

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

RESPONSE TO SGX'S QUERY ON ANNUAL REPORT 2015

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 for the financial year ended 31 March 2015 (the “Annual Report 2015”), and wishes to provide the following clarification:

SGX-ST's query:

We refer to the Company's Annual Report 2015.

1. We note the Company's disclosure in paragraph 3B of the Notes to the Financial Statements on “Related Party Transactions” with director related companies:-

- (a) Sales of goods;
- (b) Rental expenses;
- (c) Purchase of goods;
- (d) Security services; and
- (e) Freight charges.

Please reconcile the amounts disclosed under the Related Party Transactions section on page 65 of the Annual Report and under the Interested Person Transactions on page 41 of the Annual Report and account for the differences. Please provide details of these director related companies and explain why the amounts under Related Party Transactions are not classified as Interested Person Transactions.

Company's response:

The differences between the amounts disclosed under the Related Party Transactions section on page 65 of the Annual Report and under the Interested Person Transactions on page 41 of the Annual Report was due to individual transactions that were less than S\$100,000 each and was not required to be disclosed under Page 41 of the Annual Report. Please see below for the reconciliation:

FY2015 (RMB'000)	Disclosed under Related Party Transactions on Page 65 of the Annual Report (Total transactions value, including transactions less than S\$100,000)	Disclosed under Interested Person Transactions on Page 41 of the Annual Report (excluding transactions less than S\$100,000)	Transactions less than S\$100,000 each
Sales of goods			
Dyno Nobel	37,150	37,150	-
Shandong Yinguang Minbao Qicai Co., Ltd	14,784	7,744 ⁽¹⁾	7,040
Shandong Yinguang Commercial Explosives Sales Services Co., Ltd	2,733	-	2,733
Total	54,667	44,894	9,773

FY2015 (RMB'000)	Disclosed under Related Party Transactions on Page 65 of the Annual Report (Total transactions value, including transactions less than S\$100,000)	Disclosed under Interested Person Transactions on Page 41 of the Annual Report (excluding transactions less than S\$100,000)	Transactions less than S\$100,000 each
Rental expenses	-	-	-
Purchases of goods			
Shandong Yinguang Drawnwork Co., Ltd	30	-	30
Feixian Yindu Business Hotel Co., Ltd	402	-	402
Shandong Yinguang Yuyuan Light Metal Precise Forming Co., Ltd	5	-	5
Shandong Yinguang Machinery Manufacturing Co., Ltd	57	-	57
Total	494	-	494
Security services			
Shandong Yinguang Security Services Co., Ltd	7,200	7,200	-
Freight charges			
Feixian Yinguang Transport Co., Ltd	4,219	-	4,219
Renovation service ⁽²⁾			
Zaozhuang Yinguang Construction Co., Ltd	-	757	-

Notes:

- 1) The relevant general mandate was approved at the Extraordinary General Meeting held on 25 July 2014. As such, transactions after 25 July 2014 will then be considered as conducted under shareholder mandate pursuant to Rule 920. Approximately RMB 5,233,000 was transacted before 25 July 2014 and RMB 2,511,000 was transacted after 25 July 2014 as disclosed under page 41 of the Annual Report.
- 2) Renovation service provided by Zaozhuang Yinguang Construction Co., Ltd is a one-off expense disclosed under page 41 of the Annual Report but was omitted in page 65 of the Annual Report. The Company had taken note of the omission from page 65 of the Annual Report and will be cautious of such one-off transaction in the future.

By Order of the Board
Fabchem China Limited

Dr Lim Seck Yeow
Non-Executive Chairman
21 July 2015