



## Fabchem China Limited

Company registration number : 200413128G

Financial Statements for the Financial Year ended 31 March 2015 (“FY2015”)

### PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 &Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Increase/ (Decrease) %
	FY2015 RMB'000	FY2014 RMB'000	
<b>Revenue</b>	349,770	392,990	(11.0%)
Cost of sales	(241,742)	(298,484)	(19.0%)
<b>Gross profit</b>	108,028	94,506	14.3%
<b><u>Other Items of Income</u></b>			
Interest income	1,148	665	72.6%
Other gains – Note (i)	1,798	2,279	(21.1%)
<b><u>Other Items of Expense</u></b>			
Distribution costs	(27,158)	(28,824)	(5.8%)
Administrative expenses	(41,451)	(41,203)	0.6%
Finance costs	(6,840)	(6,905)	(0.9%)
Other losses – Note (ii)	(8,936)	(62,916)	(85.8%)
<b>Profit / (Loss) before income tax</b>	26,589	(42,398)	N.M.
Income tax expense	(13,517)	(15,145)	(10.7%)
<b>Profit / (Loss) attributable to shareholders</b>	13,072	(57,543)	N.M.
<b>Note (i) – Other Gains</b>			
Allowance for impairment on trade receivables – reversal	13	171	(92.4%)
Foreign exchange adjustment gains	1,124	47	2291.5%
Government grants	661	806	(18.0%)
Write back of payables	-	1,255	N.M.
	1,798	2,279	(21.1%)
<b>Note (ii) – Other Losses</b>			
Loss on disposal of property, plant and equipment	-	(1,213)	N.M.
Bad debts written-off	(6)	(5)	20.0%
Inventories written-off	(19)	-	N.M.
Intangible assets written-off	(3,091)	-	N.M.
Impairment loss on property, plant and equipment	-	(60,000)	N.M.
Property, plant and equipment written-off	(41)	-	N.M.
Allowance for impairment on inventories – loss	-	(328)	N.M.
Allowance for impairment on trade receivables – loss	(5,779)	(1,370)	321.8%
	(8,936)	(62,916)	(85.8%)

**1(a)(ii) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)**

Profit before income tax was stated after crediting / (charging) :-

	<b>Group</b>		<b>Increase/ (Decrease) %</b>
	<b>FY2015 RMB'000</b>	<b>FY2014 RMB'000</b>	
Allowance for impairment on trade receivables – loss	(5,779)	(1,370)	321.8%
Allowance for impairment on trade receivables – reversal	13	171	(92.4%)
Allowance for impairment of inventories - loss	-	(328)	N.M.
Amortisation expenses	(3,729)	(3,664)	1.8%
Bad debts written-off	(6)	(5)	20.0%
Depreciation expenses	(19,879)	(20,561)	(3.3%)
Foreign exchange adjustment gains	1,124	47	2291.5%
Inventories written-off	(19)	-	N.M.
Intangible assets written-off	(3,091)	-	N.M.
Impairment loss on property, plant and equipment	-	(60,000)	N.M.
Interest expense	(6,840)	(6,905)	(0.9%)
Interest income from bank deposits	1,148	665	72.6%
Property, plant and equipment written-off	(41)	-	N.M.
Loss on disposal of property, plant and equipment	-	(1,213)	N.M.
Write back of payables	-	1,255	N.M.

**Statement of Comprehensive Income**

	<b>Group</b>		<b>Increase/ (Decrease) %</b>
	<b>FY2015 RMB'000</b>	<b>FY2014 RMB'000</b>	
<b>Profit/(Loss) attributable to shareholders</b>	13,072	(57,543)	N.M.
Foreign currency translation difference	(314)	(1,162)	(73.0)
<b>Total comprehensive income/(loss) for the period</b>	<b>12,758</b>	<b>(58,705)</b>	N.M.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 March 2015 RMB'000	31 March 2014 RMB'000	31 March 2015 RMB'000	31 March 2014 RMB'000
<b>ASSETS</b>				
<b>Non-current assets :</b>				
Property, plant and equipment	238,014	243,687	119	232
Intangible assets	-	3,953	-	-
Other assets, non-current	90,128	90,977	-	-
Investment in subsidiary	-	-	100,411	110,386
Deferred tax assets	4,102	3,183	-	-
<b>Total non-current assets</b>	<b>332,244</b>	<b>341,800</b>	<b>100,530</b>	<b>110,618</b>
<b>Current assets :</b>				
Inventories	61,893	63,874	-	-
Trade and other receivables (Note 1)	87,101	90,006	22,512	16,167
Other assets, current	11,889	7,724	127	142
Cash and cash equivalents	125,908	99,473	920	600
<b>Total current assets</b>	<b>286,791</b>	<b>261,077</b>	<b>23,559</b>	<b>16,909</b>
<b>Total assets</b>	<b>619,035</b>	<b>602,877</b>	<b>124,089</b>	<b>127,527</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves :</b>				
Share capital	116,849	116,849	116,849	116,849
Retained earnings	201,233	194,706	16,204	9,720
Other reserves	86,140	82,211	(12,815)	(2,527)
<b>Total equity</b>	<b>404,222</b>	<b>393,766</b>	<b>120,238</b>	<b>124,042</b>
<b>Non-Current liabilities :</b>				
Deferred tax liabilities	1,691	3,781	-	-
<b>Total non-current liabilities</b>	<b>1,691</b>	<b>3,781</b>	<b>-</b>	<b>-</b>
<b>Current liabilities :</b>				
Income tax payable	2,745	689	-	-
Trade and other payables (Note 2)	115,319	102,903	3,851	3,485
Other financial liabilities, current	83,672	90,172	-	-
Other liabilities	11,386	11,566	-	-
<b>Total current liabilities</b>	<b>213,122</b>	<b>205,330</b>	<b>3,851</b>	<b>3,485</b>
<b>Total liabilities</b>	<b>214,813</b>	<b>209,111</b>	<b>3,851</b>	<b>3,485</b>
<b>Total liabilities and equity</b>	<b>619,035</b>	<b>602,877</b>	<b>124,089</b>	<b>127,527</b>
<b>Note 1</b>				
Trade receivables	82,250	85,591	-	-
Amount receivable from subsidiary	-	-	22,512	16,167
VAT receivables	164	-	-	-
Tax recoverable	3,439	3,439	-	-
Other receivables	1,248	976	-	-
<b>Trade and other receivables</b>	<b>87,101</b>	<b>90,006</b>	<b>22,512</b>	<b>16,167</b>
<b>Note 2</b>				
Trade payables and accruals	94,255	77,842	3,221	3,171
Other payables	21,064	25,061	630	314
<b>Trade and other payables</b>	<b>115,319</b>	<b>102,903</b>	<b>3,851</b>	<b>3,485</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

**(RMB'000)**

<b>31 March 2015</b>		<b>31 March 2014</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
45,500	38,172	62,000	28,172

**Amount repayable after one year**

**(RMB'000)**

<b>31 March 2015</b>		<b>31 March 2014</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
-	-	-	-

**Details of any collateral**

As at 31 March 2015, the Group has aggregate secured short-term loans from financial institutions of RMB 45.5 million, while unsecured borrowings relates to a loan from a third party of RMB 8.2 million and a short-term loan from a financial institution of RMB 30.0 million.

Secured short-term bank loans of RMB 45.5 million are secured using our subsidiaries' land and buildings with net book value of approximately RMB 89.0 million. The secured short-term bank loans' interest rate ranged from 6.048% to 6.48% per annum.

Unsecured borrowing of RMB 8.2 million relates to a loan from Linxi County Nitrogenous Fertilizer Co., Ltd. Unsecured short-term bank loan of RMB 30.0 million is guaranteed by a corporate guarantee from Shandong Yinguang Chemical Group Co., Ltd, the former holding company of Hebei Yinguang Chemical Co., Ltd ("Hebei Yinguang"), and bears an interest rate of 7.5% per annum.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	FY2015 RMB'000	FY2014 RMB'000
<b>Cash flows from operating activities</b>		
Profit/(Loss) before income tax	26,589	(42,398)
Adjustments for :		
Allowance for impairment on trade receivables – loss	5,779	1,370
Allowance for impairment on trade receivables – reversal	(13)	(171)
Allowance for impairment on inventories – loss	-	328
Amortisation expenses	3,729	3,664
Bad debts written-off	6	5
Depreciation expense	19,879	20,561
Loss on disposal of property, plant and equipment	-	1,213
Inventories written-off	19	-
Intangible assets written-off	3,091	-
Impairment loss on property, plant and equipment	-	60,000
Property, plant and equipment written-off	41	-
Provision for safety expenses	3,977	4,437
Write back of payables	-	(1,255)
Net effect of exchange rate changes in translation of financial statements of parent	(300)	(1,156)
Interest expenses	6,840	6,905
Interest income	(1,148)	(665)
Operating cash flows before changes in working capital	68,489	52,838
Inventories	1,962	(1,122)
Trade and other receivables	(2,867)	23,715
Other assets	(4,165)	7,356
Trade and other payables	2,544	(28,205)
Other liabilities	5,715	3,722
Net cash flows from operations before interest and tax	71,678	58,304
Income tax paid	(14,470)	(16,572)
<b>Net cash from operating activities</b>	<b>57,208</b>	<b>41,732</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	698
Purchase of property, plant and equipment	(14,261)	(41,550)
Purchase of land use rights	(2,018)	(1,144)
Interest received	1,148	665
<b>Net cash used in investing activities</b>	<b>(15,131)</b>	<b>(41,331)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(2,302)	(7,918)
Proceeds from bank borrowings	126,500	126,000
Repayment of borrowings	(133,000)	(132,109)
Repayment of finance lease obligation	-	(7)
Interest paid	(6,840)	(6,905)
<b>Net cash used in financing activities</b>	<b>(15,642)</b>	<b>(20,939)</b>
Net increase / (decrease) in cash	26,435	(20,538)
Cash at beginning of the year	99,473	120,011
<b>Cash at end of the year</b>	<b>125,908</b>	<b>99,473</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Issued capital	Statutory reserve	Capital reserve <sup>(1)</sup>	Foreign currency translation reserve	Retained earnings	Total
<b>Group (RMB'000)</b>						
Balance at 1 April 2014	116,849	37,981	44,000	230	194,706	393,766
Appropriation for the year	-	4,243	-	-	(4,243)	-
Dividend paid	-	-	-	-	(2,302)	(2,302)
Total comprehensive (loss)/income for the year	-	-	-	(314)	13,072	12,758
Balance at 31 March 2015	116,849	42,224	44,000	(84)	201,233	404,222
Balance at 1 April 2013	116,849	35,009	44,000	1,392	263,139	460,389
Appropriation for the year	-	2,972	-	-	(2,972)	-
Dividend paid	-	-	-	-	(7,918)	(7,918)
Total comprehensive loss for the year	-	-	-	(1,162)	(57,543)	(58,705)
Balance at 31 March 2014	116,849	37,981	44,000	230	194,706	393,766

(1) During financial year ended 31 March 2013, Yinguang Technology capitalised RMB 13.0 million and RMB 31.0 million from Statutory Reserve and Retained Earnings, respectively as its Share Capital. Consequently, these amounts have been transferred from Statutory Reserve and Retained Earnings to Capital Reserve.

	Issued capital	Foreign currency translation reserve	Retained earnings	Total
<b>Company (RMB'000)</b>				
Balance at 1 April 2014	116,849	(2,527)	9,720	124,042
Dividend paid	-	-	(2,302)	(2,302)
Total comprehensive (loss)/income for the year	-	(10,288)	8,786	(1,502)
Balance at 31 March 2015	116,849	(12,815)	16,204	120,238
Balance at 1 April 2013	116,849	2,271	27,299	146,419
Dividend paid	-	-	(7,918)	(7,918)
Total comprehensive loss for the year	-	(4,798)	(9,661)	(14,459)
Balance at 31 March 2014	116,849	(2,527)	9,720	124,042

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Not Applicable.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Group	
	31 March 2015	31 March 2014
Total number of issued shares	234,000,000	234,000,000

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There is no sale, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

The figures have not been audited nor reviewed by the auditors.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation as in the most recently audited financial statements.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There are no material changes in the accounting policies and methods of computation.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings/(Loss) per ordinary share for the year based on net profit attributable to shareholders :

Based on weighted average number of ordinary shares in issue

Weighted average number of ordinary shares in issue for basic earnings per share

Group	
FY2015	FY2014
RMB cents	RMB cents
5.59	(24.59)
234,000,000	234,000,000

There is no dilution of shares as there are no shares under option.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the :-**

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	RMB cents	RMB cents	RMB cents	RMB cents
Net asset value per ordinary share based on the issued shares at the end of the financial year	172.74	168.28	51.38	53.01
Number of issued shares use in calculating net asset value	234,000,000	234,000,000	234,000,000	234,000,000

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-
- any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.

### Revenue

Our products can be categorised mainly into (a) explosive devices such as boosters and seismic charges; (b) industrial fuse and initiating explosive devices such as detonating cords and non-electric tubes; (c) industrial detonators such as non-electric detonators and piston non-electric detonators; and (d) ammonium nitrate. The breakdown of our revenue by the above-mentioned product types and geographical segments during the financial year ended 31 March 2014 ("FY2014") and financial year ended 31 March 2015 ("FY2015") are as follows:

Product Types	Group				% change
	FY2015		FY2014		
	RMB'000	%	RMB'000	%	
Explosive devices	142,089	40.6	126,227	32.1	12.6
Industrial fuse and initiating explosive devices	95,217	27.2	89,505	22.8	6.4
Industrial detonators	75,100	21.5	91,678	23.3	(18.1)
Ammonium Nitrate	36,852	10.5	85,101	21.7	(56.7)
Others <sup>(1)</sup>	512	0.2	479	0.1	6.9
	<b>349,770</b>	<b>100.0</b>	<b>392,990</b>	<b>100.0</b>	<b>(11.0)</b>

  

Geographical Segments	Group				% change
	FY2015		FY2014		
	RMB'000	%	RMB'000	%	
Within PRC	221,806	63.4	277,403	70.6	(20.0)
<u>Outside PRC</u>					
Sales through export distributors <sup>(2)</sup>	14,303	4.1	12,930	3.3	10.6
Australia	100,337	28.7	95,004	24.2	5.6
Others	13,324	3.8	7,653	1.9	74.1
	<b>127,964</b>	<b>36.6</b>	<b>115,587</b>	<b>29.4</b>	<b>10.7</b>
	<b>349,770</b>	<b>100.0</b>	<b>392,990</b>	<b>100.0</b>	<b>(11.0)</b>

Note :

(1) Others include sales of raw materials and packaging materials.

(2) These were sales to export distributors in the PRC in which they export the products to their customers overseas.

### Revenue

Revenue for FY2015 decreased by approximately RMB 43.2 million or 11.0% to RMB 349.8 million from RMB 393.0 million in FY2014. The decrease in overall revenue was mainly attributed to the lower sales posted by industrial detonators and ammonium nitrate in FY2015.

#### a) Sales within PRC

In FY2015, sales within PRC decreased by approximately RMB 55.6 million or 20.0% mainly due to the decrease in sales of ammonium nitrate by RMB 48.2 million or 56.7% and decrease in PRC sales of industrial detonators by RMB 13.3 million or 15.3%, partially offset by the increase in PRC sales of explosives devices of approximately RMB 2.3 million or 16.0% and increase in industrial fuse and explosives devices of RMB 7.0 million or 8.5%.

Mining related activities accounted for a significant portion of the Group's overall revenue and with global commodity prices continuing to softened, it has resulted in reduced mining activities and this has created a challenging and volatile operating environment for our Group.

The market-driven selling prices of explosive-grade ammonium nitrate continued to experience downward pressure, which severely affected the financial performance of our ammonium nitrate business activities. In order to mitigate the impact from the declining market selling price and increasing raw materials cost, Hebei Yinguang controlled and limited the production and sales of its ammonium nitrate during the financial year under review.



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-**

- **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- **any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on. (Cont'd)**

b) Sales through export distributors

Sales through export distributors increased by approximately RMB 1.4 million or 10.6% from RMB 12.9 million during FY2014 to RMB 14.3 million during FY2015. The increment is mainly due to the increase in sales to South Africa through an export distributor.

c) Sales to Australia

In FY2015, sales to Australia increased marginally by approximately RMB 5.3 million or 5.6%.

d) Sales to other countries

Sales to other countries increased by approximately RMB 5.7 million or 74.1% due mainly to the increased in sales to Dyno Nobel Indonesia during the current financial year under review.

All domestic PRC sales contracts and export applications sought by export agents have been approved by the Ministry of Industry and Information Technology, Department of Work Safety ("MIIT").

**Gross profit margin**

Gross profit margin improved by approximately 6.9 percentage points to 30.9% in FY2015, as compared to 24.0% in FY2014, as the Group was no longer affected by the temporary cease production directive during May/June 2013 which impacted the Group's overall gross profit margin for FY2014. Furthermore, during FY2015, the Group's product mix was skewed towards higher margin products as lower sales of ammonium nitrate (which accounted for the lowest gross margin among the Group's four product segments) was registered for the current year under review.

**Interest income / (Finance costs)**

Interest income increased by approximately RMB 483,000 mainly due to higher average bank deposits during the current financial year.

Finance costs remained relatively constant as there was no material fluctuation in our bank loans during the period under review.

**Other gains**

Other gains relate to write back of allowance for impairment on trade receivables of approximately RMB 13,000, foreign exchange adjustment gains of approximately RMB 1.1 million and government grants of approximately RMB 0.7 million.

The government grants were issued by Shandong Province, Fei County's government entities for our subsidiary on an ad hoc basis. Foreign exchange adjustment gains arose from foreign exchange rate changes between Renminbi (RMB), United States Dollars (USD) and Singapore Dollars (SGD).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-**
- **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - **any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on. (Cont'd)**

#### **Other losses**

Other losses relate to bad debts written-off of RMB 6,000, inventories written-off of RMB 19,000, property, plant and equipment written-off of RMB 41,000, intangible assets written-off of RMB 3.1 million and allowance for impairment on trade receivables of approximately RMB 5.8 million.

A review on the inventories and property, plant and equipment are carried out as of 31 December 2014 and items of obsolescence are written-off accordingly. Intangible assets written-off relates to the licences and customer relationships which arose during the purchase price allocation ("PPA") exercise for the acquisition of Hebei Yinguang during FY2010, performed in accordance with the Singapore Financial Reporting Standards. As the ammonium nitrate market is not expected to pick up soon, the management decided to write off the remaining balance of the licences and customer relationship as they will not be able to generate future economic benefits for the Group.

#### **Operating expenses**

In line with lower sales revenue recorded, distribution costs decreased by approximately RMB 1.6 million or 5.8% from FY2014's RMB 28.8 million to FY2015's RMB 27.2 million. Administrative expenses remained relatively stable at RMB 41.5 million.

#### **Income tax expenses**

The effective tax rate for FY2015 was 50.8%. This is significantly higher than the PRC concessionary tax rate of 25.0% mainly due to the non-deductible expenses for the current financial year, including the losses incurred by Hebei Yinguang. Exercising prudence, there were no deferred tax assets recognised for Hebei Yinguang.

#### **Statement of Financial Position**

Property, plant and equipment decreased by approximately RMB 5.7 million, mainly due to the depreciation charged for the current year under review of approximately RMB 19.9 million, which was partially offset by the acquisition of property, plant and equipment for the boosters upgrading project.

Intangible assets comprise of the Group's licences and customer relationships which arose during the purchase price allocation ("PPA") exercise for the acquisition of Hebei Yinguang during FY2010, performed in accordance with the Singapore Financial Reporting Standards. Intangible assets were fully written-off as at 31 March 2015 as the management is of the view that the intangible assets will no longer bring future economic benefits to the Group.

Other assets, non-current relate to the Group's land use rights, which decreased by approximately RMB 0.8 million mainly due to the amortisation charges of approximately RMB 2.9 million recognized during the current year under review, which was partially offset by the payment for land use rights of approximately RMB 2.0 million.

Deferred tax assets relate mainly to the deferred tax differences for the allowance for impairment on trade and other receivables and inventories and provision for safety expenses.

Inventories, trade and other receivables, other assets and cash and cash equivalents, represented approximately 21.6%, 30.4%, 4.1% and 43.9% respectively of our total current assets as at 31 March 2015.

Inventories decreased marginally by approximately RMB 2.0 million or 3.1% to RMB 61.9 million as at 31 March 2015, as compared to RMB 63.9 million as at 31 March 2014, which was mainly due to a slight decrease in finished goods.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-**
- **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - **any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on. (Cont'd)**

#### **Statement of Financial Position (cont'd)**

During the current year under review, trade receivables decreased marginally by approximately RMB 3.3 million or 3.9%.

Other assets, current comprising the Group's prepayments, increased by approximately RMB 4.2 million or 53.9% to RMB 11.9 million as at 31 March 2015. The increment is mainly due to the increase in prepayments for raw materials as at 31 March 2015.

As at 31 March 2015, our current liabilities comprised of income tax payable of RMB 2.7 million, trade and other payables of approximately RMB 122.5 million, other current financial liabilities of approximately RMB 83.7 million and other liabilities of RMB 4.2 million. Non-current liabilities comprised of deferred tax liabilities of RMB 1.6 million.

Trade payables and accruals increased by approximately RMB 16.4 million mainly due to better management of repayment to creditors. Other payables decreased by approximately RMB 4.0 million mainly due to payment of land use rights, previously under other payables, of approximately RMB 4.5 million during the current year under review.

As at 31 March 2015, other current financial liabilities of RMB 83.7 million comprised of bank loans of RMB 75.5 million and third party loan of RMB 8.2 million. The decrease of RMB 6.5 million from RMB 90.2 million in bank loans as at 31 March 2014 was mainly due to the repayment of bank loans due before 31 March 2015 but will be drawdown again during April 2015. Adhering to the customary banking practices in the PRC, the Group's bank loans are for a period of one year or less.

Other liabilities of RMB 11.4 million relate to the Group's provision for safety expenses and advances from customers.

Deferred tax liabilities of RMB 1.6 million relate mainly to the deferred tax difference upon the finalisation of the PPA exercise in relation to the acquisition of Hebei Yinguang in 2008 and the deferred tax liabilities for the withholding tax on dividend payable by our subsidiary in China.

#### **Cash flow**

For the financial year ended 31 March 2015, the Group recorded net cash generated from operating activities of approximately RMB 57.2 million, net cash used in investing activities of approximately RMB 15.1 million and net cash used in financing activities of approximately RMB 15.6 million.

The net cash generated from operating activities is mainly due to an improved creditors' management.

The net cash used in investing activities of approximately RMB 15.1 million is mainly due to the acquisition of property, plant and equipment for boosters upgrading projects and payment for land use rights.

The net cash used in financing activities of approximately RMB 15.6 million is mainly due to the repayment of borrowings of RMB 133.0 million, payment of dividends of approximately RMB 2.3 million and payment of interest expenses of RMB 6.8 million, partially offset by proceeds from bank borrowings of approximately RMB 126.5 million.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement has been previously issued. The current full year results for the financial year ended 31 March 2015 are in line with the Company's commentary as disclosed under paragraph 10 of the third quarter results announcement for the period ended 31 December 2014.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

*Update on the new ammonium nitrate production facilities*

Following our earlier announcements on the new ammonium nitrate production facilities, the construction of the new facilities remained halted due to the negative market outlook for the demand of ammonium nitrate.

In light of the weak market conditions for ammonium nitrate, this product segment is projected to continue to experience an operating loss.

The management will continue to monitor the situation and update Shareholders of any other material impact to the Group accordingly.

*Construction of new warehouses*

As previously announced, Yinguang Technology will acquire new land and construct additional warehouses for storage purposes in accordance with the new safety regulations.

The total capital investment for the land, of approximately 133,334 m<sup>2</sup> in land size, and construction of the new warehousing capacity is estimated at approximately RMB 84.6 million with a construction timeline of approximately 2 years. Capital outlay for this new storage facility is estimated at approximately RMB 36.8 million in FY2016.

Upon completion of this new storage facility, our Group's depreciation and amortization will increase and it is expected to have a negative impact on our future financial results.

**11. Dividend**

- (a) ***Current Financial Period Reported On***  
**Any dividend declared for the current financial period reported on?**

Yes.

Details of dividend

Name of dividend : First and Final  
Dividend type : Cash  
Dividend rate : S\$0.003 per ordinary share (tax exempt one-tier)

- (b) ***Corresponding Period of the Immediately Preceding Financial Year***  
**Any dividend declared for the corresponding period of the immediately preceding financial year?**

Yes.

Details of dividend

Name of dividend : Special  
Dividend type : Cash  
Dividend rate : S\$0.002 per ordinary share (tax exempt one-tier)

- (c) ***Date payable***

To be announced later.

- (d) ***Books closure date***

To be announced later.

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

### 13. Interested Person Transaction

		Aggregate value of all interested person transaction (excluding transactions less than \$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
		FY2015	FY2014	FY2015	FY2014
Name of interested person	Nature	RMB'000	RMB'000	RMB'000	RMB'000
Shandong Yinguang Minbao Qicai Co., Ltd <sup>(1)</sup>	Sales of ammonium nitrate	5,233	13,643	2,511	—
Shandong Yinguang Security Services Co., Ltd	Provision of security services	7,200	—	—	—
Zaozhuang Yinguang Construction Co., Ltd	Provision of construction and renovation service	757	—	—	—
Dyno Nobel <sup>(2)</sup>	Sales of commercial explosives	—	—	37,150	19,710

Footnotes:

<sup>(1)</sup> The relevant general mandate was approved at the Extraordinary General Meeting held on 25 July 2014. As such, transactions after 25 July 2014 will then be considered as conducted under shareholders mandate pursuant to Rule 920.

<sup>(2)</sup> The relevant general mandate was approved at the Extraordinary General Meeting held on 10 November 2011 and was updated and approved at the Annual General Meeting held on 25 July 2014.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**Business segments**

The Group has four major operating segments classified according to the usage of our products. The five segments are (a) explosive devices such as boosters and seismic charges; (b) industrial fuse and initiating explosive devices such as detonating cords and non-electric tubes; (c) industrial detonators such as non-electric detonators and piston non-electric detonators and (d) ammonium nitrate.

**Profit or Loss from Continuing Operations and Reconciliations**

<b>RMB'000</b>	<b>Explosive devices</b>	<b>Industrial fuse and initiating devices</b>	<b>Industrial detonators</b>	<b>Ammonium Nitrate</b>	<b>Unallocated</b>	<b>Total</b>
<b>FY2015</b>						
Revenue by segment	142,089	95,217	75,100	36,852	512	349,770
Recurring EBITDA <sup>1</sup>	50,867	34,692	27,705	(15,004)	275	98,535
Depreciation	(3,276)	(4,605)	(7,692)	(333)	(3,973)	(19,879)
Amortisation	(382)	-	(233)	(1,141)	(1,973)	(3,729)
ORBIT <sup>2</sup>	47,209	30,087	19,780	(16,478)	(5,671)	74,927
Interest income					1,148	1,148
Finance costs					(6,840)	(6,840)
Unallocated corporate expenses					(42,646)	(42,646)
Profit before income tax from continuing operations						26,589
Income tax expenses						(13,517)
Profit from continuing operations						13,072

<b>FY2014</b>						
Revenue by segment	126,227	89,505	91,678	85,101	479	392,990
Recurring EBITDA <sup>1</sup>	27,493	31,477	32,586	(4,848)	137	86,845
Impairment loss	-	-	-	(60,000)	-	(60,000)
Depreciation	(2,511)	(1,306)	(6,959)	(5,167)	(4,618)	(20,561)
Amortisation	(212)	-	(232)	(1,140)	(2,080)	(3,664)
ORBIT <sup>2</sup>	24,770	30,171	25,395	(71,155)	(6,561)	2,620
Interest income					665	665
Finance costs					(6,905)	(6,905)
Unallocated corporate expenses					(38,778)	(38,778)
Loss before income tax from continuing operations						(42,398)
Income tax expenses						(15,145)
Loss from continuing operations						(57,543)

<sup>1</sup> EBITDA refers to earnings from operations before depreciation, amortization, impairment, interests and income taxes

<sup>2</sup> ORBIT refers to operating result before interests and income taxes and other unallocated items

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (Cont'd)**

**Assets and Reconciliations**

<b>RMB'000</b>	<b>Explosive devices</b>	<b>Industrial fuse and initiating devices</b>	<b>Industrial detonators</b>	<b>Ammonium Nitrate</b>	<b>Unallocated</b>	<b>Total</b>
<b>FY2015</b>						
Total assets for reporting segments	73,729	80,659	94,218	64,675	-	313,281
Unallocated:						
Property, plant & equipment					56,227	56,227
Other assets, non-current					43,252	43,252
Deferred tax assets					4,102	4,102
Inventories					20,848	20,848
Trade and other receivables					79,223	79,223
Other assets					6,278	6,278
Cash and cash equivalents					95,824	95,824
<b>Total group assets</b>	<b>73,729</b>	<b>80,659</b>	<b>94,218</b>	<b>64,675</b>	<b>305,754</b>	<b>619,035</b>

<b>FY2014</b>						
Total assets for reporting segments	68,416	83,303	102,792	67,621	-	322,132
Unallocated:						
Property, plant & equipment					53,299	53,299
Other assets, non-current					43,035	43,035
Deferred tax assets					3,183	3,183
Inventories					22,449	22,449
Trade and other receivables					65,858	65,858
Other assets					4,470	4,470
Cash and cash equivalents					88,451	88,451
<b>Total group assets</b>	<b>68,416</b>	<b>83,303</b>	<b>102,792</b>	<b>67,621</b>	<b>280,745</b>	<b>602,877</b>



14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (Cont'd)**

**Liabilities and Reconciliations**

<b>RMB'000</b>	<b>Explosive devices</b>	<b>Industrial fuse and initiating devices</b>	<b>Industrial detonators</b>	<b>Ammonium Nitrate</b>	<b>Unallocated</b>	<b>Total</b>
<b>FY2015</b>						
Total liabilities for reporting segments	2,041	901	2,382	87,165	-	92,489
Unallocated:						
Deferred tax liabilities					1,691	1,691
Income tax payable					2,745	2,745
Trade and other payables					68,282	68,282
Other liabilities					4,106	4,106
Other financial liabilities					45,500	45,500
<b>Total group liabilities</b>	<b>2,041</b>	<b>901</b>	<b>2,382</b>	<b>87,165</b>	<b>122,324</b>	<b>214,813</b>

<b>FY2014</b>						
Total liabilities for reporting segments	2,175	1,182	2,768	72,317	-	78,442
Unallocated:						
Deferred tax liabilities					3,781	3,781
Income tax payable					689	689
Trade and other payables					73,023	73,023
Other liabilities					5,176	5,176
Other financial liabilities					48,000	48,000
<b>Total group liabilities</b>	<b>2,175</b>	<b>1,182</b>	<b>2,768</b>	<b>72,317</b>	<b>130,669</b>	<b>209,111</b>

**Other Material Items and Reconciliations**

<b>RMB'000</b>	<b>Explosive devices</b>	<b>Industrial fuse and initiating devices</b>	<b>Industrial detonators</b>	<b>Ammonium Nitrate</b>	<b>Unallocated</b>	<b>Total</b>
Impairment loss						
FY2015	-	-	-	-	-	-
FY2014	-	-	-	60,000	-	60,000
Other non-cash expenses other than depreciation/amortisation						
FY2015	-	-	-	6,423	2,500	8,923
FY2014	-	-	-	-	319	319
Expenditures for non-current assets:						
FY2015	2,495	4,453	3,160	137	6,034	16,279
FY2014	4,317	19,102	2,449	7,670	9,157	42,695

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (Cont'd)**

**Geographical information**

The following table provides an analysis of the group revenue by geographical market irrespective of the origin of the goods and services and non-current assets by geographical market:-

RMB'000	Revenue		Non-current assets	
	FY2015	FY2014	FY2015	FY2014
Within PRC	221,806	277,403	328,024	338,385
<u>Outside PRC</u>				
Sales through export distributors	14,303	12,930	–	–
Australia	100,337	95,004	–	–
Singapore	–	–	118	232
Others *	13,324	7,653	–	–
Subtotal for all foreign countries	127,964	115,587	118	232
Total continuing operations	<b>349,770</b>	<b>392,990</b>	<b>328,142</b>	<b>338,617</b>

\* Others include Kyrgyzstan, Mongolia, Indonesia

Revenue are attributed to countries on the basis of the customers' location. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

15. **In the review of performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments.**

**Business segments**

Revenue generated from our explosives devices and industrial fuse and initiating explosive devices segments increased by 12.6% and 6.4%, respectively, Industrial detonators decreased by 18.1% due to increased competitions from other industrial players. Sales of ammonium nitrate decreased by a substantial 56.7% due to the continued weak market conditions for ammonium nitrate. Moreover, the softening of global commodity prices had translated to reduced mining activities and causes a very challenging and volatile operating environment for our Group.

**Geographical segments**

PRC sales decreased by approximately RMB 55.6 million or 20.0% and overseas sales increased by approximately RMB 12.4 million or 10.7% in FY2015. PRC and export revenue represents approximately 63.4% (FY2014: 70.6%) and 36.6% (FY2014: 29.4%) of the total revenue for FY2015. The decrease in proportion of local PRC sales over overseas sales is mainly due to the decreased in sales of ammonium nitrate within PRC.

Please refer to section 8 for more discussions on the geographical segments.

16. A breakdown of sales.

	Group		Increase/
	FY2015	FY2014	(Decrease)
	RMB'000	RMB'000	%
Revenue reported for first half year	208,734	220,570	(5.4)
Operating profit after tax reported for first half	15,339	7,377	107.9
Revenue reported for second half year	141,036	172,420	(18.2)
Operating (loss)/profit after tax reported for second half	(2,267)	(64,920)	(96.5)

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

**Total annual dividend**

	FY2015	FY2014
	RMB'000	RMB'000
Ordinary	2,302	7,918
Preference	-	-
Total	2,302	7,918

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Sun Qiang	43	Son of Sun Bowen, the Managing Director	Current Position: Sales and Marketing Manager. Duties: Responsible for the sales and marketing function of the Group. Year position first held: 2003	No changes in duties and position during the year.

**BY ORDER OF THE BOARD**  
**SUN BOWEN**  
**MANAGING DIRECTOR**  
**29 MAY 2015**