impact on the issued and paid-up share capital of the Company.

3.2 NTA

The pro forma financial effects of the Acquisition on the NTA of the Group as at 31 March 2017, assuming that the Acquisition had been effected as at 31 March 2017 are as follows:-

	Before adjusting for the Acquisition	After adjusting for the Acquisition
NTA (RMB'000)	369,173	369,173
NTA per Share (RMB cents)	788.83	788.83

3.3 Loss Per Share ("LPS")

The pro forma financial effects of the Acquisition on the LPS from continuing operations of the Group for FY2017, assuming that the Acquisition had been effected as at 1 April 2016 are as follows:-

	Before Acquisition	After Acquisition
Net loss after tax from continuing operations (RMB '000)	(25,135)	(26,074)
Weighted average number of Shares ('000)	46,800	46,800
LPS from continuing operations (RMB cents)	(53.71)	(55.71)

3.4 Gearing

The pro forma financial effects of the Acquisition on the gearing of the Group for FY2017, assuming that the Acquisition had been effected as at 31 March 2017 are as follows:

	Before Acquisition	After Acquisition
Total debt (RMB '000)	59,650	59,650
Total assets (RMB '000)	500,936	500,936
Gearing	0.12	0.12

4 THE PROPOSED IPT MANDATE

4.1 Background information

At an extraordinary general meeting of the Company held on 25 July 2014, the Shareholders had granted an interested person transaction mandate (the “**Minbao Group IPT Mandate**”) to enable the Group to enter into transactions, in the ordinary course of business, with the Minbao Group, namely Yinguang Minbao and Yinguang Commercial Explosives for the sales of AN Products and Initiation Systems Products respectively. The Minbao Group IPT Mandate was subsequently renewed at the AGM of the Company for FY2015 and FY2016.

Following the disposal of Hebei Yinguang by the Company at an extraordinary general meeting of the Company held on 31 August 2016, the Group no longer produces AN Products and as such, sales of AN Products to Yinguang Minbao have ceased. The Group continues to sell Initiation Systems Products to Yinguang Commercial Explosives through Yinguang Technology. In addition, the Group also sells and supplies Initiation Systems Products to Wulian Hanyue and obtains security services from Yinguang Security, in the ordinary course of business of the Group.

In the aforesaid circumstances, the Company intends to seek a fresh mandate from Shareholders, details of which are as described below.

4.2 Chapter 9 of the Listing Manual

Pursuant to Rule 905(1) of the Listing Manual, a listed company will be required to make an immediate announcement of any interested person transaction of a value equal to, or exceeding, 3.0% of the group’s latest audited NTA, or if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3.0% or more of the group’s latest audited NTA, the listed company must make an immediate announcement of the latest transaction and all future transactions to be entered into with that same interested person during that financial year.

Pursuant to Rule 906(1) of the Listing Manual, a listed company will be required to obtain shareholders’ approval for any interested person transaction of a value equal to, or exceeding, 5.0% of the group’s latest audited NTA, or if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to more than 5.0% or more of the group’s latest audited NTA.

Chapter 9 of the Listing Manual allows a listed company to obtain a general mandate from shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations that may be carried out with the listed company’s interested persons. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of its day-to-day operations. A general mandate is also subject to annual renewal.

For illustration purposes, based on the audited consolidated financial statements of the Group for FY2017, the audited NTA of the Group was approximately RMB369,173,000. Accordingly, in relation to the Group and for the purposes of Chapter 9 of the Listing Rules for the current financial year, Shareholders’ approval is required where:

- (a) the interested person transaction is of a value equal to, or more than, approximately RMB18,459,000 being 5.0% of the Group’s latest audited NTA value of the Group; or
- (b) the interested person transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, approximately RMB18,459,000.

Rules 905 and 906 of the Listing Manual do not apply to any transaction which has a value below S\$100,000 with an interested person and therefore transactions below S\$100,000 need not be covered under the Proposed IPT Mandate.

4.3 Rationale for the Proposed IPT Mandate

It is envisaged that the Group will in its ordinary course of business enter or continue to enter into the Mandated Transactions with the Mandated Interested Persons. Such transactions are recurring transactions and are part of the day-to-day operations of the Group. Therefore they are likely to occur with some degree of frequency and could arise from time to time and as such, are time-sensitive. In view thereof and the need for smooth and efficient conduct of business, and to allow the Group to undertake such transactions in a more expeditious manner, the Directors are seeking approval of Independent Shareholders for the Proposed IPT Mandate, provided that such transactions are made on normal commercial terms, are in the interests of our Company and are not prejudicial to the interests of the Company and its minority Shareholders. The Proposed IPT Mandate, if approved by Shareholders, will enhance the Group's ability to pursue business opportunities, which may be time-sensitive and frequent in nature.

The nature and scope of the Mandated Transactions, as well as details of the Mandated Interested Persons, are detailed in Sections 4.5 (*Classes of Mandated Interested Persons*), 4.6 (*Previous transactions with the Mandated Interested Persons*) and 4.7 (*Nature and Scope of the Mandated Transactions*) below respectively.

4.4 Benefit to the Group

The Proposed IPT Mandate will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant entity in the Group into such Mandated Transactions (as described in Sections 4.6 (*Previous transactions with the Mandated Interested Persons*) and 4.7 (*Nature and Scope of the Mandated Transactions*) below). This will substantially reduce the expenses associated with the convening of general meetings (including the engagement of external advisers and preparation of documents) on an *ad hoc* basis, improve administrative efficiency and efficacy considerably, and allow manpower resources and time to be channeled towards attaining other business objectives available to the Company.

The Group will be able to maximize its business opportunities especially in transactions that are time-sensitive in nature, and the significant amount of administrative resources, time and expenses saved could be channelled towards attaining other corporate objectives. The Yinguang Commercial Explosive Sales and Wulian Hanyue Sales in particular are also an additional source of revenue stream for the Group which will help to bolster its market share within the industry, provided that such products and services are provided on normal commercial terms. Notwithstanding the above, Shareholders will be updated on the value of such Mandated Transactions through the Company's interim and full-year financial statements and in its annual report.

4.5 Classes of Mandated Interested Persons

The Proposed IPT Mandate will apply to Mandated Transactions which are carried out between the Group and the Mandated Interested Persons as described below:

4.5.1 Yinguang Commercial Explosives

- (i) As at the Latest Practicable Date, Sun Bowen, the Managing Director and a Controlling Shareholder of the Company, and Bao Hongwei, the Executive Director of the Company, hold an aggregate of 60.0% and 6.0% of the equity capital of Yinguang Chemical Group respectively. Sun Qiang, the son of Sun Bowen and the sales and marketing manager of the Company, holds approximately 3.5% of the equity capital of Yinguang Chemical Group. The remaining 30.5% of the equity capital of Yinguang Chemical Group are held by other third parties who are not related to the Directors and Controlling Shareholders of the Company. These third parties are Yang Xingdong, Chen Hongyu, Wang Huaixia, Fan Zhihe, Bu Qingyou, Pan Youling, Li Xuehong, Sun Baicheng, Li Shanhua, Wang Hongying, Chen Shijiang, Bo Jianmei, Guo Shijing, Tian Jie, Yan Ruhong, Chen Yuechang, Wang Jianhua, Wang Longqing, Wang Xigui, Wang Jian, Yin Jihe, Liu Ping, Tan Guanglan, Wang Yujian, Shao Shitian, Han Xiuying, Wang Hongjiang, Tang Zhiqiang, Zhu Chaoxia, Guo Chaogui, Li Guangjun, Sun Xiaohui, Li Lili, Hong Lijuan, Yang Li, Wang Shenghan, Zhang Qingmei, Zhao Tidong, Cai Chunsheng and Han Zhenshan. Both Sun Bowen and Bao Hongwei are also directors of Yinguang Chemical Group.

- (ii) Yinguang Chemical Group in turn holds 30.0% of the equity capital of Yinguang Minbao. The remaining 70.0% of the equity capital of Yinguang Minbao is held by a third party who is not related to the Directors and Controlling Shareholders of the Company. This third party is Baoli Jiulian Group Holdings Co., Ltd (保利久联控股集团有限责任公司). Sun Qiang is a non-executive director of Yinguang Minbao. Neither Sun Bowen nor Bao Hongwei is a director of Yinguang Minbao. Yinguang Chemical Group also holds 10.3% of the equity capital of Mengyin Yinguang. The remaining 89.7% of the equity capital of Mengyin Yinguang are held by other third parties who are not related to the Directors and Controlling Shareholders of the Company. These third parties are Wang Guohua, Wang Xuemei, Wang Ying, Wang Jilong, Ma Xiaopeng, Hu Chengli, Zhang Bin, Liu Jun, Zhang Debing, Ma Jixiang, Tian Fang, Gong Maojun, Zou Shikai, Wang Faju, Yu Wengang, Wang Xianai, Zhang Jinhong, Ren Guanwei, Wang Liqin, Xu Juan, Liu Changhua, Xue Nianfa, Wang Fengjuan, Yang Xia, Gong Guochun, Shi Yinghong, Gong Maofeng, Fang Lingyan, Zhang Hehua, Sun Jiping, Li Guifeng, Su Xiaohong, Zhang Jiaxue and Wang Xiangfa. Neither Sun Bowen, Bao Hongwei nor Sun Qiang is a director of Mengyin Yinguang.
- (iii) Yinguang Minbao in turn holds 97.6% and Mengyin Yinguang holds 2.4% of the equity capital of Yinguang Commercial Explosives. Neither Sun Bowen, Sun Qiang nor Bao Hongwei is a director of Yinguang Commercial Explosives.
- (iv) Pursuant to Chapter 9 of the Listing Manual, Yinguang Commercial Explosives is considered an indirect associate of Sun Bowen and Bao Hongwei and is therefore deemed to be an interested person. Accordingly, transactions entered into between the Group and Yinguang Commercial Explosives are deemed interested person transactions, and would be subject to Chapter 9 of the Listing Manual.

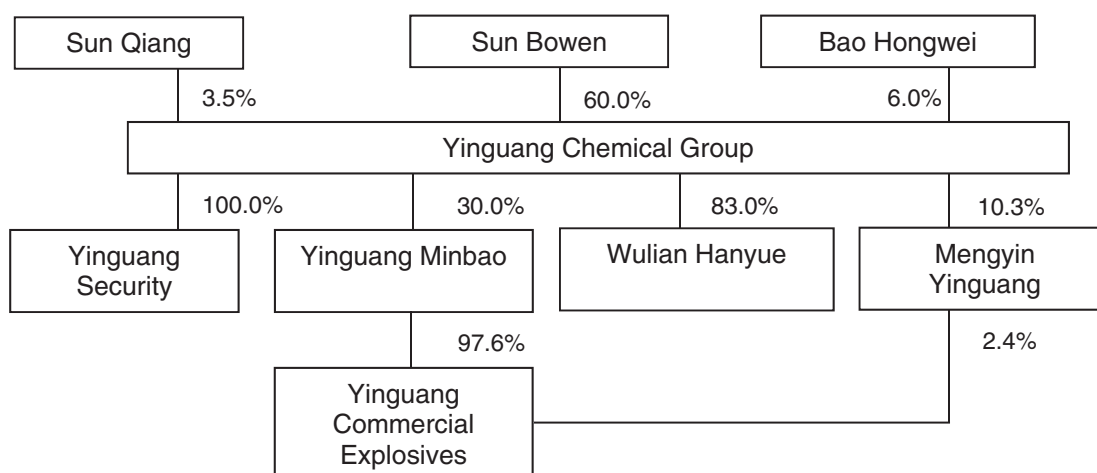
4.5.2 Wulian Hanyue

- (i) As described in Section 4.5.1(i) above, Sun Bowen, Bao Hongwei and Sun Qiang hold an aggregate of 60.0%, 6.0% and approximately 3.5% of the equity capital of Yinguang Chemical Group respectively.
- (ii) Yinguang Chemical Group in turn holds 83.0% of the equity capital of Wulian Hanyue. The remaining 17.0% of the equity capital of Wulian Hanyue are held by other third parties who are not related to the Directors and Controlling Shareholders of the Company. These third parties are Han Boxiang, Zhang Jian, Guan Xizeng, Zheng Yunyong, Guan Xifu, Chen Yongbing, Zhang Shanshuang, Chi Yubing, Xue Fen and Wang Haihong. Sun Bowen is a non-executive director of Wulian Hanyue. Neither Sun Qiang nor Bao Hongwei is a director of Wulian Hanyue.
- (iii) Pursuant to Chapter 9 of the Listing Manual, Wulian Hanyue is considered an indirect associate of Sun Bowen and Bao Hongwei and is therefore deemed to be an interested person. Accordingly, transactions entered into between the Group and Wulian Hanyue are deemed interested person transactions, and would be subject to Chapter 9 of the Listing Manual.

4.5.3 Yinguang Security

- (i) As described in Section 4.5.1(i) above, Sun Bowen, Bao Hongwei and Sun Qiang hold an aggregate of 60.0%, 6.0% and approximately 3.5% of the equity capital of Yinguang Chemical Group respectively.
- (ii) Yinguang Chemical Group in turn holds 100.0% of the equity capital of Yinguang Security. Bao Hongwei is a non-executive director of Yinguang Security. Neither Sun Bowen nor Sun Qiang is a director of Yinguang Security.
- (iii) Pursuant to Chapter 9 of the Listing Manual, Yinguang Security is considered an indirect associate of Sun Bowen and Bao Hongwei and is therefore deemed to be an interested person. Accordingly, transactions entered into between the Group and Yinguang Security are deemed interested person transactions, and would be subject to Chapter 9 of the Listing Manual.

4.5.4 A diagrammatic representation of the Mandated Interested Persons described above is set out below:



For the avoidance of doubt, the Proposed IPT Mandate will apply to the Mandated Interested Persons which will include present and/or future Associates (which may arise from time to time) of Sun Bowen and Bao Hongwei which are involved in the Mandated Transactions. Accordingly, if Sun Bowen and Bao Hongwei acquire any Associates in the future and such Associates engage in the Mandated Transactions, the Proposed IPT Mandate will apply to (and a separate shareholder approval will not be required for) such future Associates and its Mandated Transaction with the Group, subject to the annual renewal of the Proposed IPT Mandate at an AGM.

4.6 Previous transactions with the Mandated Interested Persons

4.6.1 Yinguang Commercial Explosives Sales

Yinguang Commercial Explosives is principally engaged in the trading of commercial explosives products, including but not limited to Initiation Systems Products.

Through Yinguang Technology, the Group sells Initiation Systems Products to Yinguang Commercial Explosives (the “**Yinguang Commercial Explosives Sales**”).

The Yinguang Commercial Explosives Sales commenced in FY2009. The following table sets out the total value of transactions with Yinguang Commercial Explosives for FY2017 and for the period from 1 April 2017 to the Latest Practicable Date:

FY2017	Value of Transactions with Yinguang Commercial Explosives (RMB '000)	As a percentage of the latest audited NTA of the Group as at 31 March 2017 of RMB369,173,000 (%)
All transactions including transactions below S\$100,000 each	2,008	0.54
All transactions each of a value of S\$100,000 and above	–	–

1 April 2017 to the Latest Practicable Date	Value of Transactions with Yinguang Commercial Explosives (RMB '000)	As a percentage of the latest audited NTA of the Group as at 31 March 2017 of RMB369,173,000 (%)
All transactions including transactions below S\$100,000 each	406	0.11
All transactions each of a value of S\$100,000 and above	–	–

4.6.2 Wulian Hanyue Sales

Wulian Hanyue is principally engaged in the business of trading commercial explosives products, including but not limited to Initiation System Products.

Through Yinguang Technology, the Group sells Initiation Systems Products to Wulian Hanyue (the “**Wulian Hanyue Sales**”).

The Wulian Hanyue Sales commenced in FY2017. The following table sets out the total value of transactions with Wulian Hanyue for FY2017 and for the period from 1 April 2017 to the Latest Practicable Date:

FY2017	Value (RMB '000)	As a percentage of the latest audited NTA of the Group as at 31 March 2017 of RMB369,173,000 (%)
All transactions including transactions below S\$100,000 each	–	–
All transactions each of a value of S\$100,000 and above	6,427	1.74
1 April 2017 to the Latest Practicable Date	Value (RMB '000)	As a percentage of the latest audited NTA of the Group as at 31 March 2017 of RMB369,173,000 (%)
All transactions including transactions below S\$100,000 each	–	–
All transactions each of a value of S\$100,000 and above	5,060	1.37

4.6.3 Yinguang Security Services

Yinguang Security is principally engaged in the provision of specialised security services and provides such services to Yinguang Technology through the provision of its personnel for Yinguang Technology’s manufacturing facilities, office area and during the transportation of commercial explosives (the “**Yinguang Security Services**”).

Through Yinguang Technology, Yinguang Security supplies the Yinguang Security Services to the Group.

The Yinguang Security Services had commenced on 1 May 2014. The Yinguang Security Services is provided to the Group through a contract (the “**Yinguang Security Services Contract**”) that is subject to renewal on a yearly basis. The Yinguang Security Services Contract had been subsequently renewed by the Group on 1 May 2015 and 1 May 2016. The Group had on 1 May 2017 renewed the Yinguang Security Services Contract on the same terms. The following table sets out the total value of transactions with Yinguang Security for FY2017 and for the period from 1 April 2017 to the Latest Practicable Date:

FY2017	Value of Transactions with Yinguang Security (RMB '000)	As a percentage of the latest audited NTA of the Group as at 31 March 2017 of RMB369,173,000 (%)
All transactions including transactions below S\$100,000 each	–	–
All transactions each of a value of S\$100,000 and above	6,500	1.76
1 April 2017 to the Latest Practicable Date	Value of Transactions with Yinguang Security (RMB '000)	As a percentage of the latest audited NTA of the Group as at 31 March 2017 of RMB369,173,000 (%)
All transactions including transactions below S\$100,000 each	–	–
All transactions each of a value of S\$100,000 and above	6,500	1.76

4.7 Nature and Scope of the Mandated Transactions

The Group wishes to obtain Shareholders’ approval for the Proposed IPT Mandate, under which the Group may enter into recurrent transactions of a trading nature or those necessary for its day-to-day operations with the Mandated Interested Persons in respect of the following:

- (a) Initiation Systems Products Sales; and
- (b) Security Services Procurement,

to and from the Mandated Interested Persons, as the case may be.

4.8 Guidelines and Review Procedures for Mandated Transactions

4.8.1 Review Procedures for the Initiation Systems Products Sales

Having regard to the nature of the Initiation Systems Products Sales, and the criteria in establishing the review procedures which is to ensure that such transactions are conducted on normal commercial terms, are in the interests of the Company and are not prejudicial to the interests of the Company and the minority Shareholders, the following review procedures will be implemented:

- (i) the sales personnel and/or general manager will submit the recommendation to undertake the transaction for approval to the head of finance (PRC operations) and a Director, both of whom have no interest, directly or indirectly, in the transaction (collectively, the “**Review Team**”), and the sales personnel and/or general manager will obtain the selling prices and terms of at least two (2) other successful sales of similar nature by the Group to unrelated third parties, contemporaneous in time, as a basis for comparison for the Review Team. The selling prices quoted to the Mandated Interested Person or submitted by the Group to them at their bidding exercises (as the case may be) shall not be lower than the lowest selling price of similar transactions with the unrelated third parties;

- (ii) the Initiation Systems Products Sales shall be on pricing and terms which are no more favourable to the Mandated Interested Persons than the usual commercial terms and prevailing market rates extended to unrelated third parties, after taking into account the relevant factors such as, but not limited to, the nature of the product, delivery schedules, order quantity, foreign exchange rates, customer requirements and specifications, duration of contract, preferential rates, discounts or rebates for bulk purchases and costs for freight;
- (iii) where it is impossible or impractical to obtain the terms of other similar transactions with unrelated third parties or publicly quoted prices, to compare against the terms of the Initiation Systems Products Sale, the Review Team will determine the transaction pricing in accordance with our Group's usual business practices and pricing policies (including our profit margin policies) for the same or substantially similar type of products sold to unrelated third parties or in accordance with industry norms, as the case may be. In determining the transaction prices, factors such as, but not limited to, the nature of the product, delivery schedules, order quantity, foreign exchange rates, customer requirements and specifications, duration of contract, availability of preferential rates, discounts or rebates for bulk purchases and cost of freight will be taken into account; and
- (iv) the Group will not proceed with any transaction with the Mandated Interested Person if it results in a gross loss (i.e. after deducting costs of sales) to the Group.

4.8.2 Review Procedures for the Security Services Procurement

Having regard to the nature of the Security Services Procurement, and the criteria in establishing the review procedures which is to ensure that such renewals of the Yinguang Security Services Contract are conducted on normal commercial terms, are in the interests of the Company and are not prejudicial to the interests of the Company and the minority Shareholders, the following review procedures will be implemented:

- (i) the head of safety department and/or general manager will submit the recommendation to renew the Yinguang Security Services Contract for approval to the Review Team, and the head of safety department and/or general manager shall obtain at least two (2) quotations from unrelated third parties, or failing which, obtain the terms of two (2) contracts entered into by the Mandated Interested Person with unrelated third parties, contemporaneous in time, as a basis for comparison for the Review Team. The fee payable by the Group for the duration of the Yinguang Security Services Contract shall not be higher than the most favourable price or fees of the two (2) other quotations obtained from unrelated third parties or the terms of two (2) other contracts entered into by the Mandated Interested Person with unrelated third parties;
- (ii) the Security Services Procurement shall be on pricing and terms which are no more favourable to the Mandated Interested Person than the usual commercial terms and prevailing market rates extended by unrelated third parties to the Group or in event of failure to obtain such quotations, the terms of the contracts entered into by the Mandated Interested Person with unrelated third parties, after taking into account factors such as, but not limited to, track record, previous working experience, requirements and specifications of the Group, duration of contract, and availability of preferential rates, discounts or rebates for longer contractual periods; and
- (iii) where it is impossible or impractical to obtain comparable prices of contemporaneous transactions of similar services to compare against the terms of the Security Services Procurement due to the nature of the services to be obtained from the Mandated Interested Person, the Review Team will (i) take such necessary steps to determine that the terms provided by the Mandated Interested Person are fair and reasonable, including the estimated cost of employing security guards on a full-time basis for the contracted period and (ii) evaluate and weigh the benefits of and rationale for transacting with the Mandated Interested Person, taking into account factors such as but not limited to, track record, previous working experience, requirements and specifications of the Group, duration of contract, preferential rates, discounts or rebates for longer contractual periods.

4.8.3 Approval Threshold Limits

In addition to the review procedures, before entering into the Mandated Transactions, each of the Mandated Transactions will be subject to review and pre-approval by the relevant authorities according to the value of the Mandated Transaction as set out in the approval matrix below:

Approval Threshold Limits		
	Value of each Mandated Transaction	Approving Authorities <i>(each having no interest, direct or indirect, in the Mandated Transaction)</i>
1.	At least S\$100,000 ⁽¹⁾ and above but less than RMB1.0 million (" Threshold Limit ")	A Director and the head of finance (PRC operations)
2.	Equal to or exceeding the Threshold Limit	Majority of the Audit Committee

Note:

- (1) Which is equivalent to RMB492,000 based on the foreign exchange rate of S\$1:RMB4.92 on 7 July 2017 as extracted from Bloomberg.

The above approval matrix proposed for the Proposed IPT Mandate is similar to the Minbao Group IPT Mandate. The Threshold Limit of RMB1.0 million (approximately S\$203,252.03 based on the foreign exchange rate of S\$1:RMB4.92 on 7 July 2017 as extracted from Bloomberg) for each Mandated Transaction which requires the approval of the Audit Committee is regarded as reasonable by the Independent Directors based on, *amongst others*, the anticipated value, volume, size and frequency of the Mandated Transactions that the Group may enter into with the Mandated Interested Persons. The Threshold Limit is arrived at with the view to strike a balance between maximizing the operational efficiency of the day-to-day operations of the Group, and maintaining adequate internal controls and governance in relation to the Mandated Transactions.

In addition, the above review includes the examination of the Mandated Transactions and its supporting documents or such data deemed necessary by the Director or the Audit Committee, as referred to in the above approval matrix. The finance manager will prepare the relevant information to assist the Director or the Audit Committee in its review. The Director or the Audit Committee may, if it deems fit, have the right to require the appointment of independent advisers and/or valuers from external or professional sources to provide additional information or review of controls and its implementation pertaining to the Mandated Transactions under review.

In the event that a Director or member of the Audit Committee (where applicable) is interested (directly or indirectly) in any Mandated Transaction, he will abstain from reviewing that particular transaction to ensure that the Mandated Transaction will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. Approval of that transaction will accordingly be undertaken by the remaining Directors or members of the Audit Committee.

Pursuant to Chapter 9 of the Listing Manual, Mandated Transactions that are below S\$100,000 each will not be subject to the review procedures set out in this Section 4.8 (*Guidelines and Review Procedures for Mandated Transactions*).

4.8.4 Additional Review Procedures

Apart from the guidelines and review procedures as set out in Sections 4.8.1 (*Review Procedures for the Initiation Systems Products Sales*), 4.8.2 (*Review Procedures for the Security Services Procurement*) and 4.8.3 (*Approval Threshold Limits*) above, the Company will also implement and adhere to the following additional guidelines and review procedures:

(i) **Register of Mandated Transactions**

Each Mandated Transaction will be properly documented and the Company will maintain a register of all such Mandated Transactions entered into with the Mandated Interested Persons (the "**IPT Register**"). The basis for entering into the Mandated Transactions, including the quotations or terms of contracts obtained (if any), as the case may be, to

support such basis on which they were entered into, will also be recorded in the IPT Register. The head of finance (PRC operations) and his assistant, not having any interest, direct or indirect in the Mandated Transactions, will ensure that the IPT Register is properly updated.

The IPT Register will also record any transactions with the Mandated Interested Person that is below S\$100,000 in value, even though such transactions are not covered under the Proposed IPT Mandate.

(ii) Review by Audit Committee

Our Audit Committee will periodically, at least on a quarterly basis, review the IPT Register to (a) ensure that the Mandated Transactions are carried out on normal commercial terms and in accordance with the guidelines and review procedures under the Proposed IPT Mandate; and (ii) determine if such guidelines and review procedures continue to be adequate and/or commercially practicable in ensuring that the Mandated Transactions are conducted on normal commercial terms, are in the interest of our Company and are not prejudicial to the interests of our Company and our minority Shareholders.

If, during these reviews, the Audit Committee is of the view that the guidelines and review procedures have become inappropriate and/or insufficient to meet such objectives, the Company will seek a fresh mandate from Shareholders based on new guidelines and review procedures for transactions with the Mandated Interested Persons. During the period prior to obtaining a fresh mandate from Shareholders, all Mandated Transactions will be subject to prior review and approval by the Audit Committee.

(iii) Review by Internal Auditors

The Group shall incorporate into its internal audit plan a review by the internal auditors on a quarterly basis for all Mandated Transactions entered into by the Group pursuant to the Proposed IPT Mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions have been adhered to. The review report by the internal auditors on the Mandated Transactions will be forwarded to the Audit Committee.

(iv) Review by External Auditors

As part of the Group's annual audit, external auditors of the Company will review the Mandated Transactions on a sampling basis. The external auditors will report to the Audit Committee in the event of any non-compliance based on the audit sample.

(v) Review by Directors

Our Board will ensure that all disclosure, approval and other requirements on the Mandated Transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

4.9 Validity Period of the Proposed IPT Mandate

The Proposed IPT Mandate is subject to Independent Shareholders' approval at the EGM. If approved by Independent Shareholders at the EGM, the Proposed IPT Mandate will take effect from the passing of the resolution in respect of the Proposed IPT Mandate, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM. Approval from Independent Shareholders will be sought for the renewal of the Proposed IPT Mandate at the next AGM and at each subsequent AGM, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the Mandated Interested Persons.

4.10 Disclosure in the Annual Report

The Company will announce the aggregate value of transactions conducted with the Mandated Interested Persons pursuant to the Proposed IPT Mandate for the relevant financial periods which it is required to report on pursuant to Rule 705 of the Listing Manual and within the time required for the announcement of such reports in accordance with Rule 920(1)(a)(ii) of the Listing Manual.

Disclosure will also be made in the annual report of the Company of the aggregate value of the Mandated Transactions pursuant to the Proposed IPT Mandate during the relevant financial period and in the annual reports for the subsequent financial years during which the Proposed IPT Mandate is in force, in the following format as stipulated under Rule 907 of the Listing Manual:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
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5 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for Sun Bowen's and Bao Hongwei's interest in the Acquisition and the Proposed IPT Mandate, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Acquisition and/or the Proposed IPT Mandate other than through their respective shareholdings in the Company.

As at the Latest Practicable Date, the interests of Directors and Substantial Shareholders in the issued and paid-up share capital of the Company as recorded in the Register of Directors' shareholdings and Register of Substantial Shareholders' shareholdings are as follows:

Name of Director/ Substantial Shareholder	Direct interest		Deemed interest	
	No. of Shares	%	No. of Shares	%
Directors				
Sun Bowen ⁽¹⁾	–	–	15,140,000	32.35
Bao Hongwei ⁽²⁾	957,600	2.05	1,720,800	3.68
Dr Lim Seck Yeow ⁽³⁾	–	–	3,666,800	7.84
Substantial Shareholders				
Fortsmith Investments Limited	15,140,000	32.35	–	–
DNX Australia Pty Limited	13,993,200	29.90	–	–
Fivestar Limited	3,666,800	7.84	–	–
Sun Bowen	–	–	15,140,000	32.35
Bao Hongwei ⁽²⁾	957,600	2.05	1,720,800	3.68
Dr. Lim Seck Yeow	–	–	3,666,800	7.84
Tan Geok Bee ⁽⁴⁾	846,200	1.81	3,666,800	7.84

Notes:

- (1) Sun Bowen is deemed to be interested in the shares held by Fortsmith Investments Limited by virtue of Section 7 of the Companies Act.
- (2) Bao Hongwei is deemed to be interested in the shares held by Lombard Inc. by virtue of Section 7 of the Companies Act.
- (3) Dr. Lim Seck Yeow is deemed to be interested in the shares held by Fivestar Limited by virtue of Section 7 of the Companies Act.
- (4) Tan Geok Bee is deemed to be interested in the shares held by Fivestar Limited by virtue of Section 7 of the Companies Act.

6 **ADVICE FROM THE IFA**

Pursuant to Rule 920(1)(b) of the Listing Manual, Provenance Capital Pte. Ltd. has been appointed as the IFA to the Independent Directors to opine on whether the guidelines and review procedures for determining the terms of the Proposed IPT Mandate, if adhered to, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Taking into consideration, *amongst others*, (i) the rationale for the Proposed IPT Mandate and the benefit to the Group; (ii) the classes of Mandated Interested Persons; (iii) the nature and scope of the Mandated Transactions; and (iv) the guidelines and review procedures for the Mandated Transactions (including the additional guidelines and review procedures), as well as the information available to the IFA as at the Latest Practicable Date, the IFA is of the opinion that the guidelines and review procedures for determining the terms of the Mandated Transactions under the Proposed IPT Mandate as set out in Section 4.8 (*Guidelines and Review Procedures for Mandated Transactions*) of this Circular, if adhered to, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

A copy of the IFA Letter setting out its advice in full, is reproduced in Appendix B of this Circular.

Shareholders are advised to read the IFA Letter in its entirety and to consider it in the context of this Circular.

7 **STATEMENT OF AUDIT COMMITTEE**

The Audit Committee has reviewed, *amongst others*, the proposed terms, rationale and benefits of the Acquisition, and is of the opinion that the financial terms of the Acquisition are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The Audit Committee has reviewed the guidelines and review procedures proposed by the Company for determining the terms of the Mandated Transactions and having also considered, *amongst others*, the terms, rationale and benefits of the Proposed IPT Mandate, is satisfied that the guidelines and review procedures for the Mandated Transactions, as well as the quarterly reviews to be made by the Audit Committee in relation thereto, are sufficient to ensure that the recurrent Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The Audit Committee has not taken a different view from the IFA's opinion as set out in Sections 6 (*Advice from the IFA*) above and in the IFA Letter.

8 **INDEPENDENT DIRECTORS' RECOMMENDATION**

As described in Sections 2.9.1 (*Details of the Interested Person*) and 4.5 (*Classes of Mandated Interested Persons*) above, due to the interests of Yinguang Chemical Group in the Vendor, Yinguang Commercial Explosives, Wulian Hanyue and Yinguang Security, and as the Company's Controlling Shareholder and Managing Director Sun Bowen and the Company's Executive Director Bao Hongwei hold an aggregate of 60.0% and 6.0% in the equity capital of Yinguang Chemical Group, both Sun Bowen and Bao Hongwei are deemed to be interested persons with respect to the Acquisition and the Proposed IPT Mandate, and have abstained from making any recommendations to Shareholders in respect of the Acquisition and the Proposed IPT Mandate.

The Independent Directors having considered, *amongst others*, the proposed terms of the Acquisition as set out in Section 2.7 (*Principal terms of the Acquisition*) of this Circular, and the rationale of the Acquisition as set out in Section 2.3 (*Rationale for the Acquisition*) of this Circular, are of the view that the Acquisition is in the best interests of the Company and recommend that Independent Shareholders vote in favour of the resolution in relation to the Acquisition (set out in the Notice of EGM set out on pages 67 to 68 of this Circular) to be proposed at the EGM.

The Independent Directors having considered, *amongst others*, the rationale for and benefits of the Proposed IPT Mandate as set out in Sections 4.3 (*Rationale for the Proposed IPT Mandate*) and 4.4 (*Benefit to the Group*), the statement of the Audit Committee as set out in Section 7 (*Statement of Audit Committee*) and the advice of the IFA in the IFA Letter, are of the opinion that the Proposed IPT Mandate are in the best interests of the Company and recommend that Independent Shareholders vote in favour of the resolution in relation to the Proposed IPT Mandate (set out in the Notice of EGM on pages 67 to 68 of this Circular) to be proposed at the EGM.

In giving the above recommendations, the Independent Directors have not taken into consideration the specific objectives, financial situation or unique needs and constraints of each Independent Shareholder. **The Independent Directors recommend that any Independent Shareholder who has doubt as to the action he should take should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.**

9 ABSTENTIONS

In accordance with Rules 919 and 921(7) of the Listing Manual, Sun Bowen and Bao Hongwei, each holding an aggregate shareholding interest of 32.35% and an aggregate shareholding interest of 5.73% in the Company respectively as at the Latest Practicable Date as set out in Section 5 (*Interests of Directors and Substantial Shareholders*) above, and being interested persons as described in Sections 2.9.1 (*Details of the Interested Person*) and 4.5 (*Classes of Mandated Interested Persons*) above, will abstain, and have undertaken to ensure that their Associates will abstain, from voting on the resolutions approving the Acquisition and the Proposed IPT Mandate.

Further, Sun Bowen and Bao Hongwei undertake to decline, and shall ensure that their Associates shall decline, to accept appointment as proxies to vote at and attend the forthcoming EGM in respect of the resolutions relating to the Acquisition and the Proposed IPT Mandate, unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast at the EGM.

10 DIRECTORS' AND VENDOR'S RESPONSIBILITY STATEMENTS

The Directors collectively and individually accept responsibility for this Circular and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate in all material respects as at the Latest Practicable Date and that there are no material facts the omission of which would make any statement in this Circular misleading in any material respect.

Where any information has been extracted from published or otherwise publicly available sources (including, without limitation, information relating to the Property), the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular.

The Vendor accepts full responsibility for the accuracy of the information given in this Circular in respect of the Property and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular in respect of the Property are accurate and fair in all material respects as at the date hereof, and that there are no material facts the omission of which would make this Circular misleading.

11 THE EGM

The EGM, notice of which is set out on pages 67 to 68 of this Circular, will be held on 31 July 2017 at 10.30 a.m. at 2 Bukit Merah Central, Level 1 Drucker/Juran Boardroom, Singapore 159835 (or immediately after the conclusion of the Annual General Meeting scheduled at 9.30 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without any modifications, the resolutions as set out in the Notice of EGM.

12 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf may complete, sign and return the proxy form attached to the Notice of EGM in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898 not later than 10.30 a.m. on 29 July 2017. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM, if he wishes do so, in place of his proxy. A proxy need not be a Shareholder.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by CDP, at least 72 hours before the EGM.

13 CONSENTS

The Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of and all references to its name and the Valuation Report set out in Appendix A of this Circular and all references thereto in the form and context in which it appears in this Circular.

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of and all references to its name and the IFA Letter set out in Appendix B of this Circular and all references thereto in the form and context in which it appears in this Circular.

14 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be inspected at the registered office of the Company during normal office hours from the date hereof up to for a period of three (3) months from the date of this Circular:

- (a) the constitution of the Company;
- (b) the Annual Report of the Company for FY2017;
- (c) the Acquisition Term Sheet;
- (d) the model agreement provided by the Linyi City Administration for Industry and Commerce for the sale and purchase of real estate;
- (e) the Valuation Report; and
- (f) the IFA Letter.

Yours faithfully

For and on behalf of the Board
Fabchem China Limited

Dr Lim Seck Yeow
Non-Executive Chairman

APPENDIX A – VALUATION REPORT

Report

To

FABCHEM CHINA LIMITED

Valuation

of

13/F, 14/F, 15/F and 39 parking stalls of Fuyuan Plaza, Fei County, Linyi City,
Shandong Province, People's Republic of China 山东省临沂市费县城区银
光福源广场 A 座 13 层、14 层、15 层及地下 1 层 39 个车位

as at

30 April 2017





14 July 2017

AVA Associates Limited
806 Empress Plaza
17-19 Chatham Road South
Tsim Sha Tsui, Hong Kong

Asia Valuation & Advisory Services Pte Ltd
138 Cecil Street
#08-03 Cecil Court
Singapore 069538

To
Board of Directors
Fabchem China Limited
2 Bukit Merah Central
#12-03
Singapore 159835

Dear Sirs,

Pursuant to your instructions, AVA Associates Limited (“AVA”) has performed a **valuation of the properties known as 13/F, 14/F, 15/F and 39 parking stalls of Fuyuan Plaza, Fei County, Linyi City, Shandong Province, People’s Republic of China** 山东省临沂市费县城区银光福源广场 A 座 13 层、14 层、15 层及地下 1 层 39 个车位 **(the “Properties”) as at 30 April 2017 (“Valuation Date”)**. The purpose of this engagement is to assist Fabchem China Limited (“Fabchem” or the “Company”) in their assessment of the market value of the Properties, and inclusion in a circular to the shareholders of the Company in relation to a proposed transaction involving the Properties. No other use of our valuation report is intended or should be inferred.

Definition of Value

In estimating the value of the assets, our efforts were based on the following premise of value:

Market Value - *“the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”*.

Scope of the Engagement

Following our discussions with Fabchem, AVA has been engaged to assist the Company in the valuation of the following properties, located at Fuyuan Plaza, Fei County, Linyi City, Shandong Province, People's Republic of China (the "PRC"), in order to determine its Market Value in relation to a proposed transaction involving the Properties.

- 13/F, 14/F, 15/F of commercial office space; and
- 39 parking stalls.

Our valuation and report is prepared in accordance with the Valuation Standards and Guidelines published by the Royal Institution of Chartered Surveyors. The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Discussions with appropriate individuals concerning the Properties;
- Review of information provided by the Company;
- Discussions with management to understand in more detail the current status of the Properties, including its tangible and intangible characteristics;
- Development of valuation model to estimate the Market Value, where applicable, including gathering market and industry information in support of various assumptions;
- Analysis of conditions in, and the economic outlook of the property markets in the PRC; and
- Review and valuation of the identified assets.

Sources of Information

As part of our due diligence, we relied upon documents supplied by the management of the Company, including, but not limited to, the following:

- State-owned Land Use Rights Certificates, approvals of development 国有土地使用权证, 建设用地规划许可证, 建设工程规划许可证, 建筑工程施工许可证;
- Certificate of completion and delivery of construction 建设工程竣工规划验收合格证;
- Pre- sell License for Commodity House 商品房预售许可证;
- Sale and purchase agreement, dated 24 May 2017, for the property known as 5/F Fuyuan Plaza, Fei County, Linyi City, Shandong Province, PRC;
- Real estate agents' information on prices of office buildings in Fei County and Grade A office buildings in downtown of Linyi City, Shandong Province, PRC; and
- Other relevant documentations on the Properties.

We visited and inspected the Properties on 19 May 2017. We planned and performed our review and valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. In the course of our work, we held discussions with the management concerning the history and current conditions of the Properties. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us by the Company are true and accurate. We also used financial and other information obtained from private and public sources we considered reliable. Our conclusions are dependent on such

information being complete and accurate in all material respects. We believe the review and valuation procedures we employed provide a reasonable basis for our opinion.

This report comprises:

- A. This letter, which describes the nature and extent of the review and valuation investigation, and presents the conclusion of value;
- B. A narrative report, which sets forth the history and nature of the operations, a description of valuation theory, and a presentation and correlation of the valuation techniques employed, and the conclusion of value; and
- C. The attached Schedules.

Conclusion

Based on the information provided, and subject to the attached Statement of General Assumptions and Limiting Conditions, we are of the opinion that, as at Valuation Date, the Market Value of the Properties is reasonably represented as follows.

Property	Value
13/F, 14/F, 15/F and 39 parking stalls of Fuyuan Plaza, Fei County, Linyi City, Shandong Province, the PRC 山东省临沂市费县城区银光福源广场 A 座 13 层、14 层、15 层及地下 1 层 39 个车位。	RMB34,270,000

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuations of prudent management of over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

The information contained in this report may include proprietary, sensitive and confidential information that has not been publicly disclosed. Release of this information to any other party could be damaging to the Company.

We appreciate the opportunity to provide our valuation services. Please do not hesitate to contact us if you have any questions or if we can be of further assistance concerning this engagement. A copy of this report is retained in our files together with the data from which it was prepared.

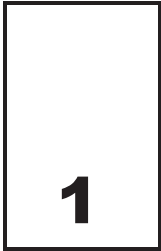
Respectfully submitted,

AVA Associates Limited



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Introduction

Engagement

AVA Associates Limited (“AVA”) has performed a **valuation of the properties known as 13/F, 14/F, 15/F and 39 parking stalls of Fuyuan Plaza, Fei County, Linyi City, Shandong Province, People’s Republic of China** 山东省临沂市费县城区银光福源广场 A 座 13 层、14 层、15 层及地下 1 层 39 个车位 **(the “Properties”) as at 30 April 2017 (“Valuation Date”)**. The purpose of this engagement is to assist Fabchem China Limited (“Fabchem” or the “Company”) in their assessment of the market value of the Properties, and inclusion in a circular to the shareholders of the Company in relation to a proposed transaction involving the Properties. No other use of our valuation report is intended or should be inferred.

2

Scope & Basis of Valuation

Definition of Value

In estimating the value of the Properties, our efforts were based on the following premise of value:

Market Value - *“the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.*

Scope of Work

Following our discussions with Fabchem, AVA has been engaged to assist the Company in the valuation of the following properties, located at Fuyuan Plaza, Fei County, Linyi City, Shandong Province, People’s Republic of China (the “PRC”), in order to determine its Market Value in relation to a proposed transaction involving the Properties.

- 13/F, 14/F, 15/F of commercial office space; and
- 39 parking stalls.

Our valuation and report is prepared in accordance with the Valuation Standards and Guidelines published by the Royal Institution of Chartered Surveyors (“RICS”). The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Discussions with appropriate individuals concerning the Properties;
- Review of information provided by the Company;
- Discussions with management to understand in more detail the current status of the Properties, including its tangible and intangible characteristics;
- Development of valuation model to estimate the Market Value, where applicable, including gathering market and industry information in support of various assumptions;

- Analysis of conditions in, and the economic outlook of the property markets in the PRC; and
- Review and valuation of the identified assets.

Sources of Information

As part of our due diligence, we relied upon documents supplied by the management of the Company, including, but not limited to, the following:

- State-owned Land Use Rights Certificates, approvals of development 国有土地使用权证, 建设用地规划许可证, 建设工程规划许可证, 建筑工程施工许可证;
- Certificate of completion and delivery of construction 建设工程竣工规划验收合格证;
- Pre- sell License for Commodity House 商品房预售许可证;
- Sale and purchase agreement, dated 24 May 2017, for the property known as 5/F Fuyuan Plaza, Fei County, Linyi City, Shandong Province, PRC;
- Real estate agents' information on prices of office buildings in Fei County and Grade A office buildings in downtown of Linyi City, Shandong Province, PRC; and
- Other relevant documentations on the Properties.

We visited and inspected the Properties on 19 May 2017. We planned and performed our review and valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. In the course of our work, we held discussions with the management concerning the history and current conditions of the Properties. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us by the Company are true and accurate. We also used financial and other information obtained from private and public sources we considered reliable. Our conclusions are dependent on such information being complete and accurate in all material respects. We believe the review and valuation procedures we employed provide a reasonable basis for our opinion.

3

General Valuation Overview

The methods commonly used to develop approximate indications of value for a business or asset are the income, market, and cost approaches.

Income Approach

The income approach focuses on the income-producing capability of a business or asset. The income approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date.

This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

Market Approach

The market approach measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. Adjustments are made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis. The market approach measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. In estimating the value of a business under the market approach there are two methodologies: the publicly-traded guideline company methodology and the recent transaction methodology. The publicly-traded guideline company methodology develops an indication of value for the subject company by calculating market pricing multiples for selected publicly-traded guideline companies and applying these multiples to the appropriate financial measures of the subject

company. The recent transaction methodology develops an indication of value for the subject company by calculating market pricing multiples based on actual acquisitions of similar businesses and applying these multiples to the appropriate financial measures of the subject company. After deriving a value, adjustments are then made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.

Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost Approach

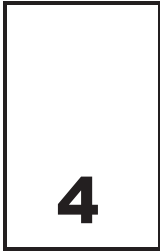
The cost approach measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The cost approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

Selected Approach

Valuation of the Properties

Given the property type, we primarily relied on the market approach, using the Direct Comparison Approach, to arrive at the value conclusion of the Properties.

In Direct Comparison Approach, sales and listings of similar properties in the vicinity and elsewhere are used as guides to value after relevant valuation adjustments are made for differences in location, land area, land shape, land tenure, floor area, condition of building, market conditions, age of the property, waterfront shoreline, improvements done, etc.



Valuation of the Properties

The subject of valuation are the commercial office space on the 13/F, 14/F, 15/F and 39 parking stalls of Fuyuan Plaza, Fei County, Linyi City, Shandong Province, People's Republic of China 山东省临沂市费县城区银光福源广场 A 座 13 层、14 层、15 层及地下 1 层 39 个车位.

Subject Building

<i>Address:</i>	Fuyuan Plaza, Fei County, Linyi City, Shandong Province, the PRC.
<i>Type:</i>	A 18-storey office building with 1-Storey basement carpark
<i>Legal Description:</i>	Pre-sell License for Commodity House: Fei Fang Shou Zi 商品房预售许可证 No. 000301
<i>Tenure:</i>	The use rights of the property have been granted for a term expiring on 5 June 2052
<i>Land Description:</i>	<p>The subject plot is rectangular in shape with a area of approximately 26,557 square metres ("sq m").</p> <p>It is demarcated by plastered brick wall / chain-link fencing with entry via an automatic mild steel main gate.</p>
<i>Gross Floor Area:</i>	41,670.86 sq m
<i>No. of Parking Stalls:</i>	143
<i>Occupancy Status:</i>	Brand new office for sale
<i>Date of Completion:</i>	31 December 2015

Location and Locality

<i>Neighbourhood:</i>	The immediate neighbourhood is predominantly high-end residences, supermarket and campus.
<i>City Services:</i>	Available within the vicinity.
<i>Public Transport:</i>	Available along Jianshe Road and G327. The subject property is within close proximity from the Fei County Railway Station, which will be in service at end of 2019.
<i>Overall Comment:</i>	At the heart of the future centre business district of Fei County.

Description of Subject Property

<i>Office:</i>	13th Storey Lift lobby / partitioned office room / storage areas / toilets
	14th Storey Lift lobby / partitioned office room / storage areas / toilets
	15th Storey Lift lobby / partitioned office room / storage areas / toilets
	Basement Storey Car parking lots
<i>Gross Floor Area:</i>	3,499.83 sq m (excluding car parking lots)
<i>Finishes:</i>	Floors - Homogeneous tiles / cement screed
	Walls - Emulsion paint / homogeneous tiles / partitioned boards / glass panels / decorative timber panels
	Ceilings - Emulsion paint
<i>Other Improvements:</i>	3 passenger lifts, etc.
<i>Services / Facilities:</i>	All main Public Utilities and Telecommunication services are connected.
<i>Overall Comment:</i>	As at the date of inspection, the subject property was brand new and in a good state of internal and external repairs and maintenance.

Basis and Method of Valuation

Our valuation is our opinion of the current open market value, which we would define as intended to mean "the best price" at which an interest in a property might reasonably be expected to be sold at the date of valuation, assuming: -

- a willing seller, willing buyer;
- no account is to be taken of an additional bid by a purchaser with a "special interest";
- that prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the negotiation and agreement of price and terms for the completion of the sale; and
- that the price reflects the state of the market and other circumstances at the date of valuation.

For the purpose of this report, the Direct Comparison Approach to value was adopted.

In Direct Comparison Approach, sales and listings of similar properties in the vicinity and elsewhere are used as guides to value after relevant valuation adjustments are made for differences in location, land area, land shape, land tenure, floor area, condition of building, market conditions, age of the property, waterfront shoreline, improvements done, etc.

Valuation Conclusion

Having considered the above, the prevailing market conditions and other relevant valuation factors, we are of the considered opinion that the Market Value as at the Valuation Date of the Properties with vacant possession and free from all encumbrances is **RMB34,270,000 (Chinese RenMinBi Thirty-four Million Two hundred Seventy Thousand Only)**.

Photographs



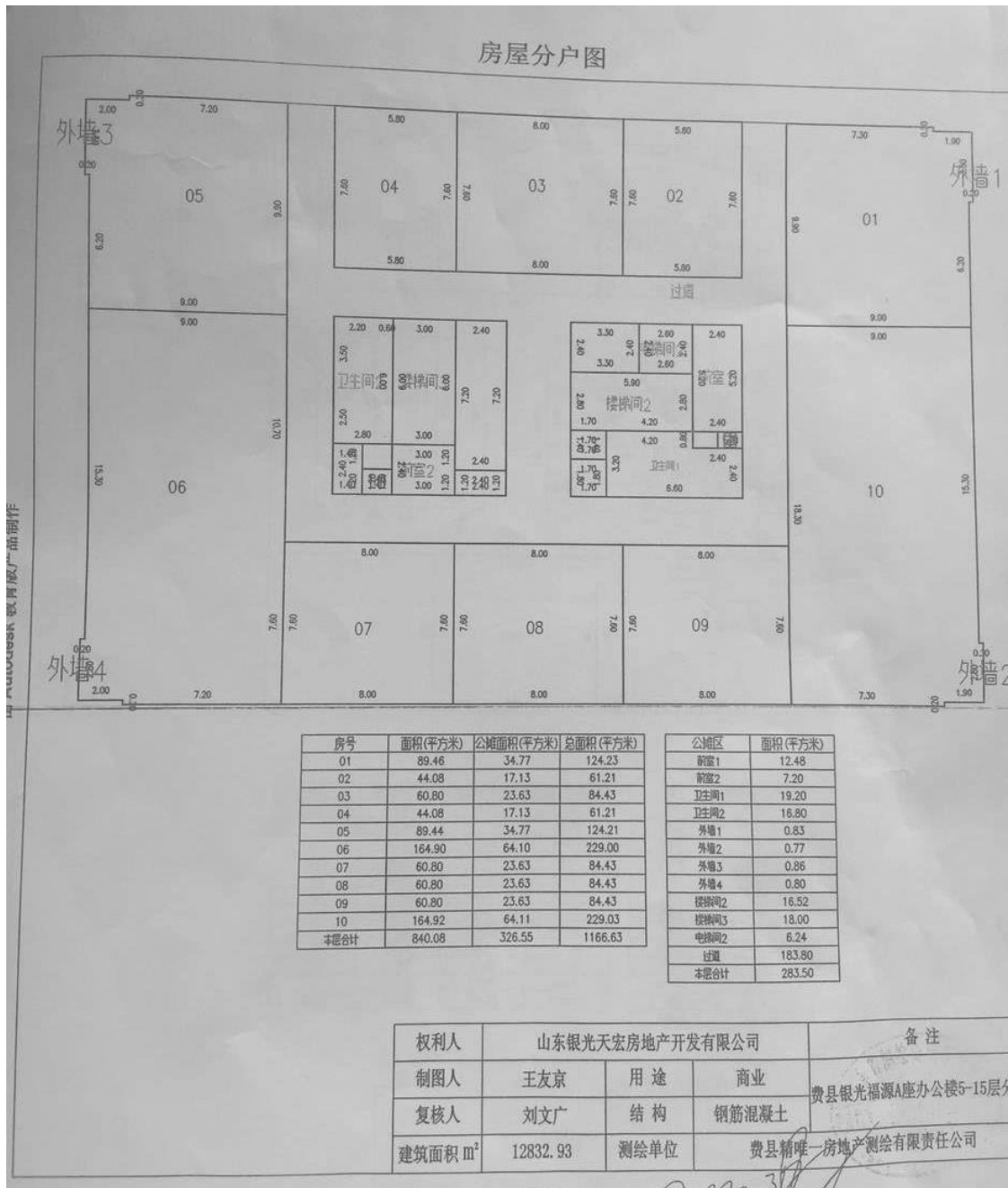
Location Plan

(Not to Scale)



Subject
Property

Floor Plan
(Not to Scale)



5

Summary of Valuation

Based on the information provided, and subject to the attached Statement of General Assumptions and Limiting Conditions, we are of the opinion that, as at the Valuation Date, the Market Value of the Properties is reasonably represented as follows.

Property	Value
13/F, 14/F, 15/F and 39 parking stalls of Fuyuan Plaza, Fei County, Linyi City, Shandong Province, the PRC 山东省临沂市费县城区银光福源广场 A 座 13 层、14 层、15 层及地下 1 层 39 个车位.	RMB34,270,000

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuations of prudent management of over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

This report and the observations and analyses are intended solely for use by the company and are not to be reproduced, disseminated or disclosed, in whole or in part, to any other party except in accordance with the terms of our engagement letter. The information contained in this report may include proprietary, sensitive and confidential information that has not been publicly disclosed. Release of this information to any other party could be damaging to the Company.

Exhibit 1 - Statement of General Assumption and Limiting Conditions

This analysis is subject to the following general assumptions and limiting conditions:

- This valuation is prepared in accordance with with the Valuation Standards and Guidelines published by the Royal Institution of Chartered Surveyors.
- Our responsibility in connection with this valuation report is limited to our client or person to whom this report is addressed and to that client only. We disclaim all responsibility and accept no liability to any other person(s) or party should this report be used by any such person(s) or party or for any.
- Any action, claim or proceedings arising out of the engagement of services shall be brought against the Firm with whom the Client has engaged and not against any employee, director or sub-contractor of the Firm involved directly or indirectly in the delivery of the Services.
- Any liability arising from the Valuer's negligence (if any) in connection with this engagement shall be limited to the amount of fees received for this engagement.
- The report is considered invalid if there is non-payment of the valuation fees. We shall not be responsible and accept no liability of the report if payment is not received within 30 days from the date of report.
- Each valuation is current as at the Valuation Date only. The value assessed may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. We also do not assume any responsibility or accept liability where this valuation is relied upon after the expiration of three months from the Valuation Date.
- The values assessed in this report for the subject property and any allocation of values between parts of the property applies strictly on the terms of and for the purpose of the valuation stated in the report and may not be used for any other purpose.
- Where it is stated in the report that information has been supplied to us by another party, this information is believed to be reliable and accurate and we accept no responsibility if this information should later prove not to be so.
- We may adopt assumptions in the valuation being carried out as some matters cannot be calculated accurately or fall outside the scope of our expertise. The risk that any of the assumptions adopted in our valuation may be incorrect should be taken into account. While all reasonable care is taken, we does not warrant or represent that the assumptions on which this valuation is based are accurate or correct.
- Neither the whole nor any part of this report nor any reference to it may be included in any document, circular or statement nor published in any way without our prior written approval of the form and context in which it may appear.
- While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, termite, pest infestation of other hidden defects. We have also not made any tests to the building services (e.g. air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc.) and these services are presumed to be in good working order.
- Our valuation assumes that the title(s) is(are) in good order and marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title(s), searches, legal requisitions, legal validity of title or any charges, claims, liabilities registered against the title(s). The client is advised to consult his solicitors on any matter concerning the title(s).

- We have not conducted a land survey to verify the land boundaries and site areas and whether all developments and improvements are within such boundaries. We have assumed, unless otherwise stated, that all developments and improvements are within the boundaries of such land parcel as described in this report and the land parcel is fully owned by the property owner.
- Any plans or map included in this report are meant for identification purposes and to assist the reader in visualizing the subject property. We have not made any survey of the property and assume no responsibility in connection with such matters.
- Unless otherwise instructed, we do not carry out requisition with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road improvements, drainage proposal, etc.
- Our valuation presumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations.
- Our valuation is prepared on the basis that the premises and any works (e.g. alterations and additions) thereto comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a statutory completion by the Building Authority.
- Our valuation assumes that all development charges and maintenance/service/conservancy charges, if any, whether outstanding or payable as at the date of valuation, have already been fully paid.
- Our valuation further assumes that, as at the date of valuation, there are no outstanding liabilities or charges attached to the property(ies).
- In the event that we are instructed to provide a valuation based on kerb-side inspection and/or without the extent of information normally available, our valuation will be dependent on the adequacy and accuracy of the information supplied and/or the assumptions made. Should the information prove to be incorrect or inadequate, the accuracy of the valuation may be affected and we shall not be held responsible for the inaccuracy of the valuation.
- We shall not be required to give testimony or to appear in court for any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed

Exhibit 2 - Valuer's Professional Declaration

The following valuers certify, to the best of their knowledge and belief, that:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My engagement in this assignment was not contingent upon developing or reporting predetermined results;
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal; and
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Committee.

Thomas Chua Boon Shyan
Director

Jack Li Wen Jie
Valuer
MRICS No. 65190156

Jasper Jia
Valuer
MRICS No. 6610986

APPENDIX B – IFA LETTER

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

14 July 2017

To: The Independent Directors of Fabchem China Limited
(deemed to be independent in respect of the Proposed IPT Mandate)

Dr Lim Seck Yeow	(Non-Executive Chairman)
Mr Wee Phui Gam	(Lead Independent Director)
Professor Jiang Rongguang	(Independent Director)
Mr Tan Keng Keat	(Independent Director)

Dear Sirs,

THE PROPOSED ADOPTION OF THE PROPOSED IPT MANDATE

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the Company (“Shareholders”) dated 14 July 2017 (“Circular”).

1. INTRODUCTION

1.1 On 24 March 2017, Fabchem China Limited (“**Company**”) and together with its subsidiary, “**Group**”) announced, *inter alia*, that it had, in its ordinary course of business, entered into certain transactions with Shandong Yinguang Security Services Co., Ltd (“**Yinguang Security**”) and Wulian Hanyue Blasting Services Co., Ltd (“**Wulian Hanyue**”) which constitute interested person transactions (“**IPTs**”) under Chapter 9 of the listing manual (“**Listing Manual**”) of the Singapore Exchange and Securities Trading Limited (“**SGX-ST**”), and that it intends to seek approval from Shareholders at an extraordinary general meeting (“**EGM**”) for future IPTs with these parties.

Yinguang Security and Wulian Hanyue are deemed as interested persons (“**Interested Persons**”) under Chapter 9 of the Listing Manual in view of the interests of Mr Sun Bowen, Mr Bao Hongwei and Mr Sun Qiang in these Interested Persons. Mr Sun Bowen is a controlling Shareholder and the Managing Director of the Company, Mr Bao Hongwei is the Executive Director of the Company, and Mr Sun Qiang who is the sales and marketing manager of the Company, is the son of Mr Sun Bowen.

Each of Mr Sun Bowen and Mr Bao Hongwei holds in aggregate 60.0% and 6.0% of the issued and paid-up share capital of Shandong Yinguang Chemical Group Co., Ltd (“**Yinguang Chemical Group**”) respectively, and both of them are also directors of Yinguang Chemical Group. Yinguang Chemical Group owns 100.0% of Yinguang Security and 83.03% of Wulian Hanyue. Mr Sun Bowen is a director of Wulian Hanyue and Mr Bao Hongwei is the director of Yinguang Security.

1.2 The Company has an existing general mandate for IPTs with Shandong Yinguang Commercial Explosives Sales and Services Co., Ltd (“**Yinguang Commercial Explosives**”) and Shandong Yinguang Minbao Qicai Co., Ltd (“**Yinguang Minbao**”) which was first approved by Shareholders on 25 July 2014 (“**Minbao Group IPT Mandate**”) and subsequently renewed at the annual general meetings (“**AGM**”) of the Company for the financial years ended 31 March 2015 (“**FY2015**”) and 31 March 2016 (“**FY2016**”).

The Minbao Group IPT Mandate covers (i) sales of initiation systems products to Yinguang Commercial Explosives; and (ii) sales of explosive-grade ammonium nitrate and its by-products (“**AN Products**”) to Yinguang Minbao. Following the disposal by the Group of its subsidiary, Hebei Yinguang Chemical Co., Ltd (“**Hebei Yinguang**”), in September 2016, the Group ceased

to produce and sell AN Products to Yinguang Minbao. The Group, however, continues to sell initiation systems to Yinguang Commercial Explosives.

In view of the above, the Company intends to seek a fresh general mandate ("**Proposed IPT Mandate**") for the above IPTs ("**Mandated Transactions**") with the Interested Persons and their associates ("**Associates**") as defined in the Listing Manual ("**Mandated Interested Persons**") from Shareholders at the forthcoming EGM.

- 1.3** Pursuant to Rule 906(1) of the Listing Manual, a listed company will be required to obtain shareholders' approval for any IPT of a value equal to, or exceeding, 5% of the group's latest audited NTA when aggregated with other transactions entered into with the same Interested Persons during the same financial year ("**5% Threshold**").

Chapter 9 of the Listing Manual allows a listed company to obtain a general mandate from shareholders for recurrent IPTs which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of its day-to-day operations.

Rules 905 and 906 of the Listing Manual do not apply to any transaction which has a value below S\$100,000 with an interested person.

Based on the last audited financial statements of the Group for the financial year ended 31 March 2017 ("**FY2017**"), the net tangible assets ("**NTA**") value of the Group as at 31 March 2017 was RMB369.2 million. Accordingly, the 5% Threshold, for the time being, is RMB18.5 million.

Going forward, the Group envisages that it will in its ordinary course of business continue to enter into the Mandated Transactions with the Mandated Interested Persons which may exceed the 5% Threshold. In view of the time-sensitive nature of the commercial transactions, the need for smooth and efficient conduct of business, and to allow the Group to undertake such transactions in a more expeditious manner, the Company therefore proposes to seek approval from Shareholders for the Proposed IPT Mandate at the EGM.

- 1.4** The Proposed IPT Mandate is subject to the opinion of the Independent Financial Adviser ("**IFA**") pursuant to Rule 920(1) of the Listing Manual.

In connection with the above, Provenance Capital Pte. Ltd. ("**Provenance Capital**") has been appointed as the IFA to render an opinion to the directors of the Company who are deemed independent in respect of the Proposed IPT Mandate ("**Independent Directors**"), on whether the guidelines and review procedures for determining the terms of the Mandated Transactions, if adhered to, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders ("**Minority Shareholders**").

Mr Sun Bowen is the Managing Director and a controlling Shareholder, and holds an aggregate shareholding interest of 32.35% in the Company as at the Latest Practicable Date. Mr Bao Hongwei is the Executive Director of the Company, and holds an aggregate shareholding interest of 5.73% in the Company as at the Latest Practicable Date. Pursuant to Chapter 904 of the Listing Manual, Mr Sun Bowen and Mr Bao Hongwei are deemed as Interested Persons and will abstain from deliberating and making any recommendation to Shareholders in respect of the Proposed IPT Mandate as Directors of the Company. Mr Sun Bowen and Mr Bao Hongwei will also abstain, and will procure their associates to abstain, from voting on the ordinary resolution relating to the Proposed IPT Mandate at the EGM.

The remaining Directors, namely, Dr Lim Seck Yeow, Mr Wee Phui Gam, Professor Jiang Rongguang and Mr Tan Keng Keat, are deemed as Independent Directors for the purpose of the Proposed IPT Mandate.

This letter ("**Letter**") is therefore addressed to the Independent Directors and sets out, *inter alia*, our evaluation and opinion on the Proposed IPT Mandate. This Letter forms part of the Circular

which provides, *inter alia*, the details of the Proposed IPT Mandate and the recommendation of the Independent Directors.

2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Independent Directors in respect of the Proposed IPT Mandate. We are not and were not involved in or responsible for, in any aspect, the discussions in relation to the Proposed IPT Mandate, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed IPT Mandate for the approval of Shareholders. We also do not, by this Letter, warrant the merits of the Proposed IPT Mandate, other than to express an opinion on whether the guidelines and review procedures as set out in the Proposed IPT Mandate are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Proposed IPT Mandate or to compare their relative merits vis-à-vis alternative transactions previously considered by the Company (if any) or which may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comments. Such evaluation or comments, if any, remains the responsibility of the Directors and/or the management of the Company (“**Management**”) although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In rendering our opinion, we have held discussions with the Directors, the Management and/or their professional advisers (if applicable) and have examined and relied to a considerable extent on the information set out in the Circular, other publicly available information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Directors, Management and/or the professional advisers (if applicable). Whilst care has been exercised in reviewing the information which we have relied upon, we have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, to the best of their respective knowledge and belief, and having made all reasonable enquiries, information and representations provided by the Directors and Management are accurate. They have also confirmed to us that, upon making all reasonable enquiries and to their best knowledge and belief, all material information available to them in connection with the Proposed IPT Mandate, the Company and the Group, have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Circular be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular in relation to the Proposed IPT Mandate have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information but nevertheless have made reasonable enquiries and exercised judgment on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

We would like to highlight that all information relating to the Company and the Group which we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the Directors and Management and the professional advisers (if applicable). We have not independently assessed and do not warrant or accept any

responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company or the Group at any time or as at 7 July 2017, being the Latest Practicable Date referred to in the Circular.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group. Such review or comments, if any, remain the responsibility of the Directors and Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this Letter. We are also not required or authorised to obtain, and we have not obtained, any quotation or transaction price from third parties for the sale, purchase, provision or supply (where applicable) of services and/or products similar to those which are to be covered by the Proposed IPT Mandate, and therefore are not able to, and will not compare the transactions with similar transactions with third parties.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment). As such, we will be relying on publicly available information, disclosures and representations made by the Company on the value of the assets and liabilities, and profitability of the Company and/or the Group. We have not been furnished with any such evaluation or appraisal.

Our opinion as set out in this Letter is based on market, economic, industry, monetary and other conditions (if applicable) prevailing as of the Latest Practicable Date and the information and representations provided to us as of the Latest Practicable Date. In arriving at our opinion, with the consent of the Directors and the Company, we have taken into account certain other factors and have made certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcement relevant to the Proposed IPT Mandate, which may be released by the Company after the Latest Practicable Date.

In rendering our advice and giving our recommendation, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder or any specific group of Shareholders. As each Shareholder may have different investment objectives and profiles, we recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review or verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether expressed or implied, on the contents of the Circular (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes, at any time and in any manner, other than for the purpose of any matter relating to the Proposed IPT Mandate, without the prior written consent of Provenance Capital in each specific case.

We have prepared this Letter under Rule 920(1)(b) of the Listing Manual and also for the use of the Independent Directors in connection with their consideration of the Proposed IPT Mandate and their advice to the Shareholders. The recommendation made to the Shareholders in relation to the Proposed IPT Mandate remains the responsibility of the Independent Directors.

Our opinion in relation to the Proposed IPT Mandate should be considered in the context of the entirety of this Letter and the Circular.

3. THE PROPOSED IPT MANDATE

Details of the Proposed IPT Mandate are set out in Section 4 of the Circular.

3.1 Rationale for the Proposed IPT Mandate and Benefit to the Group

It is envisaged that the Group will in its ordinary course of business continue to enter into the Mandated Transactions with the Mandated Interested Persons. In view of the time-sensitive nature of the transactions, the Proposed IPT Mandate will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval, thereby reducing expenses and improve efficiency.

In addition, the sales to Yinguang Commercial Explosives and Wulian Hanyue provide an additional source of revenue stream for the Group which will help to bolster its market share within the industry, provided that such products and services are provided on normal commercial terms.

The full text of the rationale for adopting the Proposed IPT Mandate and the benefit to the Group are set out in Section 4.3 and Section 4.4 of the Circular respectively.

3.2 Classes of Mandated Interested Persons

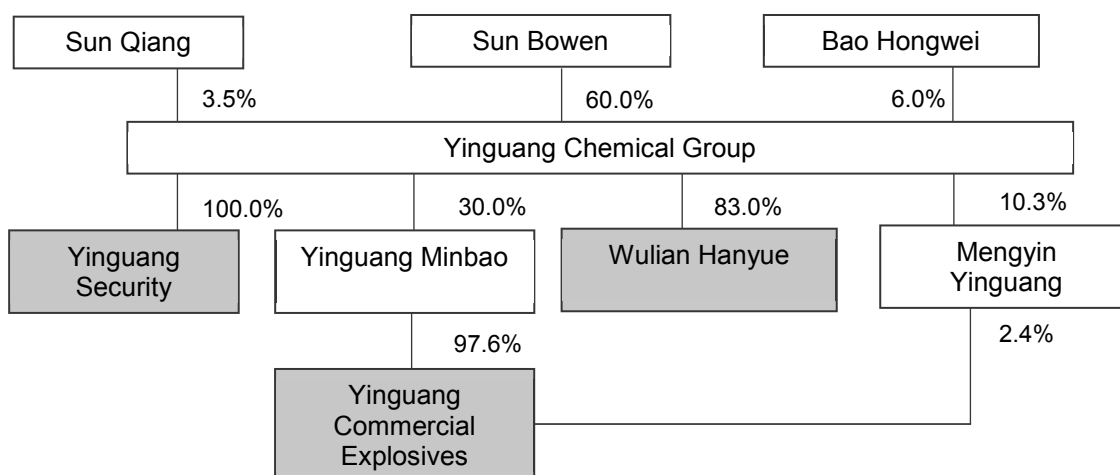
The Proposed IPT Mandate will apply to Mandated Transactions which are carried out between the Group and the following Mandated Interested Persons:

- (a) Yinguang Commercial Explosives;
- (b) Wulian Hanyue; and
- (c) Yinguang Security,

and their Associates.

Mr Sun Bowen and Mr Bao Hongwei hold 60.0% and 6.0% of the issued and paid-up share capital of Yinguang Chemical Group respectively. Mr Sun Qiang, the son of Mr Sun Bowen and the sales and marketing manager of the Company, holds approximately 3.5% of the issued and paid-up share capital of Yinguang Chemical Group. Yinguang Chemical Group holds 100.0% of the issued and paid-up share capital of Yinguang Security, 83.0% of the issued and paid-up share capital of Wulian Hanyue, 30.0% of the issued and paid-up share capital of Yinguang Minbao and 10.3% of the issued and paid-up share capital of Mengyin Xian Yinguang Minbao Qicai Co., Ltd ("**Mengyin Yinguang**"). Yinguang Minbao and Mengyin Yinguang in turn hold 97.6% and 2.4% respectively of the issued and paid-up share capital in Yinguang Commercial Explosives.

Both Mr Sun Bowen and Mr Bao Hongwei are directors of Yinguang Chemical Group. Mr Bao Hongwei is also a director of Yinguang Security and Mr Sun Bowen is a director of Wulian Hanyue. The group structure of the relevant companies that are owned by Mr Sun Bowen, Mr Bao Hongwei and Mr Sun Qiang and which are the existing Mandated Interested Persons are set out below:



The remaining shareholders of Yinguang Chemical Group, Yinguang Minbao, Wulian Hanyue and Mengyin Yinguang are third parties who are not related to the Directors and Controlling Shareholders, details of which are provided in Section 4.5 of the Circular.

Yinguang Commercial Explosives and Wulian Hanyue are principally engaged in the business of trading of commercial explosives products, including but not limited to initiation systems products.

Yinguang Security is principally engaged in the provision of specialized security services and provides such services to Shandong Yinguang Technology Co., Ltd (“**Yinguang Technology**”) through the provision of its personnel for the Group’s manufacturing facilities, office area and during the transportation of commercial explosives (“**Yinguang Security Services**”).

For the avoidance of doubt, the Mandated Interested Persons will include present and future Associates (which may arise from time to time) of Sun Bowen and Bao Hongwei which are also involved in the Mandated Transactions.

3.3 Nature and Scope of the Mandated Transactions

The Proposed IPT Mandate seeks to cover the following categories of Mandated Transactions which the Group will be transacting with the Mandated Interested Persons, in the ordinary course of business and on a recurrent basis:

- (a) Initiation Systems Products Sales; and
- (b) Security Services Procurement.

As mentioned in Section 1.2 of this Letter, the Group has been selling initiation systems products to Yinguang Commercial Explosives under the Minbao Group IPT Mandate, which also included the sale of AN Products to Yinguang Minbao. The Minbao Group IPT Mandate was first approved by Shareholders on 25 July 2014 and subsequently renewed at AGM for FY2015 and FY2016. With the disposal of Hebei Yinguang, the Group ceased to produce and sell AN Products. Hence, the Company proposes to terminate the Minbao Group IPT Mandate and instead include the Initiation Systems Products Sales to the Mandated Interested Persons under the Proposed IPT Mandate.

The Proposed IPT Mandate in relation to the Initiation Systems Products Sales will also include such sales to Wulian Hanyue.

The Initiation Systems Products Sales to the Mandated Interested Persons are recurrent transactions of a revenue or trading nature, entered into in the ordinary course of business, and are necessary for the Group’s day-to-day operations.

The Security Services Procurement from Yinguang Security is carried out by way of a contract (“**Yinguang Security Services Contract**”) which is subject to renewal on a yearly basis. The Yinguang Security Services Contract was first entered into by Yinguang Security and Yinguang Technology on 1 May 2014, and had been renewed subsequently on 1 May 2015, 1 May 2016 and 1 May 2017. The current contract is based on an annual fee of RMB6.5 million and is arrived at based on, *inter alia*, the estimated cost of employing an expected number of security guards required by the Group on a full-time basis for a year.

For the avoidance of doubt, any sale or purchase of assets, undertakings or businesses with the Interested Persons will not fall within the ambit of the Proposed IPT Mandate.

The Proposed IPT Mandate will not cover any transaction with an Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.

Transactions with Interested Persons (including the Mandated Interested Persons) that do not fall within the ambit of the Proposed IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

3.4 Guidelines and Review Procedures for the Mandated Transactions

Details of the guidelines and review procedures are set out in Section 4.8 of the Circular.

- 3.4.1 To ensure that the Mandated Transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its Minority Shareholders, the Company has put in place the following guidelines and review procedures for the Mandated Transactions under the Proposed IPT Mandate:

Initiation Systems Products Sales to the Mandated Interested Persons

- (a) The sales personnel and/or general manager will submit the recommendation to undertake the transaction for approval to the head of finance (China operations) and a Director, both of whom have no interest, directly or indirectly, in the transaction (collectively, the “**Review Team**”), and the sales personnel and/or general manager will obtain the selling prices and terms of at least two other sales of similar nature by the Group to unrelated third parties, contemporaneous in time, as a basis for comparison for the Review Team. The selling prices quoted to the Mandated Interested Persons or submitted by the Group to them at their bidding exercises (as the case may be) shall not be lower than the lowest selling prices of similar transactions with unrelated third parties;
- (b) The Initiation Systems Products Sales shall be on pricing and terms which are no more favourable to the Mandated Interested Persons than the usual commercial terms and prevailing market rates extended to unrelated third parties, after taking into account the relevant factors such as, but not limited to, the nature of the product, delivery schedules, order quantity, foreign exchange rates, customer requirements and specifications, duration of contract, preferential rates, discounts or rebates for bulk purchases, and cost of freight;
- (c) Where it is impossible or impractical to obtain the terms of other similar transactions with unrelated third parties or publicly quoted prices to compare against the terms of the Initiation Systems Products Sales, the Review Team will determine the transaction pricing in accordance with the Group’s usual business practices and pricing policies (including the Group’s profit margin policies) for the same or substantially similar type of products sold to unrelated third parties or in accordance with industry norms, as the case may be. In determining the transaction prices, factors such as, but not limited to, the nature of the product, delivery schedules, order quantity, foreign exchange rates, customer requirements and specifications, duration of contract, availability of preferential rates, discounts or rebates for bulk purchases, and cost of freight will be taken into account; and

- (d) The Group will not proceed with any transaction with the Mandated Interested Person if it results in a gross loss (that is, after deducting costs of sales) to the Group.

Security Services Procurement from the Mandated Interested Persons

- (a) The head of safety department and/or general manager will submit the recommendation to renew the Yinguang Security Services Contract for approval to the Review Team, and the head of safety department and/or general manager shall obtain at least two quotations from unrelated third parties, or failing which, obtain the terms of two contracts entered into by the Mandated Interested Person with unrelated third parties, contemporaneous in time, as a basis for comparison for the Review Team. The fee payable by the Group for the duration of the Yinguang Security Services Contract shall not be higher than the most favourable price or fees of the two other quotations obtained from unrelated third parties or the terms of two other contracts entered into by the Mandated Interested Person with unrelated third parties;
- (b) The Security Services Procurement shall be on pricing and terms which are no more favourable to the Mandated Interested Person than the usual commercial terms and prevailing market rates extended by unrelated third parties to the Group or in event of failure to obtain such quotations, the terms of the contracts entered into by the Mandated Interested Person with unrelated third parties, after taking into account factors such as, but not limited to, track record, previous working experience, requirements and specifications of the Group, duration of contract, and availability of preferential rates, discounts or rebates for longer contractual periods; and
- (c) Where it is impossible or impractical to obtain comparable prices of transactions of similar services to compare against the terms of the Security Services Procurement due to the nature of the services to be obtained from the Mandated Interested Person, the Review Team will (i) take such necessary steps to determine that the terms provided by the Mandated Interested Person are fair and reasonable, including the estimated cost of employing security guards on a full time basis for the contracted period and (ii) evaluate and weigh the benefits of and rationale for transacting with the Mandated Interested Person, taking into account factors such as but not limited to, track record and previous work experience, requirements and specifications of the Group, duration of contract, preferential rates, discounts or rebates for longer contractual periods.

3.4.2 Approval Threshold Limits

In addition to the review procedures, before entering into the Mandated Transactions, each of the Mandated Transaction will be subject to review and pre-approval by the relevant authorities according to the value of the Mandated Transactions as set out in the approval matrix below:

Approval Threshold Limits		
	Value of each Mandated Transaction	Approving Authorities <i>(each having no interest, direct or indirect, in the Mandated Transaction)</i>
1.	At least S\$100,000 ⁽¹⁾ and above but less than RMB1.0 million (" Threshold Limit ")	A Director and the head of finance (China operations)
2.	Equal to or exceeding the Threshold Limit	Majority of the Audit Committee

Note:

- (1) which is equivalent to RMB492,000 based on the foreign exchange rate of S\$1:RMB4.92 on 7 July 2017 as extracted from Bloomberg.

We note that the above approval matrix proposed for the Proposed IPT Mandate is similar to the Minbao Group IPT Mandate. The Threshold Limit of RMB1.0 million (approximately S\$203,252) for each Mandated Transaction which requires the approval of the Audit Committee is regarded as reasonable by the Independent Directors based on, amongst other factors, the anticipated value, volume, size and frequency of the Mandated Transactions that the Group may enter into with the Mandated Interested Persons. The Threshold Limit is arrived at with the view to strike a balance between (i) maximizing the operational efficiency of the day-to-day operations of the Group and (ii) maintaining adequate internal controls and governance in relation to the Mandated Transactions.

In addition, the above review includes the examination of the Mandated Transactions and its supporting documents or such data deemed necessary by the Director or the Audit Committee, as referred to in the approval matrix. The finance manager will prepare the relevant information to assist the Director or the Audit Committee in its review. The Director or the Audit Committee may, if it deems fit, have the right to require the appointment of independent advisers and/or valuers from external or professional sources to provide additional information or review of controls and its implementation pertaining to the Mandated Transactions under review.

In the event that a Director or member of the Audit Committee (where applicable) is interested (directly or indirectly) in any Mandated Transaction, he will abstain from reviewing that particular transaction to ensure that the Mandated Transaction will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders. Approval of that transaction will accordingly be undertaken by the remaining Directors or members of the Audit Committee.

Pursuant to Chapter 9 of the Listing Manual, Mandated Transactions that are below S\$100,000 each will not be subject to the review procedures as set out in this Section 3.4.

3.5 Additional Guidelines and Review Procedures

Apart from the guidelines and review procedures as set out in Section 3.4 of this Letter, the Company will also implement and adhere to the following additional guidelines and review procedures:

(i) Register of Mandated Transactions

Each Mandated Transaction will be properly documented and the Company will maintain a register of all Mandated Transactions entered into with the Mandated Interested Persons (“**IPT Register**”). The basis for entering into the Mandated Transactions, including the quotations or terms of contracts obtained (if any), as the case may be, to support such basis on which they were entered into, will also be recorded in the IPT Register. The head of finance (China operations) and his assistant, not having any interest, direct or indirect in the Mandation Transactions, will ensure that the IPT Register is properly updated.

The IPT Register will also record any transactions with an Interested Person that is below S\$100,000 in value, even though such transactions are not covered under the Proposed IPT Mandate.

(ii) Review by Audit Committee

The Audit Committee will periodically, at least on a quarterly basis, review the IPT Register to (a) ensure that the Mandated Transactions are carried out on normal commercial terms and in accordance with the guidelines and review procedures under the Proposed IPT Mandate; and (b) determine if such guidelines and review procedures continue to be adequate and/or commercially practicable in ensuring that the Mandated Transactions are conducted on normal commercial terms, are in the interest of the Company and are not prejudicial to the interests of the Company and its Minority Shareholders.

If, during these reviews, the Audit Committee is of the view that the guidelines and review procedures have become inappropriate and/or insufficient to meet such objectives, the Company will seek a fresh mandate from Shareholders based on new guidelines and review procedures for transactions with the Mandated Interested Persons. During the period prior to obtaining a fresh mandate from Shareholders, all Mandated Transactions will be subject to prior review and approval by the Audit Committee.

(iii) Review by Internal Auditors

The Group shall incorporate into its internal audit plan a review by the internal auditors on a quarterly basis for all Mandated Transactions entered into by the Group pursuant to the Proposed IPT Mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions have been adhered to. The review report by the internal auditors on the Mandated Transactions will be forwarded to the Audit Committee.

(iv) Review by External Auditors

As part of the Group's annual audit, external auditors of the Company will review the Mandated Transactions on a sampling basis. The external auditors will report to the Audit Committee in the event of any non-compliance based on their audit samples.

(v) Review by Directors

The Board will ensure that all disclosures, approvals and other requirements on the Mandated Transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

3.6 Validity period of the Proposed IPT Mandate

The Proposed IPT Mandate is subject to Shareholders' approval at the EGM. If approved by Shareholders at the EGM, the Proposed IPT Mandate will take effect from the date of the passing of the ordinary resolution in respect of the Proposed IPT Mandate, and will continue in force until the conclusion of the next AGM.

Approval from Shareholders will be sought for the renewal of the Proposed IPT Mandate at the next AGM and at each subsequent AGM, subject to satisfactory review by the Audit Committee of its continued application to the Mandated Transactions with the Mandated Interested Persons.

3.7 Disclosures

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will disclose in its annual report the aggregate value of the Mandated Transactions pursuant to the Proposed IPT Mandate during the financial year (as well as in the annual reports for subsequent financial years that the Proposed IPT Mandate continues in force).

In addition, the Company will announce the aggregate value of the Mandated Transactions conducted pursuant to the Proposed IPT Mandate for the financial periods that it is required to report on within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Listing Manual.

4. OPINION

In arriving at our opinion in respect of the Proposed IPT Mandate, we have considered, *inter alia*, the following:

- (a) rationale for the Proposed IPT Mandate and benefit to the Group;

- (b) classes of Mandated Interested Persons;
- (c) nature and scope of the Mandated Transactions; and
- (d) guidelines and review procedures for the Mandated Transactions (including the additional guidelines and review procedures).

Based on the above, we are of the opinion that the guidelines and review procedures for determining the terms of the Mandated Transactions under the Proposed IPT Mandate, as set out in Section 3.4 and Section 3.5 of this Letter and Section 4.8 of the Circular, if adhered to, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

Our opinion is addressed to the Independent Directors for the purpose of their consideration of the Proposed IPT Mandate. The recommendation to be made by them to the Shareholders remains their responsibility. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, its Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes, at any time and in any manner, other than for the purpose of any matter relating to the Proposed IPT Mandate, without the prior written consent of Provenance Capital in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

FABCHEM CHINA LIMITED

(Incorporated in the Republic of Singapore on 12 October 2004)
(Company Registration Number: 200413128G)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Fabchem China Limited (the “**Company**”) will be convened on 31 July 2017 at 10.30 a.m. (or immediately after the conclusion of the Annual General Meeting scheduled at 9.30 a.m. on the same day and at the same place) at 2 Bukit Merah Central, Level 1 Drucker/Juran Boardroom, Singapore 159835, for the purpose of considering and, if thought fit, passing with or without any modifications the following resolution:-

All capitalised terms in this Notice which are not defined herein shall have the same meanings ascribed to them in the circular to shareholders of the Company dated 14 July 2017 (the “**Circular**”).

ORDINARY RESOLUTION 1

THE PROPOSED ACQUISITION OF THE PROPERTY BY A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY FROM AN INTERESTED PERSON

THAT:-

- (a) approval be and is hereby given for, purposes of Chapter 9 and Chapter 10 of the Listing Manual for the proposed acquisition of the Property (as defined in the Circular) by Shandong Yinguang Technology Co., Ltd, a wholly-owned subsidiary of the Company from an interested person, Shandong Yinguang Tianhong Property Development Co., Ltd, on the terms and subject to the conditions of the Acquisition Term Sheet and the Agreement, the principal terms of which are set out in the Circular; and
- (b) the Directors of the Company and each of them be and are hereby authorised to take such steps and exercise such discretion and do all such acts and things as they or he may deem desirable, necessary or expedient to give effect to the matters referred to in paragraph (a) including, without limitation, to negotiate, execute and authorise the release of, in the name of and on behalf of the Company, all such agreements, deeds, undertakings, forms, circulars, announcements, instruments, notices, communications and other documents and things, and to approve any amendment, alteration or modification to any such document.

ORDINARY RESOLUTION 2

THE PROPOSED SHAREHOLDERS’ MANDATE FOR INTERESTED PERSON TRANSACTIONS

THAT:-

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual, for the Company, its subsidiaries and associated companies that are entities at risk (as defined in Chapter 9 of the Listing Manual), or any of them, to enter into any of the Mandated Transactions with any of the Mandated Interested Persons, provided that such transactions are made on normal commercial terms, will not be prejudicial to the interests of the Company and its minority Shareholders and are in accordance with the guidelines and review procedures for such Mandated Transactions (the “**Proposed IPT Mandate**”);
- (b) the Proposed IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company;
- (c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendments to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and

- (d) the Directors of the Company and any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the Proposed IPT Mandate and/or this resolution.

By Order of the Board

Tan Min-Li
Company Secretary

14 July 2017

Notes:-

- i. A proxy need not be a member of the Company.
- ii. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), a member entitled to attend and vote at this EGM is entitled to appoint not more than two proxies to attend and vote in his stead.
- iii. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
- iv. A member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at this EGM, but each proxy must be appointed to exercise the rights attached to different shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
- v. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- vi. A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.
- vii. The instrument appointing a proxy must be deposited at the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898 not less than 48 hours before the time for holding the EGM.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

FABCHEM CHINA LIMITED

(Incorporated in the Republic of Singapore on 12 October 2004)
(Company Registration Number: 200413128G)

IMPORTANT:

1. Relevant intermediaries (as defined in Section 181(6) of the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares, this Proxy Form is not valid for use by CPF/ SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

PROXY FORM

I/We _____ (Name and NRIC No.)

of _____ (Address)

being a member of **FABCHEM CHINA LIMITED** (the "Company") hereby appoint:-

Name	Address	NRIC/Passport No.	Number of Shares Represented

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Number of Shares Represented

as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Extraordinary General Meeting of the Company to be convened on 31 July 2017 at 10.30 a.m. (or immediately after the conclusion of the Annual General Meeting scheduled at 9.30 a.m. on the same day and at the same place) at 2 Bukit Merah Central, Level 1 Drucker/Juran Boardroom, Singapore 159835 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolution to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Extraordinary General Meeting.

Ordinary Resolution 1	For*	Against*
To approve the proposed acquisition of the Property by a wholly-owned subsidiary of the Company from an interested person		
Ordinary Resolution 2	For*	Against*
To approve the proposed shareholders' mandate for interested person transactions		

* Please indicate your vote "For" or "Against" with an "x" within the box provided.

Dated this _____ day of _____ 2017.

Total Number of Shares held in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s)/Common Seal

IMPORTANT PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM



Notes:-

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) a member entitled to attend and vote at the Extraordinary General Meeting (the “**EGM**”) is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
4. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediaries is entitled to appoint more than two proxies to attend, speak and vote at the EGM provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The instrument appointing a proxy or proxies, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the registered office of the Company at 80 Robinson Road, #02-00 Singapore 068898 not less than 48 hours before the time appointed for the EGM.
8. Please indicate with an “X” in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of EGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/ they will on any other matter arising at the EGM.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
10. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the EGM as certified by The Central Depository (Pte) Limited to the Company.
11. An investor who buys shares using CPF monies (“**CPF Investor**”) and/or SRS monies (“**SRS Investor**”) (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 14 July 2017.

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