



Fabchem China Limited

FABCHEM'S FY2018 REVENUE JUMPS 28.8%; NEW INITIATIVES TOWARDS PROFITABILITY AND GROWTH

- Overall revenue growth mainly driven by the Group's explosive devices business segment with two automated boosters production lines in operation
- Net asset value per share⁽²⁾ stood at RMB 756.51 cents with cash and cash equivalents of approximately RMB 89.0 million and gearing of 0.17x⁽¹⁾
- Third automated boosters production line expected to complete by end of FY2019
- Exploring M&A activities to extend value chain with opportunities for growth

<i>(RMB' million)</i>	<i>FY2018</i>	<i>FY2017</i>	<i>Change (%)</i>
Revenue	191.3	148.5	+28.8
Gross Profit	35.9	22.2	+61.6
Loss Before Tax from continuing operations	(15.3)	(33.9)	(54.9)
Income tax income	0.2	8.7	(98.1)
Loss from continuing operations, net of tax	(15.1)	(25.2)	(39.9)
Gain from discontinued operations, net of tax	-	26.2 ⁽³⁾	N.M.
(Loss) / Profit attributable to shareholders	(15.1)	1.0	N.M.
Loss per share from continuing operations ⁽²⁾ (RMB Cents)	(32.29)	(53.71)	(39.9)
EBITDA ⁽⁴⁾	2.3	16.1	(85.7)

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

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

(3) Includes net gain of approximately RMB 30.1 million from the disposal of its loss-making ammonium nitrate business, Hebei Yinguang

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

N.M. – Not Meaningful

Singapore, 30 May 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 full year ended 31 March 2018 (“FY2018”).

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.

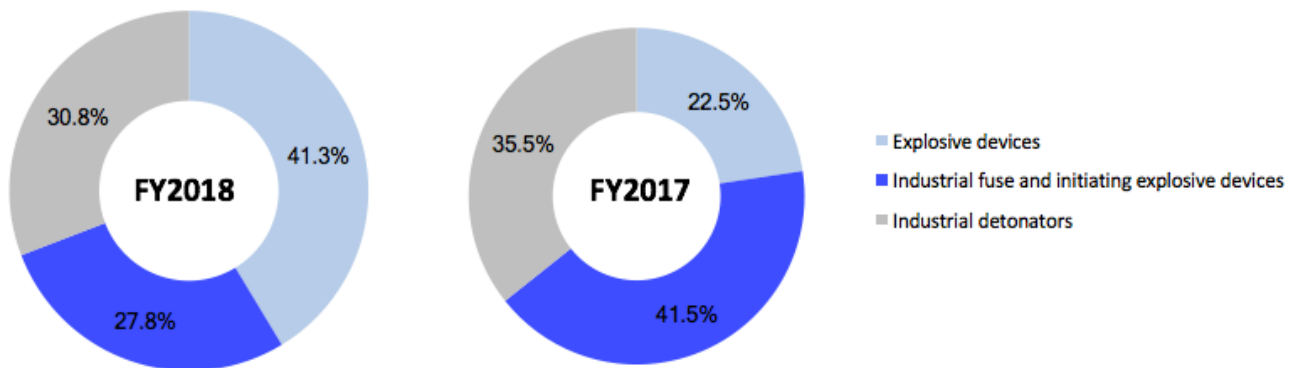
Review of the Group's FY2018 Results

The Group continue to operate in a challenging operating environment during FY2018 amid lower economic growth in China that led to reduced mining activities; regulatory measures that affected the Group's operations and customers; and increased market competition.

With the disposal of its loss-making ammonium nitrate business, Hebei Yinguang Chemical Co. Ltd ("Hebei Yinguang") in FY2017, the Group has 3 core business 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.

In FY2018, the Group's two product segments, explosive devices and industrial detonators, registered revenue growth of 136.2% and 11.7% respectively, while revenue from the product segment of industrial fuse and initiating explosive devices declined 13.7%. As a result, the Group's overall revenue in FY2018 increased 28.8% to approximately RMB 191.3 million.

Revenue Breakdown



With two automated boosters production line in operation during FY2018, the Group's production capacity of boosters increased significantly, hence sales of explosives devices (boosters) surged to approximately RMB 79.0 million in FY2018.

The product segment of explosive devices (boosters) accounts for a significant portion of the Group's domestic and overseas sales, hence this has directly led to an increment in the Group's overall revenue in FY2018.

Notably, the Group's sales to overseas markets increased by 114.3% to approximately RMB 66.5 million in FY2018 as there are more sales of boosters to Australia, which accounted for approximately RMB 57.1 million in overall revenue.

As the Group's production activities continue to normalise during FY2018, gross profit margin improved from 15.0% to 18.8% in FY2018. However, the Group registered lower average selling prices across its products range due to higher market competition from other manufacturers in other provinces.

Corresponding to higher revenue and sales activities recorded during FY2018, distribution expenses increased by RMB 2.4 million to approximately RMB 21.3 million. However, administrative expenses dipped marginally by RMB 0.5 million or 1.7% to approximately RMB 30.7 million in FY2018.

Overall, the Group registered a net loss from continuing operations of approximately RMB 15.1 million in FY2018.

Organic Growth and M&A Business Strategy to Drive Performance

Strengthening its position as China's leading and largest boosters manufacturer, the Group is embarking on its third automated boosters production line and barring unforeseen circumstances, construction is expected to complete by the end of FY2019.

To further augment its business presence in this specialised industry, the Group is also exploring M&A opportunities to create more value propositions and expand its growth opportunities.

Mr Bao Hongwei (“鲍红伟”), Fabchem's Managing Director, said, “*Notwithstanding the Group's performance amid another challenging operating environment in FY2018, our business are on a firm foundation.*”

While continuously striving for operational efficiencies, we are taking proactive measures to improve the Group's financial performance with organic growth and M&A opportunities, creating new value propositions and further enhancing our competitive strengths in this specialised industry.”

Healthy Balance Sheet

With a disciplined and prudent financial approach, the Group has had the financial flexibility to navigate through a challenging business environment over the past few years.

Adopting new working capital management measures, the Group generated net cash from operating activities of approximately RMB 27.7 million.

And as at 31 March 2018, the Group's total assets stood at approximately RMB 516.4 million with a gearing of 0.17x, while cash and cash equivalent position improved to approximately RMB 89.0 million.

Trade receivables, another major component of current assets, stood at approximately RMB 53.2 million as at the end of March 2018.

As at 31 March 2018, shareholders' equity stood at approximately RMB 354.0 million and net asset value per share stood at RMB 756.51 cents per share.

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 30 May 2018, which can be downloaded via www.sgx.com.

Issued for and on behalf of Fabchem China Limited



Mr. Alex TAN
Mobile: +65 9451 5252
Email: alex.tan@8prasia.com

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
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Industrial Fuses and Initiating Explosive Devices

Detonating Cord	导爆索
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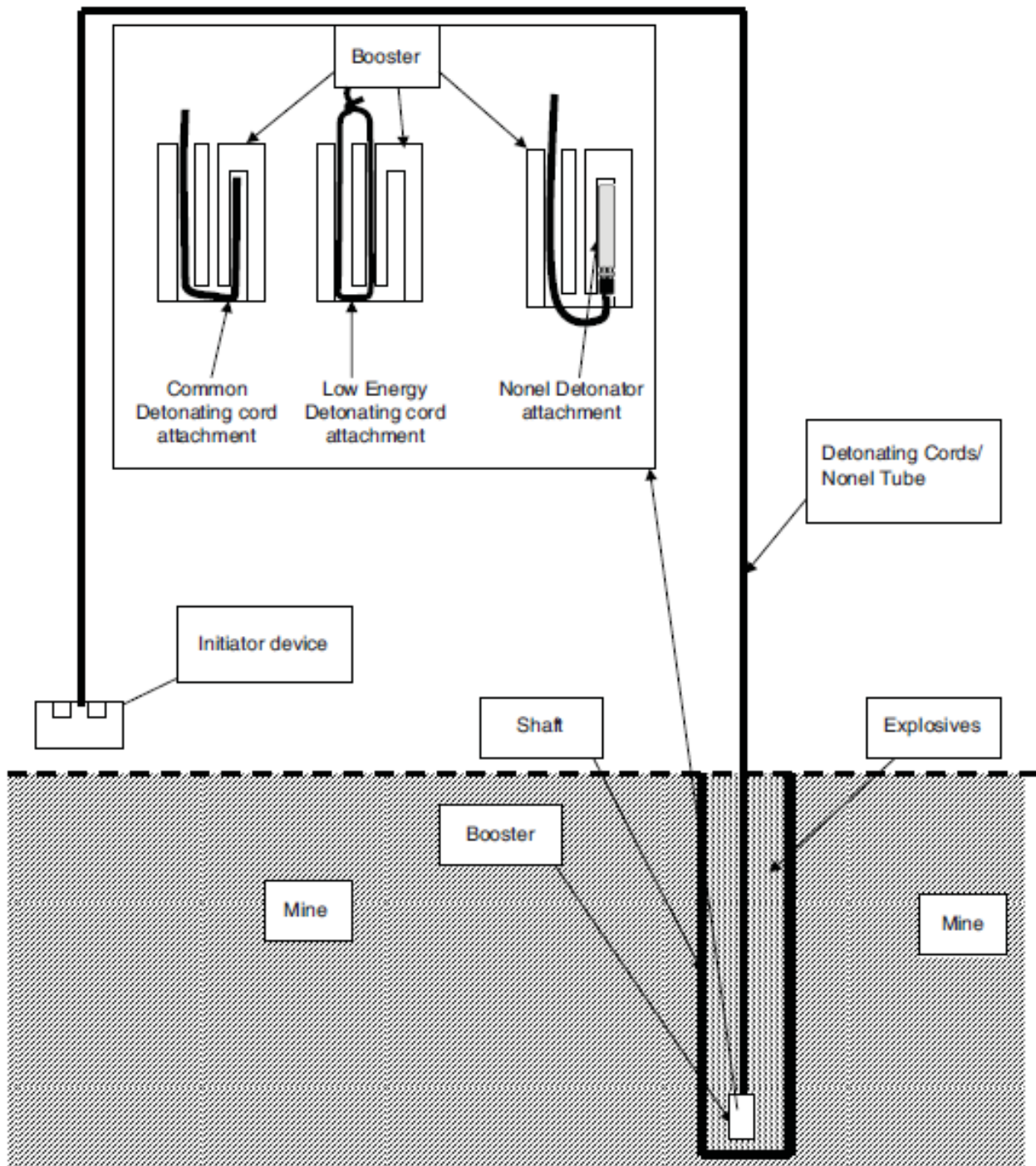
Non-Electric Tube	导爆管
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Industrial Detonators

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