



## Fabchem China Limited

### VARIANCES BETWEEN THE UNAUDITED FULL YEAR FINANCIAL RESULTS ANNOUNCEMENT AND AUDITED FINANCIAL STATEMENTS IN RESPECT OF THE FINANCIAL YEAR ENDED 31 MARCH 2018

The Board of Directors (the “Board”) of Fabchem China Limited (the “Company” and together with its subsidiaries, the “Group”) refers to the Company’s unaudited full year financial results announcement for the financial year ended 31 March 2018 (“FY2018”) released by the Company on 30 May 2018 (the “Unaudited Full Year Financial Results”).

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”), the Company wishes to announce that, subsequent to the release of the Unaudited Full Year Financial Results, certain items were adjusted in the Consolidated Income Statement, Statements of Financial Position and Consolidated Statement of Cash Flows for FY2018.

#### **Details and clarifications of the variances:**

Imputed interest income from a related party interest free loan for the purchase of leasehold properties from the said related party at fair value at inception date was recognised as imputed interest income in the Unaudited Full Year Financial Results. On the date of initial recognition, the net difference between the cash price equivalent and the fair value of the interest free loan amounting to RMB4,717,000 should be adjusted against the cost of leasehold properties acquired and amortised over the tenure of loan.

#### **Consolidated Income Statement**

	Group		
	Audited FY2018 RMB'000	Unaudited FY2018 RMB'000	Variances RMB'000
<b>Revenue</b>	191,260	191,260	
Cost of sales	(155,318)	(155,318)	
<b>Gross profit</b>	35,942	35,942	
<b><u>Other Items of Income</u></b>			
Interest income – Note (i)	283	5,000	(4,717)
Other gains	2,483	2,483	
<b><u>Other Items of Expense</u></b>			
Distribution costs	(21,297)	(21,297)	
Administrative expenses	(30,701)	(30,701)	
Finance costs	(3,355)	(3,355)	
Other losses	(3,345)	(3,345)	
<b>Loss before tax from continuing operations</b>	(19,990)	(15,273)	(4,717)
Income tax income	162	162	
<b>Loss from continuing operations, net of tax</b>	(19,828)	(15,111)	(4,717)
Gain from discontinued operations, net of tax	-	-	
<b>Loss attributable to shareholders</b>	(19,828)	(15,111)	(4,717)
<b>Note (i) – Interest income</b>			
Interest income from bank	283	283	
Interest income on financial liabilities measured at amortised cost	-	4,717	(4,717)
	283	5,000	(4,717)

## Statement of Financial Position

	<b>Group</b>		
	<b>Audited 31 March 2018 RMB'000</b>	<b>Unaudited 31 March 2018 RMB'000</b>	<b>Variances RMB'000</b>
<b>ASSETS</b>			
<b>Non-current assets :</b>			
Property, plant and equipment	228,186	232,903	(4,717)
Other assets, non-current	80,251	80,251	
Investment in subsidiary	-	-	
Deferred tax assets	18,189	18,189	
<b>Total non-current assets</b>	<b>326,626</b>	<b>331,343</b>	(4,717)
<b>Current assets :</b>			
Inventories	32,068	32,068	
Trade and other receivables	54,728	54,728	
Other assets, current	9,268	9,268	
Cash and cash equivalents	89,018	89,018	
<b>Total current assets</b>	<b>185,082</b>	<b>185,082</b>	
<b>Total assets</b>	<b>511,708</b>	<b>516,425</b>	(4,717)
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves :</b>			
Share capital	116,849	116,849	
Retained earnings	143,527	148,244	(4,717)
Other reserves	88,952	88,952	
<b>Total equity</b>	<b>349,328</b>	<b>354,045</b>	(4,717)
<b>Non-Current liabilities :</b>			
Deferred tax liabilities	2,225	2,225	
Other payables, non-current	18,293	18,293	
<b>Total non-current liabilities</b>	<b>20,518</b>	<b>20,518</b>	
<b>Current liabilities :</b>			
Trade and other payables	77,655	77,655	
Other financial liabilities, current	59,650	59,650	
Other liabilities	4,557	4,557	
<b>Total current liabilities</b>	<b>141,862</b>	<b>141,862</b>	
<b>Total liabilities</b>	<b>162,380</b>	<b>162,380</b>	
<b>Total liabilities and equity</b>	<b>511,708</b>	<b>516,425</b>	(4,717)

## Consolidated Statement of Cash Flows

	<b>Group</b>		
	<b>Audited FY2018 RMB'000</b>	<b>Unaudited FY2018 RMB'000</b>	<b>Variances RMB'000</b>
<b>Cash flows from operating activities</b>			
Loss before tax from continuing operations	(19,990)	(15,273)	(4,717)
Adjustments for :			
Allowance for impairment on trade receivables – loss	1,692	1,692	
Allowance for impairment on trade receivables – reversal	(330)	(330)	
Amortisation expenses	2,719	2,719	
Depreciation expense	18,090	18,090	
Gain on disposal of property, plant and equipment	(1,218)	(1,218)	
Property, plant and equipment written-off	55	55	
Provision for safety expenses	2,656	2,656	
Inventories written-off	58	58	
Net effect of exchange rate changes in translation of financial statements of parent	(15)	(15)	
Interest expenses	3,355	3,355	
Interest income	(283)	(5,000)	4,717
Operating cash flows before changes in working capital	6,789	6,789	
Inventories	3,227	3,227	
Trade and other receivables	5,045	5,045	
Other assets	3,693	3,693	
Trade and other payables	10,166	10,166	
Other liabilities	(648)	(648)	
Net cash flows from operations before interest and tax	28,272	28,272	
Income taxes paid	(550)	(550)	
Net cash flows from operating activities, continuing operations	27,722	27,722	
Net cash flows used in discontinued operating activities	-	-	
<b>Net cash from operating activities, total</b>	<b>27,722</b>	<b>27,722</b>	
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment	1,666	1,666	
Purchase of property, plant and equipment	(20,548)	(20,548)	
Purchase of land use rights	-	-	
Disposal of a subsidiary (net cash disposed of)	-	-	
Interest received	283	283	
Net cash flows used in investing activities, continuing operations	(18,599)	(18,599)	
Net cash flows from discontinued investing activities	-	-	
<b>Net cash used in investing activities, total</b>	<b>(18,599)</b>	<b>(18,599)</b>	
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings	59,650	59,650	
Repayment of borrowings	(59,650)	(59,650)	
Interest paid	(3,355)	(3,355)	
Net cash flows used in financing activities, continuing operations	(3,355)	(3,355)	
Net cash flows used in discontinued financing activities	-	-	
<b>Net cash used in financing activities, total</b>	<b>(3,355)</b>	<b>(3,355)</b>	
Net increase in cash and cash equivalents	5,768	5,768	
Cash and cash equivalents, statement of cash flows, beginning balance	83,250	83,250	
<b>Cash and cash equivalents, statement of cash flows, ending balance</b>	<b>89,018</b>	<b>89,018</b>	

### Loss Per Ordinary Shares

	<b>Group</b>		
	<b>Audited FY2018</b>	<b>Unaudited FY2018</b>	<b>Variances</b>
	<b>RMB cents</b>	<b>RMB cents</b>	<b>RMB cents</b>
Loss per ordinary share for the year based on net loss attributable to shareholders :			
Based on weighted average number of ordinary shares in issue			
Continuing operations	(42.37)	(32.29)	(10.08)
Discontinued operations	-	-	
	(42.37)	(32.29)	(10.08)
Weighted average number of ordinary shares in issue for basic earnings per share	46,800,000	46,800,000	

### Net Asset Value Per Ordinary Shares

	<b>Group</b>		
	<b>Audited 31 March 2018</b>	<b>Unaudited 31 March 2018</b>	<b>Variances</b>
	<b>RMB cents</b>	<b>RMB cents</b>	<b>RMB cents</b>
Net asset value per ordinary share based on the issued shares at the end of the financial year	746.43	756.51	(10.08)
Number of issued shares use in calculating net asset value	46,800,000	46,800,000	

By Order of the Board

Dr Lim Seck Yeow  
Non-Executive Chairman  
4 July 2018