



Fabchem China Limited

**FOR IMMEDIATE RELEASE**

**FABCHEM POSTS 58.2% NET PROFIT GROWTH TO RMB 42.6 MILLION FOR 9M2010**

- Revenue grew 69.3% to RMB 249.2 million for 9M2010
- Strong contribution from sales of ammonium nitrate at RMB 20.5 million, a 142.4% increase from 3Q2009
- Made maiden direct export to mining stronghold of Indonesia in November 2009

| <i>(RMB'000)</i>               | <b>3Q2010</b>          | <b>3Q2009</b>          | <b>Change (%)</b> | <b>9M2010</b> | <b>9M2009</b> | <b>Change (%)</b> |
|--------------------------------|------------------------|------------------------|-------------------|---------------|---------------|-------------------|
| Revenue                        | 81,151                 | 75,773                 | +7.1              | 249,194       | 147,217       | +69.3             |
| Gross Profit                   | 28,302                 | 28,675                 | -1.3              | 92,301        | 57,660        | +60.1             |
| Profit Before Tax              | 14,397                 | 17,216                 | -16.4             | 54,453        | 32,306        | +68.6             |
| Net Profit                     | 12,203                 | 14,341                 | -14.9             | 42,645        | 26,959        | +58.2             |
| EPS <sup>(1)</sup> (RMB Cents) | 5.21                   | 6.13                   | -15.0             | 18.22         | 11.52         | +58.2             |
| <i>(RMB Cents)</i>             | <b>As at 31 Dec 09</b> | <b>As at 31 Mar 09</b> | <b>Change (%)</b> |               |               |                   |
| NAV per share <sup>(1)</sup>   | 150.40                 | 131.82                 | +14.1             |               |               |                   |

(1) Based on weighted average number of 234 million shares.

**Singapore, 9 February 2010** – Singapore Exchange Mainboard-listed **Fabchem China Limited** (“**Fabchem**” or “**the Group**”) announced today the results for the third quarter (“3Q2010”) and first nine months (“9M2010”) of the financial year ending 31 March 2010. Based in the People’s Republic of China (“PRC”), Fabchem is a leading manufacturer of initiation systems and the largest non-electric detonator producer within a supply-regulated industry.

In 9M2010, Fabchem recorded a 69.3% rise in revenue to RMB 249.2 million. Of this, RMB 81.2 million was attributed to in the Group’s revenue in 3Q2010. Sales in the quarter only increased 7.1% year-on-year. The slight increase was due mainly the delay and overspill of sales from 2Q2009 into 3Q2009, resulting in the sales in 3Q2009 and 3Q2010 to be leveled.

Sales for ammonium nitrate was the main contributor to the Group’s 3Q2010 revenue at RMB 20.5 million in 3Q2010, a 142.4% increase from 3Q2009. Since the acquisition of Hebei Yinguang Chemical Co., Ltd, a major explosive-grade ammonium nitrate manufacturing company in the PRC, in late-October 2008, this business segment has steadily contributed to the Group’s revenue.

Sales in the PRC continued to be Fabchem’s main revenue contributor, accounting for 85.5% of the Group’s 9M2010 revenue. Overseas markets accounted for the remaining 14.5%, notably with the maiden contribution from Indonesia in November 2009.



Accordingly, the Group's gross profit remained flat for 3Q2010 at RMB 28.3 million, but jumped 60.1% for 9M2010 to RMB 92.3 million. However, gross profit margin for 3Q2010 was approximately 2.9 percentage points lower year-on-year, at 34.9%; while gross profit margin for 9M2010 decreased by approximately 2.2 percentage points to 37.0%. This is in line with the increased sales of ammonium nitrate which is a lower margin product compared to the Group's other product offerings. Thus, net profit attributable to shareholders for 9M2010 increased 58.2% to RMB 42.6 million, despite the slight decrease of 14.9% in 3Q2010 to RMB12.2 million.

Earnings per share rose to RMB 18.22 cents for 9M2010, from RMB 11.52 cents for 9M2009.

Commenting on the Group's results, Managing Director Mr Sun Bowen said, "Despite the small increase in sales in the 3Q2010, we still managed to achieve a considerable overall growth in sales for 9M2010. With the strong contributions coming from the ammonium nitrate business segment, it is evident to us that Fabchem has made a sound decision in making the earlier acquisition of this business segment. We hope to continue to see strong and steady contributions coming from all our business segments."

Fabchem's highly prudent financial management policy continues to show through a robust balance sheet. As at 31 December 2009, the Group's assets totaled RMB 531.9 million, of which RMB 156.2 million were in property, plant and equipment, RMB 118.6 million in trade and other receivables and RMB 119.7 million in cash and cash equivalents. As at the end of the reporting period, the Group's total liabilities stood at RMB 180.0 million of which the major portion was attributable to trade and other payables. Net asset value per share stood at RMB 150.4 cents as at 31 December 2009, which is a 14.1% increase since 31 March 2009.

In November 2009, the Group, via subsidiary Shandong Yinguang Technology Co., Ltd, successfully made its maiden direct export to Indonesia. Under this direct export contract, Fabchem will supply boosters to a customer serving Indonesian mining companies. This paves the way for Fabchem's foray further into the overseas market

At the same time, the Group has also signed direct sales contracts with Orica Limited and Beston Australia Pty Ltd in January 2010. These contracts will allow the Group to sell directly to its customers without the need for a separate export agent and thus reduces Fabchem's agent fee expenses.

In conclusion, Mr Sun said, "We believe that demand is gradually recovering in our operating markets. We aim to continue to be prudent with our financial management and at the same time, explore various opportunities to open up more markets and to lower our operating costs, and believe that we will be in a good position when the economy rebounds fully."

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*Issued on behalf of Fabchem China Limited by SPRG*

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## **About Fabchem China Limited (“Fabchem” or “the Group”)**

Listed on the Singapore Exchange Mainboard, Fabchem is one of the leading manufacturers of initiation systems in the People’s Republic of China (“PRC”). Fabchem’s products are widely used in the mining, energy exploration, hydroelectric and infrastructure construction sectors. These include explosive devices (boosters, tube charges 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 associated with safe, reliable and quality products. Fabchem’s reputation as an established initiation systems producer of international- standard quality has strengthened its competitive positioning within commodities-driven economies including the PRC and Australia.

## **English-Chinese Glossary**

|  |          |
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| Fabchem China Limited                                    | 中国杰化有限公司 |
| <i>Explosive Devices</i>                                 |          |
| Booster  | 起爆具      |
| Seismic Charge   | 震源药柱     |
| Tube Charge  | 爆裂管      |
| <i>Industrial fuses and initiating explosive devices</i> |          |
| Detonating Cord  | 导爆索      |
| Non-Electric Tube  | 导爆管      |
| <i>Industrial detonators</i>                             |          |
| Piston Non-Electric Detonator                            | 活塞式导爆管雷管 |
| Ammonium Nitrate   | 硝酸铵      |

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