



## Fabchem China Limited

### FABCHEM POSTS REVENUE OF RMB 45.1 MILLION IN 1Q2019

- Revenue contribution from boosters continue to register strong growth with an increment of 62.6%
- Overseas markets provided another bright spot in 1Q2019 with revenue growth of 95.5%
- Balance sheet remained healthy with cash and cash equivalents of RMB 86.1 million and gearing of 0.16x<sup>(1)</sup>
- Net asset value per share<sup>(2)</sup> stood at RMB 7.34 as at 30 June 2018
- Construction of the third automated boosters production line is expected to be completed by the end of FY2019

<i>(RMB' million)</i>	<b>1Q2019</b>	<b>1Q2018</b>	<b>Change (%)</b>
<b>Revenue</b>	<b>45.1</b>	<b>48.0</b>	<b>(6.1)</b>
<b>Gross Profit</b>	<b>6.0</b>	<b>10.2</b>	<b>(41.6)</b>
<b>Loss Before Tax</b>	<b>(5.6)</b>	<b>(2.9)</b>	<b>N.M.</b>
<b>Net Loss</b>	<b>(5.8)</b>	<b>(3.1)</b>	<b>N.M.</b>
<b>Loss Per Share<sup>(2)</sup> (RMB Cents)</b>	<b>(12.33)</b>	<b>(6.63)</b>	<b>N.M.</b>
<b>EBITDA<sup>(3)</sup></b>	<b>0.4</b>	<b>2.5</b>	<b>(84.0)</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

N.M. – Not Meaningful

**Singapore, 14 August 2018** – 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 2019 (“1Q2019”).

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.

#### Review of the Group’s 1Q2019 Results

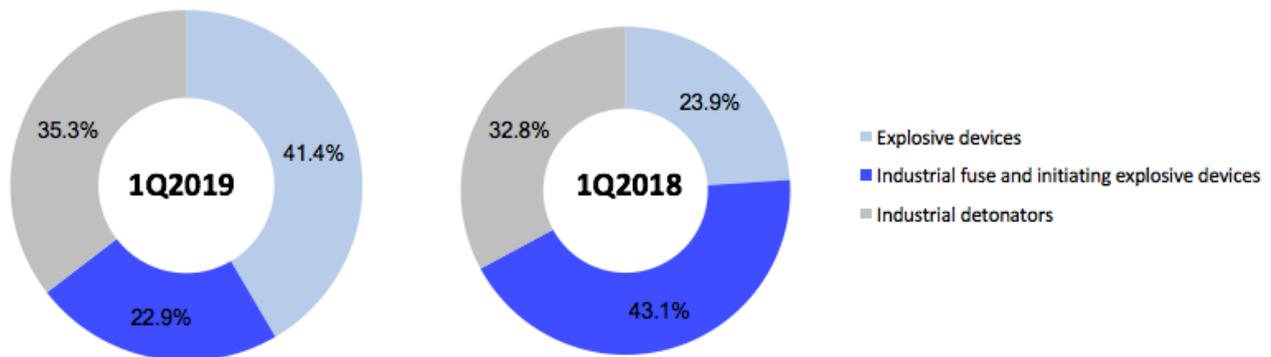
The Group has three main product segments (a) explosive devices such as boosters; (b) industrial fuse and initiating explosive devices such as detonating cords and non-electric tubes; and (c) industrial detonators such as non-electric detonators and piston non-electric detonators.



With the Group's two automated booster production lines in operational during 1Q2019, revenue contribution from boosters registered strong growth of 62.6% to approximately RMB 18.7 million as compared to the previous corresponding period.

However, some of its domestic customers involving in mining activities were impacted by new regulatory measures, resulting in lower sales of industrial fuse and initiating explosive devices, which dropped 50.1% to approximately RMB 10.3 million in 1Q2019.

Revenue Breakdown (by Product Segment)



Driven by sales through export distributors, the Group's overseas markets segment continued to perform strongly in 1Q2019 with revenue growth of 95.5% to RMB 16.3 million.

Overall, the Group registered revenue of approximately RMB 45.1 million in 1Q2019, which represented a slight dip as compared to 1Q2018's revenue of approximately RMB 48.0 million.

With increased market competition and lower sales of industrial fuse and initiating explosives devices during 1Q2019, the Group's gross profit margin declined 8.1 percentage points to 13.2% in 1Q2019.

In line with reduced sales activities during 1Q2019, the Group's distribution costs decreased 14.1% to approximately RMB 4.4 million. At the same time, administrative expenses declined by 16.5% to approximately RMB 6.6 million during the period under review.

On a EBITDA basis, the Group registered RMB 0.4 million in 1Q2019 and overall, the Group registered a net loss of approximately RMB 5.8 million in 1Q2019.

**Mr Bao Hongwei (“鲍红伟”), Fabchem's Managing Director, said, “Over the past few years of unprecedented market challenges, we have restructured relevant parts of the company to enhance our market competitiveness and operational agility.**

*Identifying new growth drivers within this niche specialised market, we have refocused our product portfolio and we are looking to harness new market opportunities to deliver new value propositions to more customers.”*

## Disciplined and Prudent Financial Approach

As at 30 June 2018, the Group's total assets stood at approximately RMB 504.0 million. Guided by a disciplined and prudent financial management policy, the Group's balance sheet remained healthy with a low gearing of 0.16x and a cash and cash equivalent position of RMB 86.1 million.

Trade receivables, another major component of current assets, stood at RMB 45.5 million as at end of June 2018.

As at 30 June 2018, shareholders' equity stood at approximately RMB 343.6 million, while net asset value per share stood at RMB 7.34.

At the end of June 2018, the Group's total liabilities stood at RMB 160.4 million, of which the major components were attributable to trade and other payables of RMB 76.2 million, total other payables of RMB 39.0 million and other financial liabilities of RMB 59.7 million.

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This document is to be read in conjunction with Fabchem's exchange filings on 14 August 2018, 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

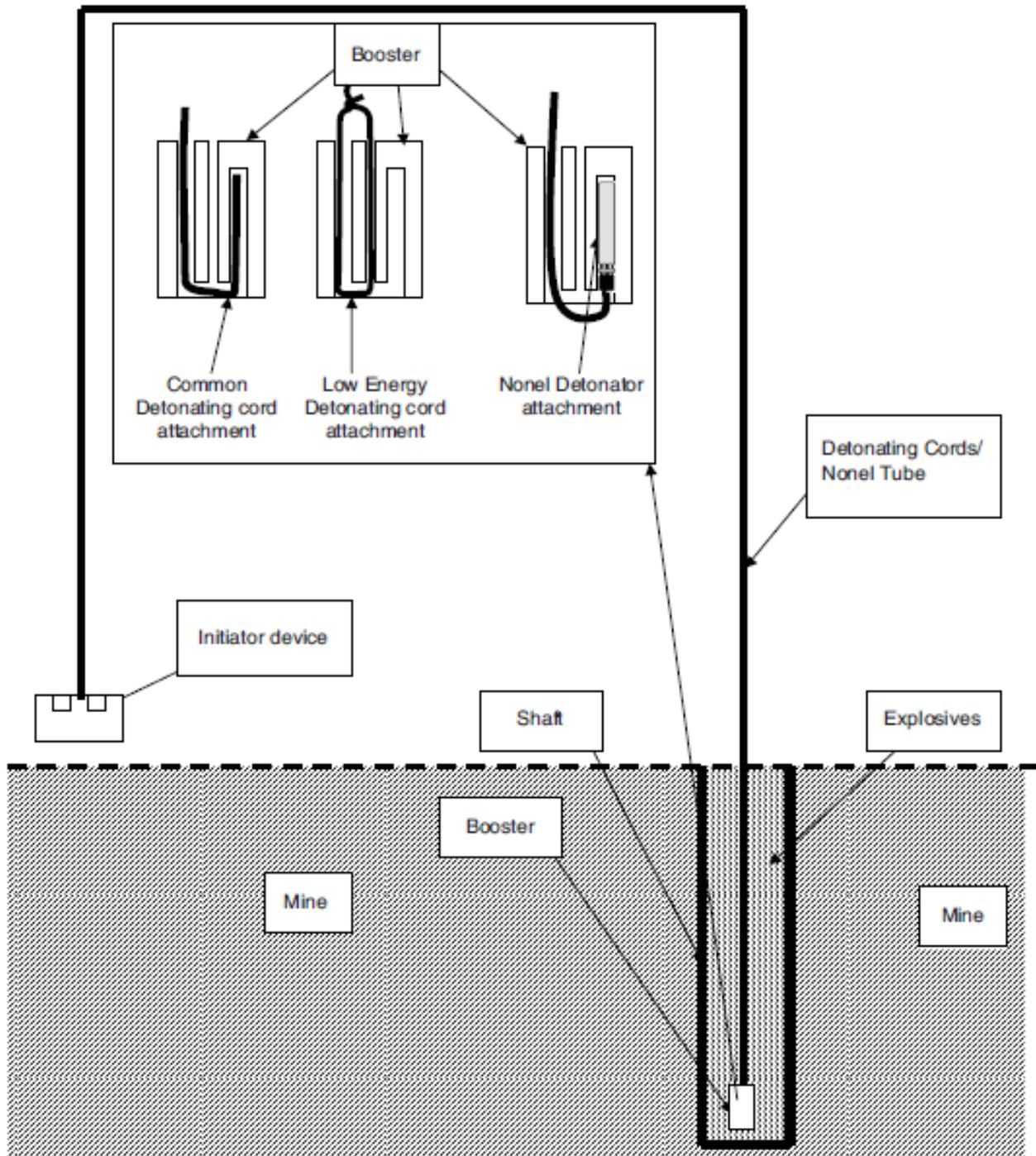
Non-Electric Tube 导爆管

### *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