



Fabchem China Limited

PROFIT WARNING

The Board of Directors (the "Board") of Fabchem China Limited (the "Group") wishes to caution our shareholders that the management expects the Group's profits to be significantly lower for the fourth quarter of FY2009, i.e from 1 January 2009 to 31 March 2009, as compared to the corresponding quarter in the previous financial year. This is due to the reasons as mentioned in our third quarter results announcement on 11 February 2009 with regards to the global economic conditions.

Decrease in Global Mining Activities

Our initiation devices are facing a tough and uneasy path with the decrease in demand from mining activities due to the current economic conditions. Mining activities in our major markets, China and Australia, are decreasing over the last few months due to the worsening economic conditions. The management will continue to remain vigilant during this economic downturn while keeping a look out for possible entry into any new potential markets.

Deteriorating Ammonium Nitrate Prices

As mentioned in our third results announcement, the selling price of ammonium nitrate is significantly affected by the current global economic crisis and thus the profitability for Hebei Yinguang Chemical Co., Ltd ("Hebei Yinguang") is experiencing undue stress. In view of the above, the management foresees a small loss to be made for Hebei Yinguang for the fourth quarter of FY2009.

Also as mentioned in our third quarter announcement, the management expects to start the production for the new 40,000 tonnes ammonium nitrate during the last quarter of FY2009. However, in view of the current economic conditions, the management has decided to postpone the commencement for its production of the 40,000 tonnes. The management will be re-assessing the market and inform the shareholders on any further developments.

In view of the lower profitability for our fourth quarter results, together with the impact of 2008 Beijing Olympics to our second quarter results, our full year results for FY2009 is expected to be lower than that of FY2008.

The Board expects to release the Group's full year results on or before 30 May 2009.

Despite the above, the management is actively looking at ways for costs reduction and remaining competitive in today's market. With our new boosters, detonators and ammonium nitrate plants, the management believes that the Group will be in a stronger position when the global economic situation recovers.

By Order of the Board

Dr Lim Seck Yeow
Non Executive Chairman
6th April 2009

