



Fabchem China Limited

INTERESTED PERSON TRANSACTIONS BETWEEN THE COMPANY AND SHANDONG YINGUANG MINBAO QICAI CO., LTD

1. INTRODUCTION

The Board of Directors of Fabchem China Limited (the "Company" and together with its subsidiaries, the "Group") wishes to announce that the Group has entered into transactions with the same interested persons (as defined in Chapter 9 of the Listing Rules) amounting to an aggregate of RMB 14,971,000 which has exceeded 3% of the Group's latest audited net tangible assets ("NTA"), details of which are set out below.

2. INTERESTED PERSON TRANSACTION

Shandong Yinguang Minbao Qicai Co., Ltd ("山东银光民爆器材有限公司") ("Yinguang Minbao") is principally engaged in the business of manufacturing and sales of ANFO (Ammonium Nitrate Fuel Oils) explosives and emulsion explosives in the PRC.

Our Company's controlling shareholder and director, Mr Sun Bowen, is also a shareholder of Shandong Yinguang Chemical Group Co., Ltd ("Yinguang Chemical Group") and has an aggregate interest of 60.0% of the registered capital of Yinguang Chemical Group as at 31 December 2013. Bao Hongwei, a director and shareholder of the Company, is also a director of Yinguang Chemical Group and has an aggregate interest of 6.0% of the registered capital of Yinguang Chemical Group.

Yinguang Chemical Group holds an aggregate interest of 30.0% in Yinguang Minbao. Sun Bowen and Bao Hongwei are not directors of Yinguang Minbao.

As such, Yinguang Minbao is a indirect associate of our major shareholders and directors, Sun Bowen and Bao Hongwei, and is therefore deemed to be an interested person. Accordingly, transactions entered into between the Group and Yinguang Minbao would be interested person transactions, and subject to Chapter 9 of the Listing Rules.

The Group, through its wholly-owned subsidiary Hebei Yinguang Chemical Co., Ltd ("Hebei Yinguang"), sells ammonium nitrate in its ordinary course of business to Yinguang Minbao for the manufacturing ANFO explosives (the "AN Sale Transactions"). Yinguang Minbao exercises open bidding process to purchase ammonium nitrate from its suppliers. Hebei Yinguang will submit their bid during every exercise. As such, the selling price the Group sells to Yinguang Minbao is at commercial rates and such transactions are at arm's length.

Based on the Group's latest audited consolidated financial statements for the financial year ended 31 March 2013, the Group's latest audited NTA as 31 March 2013 ("FY2013 NTA") was RMB 455,574,000. The aggregate value of interested person transactions entered by the Group with Yinguang Minbao for the financial period ended 31 December 2013 of RMB 14,971,000 amounts to 3.29% of the Group's FY2013 NTA.



3. RATIONAL

The AN Sale Transactions entered into by the Group are in the ordinary course of business. Such transactions are recurring transactions that are likely to occur with some degree of frequency and are part of the day-to-day operations of the Group, and could arise at any time.

4. AUDIT COMMITTEE'S STATEMENT

The audit committee of the Company (the "Audit Committee") has reviewed the terms of the transactions. The Audit Committee is of the view that the transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

5. FUTURE TRANSACTIONS

The Group intends to enter into future AN Sale Transactions with Yinguang Minbao. The terms and conditions of the AN Sale Transactions will be agreed between the parties through open bidding exercise, and will be based on normal terms transacted on an arm's length basis.

Currently, the aggregate value of all AN Sale Transactions for the current financial year ending 31 March 2014 is not expected to exceed the threshold of 5% prescribed under Rule 906(1) of the Listing Rules.

However, we will monitor such future AN Sale Transactions closely and seek shareholders' mandate as and when necessary.

6. CURRENT TOTAL OF INTERESTED PERSON TRANSACTIONS

Other than disclosed above and transactions less than S\$100,000, the following table sets out the current total of all interested person transactions for the current financial year ending 31 March 2014:

		Not under shareholders' mandate	Under shareholders' mandate
Name of interested person	Nature	RMB'000	RMB'000
Feixian Yinguang Transport Co., Ltd	Payment of transportation charges	4,212	
Shandong Yinguang Commercial Explosives Sales and Services Co., Ltd	Sales of commercial explosives products	4,807	
Dyno Nobel Group	Sales of commercial explosives		15,953

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, none of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Interested Person Transactions.

By Order of the Board

Sun Bowen
Managing Director
7 February 2014