

FABCHEM CHINA LIMITED
(Company Registration No.: 200413128G)
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX'S QUERY

The Board of Directors (“the Board”) of Fabchem China Limited (the “Company”) refers to the following query raised by the Singapore Exchange Securities Trading Limited (“SGX-ST”) on its Annual Report 2014, and wishes to provide the following clarification:

SGX-ST's query:

Under Listing Rule 710, the Company must describe its corporate governance practices with specific reference to the principles of the Code in its annual report. It must disclose any deviation from any guideline of the Code together with an appropriate explanation for such deviation in the annual report.

In particular, please advise if the Company has complied with Guideline 11.3 which states that, “The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems.

Company's response:

The Board wishes to clarify that based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance risks and information technology controls and risk management systems, were adequate as at 31 March 2014.

The Board, with the concurrence of the Audit Committee, is of the opinion that the Group's system of internal controls is adequate to address financial, operational, compliance and information technology controls, and risk management systems of the Group in its current business environment.

By Order of the Board
Fabchem China Limited

Dr Lim Seck Yeow
Non-Executive Chairman

18 July 2014