Fabchem China Limited

EXTENDED PRODUCTION STOPPAGE OF BOOSTERS IMPACTS FABCHEM'S 1Q2017 RESULT

- Boosters production only resumed on 26 May 2016 after several months of production stoppage since Oct 2016
- Domestic and overseas sales were significantly affected by the absence of boosters sales
- Balance sheet remained healthy with cash and cash equivalents of RMB 101.6 million and gearing of 0.17x(1)
- Net asset value per share(2) stood at RMB 7.62 as at 30 June 2016

(RMB' million)	*1Q2017*	*1Q2016*	*Change (%)*
Revenue	**32.5**	**86.6**	**(62.5)**
Gross Profit	**3.4**	**29.3**	**(88.3)**
(Loss) / Profit Before Tax	**(11.6)**	**11.7**	**(199.2)**
Net (Loss) / Profit	**(11.8)**	**7.1**	**(266.1)**
EPS(2) (RMB Cents)	**(25.17)**	**15.16**	**(266.0)**
EBITDA(3)	**(5.2)**	**18.3**	**(128.1)**

(1) Gearing = (Total Borrowings and Debts Securities) / Total Assets
(2) Based on weighted average number of 46.8 million shares (after completion of the Share Consolidation as at 9.00 am on 1 September 2015, where every five (5) Shares registered in the name of each Shareholder have been consolidated into one (1) Consolidated Share and the issued share capital of the Company will comprise 46,800,000 Consolidated Shares
(3) EBITDA – Earnings before Interest, Tax, Depreciation, Amortisation and Impairment Loss on Property, plant & equipment

Singapore, 5 August 2016 – 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 2017 ("1Q2017").

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.

Challenges Persists in 1Q2017

China's slowing economic growth in recent years has affected the global economy and the uncertainties surrounding the global macroeconomic developments continued to impact mining activities in domestic and overseas markets, where majority of the Group's commercial explosive products are marketed.

In addition, the Group's production capabilities were further affected by more stringent safety requirements that were imposed since October 2015 by the relevant authorities as part of new safety measures for all commercial explosive manufacturers due to two unrelated incidents.

As a result, the Group's overall revenue declined 62.5% to RMB 32.5 million in 1Q2017 as all of the Group's product segments registered lower revenue.

Particularly, revenue from the Group's boosters product reduced significantly by 95.2% to RMB 2.2 million in 1Q2017 as production of this product segment was halted from 30 October 2015 as part of the authorities' safety directive due to an unrelated explosion incident at a booster production plant in Shandong Province. Subsequently, the Group received a notification from the relevant authorities for the resumption of our boosters production and Yinguang Technology's automated production line for boosters resumed production on 26 May 2016.

However, the Group's two manual production lines of boosters had to cease production due to new safety directives and the Group will likely be converting these two manual production lines into automated production sometime in the future, which would lead to an improvement in product quality and further enhance the safety standards of our boosters' production facilities.

With boosters product accounting for a significant portion of the Group's overall revenue, domestic sales declined 33.2% to RMB 31.7 million while overseas sales dipped 98.1% to RMB 0.8 million.

The absence of revenue contribution from the booster product reduced the Group's gross profit margin by approximately 23.3 percentage points, from 33.8% in 1Q2016 to 10.5% in 1Q2017.

In line with lower revenue registered in 1Q2017, the Group's distribution costs and administrative expenses decreased by 49.3% and 4.6% respectively. Finance costs reduced by 15.8% due to lower bank loans and at the same time, bank lending interest rates were lower in the general market during the period under review.

Overall, in light of the challenges during 1Q2017, the Group's EBITDA dipped 128.1% to a loss of RMB 5.2 million and the Group recorded a net loss of approximately RMB 11.8 million in 1Q2017.

Mr Sun Bowen ("孙伯文"), Fabchem's Managing Director, said, *"While near term market challenges persist, we will continue to prudently execute the next steps of our strategy and our priorities are set on strengthening our resilience to the evolving market trends."*

Disciplined and Prudent Financial Approach

As at 30 June 2016, total assets stood at RMB 543.0 million. Guided by a disciplined and prudent financial management policy, the Group's balance sheet remained healthy with a low gearing of 0.17x and a cash and cash equivalent position of RMB 101.6 million.

Trade receivables, another major component of current assets, stood at RMB 55.1 million as at end of June 2016.

As at 30 June 2016, shareholders' equity stood at RMB 356.4 million, while net asset value per share stood at RMB 7.62.

At the end of June 2016, the Group's total liabilities stood at RMB 186.5 million, of which the major portion was attributable to trade and other payables of RMB 78.4 million and other financial liabilities of RMB 97.1 million.

– END –

This document is to be read in conjunction with Fabchem's exchange filings on 5 August 2016, which can be downloaded via www.sgx.com.

For any enquires on Fabchem's latest financial results announcement, please email: ir@fabchemchina.com

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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 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 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

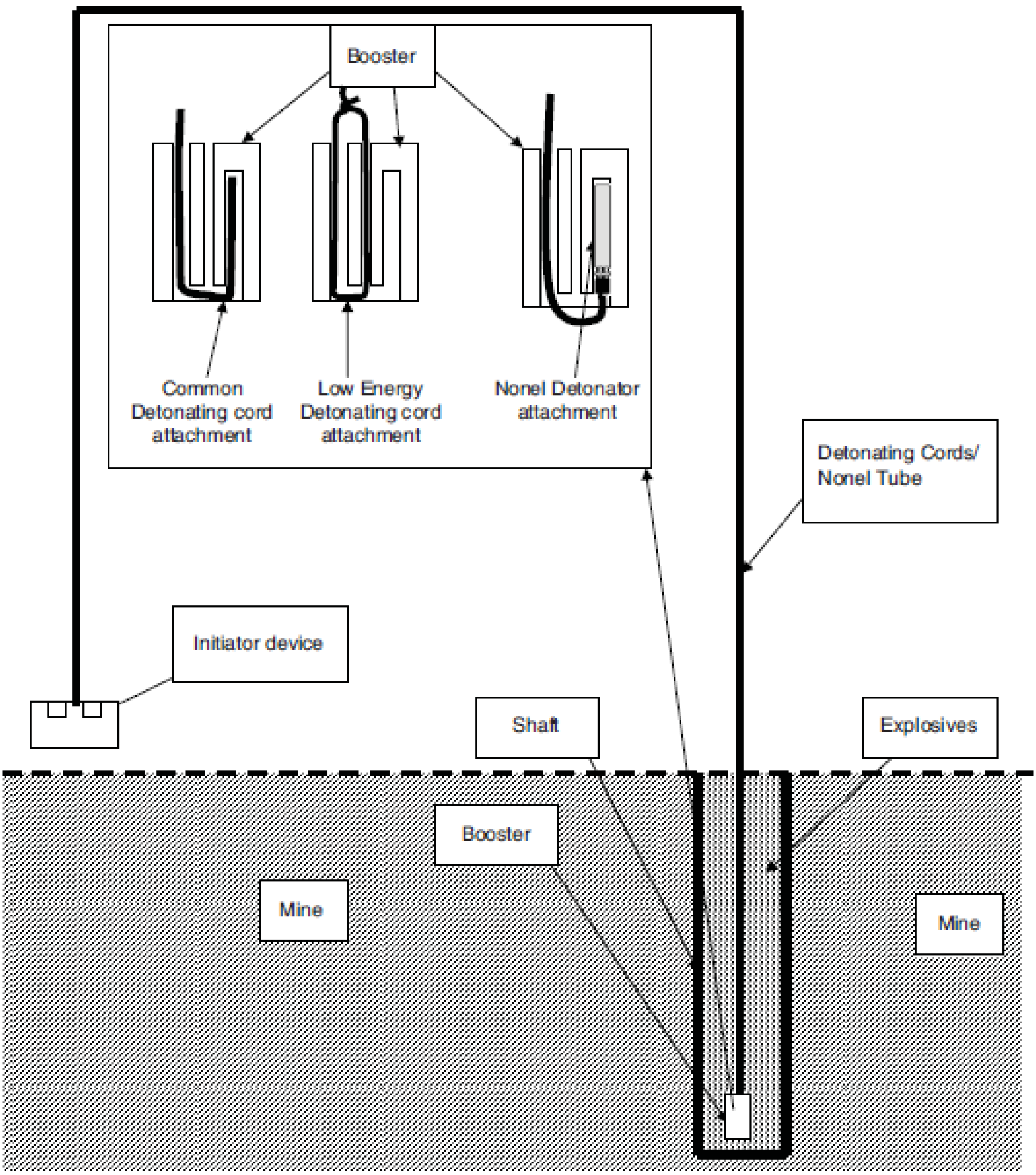
Industrial Fuses and Initiating Explosive Devices
Detonating Cord 导爆索
Non-Electric Tube 导爆管

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

Ammonium Nitrate 硝酸铵

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