



Fabchem China Limited

PROFIT WARNING

The Board of Directors (the "Board") of Fabchem China Limited (the "Group") wishes to caution our shareholders that the Group's profit is expected to be significantly lower for the first quarter of FY2014, i.e the period from 01 April 2013 to 30 June 2013 ("1Q2014"), as compared to the corresponding quarter in the previous financial year ("1Q2013").

This was mainly attributable to two factors as follows:

1. The temporarily production suspension of our commercial explosives production by the Chinese authorities from 20 May 2013 to 14 June 2013.

This "cease production" order was immediately issued to all commercial explosives manufacturers in the Shandong province after a recent explosive accident occurred at an unrelated commercial explosives manufacturing plant in Shandong Province.

As one of the leading commercial explosive manufacturers in China, the Group adheres to stringent safety standards and we are pleased to announce that the Group is one of the first commercial explosive manufacturers in Shandong Province to resume production after swiftly clearing the heightened safety checks by the Chinese authorities on 14 June 2013. The details of our production resumption can be found in a separate announcement that was also issued today.

While the Group was not able to manufacture any commercial explosives during this period, the sales activities to domestic and overseas customers continued with the current inventories on hand.

Despite this, the downtime in production from this temporary directive has disrupted the Group's production schedule for our projected sales activities. And as a result, our three-month results for 1Q2014 is expected to be lower than that of 1Q2013.

2. Continual pressure on the market-driven selling prices of ammonium nitrate

As disclosed in our FY2013 financial results released on 25 May 2013, the Group's explosive-grade ammonium nitrate business activities has been significantly affected by the decrease in mining and infrastructure development activities, due to the slowdown in China's economy.

Coming into 1Q2014, the market for ammonium nitrate continued to weaken and as a result, the market-driven prices of ammonium nitrate continue to come under pressure, leading to the deteriorating financial performance of our ammonium nitrate business activities.





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This profit warning is based on a preliminary review of the unaudited financial results of the Group. Further details of the Group's performance will be disclosed when it has finalised its unaudited financial results for 1Q2014. Details of the Group's results in 1Q2014 are expected to be released on or before 14 August 2013.

In the meantime, shareholders of the Group and potential investors are advised to exercise caution when dealing in the shares of the Group.

By Order of the Board

Sun Bowen
Managing Director
17 June 2013

