Fabchem China Limited

FOR IMMEDIATE RELEASE

FABCHEM POSTS STRONG GROWTH IN 1H 2008 RESULTS

- ***Gross Profit Grew 35% to RMB 41 million***
- ***Increased Sales to Australia and South Africa***
- ***Future Growth: New Production Facilities Plus Acquisitions***

Singapore, 7th November 2007 – Fabchem China Limited ("Fabchem China", "中国杰化" or the "Group"), a SGX mainboard-listed leading manufacturer of commercial explosive devices in China, today reported its first half results ended 30th September 2007.

Financial Highlights

	1H 2008	1H 2007	*Change (%)*
(RMB'000)			
Revenue	97,804	74,488	*31.3*
Gross Profit	40,744	30,089	*35.4*
Profit Before Tax	26,974	18,663	*44.5*
Net Profit	22,105	18,663	*18.4*
EPS (RMB Cents)	9.45	8.16	*15.8*
Gross Profit Margin (%)	41.7	40.4	*3.2*

SUMMARY OF OPERATIONAL AND FINANCIAL REVIEW

Revenue

Revenue increased by approximately RMB 23.3 million or 31.3 per cent mainly due to increased sales to Australia and South Africa. Sales within China increased by approximately RMB 8.3 million or 14.6 per cent as a result of additional sales of two new products: seismic charges and piston non-electric detonators.

Sales to Australia increased by approximately RMB 7.6 million or 155.7 per cent due to increased demand from Australian customers.

Looking forward, South Africa (RSA) will be an important export market for initiation system sales. Currently, all revenue from RSA is derived from the sale of piston non-electric detonators.

Gross Profit Margin

Gross profit margin improved from 40.4 per cent to 41.7 per cent as a result of increased sourcing efficiencies and utilization of re-processed raw materials.

Operating and Other Expenses

Distribution costs increased by approximately RMB 0.5 million or 14.7 per cent mainly due to the increase in sales revenue. General and administrative expenses increased by approximately RMB 1.8 million or 22.5 per cent mainly as a result of the increase in corporate expenses and expenses related to an increase in revenue, e.g. provision for safety expenses as required by the of Commission of Science, Technology and Industry for National Defense ("Commission").

Income Tax Expenses
According to the Enterprise Income Tax Law for Foreign Investment Enterprises and Foreign Enterprises of China, the profits derived during the calendar year 2005 and 2006 were exempted from income tax. With effect from 1 January 2007, Yinguang Technology is liable to pay 15 per cent tax, representing 50 per cent of the state income tax of 30 per cent, for three consecutive years.

NEW PRODUCTION FACILITIES TO DRIVE GROWTH

As per the disclosure made in the Prospectus dated 5 April 2007, the Group has commenced construction of a 3,000 tonnes per annum boosters facility and a 60 million units per annum detonators facility. Year-to-date, approximately RMB 14.2 million has been invested to construct the two production facilities using internally generated funds.

The Group expects to complete the construction and commence commercial production of these two new facilities during the financial year ending 31 March 2009. The Group expects the commencement of the two new production facilities will further strengthen its booster leadership position in China and will be the largest non-electric detonators producer in China.

INDUSTRY OUTLOOK

As disclosed in FY2007 full year results announcement and in the Group's 2007 Annual Report, its management is in the process of assessing some commercial explosives companies for the purposes of consolidation into the Group.

Mr Sun, the Group's Managing Director said, "We are currently working closely with the Commission to streamline a few potential acquisition targets. We will give consideration to acquire targets that meet our Group's investment criteria and will make the necessary announcements on the potential acquisition by our Group in due course."

Ends

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 and gas exploration activities. Fabchem China's products are sold in more than 10 countries, including China, Australia and South Africa.

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