



Fabchem China Limited

FABCHEM'S REVENUE INCREASED BY 48.1% IN 1Q2018

- Revenue from the Group's three main product segments registered positive growth in 1Q2018 with higher domestic and overseas sales
- Gross profit margin improved by 10.8 percentage points to 21.3%
- Positive cash flow of RMB 13.3 million generated from operations
- Balance sheet remained healthy with cash and cash equivalents of RMB 75.6 million and gearing of 0.08x⁽¹⁾
- Net asset value per share⁽²⁾ stood at RMB 7.82 as at 30 June 2017

<i>(RMB' million)</i>	1Q2018	1Q2017	Change (%)
Revenue	48.0	32.4	+48.1
Gross Profit	10.2	3.4	+199.6
Loss Before Tax from continuing operations	(2.9)	(8.7)	N.M.
Loss from continuing operations, net of tax	(3.1)	(8.9)	N.M.
Loss from discontinued operations, net of tax	-	(2.9)	N.M.
Net Loss	(3.1)	(11.8)	N.M.
Loss Per Share⁽²⁾ (RMB Cents)	(6.63)	(25.17)	N.M.
EBITDA⁽³⁾	2.5	(5.2)	N.M.

(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

N.M. – Not Meaningful

Singapore, 11 August 2017 – Singapore Exchange Mainboard-listed Fabchem China Limited (“Fabchem”, “中国杰化有限公司” or “the Group”), announced today its first quarter financial results for the year ending 31 March 2018 (“1Q2018”).

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 in China, where foreign involvement is restricted.

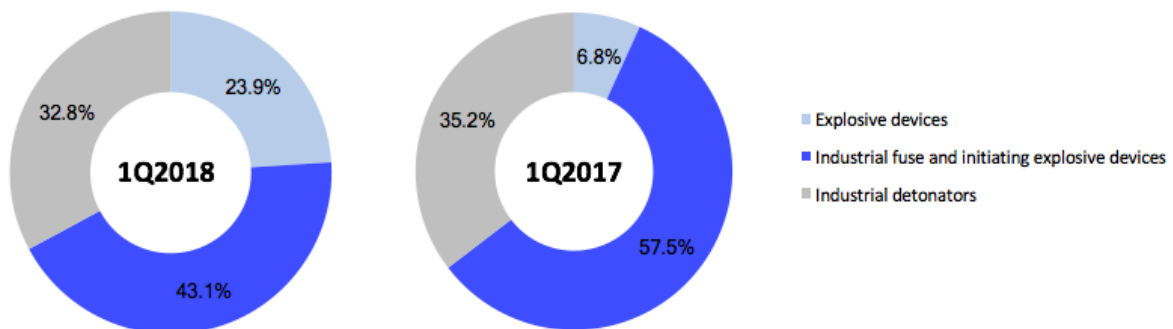


Marked Improvement in Business Activities in 1Q2018

The Group has 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, which registered positive revenue growth of 421.9%, 10.7% and 37.9% respectively in 1Q2018.

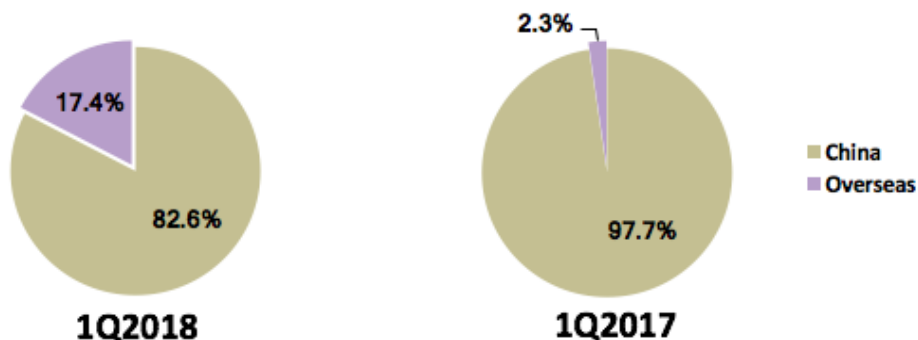
Notably, the Group's two automated booster production lines were operational during 1Q2018, of which one of the automated booster production lines is still undergoing trial production, and as a result, revenue contribution from the Group's boosters product segment improved significantly to approximately RMB 11.5 million. This is a stark contrast to the Group's situation during 1Q2017, whereby only one automated booster production line started operations in May 2016 and the stoppage of its two manual booster production lines by the Chinese authorities' safety directive further affected the Group's production capacity of boosters.

Revenue Breakdown (by Product Segment)



Consequently, with the commencement of its boosters' production, the Group registered overseas sales of approximately RMB 8.3 million in 1Q2018 as compared to overseas sales of approximately RMB 0.8 million recorded in 1Q2017.

Revenue Breakdown (by Geographical Segment)



As a result, the Group achieved a revenue from continuing operations growth of 48.1% to approximately RMB 48.0 million in 1Q2018.

While there have been additional safety measures implemented by Chinese regulators across the industry, the Group's production of its commercial explosive products has started to normalise and as such, the Group's gross profit margin improved 10.8 percentage points to 21.3% in 1Q2018.

In line with higher domestic and overseas revenue registered in 1Q2018, the Group's distribution costs surged 70.5% to approximately RMB 5.1 million. However, administrative expenses and finance costs reduced by 6.2% and 25.0% during the period under review.

On a EBITDA basis, the Group registered RMB 2.5 million profit in 1Q2018, which was a turnaround from a loss position of RMB 5.2 million in 1Q2017.

Overall, the Group narrowed its loss from continuing operations to approximately RMB 3.1 million in 1Q2018 as compared to a loss from continuing operations of approximately RMB 8.9 million in 1Q2017.

Commenting on the Group's financial performance in 1Q2018, Mr Sun Bowen (“孙伯文”), Fabchem's Managing Director, said, “Our priority remains in guiding the business back to profitability and the improvements in our business activities were signified by the Group's ability to generate positive cash flow from our niche and specialised operations.

There are still headwinds in our operating markets but we are in a much better shape to position the Group for future profitability and growth.”

Disciplined and Prudent Financial Approach

As at 30 June 2017, the Group's total assets stood at RMB 484.6 million. Guided by a disciplined and prudent financial management policy, the Group's balance sheet remained healthy with a low gearing of 0.08x and a cash and cash equivalent position of RMB 75.6 million.

Trade receivables, another major component of current assets, stood at RMB 48.9 million as at end of June 2017.

As at 30 June 2017, shareholders' equity stood at RMB 366.1 million, while net asset value per share stood at RMB 7.82.

At the end of June 2017, the Group's total liabilities stood at RMB 118.5 million, of which the major components were attributable to trade and other payables of RMB 51.7 million, other payables of RMB 22.3 million and other financial liabilities of RMB 39.7 million.

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This document is to be read in conjunction with Fabchem's exchange filings on 11 August 2017, which can be downloaded via 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

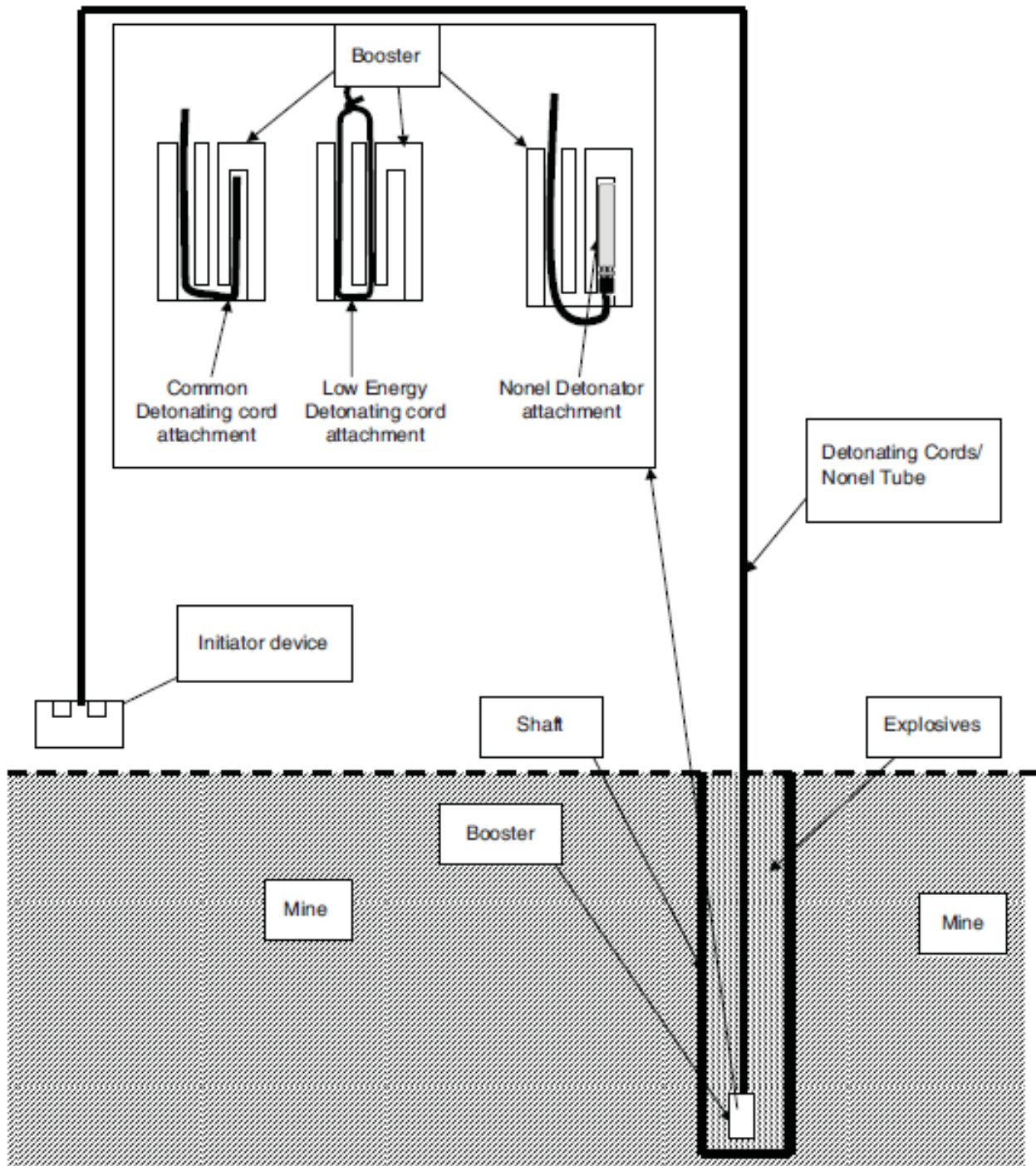
Non-Electric Tube 导爆管

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