



Fabchem China Limited

REGULATORY DIRECTIVES ADD FURTHER CHALLENGES TO FABCHEM IN FY2016

- Lower revenue registered in FY2016 across the Group's product segments, as production activities were temporary halted as part of regulatory safety directives due to two unrelated incidents
- Despite the challenging business and operating environment, the Group recorded net cash generated from operating activities of approximately RMB 25.4 million
- Net asset value per share⁽²⁾ stood at RMB 786.44 cents with cash and cash equivalents of approximately RMB 121.0 million and gearing of 0.15x⁽¹⁾

<i>(RMB' million)</i>	<i>FY2016</i>	<i>FY2015</i>	<i>Change (%)</i>
Revenue	200.4	349.8	(42.7)
Gross Profit	51.5	108.0	(52.4)
(Loss)/Profit Before Tax	(30.1)	26.6	(213.2)
Net (Loss) / Profit	(33.8)	13.1	(358.7)
EPS⁽²⁾ (RMB Cents)	(72.27)	27.93	(358.7)
EBITDA⁽³⁾	2.9	55.2	(94.7)

(1) Gearing = (Total Borrowings and Debts Securities) / Total Assets

(2) Based on weighted average number of 46.8 million shares (after completion of the Share Consolidation as at 9.00 am on 1 September 2015, where every five (5) Shares registered in the name of each Shareholder have been consolidated into one (1) Consolidated Share and the issued share capital of the Company will comprise 46,800,000 Consolidated Shares

(3) EBITDA – Earnings before Interest, Tax, Depreciation, Amortisation and Impairment

Singapore, 30 May 2016 – Singapore Exchange Mainboard-listed Fabchem China Limited (“Fabchem”, “中国杰化有限公司” or “the Group”), announced today its financial results for the full year ended 31 March 2016 (“FY2016”).

Based in China with a good safety track record of more than 35 years, Fabchem is a leading manufacturer of initiation systems and the largest booster and detonating cord producer in this supply-regulated industry within China, where foreign involvement is restricted.

Challenging Business Environment Exacerbated by Added Regulatory Directives

The slowdown in China's economic growth has directly impacted the prices of minerals and metal commodities, leading to reduced mining activities in domestic and foreign markets.



With mining activities closely linked to the Group's business environment, the Group's business operations were further affected by regulatory restrictions that were imposed during FY2016 by the relevant authorities as part of safety measures due to two unrelated incidents.

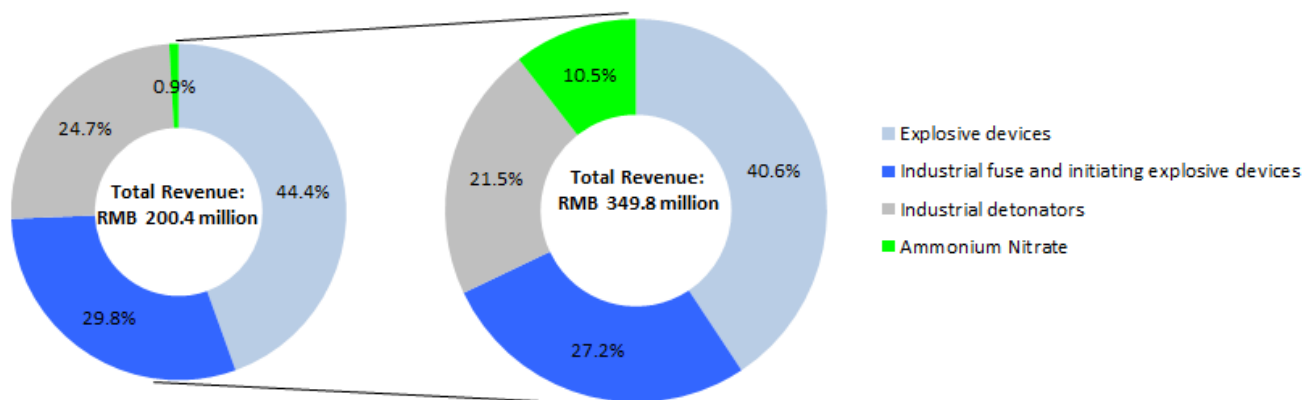
Previously, in the second quarter of FY2016, the Group's overseas sales were affected by the temporary closure of ports, namely the Port of Qingdao and Port of Weihai during September 2015, that was indirectly attributed to the explosions at the unrelated warehouses situated at the Port of Tianjin. And in 3Q2016, the Group's production activities were temporary halted for more than one month as part of the authorities' safety directive due to an unrelated explosion incident at a booster production plant in Shandong Province.

The Group received a notification, on 30 November 2015, from the relevant authorities to resume production of our commercial explosives products except for boosters production as this product category will require additional safety inspection and clearance by the relevant authorities.

Subsequently on 25 May 2016, the Group's received another notification from the relevant authorities for the resumption of our boosters production and Yinguang Technology's automated production line for boosters resumed production on 26 May 2016. More details can be found in our announcement issued on 26 May 2016.

Operating within such challenging business environment with the additional regulatory directives, the Group's revenue declined 42.7% to approximately RMB 200.4 million in FY2016.

Revenue Breakdown



Given that the temporary stoppage of production of activities affected its production efficiency, the Group's overall gross profit margin dipped by approximately 5.2 percentage points to 25.7% in FY2016 even though there was a significant reduction in sales of ammonium nitrate, that accounted for the lowest gross margin product segment.

Corresponding to lower sales revenue recorded in FY2016, distribution costs decreased by 27.0% to RMB 19.8 million, while administrative expenses increased 6.9% to RMB 44.3 million.

Overall, the Group recorded a net loss attributable to shareholders of RMB 33.8 million in FY2016, while EBIDTA stood at RMB 2.9 million.

Commenting on the Group's financial performance for FY2016, Mr Sun Bowen (“孙博文”), Fabchem's Managing Director, said, “In light of the challenging business environment, we have responded with new initiatives but the added regulatory directives has mitigated these efforts over the past year.

Despite these unprecedented challenges, we remain steadfast in pursuing our growth strategies and prudently managing our balance sheet.”

Disciplined and Prudent Financial Approach

Although faced with a challenging business environment in the past few years, the Group's total assets stood at approximately RMB 564.6 million with a gearing of 0.15x as at 31 March 2016, while cash and cash equivalent position stood at approximately RMB 121.0 million. Notably, majority of the Group's ammonium nitrate's fixed assets have been impaired as at 31 March 2014 so as to ensure that the Group's balance sheet conservatively reflects asset values.

Trade receivables, another major component of current assets, stood at approximately RMB 55.0 million as at the end of March 2016.

At as 31 March 2016, the Group's total liabilities stood at RMB 196.6 million, of which the major component was attributable to trade and other payables of RMB 101.9 million and other financial liabilities of RMB 83.7 million.

As at the end of March 2016, shareholders' equity stood at RMB 368.0 million and net asset value per share stood at RMB 786.44 cents per share.

Moving forward, the Group will continue to timely update shareholders on the progress of its growth plans and macro industry trends.

– END –

This document is to be read in conjunction with Fabchem's exchange filings on 30 May 2016, which can be downloaded via www.sgx.com.

For any enquires on Fabchem's latest financial results announcement, pls email: ir@fabchemchina.com

About Fabchem China Limited

(Bloomberg Code: FABC:SP / Reuters Code: FBCH.SI / SGX Code: BFT.SI)

Listed on the Singapore Exchange Mainboard, Fabchem is one of the leading manufacturers of initiation systems and the largest boosters and detonating cords producer within a supply-regulated commercial explosive industry in China.

ASX-listed Incitec Pivot Limited, via the world's second largest commercial explosives manufacturer, Dyno Nobel, owns a 29.9% strategic stake in Fabchem.

Fabchem's products are widely used in the mining, energy exploration, hydroelectric and infrastructure construction sectors. These include explosive devices (boosters and seismic charges), industrial fuse and initiating explosive devices (detonating cords and non-electric tubes), industrial detonators (piston non-electric detonators), as well as explosive-grade ammonium nitrate.

With its products sold to more than 150 customers in the mining, energy exploration, hydroelectric and infrastructure construction industries across more than 10 countries, the Group has established "Yinguang" as a brand name synonymous with safety, reliability and high quality. Fabchem's reputation as an established initiation systems producer of international-standard quality has strengthened its competitive positioning within commodities-driven economies.

English-Chinese Glossary

Explosive Devices

Booster 起爆具

Industrial Fuses and Initiating Explosive Devices

Detonating Cord 导爆索

Non-Electric Tube 导爆管

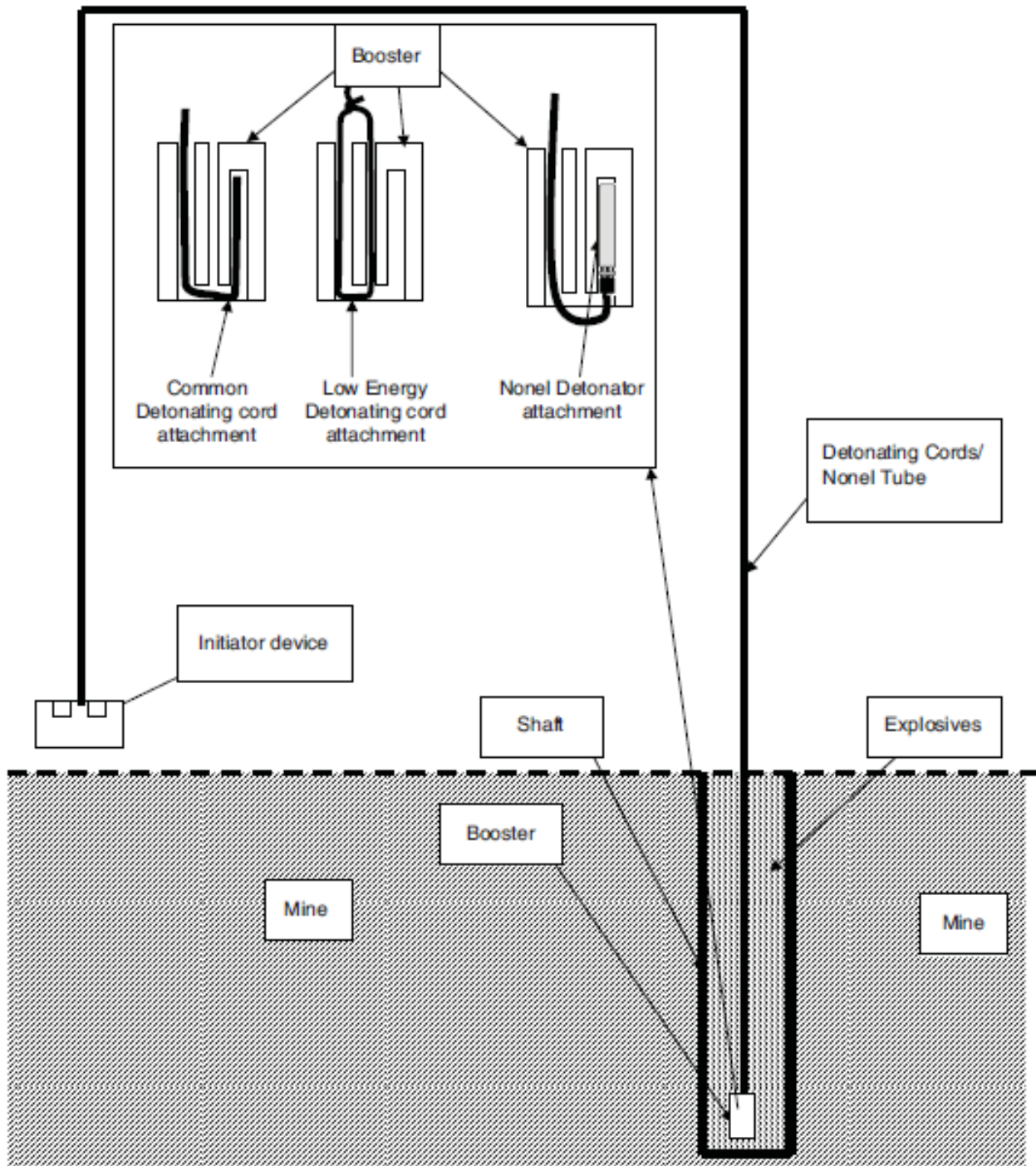
Industrial Detonators

Piston Non-Electric Detonator 活塞式导爆管雷管

Ammonium Nitrate 硝酸铵

Usage Diagram

The following diagram illustrates the usage of our products in a simplified explosive set-up:-



Note: The diagram and the products shown above are not drawn to scale.

Source: Fabchem China Limited