Fabchem China Limited

For Immediate Release

FABCHEM'S FY08 NET PROFIT GROWS BY 43% TO RMB 60 MILLION

- **Record full-year revenue results underpinned by strong demand in mining, infrastructure and hydro electric activities globally**
- **New production facilities expected to drive growth over the next two financial years.**

Financial Highlights

	4Q2008	4Q2007	Change	FY2008	FY2007	Change
(RMB'000)			(%)			(%)
Revenue	81,828	65,689	24.6	239,447	181,391	32.0
Gross Profit	37,441	26,277	42.5	104,080	71,566	45.4
Profit Before Tax	28,631	18,224	57.1	72,558	45,427	59.7
Net Profit	24,650	15,003	64.3	60,308	42,206	42.9
EPS (RMB Cents)	10.53	6.41	64.3	25.77	18.24	41.3
GP Margin (%)	45.8	40.0	14.5	43.5	39.5	10.1

Singapore, 26th May 2008 – Fabchem China Limited ("Fabchem" or the "Group"), a SGX mainboard-listed leading manufacturer of initiation systems in China began its new financial year by reporting a strong set of 2008 full year results ended 31st March 2008 ("FY2008").

The Group enjoyed high growth in revenue, gross profit and net income in FY2008 which was underpinned by the strong demand in mining, infrastructure and hydro-electric activities globally.

Commenting on the full year results, Group Managing Director, Mr Sun Bowen said, "We have been operating at near full capacity in the second half of FY2008 in order to cope with the increase in demand of our initiation systems. The growth in revenue of our initiation systems by 32.0 per cent to RMB 239 million is commendable. In particular, we are pleased with the overall sales performance of Piston non-electric detonators ("PNED") which is a newly patented product in China. We recorded PNED revenue of approximately RMB 54.3 million in FY2008 which represents approximately 22.7 per cent of total revenue."

Fabchem China Limited

Over the next two financial years, barring unforeseen circumstances, Fabchem is expecting further growth as it commences the production of two, newly built facilities (PNED and Boosters plants) located in the Shandong province in China.

The new PNED production facility has a design capacity of 60 million units per annum. This will triple the production capacity from the current plant which produces 20 million units per annum.

The Group will be the largest PNED producer in China when the new plant is competed in the second half of 2008. Currently, the Group is producing PNED in the existing plant and is selling this product in China and South Africa, two of the world's largest commodity driven economies. Upon the completion of the new plant, the existing plant will be converted into a trial and testing facility for PNED production.

"Through the research collaborations with Changsha Mining Research Institute and the University of Science and Technology of China, plus feedback from our valuable customers, we have developed this special form of non-electric detonator which is safer and more environmentally-friendly than a normal non-electric detonator. We have patented this product in China and expect the investment committed to develop this new product will deliver good returns for our Group in the years to come." Mr Sun added.

The new booster plant has a design production capacity of 3,000 tonnes per annum. Together with the current booster plant which produces 5,000 tonnes per annum, the Group's total production capacity for boosters will be 8,000 tonnes per annum.

The Group is the largest exporter of boosters in China. The increased production capacity will allow Fabchem to capture the growth in demand from overseas countries as well as the increasing usage of boosters in China.

Mr Sun explained, "We witnessed a spike in demand for boosters from our customers in China as they are shifting to non-TNT explosives, which require the use of boosters to increase the efficiency of the explosions."

Fabchem China Limited

SUMMARY OF FINANCIAL REVIEW (FY2008 VERSUS FY2007)

Revenue

Revenue increased by approximately RMB 58.1 million or 32.0 per cent mainly due to increased sales in China and to South Africa (RSA). Sales within China increased by approximately RMB 41.9 million or 38.2 per cent. Sales to RSA increased by approximately RMB 14.8 million or 338.7 per cent.

Gross Profit Margin

Gross profit margin improved from 39.5 per cent to 43.5 per cent as a result of increased sourcing efficiencies and utilization of re-processed raw materials.

Operating and Other Expenses

Distribution costs decreased by approximately RMB 0.2 million or 2.4 per cent mainly due to the continuing effort to cut costs. General and administrative expenses increased by approximately RMB 5.5 million or 31.6 per cent mainly as a result of the increase in corporate expenses and expenses related to the increase in revenue.

Income Tax Expenses

From 1 January 2007, Yinguang Technology is liable to pay 15 per cent tax, representing 50 per cent of the state income tax of 30 per cent, for three consecutive years. With the lowering of state income tax from 30.0 per cent to 25.0 per cent with effect from 1 January 2008, Yinguang Technology is liable to pay a reduced tax rate of 12.5 per cent, representing 50.0 per cent of the state income tax of 25.0 per cent, for two years from 1 January 2008 to 31 December 2009. Yinguang Technology is exempt from paying the provincial income tax of 3.0 per cent during its years of operations.

Ends

Fabchem China Limited

About Fabchem China Limited

Bloomberg: FABC SP

Headquartered in the Republic of Singapore, Fabchem is one of the market leaders in the production and sales of a wide range of initiation systems in China. Fabchem's products are widely used in the mining, energy exploration, hydroelectric and infrastructure construction sectors.

The Group has established "Yinguang" as a brand name associated with safe, reliable and quality products. The Ministry of Science and Technology of China recognises Fabchem's wholly owned subsidiary in China as an advanced and high technology enterprise.

Fabchem's reputation as an established initiation systems producer of international quality standard has strengthened its competitive positioning in commodity booming economies including China, Australia and South Africa.

For further queries, please contact:-

Mr. Nicholas Fong

Email : nicholasfong@fabchemchina.com