



**Fabchem China Limited**

## **CORPORATE UPDATE**

The Board of Directors (the “Board”) of Fabchem China Limited (the “Group”) wishes to update our shareholders that our subsidiary, Shandong Yinguang Technology Co., Ltd (“Yinguang Technology”) has received a notification from the relevant authorities to resume production of our commercial explosives products (except for boosters) on 30 November 2015.

Following the notification, the production of our commercial explosive products (except for boosters) has resumed on 1 December 2015, however the product category of boosters will require additional safety inspection and clearance by the relevant authorities before the resumption of production.

On 30 October 2015, the Group issued a profit warning announcement as there was a temporary stoppage of all production activities of commercial explosive products in Shandong Province after an unfortunate explosion occurred at an unrelated booster production plant in Shandong Province, Linyi City, Pingyi County that resulted in 9 casualties and 2 injured on 21 October 2015.

This temporary stoppage of production activities was a precautionary measure by the relevant authorities as they undertook additional safety inspections at each of these production facilities in the Shandong Province before the approval to resume production can be allowed. The Board is of the opinion that there will be a negative impact on the Group’s financial performance for 3Q2016 and for the financial year ending 31 March 2016 (“FY2016”).

The management will continue to closely monitor the situation and update shareholders on a timely basis.

Further details of the Group’s performance will be disclosed when it has finalised its unaudited financial results for 3Q2016. Details of the Group’s results in 3Q2016 are expected to be released on or before 12 February 2016. In the meantime, shareholders of the Group and potential investors are advised to exercise caution when dealing in the shares of the Group.

By Order of the Board

Sun Bowen  
Managing Director  
03 December 2015

