Fabchem China Limited

FOR IMMEDIATE RELEASE

FABCHEM'S REVENUE JUMPS 29.0% WITH A NET PROFIT OF RMB 35.3 MILLION FOR FY2011; DECLARES DIVIDEND OF S$0.005 PER SHARE

- **Revenue surges to a record of RMB 416.2 million year-on-year with growth in sales across key product and market segments**
- **EBITDA remains stable at RMB 74.2 million in FY2011**
- **Proposed acquisition of land and buildings to provide a permanent manufacturing base for the Group's commercial explosive products**
- **Dividend payout ratio of approximately 17.2%[1]**

(RMB'000)	*FY2011*	*FY2010*	*Change (%)*
Revenue	416,168	322,723	29.0
Gross Profit	125,195	113,870	9.9
Profit Before Tax	55,672	58,370	(4.6)
Net Profit	35,324	47,213	(25.2)
EPS[1] (RMB Cents)	15.10	20.18	(25.2)
EBITDA[2]	74,164	76,055	(2.5)
(RMB Cents)	As at 31 Mar 11	As at 31 Mar 10	*Change (%)*
NAV per share[1]	165.31	152.35	8.5

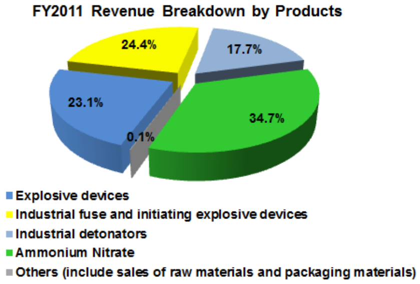
(1) Exchange rate based on MAS data on 16th May 2011: 1 Singapore dollar to 5.2056 Renminbi
(2) Based on weighted average number of 234 million shares.
(3) EBITDA – Earnings before Interest, Tax, Depreciation and Amortisation

Singapore, 26 May 2011 – Singapore Exchange Mainboard-listed **Fabchem China Limited** ("**Fabchem**" or "**the Group**") announced today its full year financial results for the financial year ended 31 March 2011 ("FY2011"). Based in China, Fabchem is a leading manufacturer of initiation systems and the largest boosters and detonating cords producer within a supply-regulated industry in China where foreign involvement are restricted.

Ammonium Nitrate Leading Revenue Growth; Overseas Revenue Growth Outpaced Domestic Revenue Growth in FY2011

In tandem with improved economic conditions in key operating markets, sales in the Group's four product groups of (a) explosive devices (b) industrial fuses and initiating explosive devices, (c) industrial detonators and (d) explosive-grade ammonium nitrate steadily increased with growth rates of 14.5%, 4.5%, 12.7% and 91.8% respectively during FY2011.

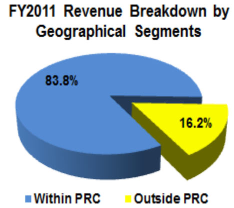
While growth is registered across all product segments, the Group's wholly-owned subsidiary, Hebei Yinguang Chemical Co., Ltd, a major explosive-grade ammonium nitrate manufacturing company in China, achieved exceptional performance as a result of the marketing activities implemented during FY2011, which enhanced its brand recognition among existing and potential customers.



Gross profit margin stood at 30.1% for FY2011, after taking into account a higher proportion of lower-margin products (ammonium nitrate) in its product sales mix.

Although the Group experienced a gradual increase (of approximately 10%) in raw materials prices year-on-year, its risk and cost management strategy has helped maintained a stable gross profit margin of 30.1% throughout FY2011.

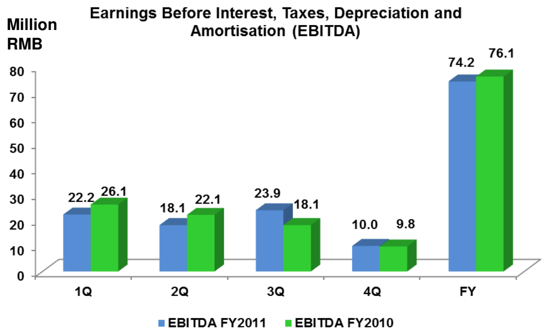
Overall, revenue increased 29.0% to RMB 416.17 million in FY2011 while profit attributable to shareholders dipped 25.2% to RMB 35.32 million. This was mainly attributed to the higher proportion of lower-margin products in its product sales mix; increased transportation costs to serve end-market users directly; increased port charges due to higher export sales; increased provision for safety expenses which is in tandem with the increase in sales revenue; increased administrative expenses related to the commencement of new boosters and piston non-electric detonator production facilities; and a higher tax regime during the reporting period. Notably, the Group's income tax expense in FY2011 increased by RMB 9.19 million, which contributed to approximately 77.3% of the drop (RMB 11.89 million) in net profit attributable to shareholders.



While China continued to be Fabchem's main market, the Group's overseas revenue growth of 40.6% outpaced its domestic revenue growth of 26.9% with increased sales of boosters to Australia, Indonesia and Kyrgyzstan in FY2011 as a result of its strategy to diversify its revenue stream geographically.

Commenting on the Group's FY2011 results, Mr Sun Bowen, Fabchem's Managing Director, highlighted, "Building on our strong foundation established in this supply-regulated industry, the Group has achieved record revenue as strong demand from key operating markets, mainly in the mining, infrastructure and energy sectors, provided significant growth momentum in our key product segments.

While we have achieved a stable EBITDA of RMB 74.16 million in FY2011, our main priorities for the forthcoming year are to increase sales, further enhance operational efficiency and cost structure across our business activities to mitigate the impact of rising raw material costs."



Healthy Balance Sheet with Strong Cash Position of RMB 101.05 million

Guided by a conservative financial management policy, the Group's balance sheet remained healthy with total assets of RMB 539.28 million as at the end of March 2011. The Group's cash position remained stable with net cash balance of RMB 101.05 million.

As at 31 March 2011, shareholders' equity was RMB 386.83 million, up 8.5% or RMB 30.33 million higher than 31 March 2010. Net asset value per share stood at RMB 165.31 cents, up 8.5% or RMB 12.96 cents from 31 March 2010.

Mr Sun added, "Our strong financial position is a significant measure of our business stability and we will continue with this prudent approach that has been an integral part of the Group's growth and development."

Proposed acquisition of land and buildings to provide a permanent manufacturing base for the Group's commercial explosive products

On 27 April 2011, the Group announced that it has entered into a property transfer agreement to acquire the land and buildings ("the Property") at Fei County, Linyi City, Shandong Province in the PRC where the Group's manufacturing facilities and warehouses are located for a total consideration of RMB 108.7 million.

The Group has been leasing the Property since 2004 with annual rental fee of RMB 8 million. The acquisition will be funded using internally-generated funds of RMB 38.7 million and bank loans of RMB 70 million.

Commenting on the proposed acquisition, Mr Sun said, "With a total land area of 439,036 square metres and buildings with a total build-in area of 21,041 square metres, the proposed acquisition of the Property would allow us to secure a permanent base for our operations in Shandong. This is essential for the Group's future expansion and growth, as the Property has the adequate land space to accommodate the requirements of our specialised manufacturing operations.

Furthermore, through the proposed acquisition of the Property, we also safeguard ourselves from any unexpected cost and risk of relocation."

Dividends of S$0.005 per share

The Group has adopted a dividend policy to pay out dividends of at least 10% of its annual net profits to shareholders. The board of directors has recommended a dividend payout of S$0.005 per share for FY2011, which represents a dividend payout ratio of approximately 17.2%.

Moving Ahead

The Group will continue to align its product portfolio with market trends and expand its business presence in new and existing markets. Internally, the Group will also step up its focus on enhancing operational efficiency and reducing costs across the whole business.

Mr Sun concluded, "With encouraging demand from our end-customers in the mining, infrastructure and energy sectors, we believe that the business is moving in the right direction as we continue to capitalise on new growth opportunities in this supply-regulated industry. The Group continues to adopt a prudent outlook for FY2012 and retains a cautious optimism about its longer term prospects."

– END –

This document is to be read in conjunction with Fabchem's exchange filings on 26 May 2011, which can be downloaded via www.sgx.com.

Issued on behalf of Fabchem China Limited by ShareInvestor Pte Ltd

Media & Investor Contact

Mr. Alex TAN
Direct Line: +65 6517 8771
Mobile: +65 9451 5252
Email: alex.tan@shareinvestor.com

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

Listed on the Singapore Exchange Mainboard, Fabchem is one of the leading manufacturers of initiation systems and the largest boosters and detonating cords producer within a supply-regulated industry in China. 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 synonymous with safety, reliability and high quality. Fabchem's reputation as an established initiation systems producer of international-standard quality has strengthened its competitive positioning within commodities-driven economies.

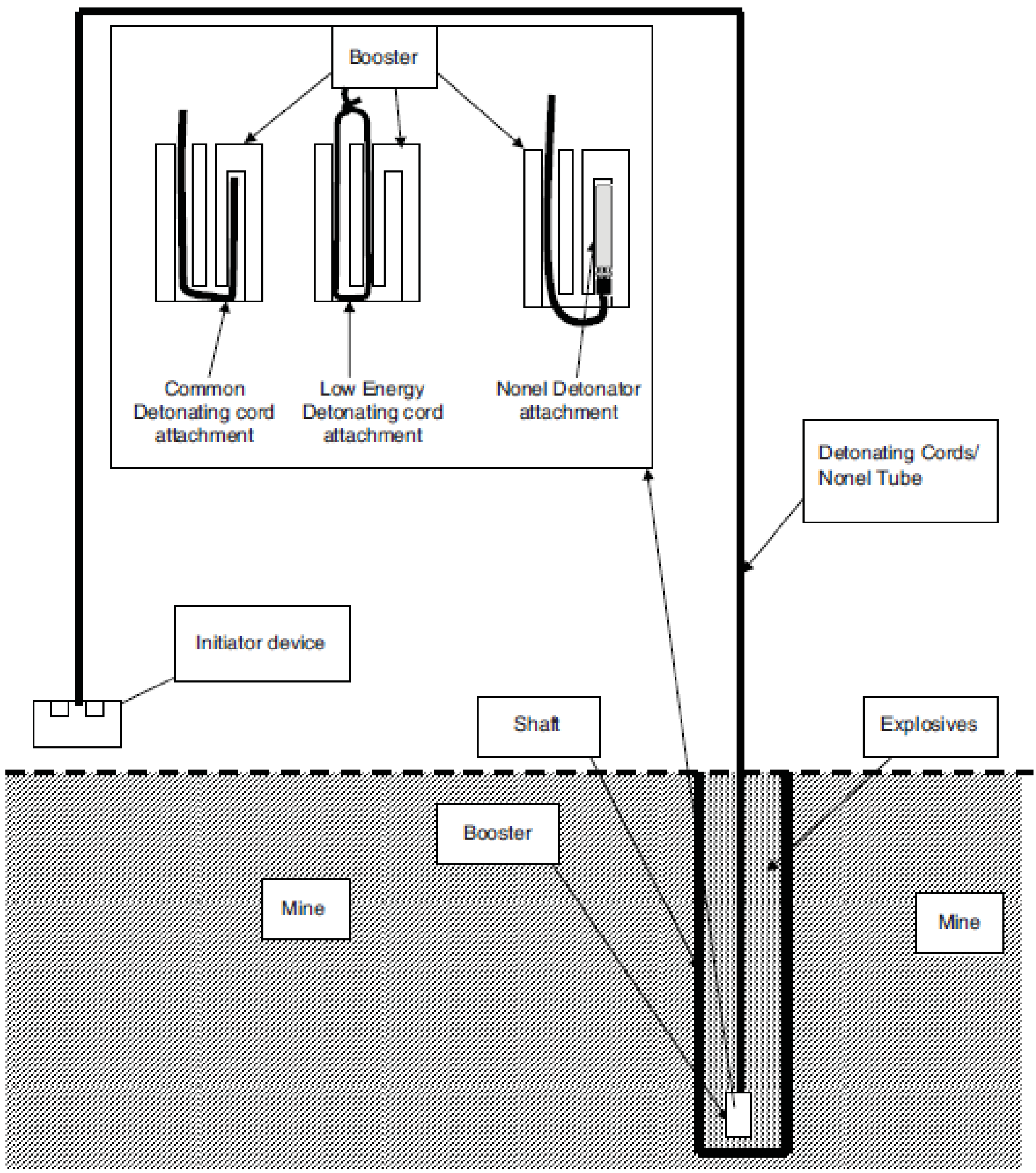
In addition, Dyno Nobel, the world's second largest commercial explosives manufacturer, is a strategic partner of Fabchem. Through the acquisition of Dyno Nobel in 2008, Incitec Pivot Limited owns a 29.9% strategic stake in Fabchem. Incitec Pivot Limited is an Australia-listed leading global manufacturer of nitrogen-based chemicals.

English-Chinese Glossary

Fabchem China Limited	中国杰化有限公司
Explosive Devices	
Booster	起爆具
Seismic Charge	震源药柱
Tube Charge	爆裂管
Industrial fuses and initiating explosive devices	
Detonating Cord	导爆索
Non-Electric Tube	导爆管
Industrial detonators	
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