



Fabchem China Limited

PROFIT WARNING

The Board of Directors (the “Board”) of Fabchem China Limited (the “Group”) wishes to caution our shareholders that the Group expects lower profitability for the second quarter of FY2009, i.e from 1 July 2008 to 30 September 2008, as compared to the corresponding quarter in the previous financial year. This is due to the reasons as mentioned in our first quarter results announcement on 11 August 2008 with regards to the 2008 Beijing Olympics Games.

2008 Beijing Olympic Games

On 10 July 2008, the Port and Shipping Authority of Qingdao released a Notice (the “PSA Notice”) imposing restrictions for dangerous goods to be shipped out of Qingdao port during 25 July 2008 to 30 September 2008.

On 11 July 2008, the Ministry of Public Security of the People’s Republic of China released a Notice (the “MPS Notice”) imposing restrictions for transportation of dangerous goods within PRC. According to the MPS Notice, no transportation of dangerous goods to or transit through Beijing and Qingdao from the date of the MPS Notice until 30 September 2008, and no transportation of dangerous goods to or transit through Tianjin, Shanghai, Qinhuangdao and Shenyang from the date of the MPS Notice until 31 August 2008.

On 4 August 2008, the Fei County Economy & Trade Bureau and the Power Supply Company of Fei County jointly issued a Notice (the “PSC Notice”) to our PRC subsidiary, Shandong Yinguang Technology Co., Ltd (“Yinguang Technology”), informing Yinguang Technology that there will be a power supply rationing during the Olympic Games period and Yinguang Technology will need to temporarily cease production during the period from 8 August 2008 to 24 August 2008. According to the PSC Notice, the move is to cope with the shortage of power supply currently encountered by the whole of Shandong province and also to ensure that the power supply for the Olympic Games are sufficient and will not be disrupted.

Based on the above notices, our production and transportation of goods to certain areas will be ceased temporarily during the above-mentioned periods. Thus, the management is of the view that both our China and export sales will be adversely affected during the 2008 Beijing Olympic Games until 30 September 2008, i.e. the Group’s second quarter’s results.

Despite the above-mentioned, the Group remains optimistic of the Group’s performance for the full financial year ending 31 March 2009 and believes that the short term under performance will progressively correct itself over the remaining months.

The Board expects to release the Group’s second quarter’s results on or before 14 November 2008.

By Order of the Board

Dr Lim Seck Yeow
Non Executive Chairman
8 September 2008

