



Fabchem China Limited

SIGNIFICANT STEP FORWARD IN FABCHEM'S ORGANIC GROWTH PROGRAM WITH NEW AMMONIUM NITRATE PRODUCTION FACILITIES

- Production capacity of ammonium nitrate to increase by 85% to 130,000 tons
- New production facilities slated to start commercial production by September 2013
- Ammonium nitrate has accounted for a significant component of the Group's overall revenue over the past few years

Singapore, 16 November 2012 – Singapore Exchange Mainboard-listed Fabchem China Limited ("Fabchem", "中国杰化有限公司" or "the Group"), is pleased to announce its plans to build additional production capacity at its existing ammonium nitrate production facilities at Hebei Province (North China region).

With close proximity to mining activities, the Group's wholly-owned subsidiary, Hebei Yinguang Chemical Co., Ltd ("Hebei Yinguang"), is a major explosive-grade ammonium nitrate manufacturing company in China.

Enhanced Competitive Edge with New Production Facilities

Explosive-grade ammonium nitrate is the world's most common blasting agent and it is the main raw material in the production of commercial explosives.

As part of Fabchem's organic growth initiatives in this highly regulated industry, the expansion of Hebei Yinguang's production capacity will strengthen the Group's market presence and generate higher economies of scale.

With an expected capital investment of RMB 30.0 million, which will be financed mainly by internal financial resources, the new production facility will add 60,000 tons to the current production capacity of 70,000 tons of ammonium nitrate, thereby increasing the production volume by 85% to 130,000 tons.

Incorporating more automation technologies within the new production facilities, it will improve production processes and reduction in manpower resources.

Commenting on this organic growth initiative, Mr Sun Bowen ("孙伯文"), Fabchem's Managing Director, said, *"The recurring demand for energy and resources in China has spurred the growth of mining activities domestically. In addition, the Chinese government has ceased the issue of production licenses and permits for new manufacturers to raise the quality and safety standards for ammonium nitrate production."*

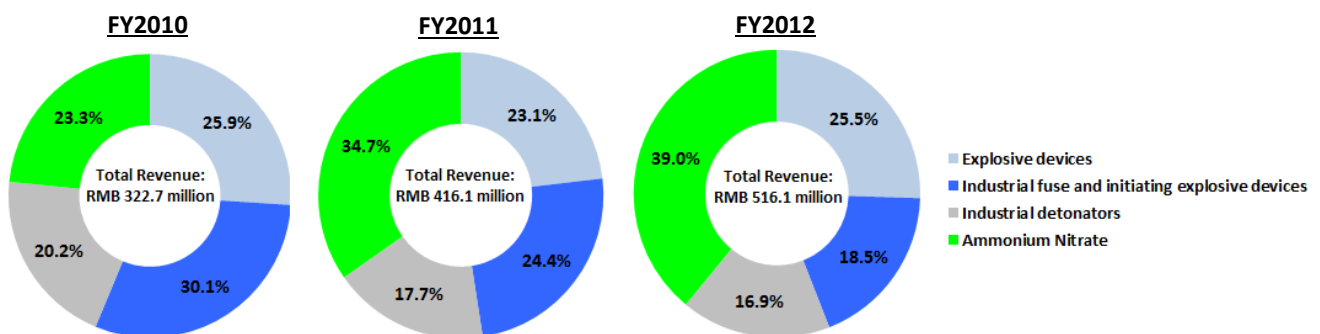


As such, the macro trends remain promising. Coupled with the lower costs of construction and materials, the enlarged production facilities will generate higher economies of scale and costs efficiency.

While ammonium nitrate is currently under soft market conditions, this initiative will cement our long-term market presence as a vital producer of ammonium nitrate in the North China region."

Strategic Element to the Group's Overall Revenue

Since the acquisition of Hebei Yinguang in FY2008, the Group's ammonium nitrate business activities has grown progressively and now accounts for a significant component of the Group's overall revenue over the past few years.



Mr Sun concluded, "Aligning our product portfolio to future market trends in this highly regulated market, we take a measured approach in our growth initiatives. Strategically, it is imperative that our production capabilities can support and better serve our customers' future needs and requirements."

Based in China with a 32-year safety track record, Fabchem is a leading manufacturer of initiation systems and the largest boosters and detonating cords producer within a highly regulated industry in China, where foreign involvement are restricted. Incitec Pivot Limited, via its subsidiary Dyno Nobel which is the world's second largest commercial explosives manufacturer, owns a 29.9% strategic stake in Fabchem.

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For any enquires on Fabchem's latest announcement, pls email: ir@fabchemchina.com

About Fabchem China Limited (Bloomberg Code: FABC:SP / Reuters Code: FBCH.SI)

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 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.