



## Fabchem China Limited

### FABCHEM REPORTS STRONG REVENUE GROWTH FOR FIRST-HALF; ABSENCE OF DISPOSAL GAIN DAMPENED RESULTS

- Double-digit growth in revenue mainly boosted by the contribution from its automated boosters manufacturing facilities
- Strong performance from overseas markets with higher export sales of boosters to Australia
- Gross profit margin improved by 11.5 percentage points to 22.4% in 6M2018
- The Group's gearing stood at 0.12x<sup>(1)</sup> with cash and cash equivalents of approximately RMB 81.2 million

<i>(RMB' million)</i>	<b>2Q2018</b>	<b>2Q2017</b>	<b>Change (%)</b>	<b>6M2018</b>	<b>6M2017</b>	<b>Change (%)</b>
<b>Revenue</b>	<b>49.05</b>	<b>35.86</b>	<b>+36.8</b>	<b>97.07</b>	<b>68.29</b>	<b>+42.1</b>
<b>Gross Profit</b>	<b>11.50</b>	<b>4.03</b>	<b>+185.7</b>	<b>21.72</b>	<b>7.44</b>	<b>+192.1</b>
<b>Loss Before Tax from continuing operations</b>	<b>(1.69)</b>	<b>(7.67)</b>	<b>N.M.</b>	<b>(4.61)</b>	<b>(16.35)</b>	<b>N.M.</b>
<b>Loss from continuing operations, net of tax</b>	<b>(2.46)</b>	<b>(7.85)</b>	<b>N.M.</b>	<b>(5.56)</b>	<b>(16.77)</b>	<b>N.M.</b>
<b>Gain from discontinued operations, net of tax</b>	<b>-</b>	<b>29.03<sup>(4)</sup></b>	<b>N.M.</b>	<b>-</b>	<b>26.16<sup>(4)</sup></b>	<b>N.M.</b>
<b>Net (Loss) / Profit</b>	<b>(2.21)</b>	<b>21.17</b>	<b>N.M.</b>	<b>(5.31)</b>	<b>9.39</b>	<b>N.M.</b>
<b>(Loss)/Earnings Per Share (RMB Cents)<sup>(2)</sup></b>	<b>(4.72)</b>	<b>45.24</b>	<b>N.M.</b>	<b>(11.35)</b>	<b>20.07</b>	<b>N.M.</b>
<b>EBITDA<sup>(3)</sup></b>	<b>3.91</b>	<b>27.38<sup>(4)</sup></b>	<b>(85.7)</b>	<b>6.40</b>	<b>22.22<sup>(4)</sup></b>	<b>(71.2)</b>
<b><i>(RMB Cents)</i></b>	<b>As at 30 Sep 17</b>	<b>As at 31 Mar 17</b>	<b>Change (%)</b>			
<b>NAV per share<sup>(2)</sup></b>	<b>777.46</b>	<b>788.83</b>	<b>(1.4)</b>			

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

(2) Based on weighted average number of 46.8 million shares

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

(4) Included a disposal gain of approximately RMB 30.1 million from the disposal of its ammonium nitrate business

(5) N.M – Not Meaningful

**Singapore, 13 November 2017** – 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 second quarter (“2Q2018”) and first half (“6M2018”) for the financial year ending 31 March 2018.

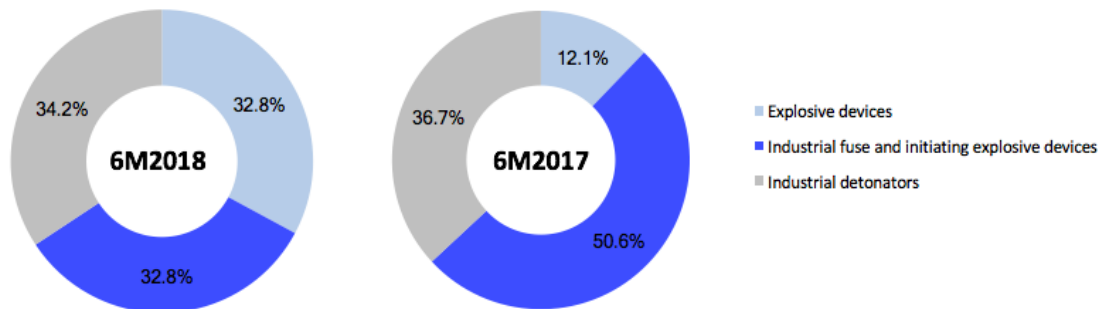
Based in China with a good safety track record of more than 35 years, Fabchem is a leading manufacturer of initiation systems and the largest booster and detonating cord producer in this supply-regulated commercial explosive industry within China, where foreign involvement is restricted.

### Review of the Group’s 6M2018 Results

Following the disposal of its ammonium nitrate business in 2016, the Group has continuing operations that comprise of three main product segments (a) explosive devices such as boosters; (b) industrial fuse and initiating explosive devices such as detonating cords and non-electric tubes; and (c) industrial detonators such as non-electric detonators and piston non-electric detonators.

Notably, the Group’s second automated booster production line commenced operations in April 2017 and as a result, revenue contribution from the Group’s boosters product segment increased significantly by 236.4% to approximately RMB 20.4 million in 2Q2018. And during the same period, revenue from the Group’s industrial detonators product segment improved by 27.3% to approximately RMB 17.4 million.

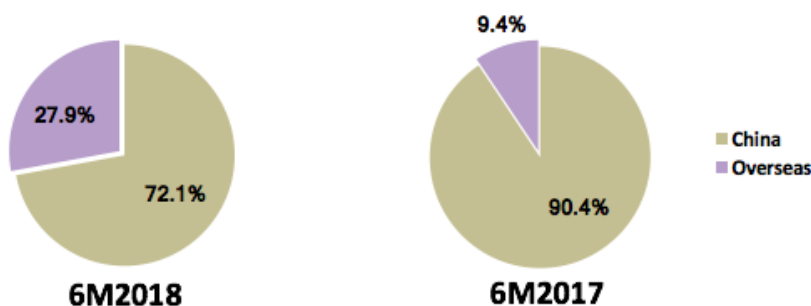
#### Revenue Breakdown (by Product Segment)



As a result, the Group registered double digit revenue growth in both 2Q2018 and 6M2018, where revenue increased to approximately RMB 49.0 million and RMB 97.1 million respectively.

On the geographical front, the Group’s sales to overseas markets for 2Q2018 increased substantially by 229.2% to approximately RMB 18.7 million as production of boosters continue to normalise. Particularly, sales to Australia surged to approximately RMB 14.4 million in 2Q2018 and on a cumulative basis, sales to Australia in 6M2018 reached approximately RMB 22.8 million.

#### Revenue Breakdown (by Geographical Segment)



With two automated booster production lines in operation during 6M2018, the Group's product mix has further normalised since the stoppage of its two manual booster production lines by the Chinese authorities' safety directive in late 2015. Hence, the Group's gross profit margin improved to 23.4% and 22.4% in 2Q2018 and 6M2018 respectively.

Corresponding to higher sales activities in both domestic and overseas markets during 6M2018, the Group incurred higher distribution expenses as well as higher freight and port changes.

Overall, the Group registered a net loss from continuing operations of approximately RMB 5.3 million in 6M2018 as the Group's production and marketing activities continue to normalise.

**Commenting on the 6M2018 results, Mr Sun Bowen (“孙博文”), Fabchem's Managing Director, said, “We continue to gain momentum as we undertake strategic steps to put the Company back on track to profitability.**

*While the impact of our efforts are not reflected during this financial period, we anticipate improvements in our operational performance and costs efficiency as we move ahead.”*

### **Healthy Balance Sheet with Robust Liquidity Position**

Guided by its prudent financial approach and emphasis on a low-risk balance sheet, the Group's shareholders' equity stood at approximately RMB 363.9 million with a liquidity position of approximately RMB 81.2 million in cash and cash equivalents, while gearing stood at 0.12x as at 30 September 2017.

Other components of the Group's current assets include trade receivables, inventories and other assets, which stood at approximately RMB 65.3 million, RMB 36.1 million and RMB 18.9 million respectively, as at the end of September 2017.

Overall, total assets stood at approximately RMB 501.9 million as at 30 September 2017, while net asset value per share stood at RMB 777.46 cents.

At the end of September 2017, the Group's total liabilities stood at RMB 138.1 million, of which the major components are trade and other payables of approximately RMB 73.8 million and other current financial liabilities of approximately RMB 59.7 million.

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

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This document is to be read in conjunction with Fabchem's exchange filings on 13 November 2017, which can be downloaded via [www.sgx.com](http://www.sgx.com).

### **Issued for and on behalf of Fabchem China Limited**



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## **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), industrial fuse and initiating explosive devices (detonating cords and non-electric tubes) and industrial detonators (piston non-electric detonators).

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

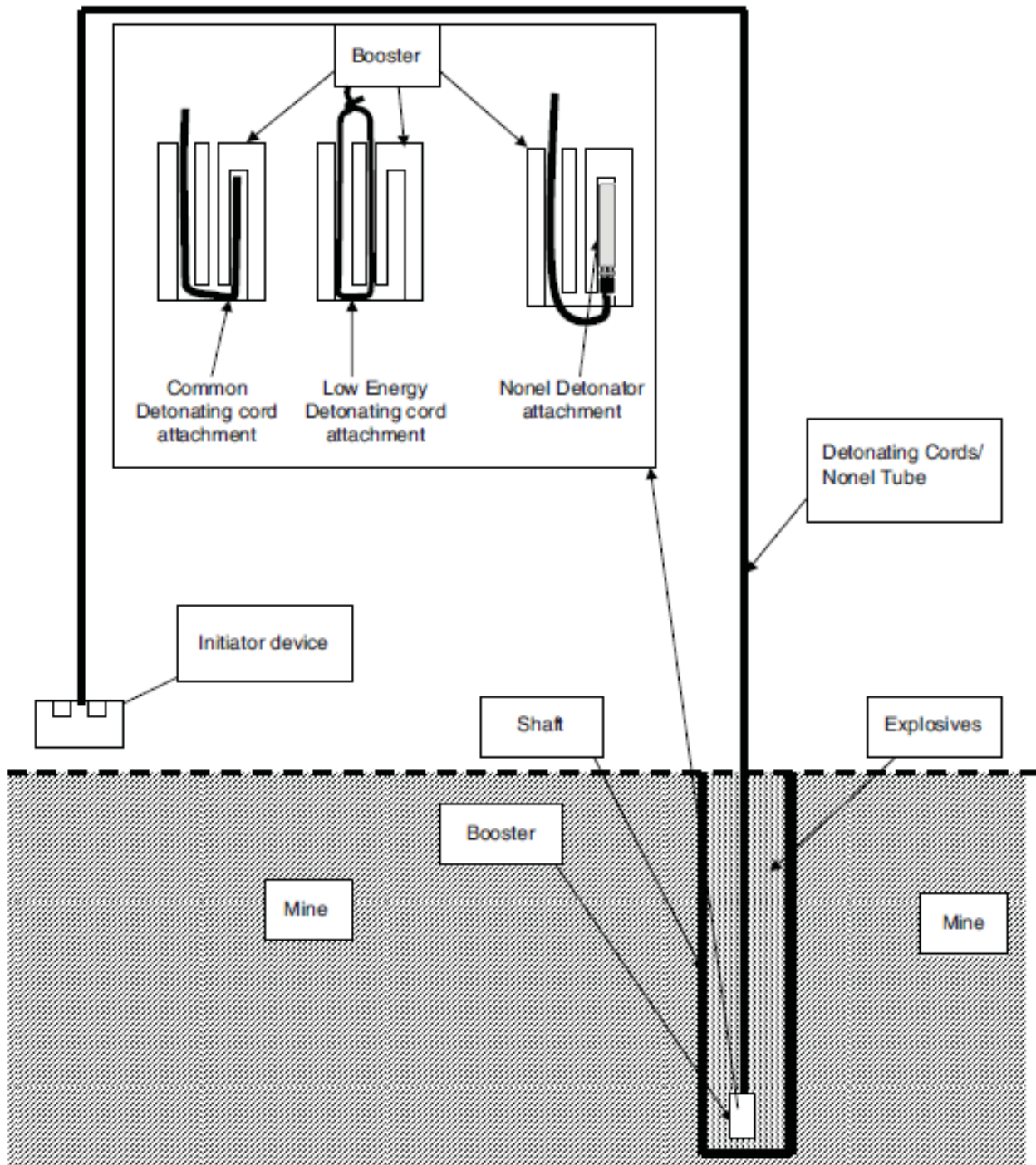
Non-Electric Tube 导爆管

#### *Industrial Detonators*

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

## 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