



Fabchem China Limited

FABCHEM REPORTS REVENUE GROWTH OF 29.7% FOR 9M2018

- With its two automated boosters manufacturing facilities commencing operations, the explosive devices product segment continued to be the star performer among the Group's three product segments in 3Q2018
- Sales to Australia continue to improve in 3Q2018 with 32.4% growth
- Gross profit margin improved by 7.1 percentage points to 20.0% in 9M2018
- The Group's gearing stood at 0.12x⁽¹⁾ with cash and cash equivalents of approximately RMB 81.5 million

| <i>(RMB' million)</i> | 3Q2018 | 3Q2017 | Change (%) | 9M2018 | 9M2017 | Change (%) |
|---|------------------------|------------------------|-------------------|---------------|------------------------|-------------------|
| Revenue | 41.23 | 38.36 | +7.5 | 138.30 | 106.65 | +29.7 |
| Gross Profit | 5.88 | 6.37 | (7.6) | 27.60 | 13.81 | +99.9 |
| Loss Before Tax from continuing operations | (9.20) | (12.36) | N.M. | (13.81) | (28.70) | N.M. |
| Loss from continuing operations, net of tax | (9.35) | (12.56) | N.M. | (14.66) | (29.33) | N.M. |
| Gain from discontinued operations, net of tax | - | - | N.M. | - | 26.16 ⁽⁴⁾ | N.M. |
| Loss net of tax | (9.35) | (12.56) | N.M. | (14.66) | (3.17) | N.M. |
| Loss Per Share (RMB Cents) ⁽²⁾ | (19.99) | (26.84) | N.M. | (31.33) | (6.77) | N.M. |
| EBITDA ⁽³⁾ | (3.45) | (6.67) | N.M. | 2.95 | (15.55) ⁽⁴⁾ | N.M. |
| | | | | | | |
| <i>(RMB Cents)</i> | As at 31 Dec 17 | As at 31 Mar 17 | Change (%) | | | |
| NAV per share ⁽²⁾ | 757.47 | 788.83 | (4.0) | | | |

(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

(5) N.M – Not Meaningful

Singapore, 13 February 2018 – 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 third quarter (“3Q2018”) and nine-month period (“9M2018”) 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.

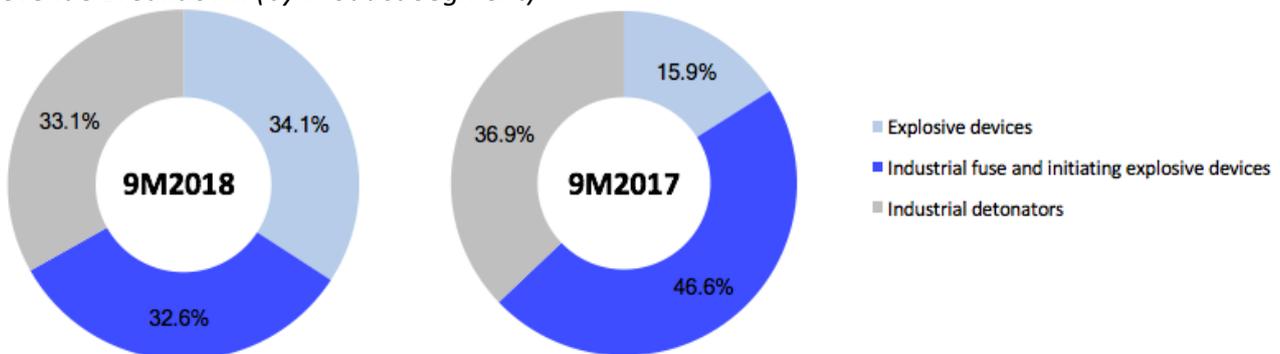
Review of the Group's 9M2018 Results

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.

For 3Q2018, the Group's overall revenue increased by 7.5% to approximately RMB 41.2 million and in 9M2018, overall revenue jumped 29.7% to approximately RMB 138.3 million, which was mainly attributed to higher sales of boosters during the periods under review.

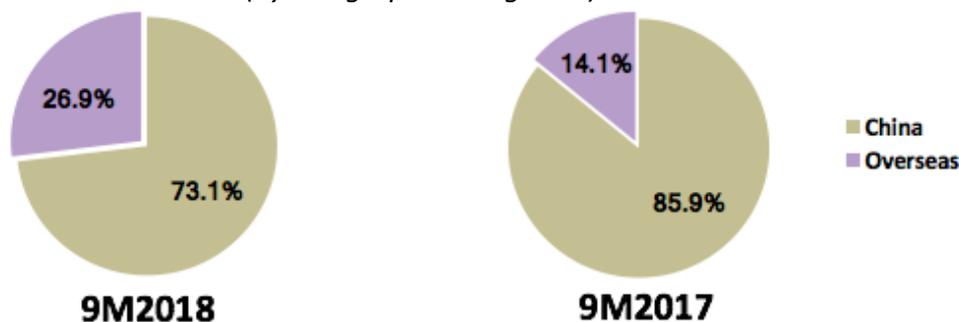
With two automated booster production lines in operation during 9M2018, the Group's sales of boosters has continued to grow significantly in 3Q2018 and 9M2018, delivering growth of 75.9% and 178.3% respectively.

Revenue Breakdown (by Product Segment)



On the geographical front, the Group registered increased sales in both its domestic and overseas markets. Particularly, with the commencement of boosters production, sales to Australia increased 32.4% to approximately RMB 10.1 million in 3Q2018 and on a cumulative basis, sales to Australia in 9M2018 surged 148.9% to approximately RMB 32.8 million.

Revenue Breakdown (by Geographical Segment)



With two automated booster production lines in operation during 9M2018, 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 20.0% from 12.9% in 9M2018. However, in 3Q2018, the Group's gross profit margin dipped slightly from 16.6% to 14.3% mainly due to lower average selling prices for its products.

Corresponding to higher sales activities in overseas markets during 9M2018, the Group incurred higher distribution expenses as well as higher freight and port charges. However, administrative expenses for 9M2018 remained relatively unchanged.

Overall, the Group posted a net loss from continuing operations of approximately RMB 9.4 million in 3Q2018 and on a cumulative basis, the Group registered a net loss from continuing operations of approximately RMB 14.7 million in 9M2018.

Commenting on the 9M2018 results, Mr Bao Hongwei (“鲍红伟”), Fabchem's Managing Director, said, “The growth in our revenue reinforced our belief that the long-term fundamentals of our operating markets remain resilient, however our current financial performance continue to be affected in the near term.

Hence, we are continuing our efforts to deliver reliable returns and cash flow in the long run.”

Mr Bao added, “Safety is our utmost priority and we will continue to utilise technology and new processes to strengthen our capabilities and minimise our safety risk.

Separately, we are exploring opportunities to further scale on our established strengths and bring additional reach and breadth to new and evolving market segments.”

Healthy Balance Sheet with Low Gearing

With a disciplined and prudent financial approach, the Group has built up a healthy balance sheet foundation over the years and as at 31 December 2017, the Group's shareholders' equity stood at approximately RMB 354.5 million with a liquidity position of approximately RMB 81.5 million in cash and cash equivalents, while gearing stood at 0.12x.

Other components of the Group's current assets include trade receivables, inventories and other assets, which stood at approximately RMB 52.0 million, RMB 42.4 million and RMB 10.4 million respectively, as at the end of December 2017.

Overall, total assets stood at approximately RMB 493.3 million as at 31 December 2017, while net asset value per share stood at RMB 757.47 cents.

At the end of December 2017, the Group's total liabilities stood at RMB 138.8 million, of which the major components are trade and other payables of approximately RMB 73.9 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.

– END –

This document is to be read in conjunction with Fabchem's exchange filings on 13 February 2018, 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

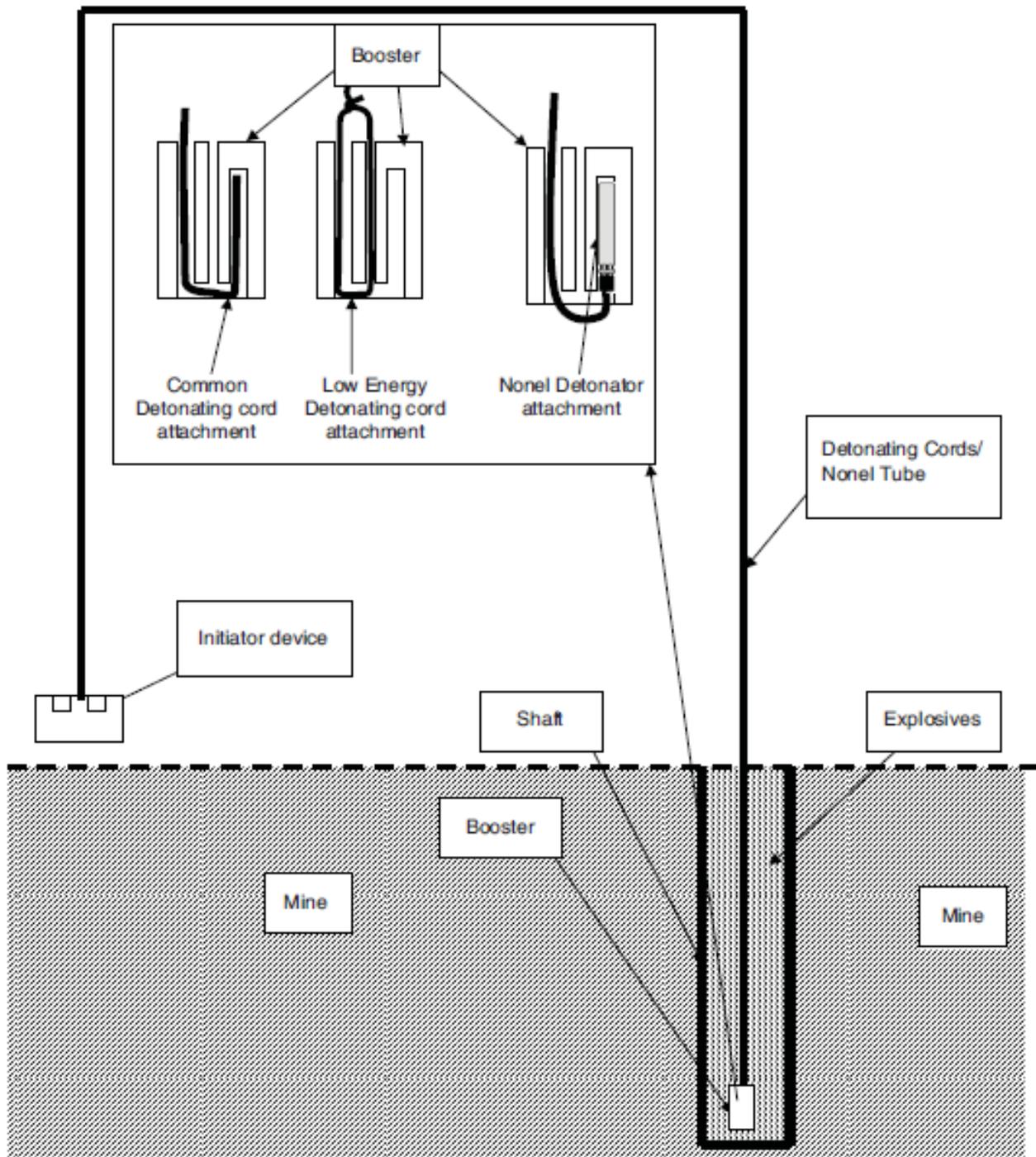
Non-Electric Tube 导爆管

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