

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

RESPONSE TO SGX'S QUERIES ON RESULTS ANNOUNCEMENT FOR THE 2nd QUARTER ENDED 30 SEPTEMBER 2017

The Board of Directors (the "Board") of Fabchem China Limited (the "Company") refers to the following queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on its Results Announcement for the 2nd Quarter ended 30 September 2017 ("2Q2018") released on 13 November 2017, and wishes to provide the following clarification:

SGX Query 1:

On page 3 of the 2Q2018 Results, the Company disclosed "trade and other receivables" amounting to RMB 72.74 million, which exceeds Revenue from continuing operations of RMB 49.05 million. Please provide:

- a. a breakdown and aging analysis of "trade receivables" amounting to RMB 65.28 million; and
- b. a breakdown of the major items comprising "other receivables" of RMB 7.46 million.

Company's response:

- 1 a. Breakdown and aging analysis for "trade receivables" amounting to RMB 65.28 million:

RMB'000	Total	Debts < 90 days	90 days < Debts < 180 days	180 days < Debts < 1 year	Debts > 1 year
Gross	85,436	41,769	12,377	8,415	22,875
Impairment on trade receivables	(20,153)	-	-	-	(20,153)
Net	65,283	41,769	12,377	8,415	2,722

- 1 b. Breakdown of the major items comprising "Other receivables" of RMB 7.46 million:

	As at 30 Sept 2017 RMB'000	Nature
Refundable deposit	6,000	Refundable deposit for acquisition of office space
Other receivable from Hebei Yinguang Chemical Co., Ltd ("Hebei Yinguang")	679	Balance of transition amount owing from Hebei Yinguang subsequent to transfer of ownership to third party
Others	782	Other refundable deposit, security deposits for project tenders and other receivables for sundries operating expenses
Total other receivables	7,461	

SGX Query 2:

On page 14 of the 2Q2018 Results, the Company disclosed that “other assets, current” amounting to RMB 18.92 million comprised “the Group’s prepayments”. Please explain what are these prepayments for, including to whom these are paid, for what purposes and when these were made.

Company’s response:

Breakdown of “Other assets, current” amounting to RMB 18.92 million:

	As at 30 Sept 2017 RMB’000	Nature
Deposits to secure services	66	Deposit to secure services for operating activities
Prepayments	969	Prepayments to suppliers for operating expenses
Prepayments for land use rights	6,400	Prepayment for land use rights
Advances to suppliers	9,131	Advances to suppliers for purchase of raw materials and miscellaneous production and operating activities
Advances to staff	2,350	Advances to staff for traveling expenses and purchase of raw materials
Total	18,916	

Payments for the above-mentioned are made when the respective contractual obligations fall due, eg. prepayments for annual insurance, or on an ad-hoc basis when the need arises, eg. advances to suppliers to purchase raw materials when the production requirement arises.

By Order of the Board
Fabchem China Limited

Dr Lim Seck Yeow
Non-Executive Chairman

Date: 30 November 2017