



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

	Group		
	Audited 31 March 2018 RMB'000	Unaudited 31 March 2018 RMB'000	Variances RMB'000
ASSETS			
Non-current assets :			
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	
Total non-current assets	326,626	331,343	(4,717)
Current assets :			
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	
Total current assets	185,082	185,082	
Total assets	511,708	516,425	(4,717)
EQUITY AND LIABILITIES			
Capital and reserves :			
Share capital	116,849	116,849	
Retained earnings	143,527	148,244	(4,717)
Other reserves	88,952	88,952	
Total equity	349,328	354,045	(4,717)
Non-Current liabilities :			
Deferred tax liabilities	2,225	2,225	
Other payables, non-current	18,293	18,293	
Total non-current liabilities	20,518	20,518	
Current liabilities :			
Trade and other payables	77,655	77,655	
Other financial liabilities, current	59,650	59,650	
Other liabilities	4,557	4,557	
Total current liabilities	141,862	141,862	
Total liabilities	162,380	162,380	
Total liabilities and equity	511,708	516,425	(4,717)

Consolidated Statement of Cash Flows

	Group		
	Audited FY2018 RMB'000	Unaudited FY2018 RMB'000	Variances RMB'000
Cash flows from operating activities			
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	-	-	
Net cash from operating activities, total	27,722	27,722	
Cash flows from investing activities			
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	-	-	
Net cash used in investing activities, total	(18,599)	(18,599)	
Cash flows from financing activities			
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	-	-	
Net cash used in financing activities, total	(3,355)	(3,355)	
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	
Cash and cash equivalents, statement of cash flows, ending balance	89,018	89,018	

Loss Per Ordinary Shares

	Group		
	Audited FY2018	Unaudited FY2018	Variances
	RMB cents	RMB cents	RMB cents
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

	Group		
	Audited 31 March 2018	Unaudited 31 March 2018	Variances
	RMB cents	RMB cents	RMB cents
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