



Fabchem China Limited

FOR IMMEDIATE RELEASE

Fabchem China acquired manufacturing facilities located in Zaozhuang City, Shandong Province of the People's Republic of China ("China")

Singapore, 30 May 2006 – Fabchem China Limited (中国杰化有限公司) ("Fabchem China" or the "Company") is pleased to announce that it has, via its wholly-owned subsidiary Shandong Yinguang Technology Co., Ltd. (山东银光科技有限公司), entered into a sale and purchase agreement with Feixian Yilong Shuini Co. (费县沂龙水泥有限责任公司), Ltd. on 22 May 2006 for the acquisition of manufacturing facilities for the production of its new product, Seismic Charge (震源药柱)⁽¹⁾.

The manufacturing facilities are located in Zaozhuang City, Shandong Province of China, with a built up area of approximately 8,551 square metres. The manufacturing capacity of the plant and equipment acquired is estimated to produce 3,000 tonnes per annum of Seismic Charges, or approximately RMB 30.5 million of revenue per annum.

The purchase consideration was RMB 12.2 million (or S\$2.4 million) and will be funded by the proceeds raised during the Company's Initial Public Offering ("IPO") in April 2006.

"With the acquisition of the Seismic Charge manufacturing facilities, we have added a new range of product which was previously not available to our customers. This has strengthened the competitiveness of our Group's commercial explosive devices market position in China. We are pleased with the current order book of Seismic Charge which is worth approximately RMB 9.9 million with CNPC Bureau of Geophysical Prospecting (中国石油集团东方地球物理勘探有限责任公司) as one of our customers", said Mr Sun Bowen (孙伯文), Managing Director of Fabchem China.

CNPC Bureau of Geophysical Prospecting ("CNPC BGP") is a subsidiary of China National Petroleum Corporation (中国石油天然气集团公司). Based in Zhuozhou City, Hebei Province, China, CNPC BGP is one of the world's leading onshore geophysical service contractors. It has operations in more than 20 countries such as China, Saudi Arabia, Libya and the Middle East.

The estimated increase in revenue accruing from this acquisition is expected to have a positive impact on the revenue of the Group for the financial year ending 31 March 2007 (FY2007/3).



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The IPO for the shares of Fabchem China was sponsored by HL BANK (the “Manager”). The Manager assumes no responsibility for the contents of this announcement.

Notes:-

1. A Seismic Charge is a type of blasting device used mainly for oil, natural gas and mineral exploration through seismic wave refraction method. The seismic wave refraction method utilises sound waves as sound travels at different velocities through different materials and is refracted at layer interfaces. A seismic wave in the Earth is generated through the vibration of an explosion initiated by the seismic charge. The time taken by the seismic wave to travel back is then precisely measured and this is interpreted to detect the type of material in the Earth.

>>>> The End

More about Fabchem China Limited (“Fabchem China”)

Bloomberg: FABC SP

Headquartered in the Republic of Singapore with fully owned subsidiary based in the Shandong province in China, Fabchem China is one of the leading manufacturers of commercial explosive devices in China. Its products include explosive devices (boosters and tube charges), industrial fuse and initiating explosive devices (detonating cords and non-electric tubes), as well as industrial detonators (non-electric detonators and piston non-electric detonators). These products are widely used in mining, infrastructure, hydroelectric construction projects and oil & gas exploration activities. Fabchem China’s products are sold to more than 10 countries, including the United States of America, China, Australia and South Africa.

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