



**Fabchem China Limited**

## **FABCHEM IS ONE OF THE FIRST COMMERCIAL EXPLOSIVE MANUFACTURERS IN SHANDONG PROVINCE APPROVED TO RESUME PRODUCTION**

- Testament to its stringent safety standards and processes, the Group obtained safety clearance and production approval in less than a month of increased safety checks by the relevant Chinese authorities
- Heightened safety awareness and training will benefit China's commercial explosives industry in the long run

**Singapore, 17 June 2013** – Singapore Exchange Mainboard-listed Fabchem China Limited ("Fabchem", "中国杰化有限公司" or "the Group"), is pleased to announce that its commercial explosive manufacturing facilities in Shandong Province is among the first commercial explosive manufacturers to resume production, after receiving the safety clearance and production approval from the Chinese authorities on 14 June 2013. A "cease production" directive from the Chinese authorities to all commercial explosives manufacturers in Shandong province has been in effect since 20 May 2013.

This temporary "cease production" measure was issued immediately after an explosion accident occurred on 20 May 2013 at an unrelated commercial explosives manufacturing plant at Caofan Township, Zhangqiu City, Jinan, Shandong Province under the state-owned corporation, China Poly Group (中国保利集团).

According to preliminary assessment, this temporary directive will likely impact our sales revenue and profitability for our first quarter ending 30 June 2013 ("1Q2014") as it has disrupted the Group's production schedule for our projected sales activities.

In light of this unfortunate explosion accident, the Chinese authorities have stepped up their safety checks of commercial explosives manufacturers.

Although there were increased safety checks, Fabchem passed all safety inspections swiftly and the Group is one of the first to resume commercial explosives production in Shandong Province.

As one of the leading commercial explosive manufacturers in China, the Group adheres to stringent safety standards and this is a testament to Fabchem's 32-year safety track record. Nevertheless, the Group continues to instill safety consciousness and implement new safety protocols in all its production facilities.

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.



And during this period of ceased production, Fabchem's staff continued to undergo rigorous safety training and education programs to further reinforce the safety awareness culture within the Group.

While there are costs involved in such safety initiatives, the Group will not compromise safety and prevention of workplace accidents for costs savings. As such, the Group's safety track record has been one of its hallmarks among domestic and overseas customers.

As part of its operating process, Fabchem will continue to review its safety and emergency procedures to further reduce these risks to the absolute minimum.

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*For any enquires on Fabchem's latest corporate announcements, pls email: [ir@fabchemchina.com](mailto:ir@fabchemchina.com)*

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#### **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.