



Fabchem China Limited

FOR IMMEDIATE RELEASE

**FABCHEM’S FY2010 NET PROFIT SOARS 35.1%
TO RMB 47.2 MILLION;
DECLARES DIVIDEND OF S\$0.005 PER SHARE**

- Revenue surges 53.0% year-on-year to a record of RMB 322.7 million
- Strong balance sheet with very low gearing
- Robust growth in sales across key product and market segments
- Maintaining operating efficiency and prudent cost management
- Focus on organic growth

<i>(RMB'000)</i>	<i>FY2010</i>	<i>FY2009</i>	<i>Change (%)</i>
Revenue	322,723	210,895	+53.0
Gross Profit	113,870	80,075	+42.2
Profit Before Tax	58,370	42,094	+38.7
Net Profit	47,213	34,936	+35.1
EPS ⁽¹⁾ (RMB Cents)	20.18	14.93	+35.2
<i>(RMB Cents)</i>	<i>As at 31 Mar 10⁽²⁾</i>	<i>As at 31 Mar 09</i>	<i>Change (%)</i>
NAV per share ⁽¹⁾	152.35	131.82	+15.6

(1) Based on weighted average number of 234 million shares.

(2) Financial year ended 31 March 2010 (“FY2010”)

Singapore, 19 May 2010 – Singapore Exchange Mainboard-listed **Fabchem China Limited** (“**Fabchem**” or “**the Group**”) announced today that its FY2010 net profit increased 35.1% to RMB 47.2 million on record revenue of RMB 322.7 million. Based in the People’s Republic of China (“PRC”), Fabchem is a leading manufacturer of initiation systems and the largest booster and non-electric detonator producer within a supply-regulated industry in the PRC.

Robust Growth in Sales Across Key Product and Market Segments

Increased marketing efforts and strong demand within the domestic market boosted robust sales growth in the Group’s three traditional product groups of (a) explosive devices +20.9%, (b) industrial fuses and initiating explosive devices +36.0%, and (c) industrial detonators +31.0% during FY2010.

Complementing the Group’s product value chain, the Group’s ammonium nitrate business segment, via subsidiary Hebei Yinguang Chemical Co., Ltd (“Hebei Yinguang”), also made a strong maiden full year revenue contribution which accounted for 23.3% of the Group’s FY2010 revenue.



The PRC continued to be Fabchem's main market, as revenue contribution from the domestic market surged 68.3%, accounting for 85.2% of the Group's FY2010 revenue. With its primary focus on the PRC market, the Group has also been building up its international marketing capabilities to harness more opportunities in the overseas markets and diversify its revenue base.

Maintaining Operating Efficiency and Prudent Cost Management

In FY2010, Fabchem posted a gross profit of RMB 113.9 million, a 42.2% increase from a year ago. Although the Group's gross margin was slightly affected due to Hebei Yinguang's lower gross profit margin and rising costs, the Group continued to maintain high operating efficiencies and prudent cost management that translated into a strong and stable 35.3% gross profit margin in FY2010.

Net profit attributable to shareholders increased 35.1% to RMB 47.2 million in FY2010, representing a net profit margin of 14.6%. Accordingly, earnings per share rose 35.2% to RMB 20.18 cents for FY2010, from RMB 14.93 cents for 1H2009.

Commenting on the Group's FY2010 results, Managing Director Mr Sun Bowen said, "Our FY2010 results is a testament to our complementary business model, prudent cost management and specialised products. At the same time, our time-tested principle of maintaining operating efficiencies has also been a contributing factor to the Group's relatively stable margins. Continued strong demand for Fabchem's products from end-market users in the mining, exploration, infrastructure and construction industries reaffirmed our product quality and reputation in this supply-regulated industry."

Strong Balance Sheet

Guided by its conservative financial management policy, the Group's balance sheet remained strong with very low gearing. The Group's cash position remains relatively unchanged with net cash balance of RMB 107.3 million at the end of March 2010.

As at 31 March 2010, the Group's assets totaled RMB 532.9 million while net assets totaled RMB 356.5 million. Net asset value per share was RMB 152.35 cents, up 15.6% or RMB 20.5 cents from 31 March 2009.

As at the end of the reporting period, the Group also recorded RMB 176.4 million in total liabilities, of which the major portion was attributable to trade and other payables, and RMB 43.9 million in borrowings.

Focus on Organic Growth

Besides its acquisition of Hebei Yinguang's ammonium nitrate business in FY2009, the Group also increased its production capabilities for piston non-electric detonator and booster significantly by 200% to 60 million units per annum and 60% to 8,000 tonnes per annum respectively.

"Amidst a supply-regulated industry, the Group has successfully expanded its production capabilities, augmenting its market presence in the PRC. Maintaining our momentum in our marketing efforts and operating efficiencies, we continue to focus on enhancing product quality and to extend our product offerings.," added Mr Sun. "The Group is fully geared to capitalise on new market opportunities, domestic and overseas, to enhance our organic growth."

Since attaining the relevant export licenses, the Group has also made significant progress by marketing and selling directly to key mining nations (such as Australia, Mongolia and Indonesia) without the need for a separate export agent, resulting in further cost savings for the Group.

And Mr Sun concluded, "Looking beyond the short term horizon, the Group retains a cautious optimism about its longer term prospects. And in appreciation of our shareholders' unwavering support over the years, I am pleased to announce that we are recommending a dividend payout of S\$0.005 per share in accordance to our new dividend policy adopted this financial year."

– END –

Issued on behalf of Fabchem China Limited by ShareInvestor Pte Ltd

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About Fabchem China Limited ("Fabchem" or "the Group")

Listed on the Singapore Exchange Mainboard, Fabchem is one of the leading manufacturers of initiation systems in the People's Republic of China ("PRC"). Fabchem's products are widely used in the mining, energy exploration, hydroelectric and infrastructure construction sectors. These include explosive devices (boosters, tube charges and seismic charges), industrial fuse and initiating explosive devices (detonating cords and non-electric tubes), industrial detonators (piston non-electric detonators), as well as explosive-grade ammonium nitrate.

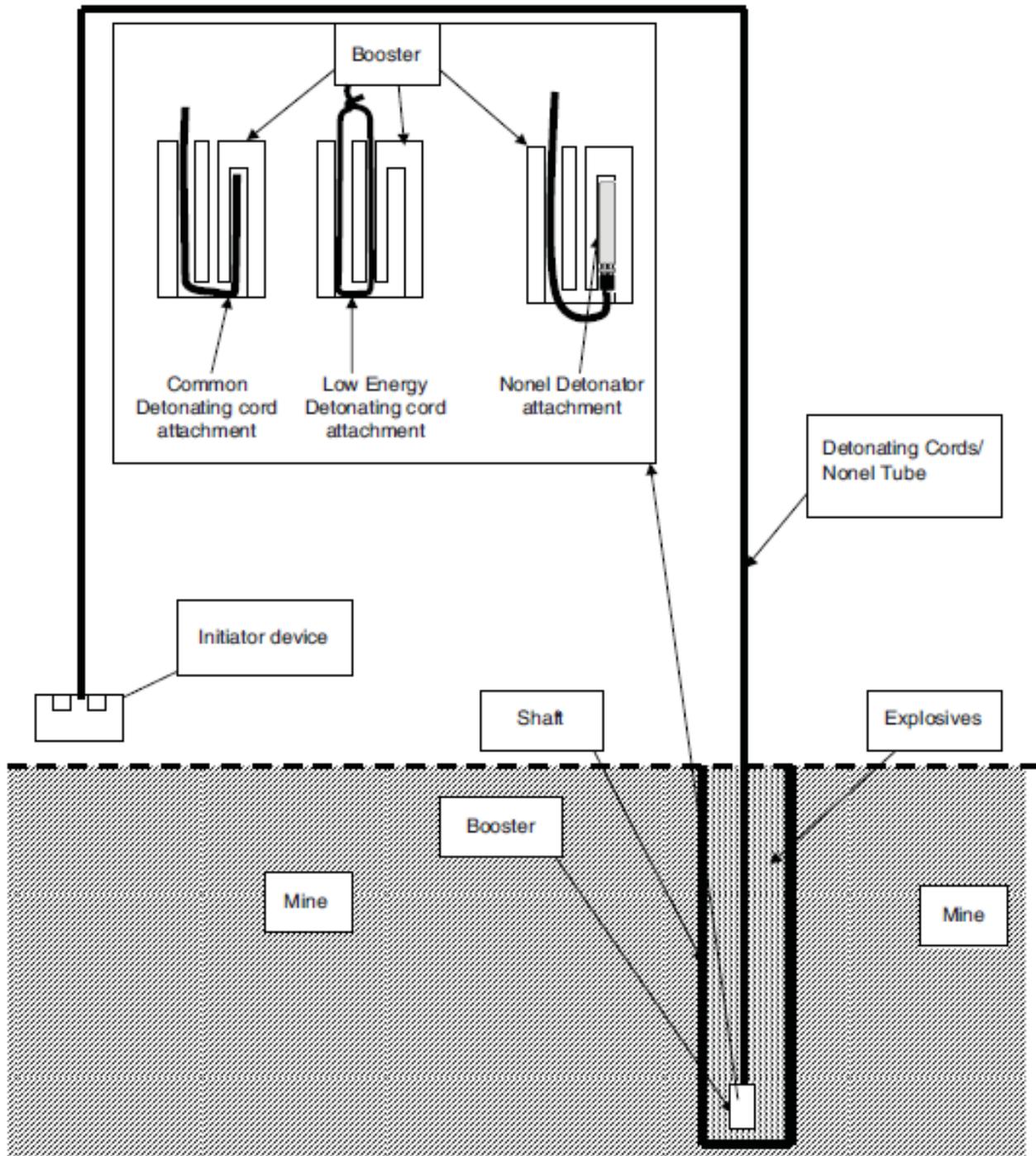
With its products sold to more than 150 customers in the mining, energy exploration, hydroelectric and infrastructure construction industries across more than 10 countries, the Group has established "Yinguang" as a brand name associated with safe, reliable and quality products. Fabchem's reputation as an established initiation systems producer of international-standard quality has strengthened its competitive positioning within commodities-driven economies including the PRC and Australia.

English-Chinese Glossary

Fabchem China Limited	中国杰化有限公司
<i>Explosive Devices</i>	
Booster	起爆具
Seismic Charge	震源药柱
Tube Charge	爆裂管
<i>Industrial fuses and initiating explosive devices</i>	
Detonating Cord	导爆索
Non-Electric Tube	导爆管
<i>Industrial detonators</i>	
Piston Non-Electric Detonator	活塞式导爆管雷管
Ammonium Nitrate	硝酸铵

Usage Diagram

The following diagram illustrates the usage of our products in a simplified explosive set-up:-



Note: The diagram and the products shown above are not drawn to scale.

Source: Fabchem China Limited