

**FABCHEM CHINA LIMITED**  
(Company Registration No.: 200413128G)  
(Incorporated in the Republic of Singapore)

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**RESPONSE TO SGX'S QUERY**

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The Board of Directors (“the Board”) of Fabchem China Limited (the “Company”) refers to the following query raised by the Singapore Exchange Securities Trading Limited (“SGX-ST”) on its Full Year Financial Results Announcement for the financial year ended 31 March 2015 released on 29 May 2015 (the “Results Announcement”), and wishes to provide the following clarification:

**SGX-ST's query:**

In the Income Statement, “Allowance for impairment on trade receivables” amounted to RMB 5.779 million.”

Noted that the allowance for impairment on trade receivables increased from RMB 1.37 million in FY 2014 to RMB 5.779 million in FY2015. Please provide the reasons contributing to the increase in the allowance for impairment.

**Company's response:**

Allowance for impairment on trade receivables of approximately RMB 5.779 million for FY2015 was based on the management's assessment on the Group's individual trade receivable as at 31 March 2015 in accordance to Singapore Financial Reporting Standards. The increase from RMB 1.37 million to RMB 5.779 million is due to the impairment on those individual long outstanding and slow-moving trade receivables during the assessment as at 31 March 2015.

By Order of the Board  
Fabchem China Limited

Dr Lim Seck Yeow  
Non-Executive Chairman

15 June 2015