



Fabchem China Limited

Company registration number : 200413128G

Financial Statements for the Financial Year ended 31 March 2016 (“FY2016”)

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) %
	FY2016 RMB'000	FY2015 RMB'000	
Revenue	200,398	349,770	(42.7)
Cost of sales	(148,944)	(241,742)	(38.4)
Gross profit	51,454	108,028	(52.4)
<u>Other Items of Income</u>			
Interest income	910	1,148	(20.7)
Other gains – Note (i)	1,494	1,798	(16.9)
<u>Other Items of Expense</u>			
Distribution costs	(19,832)	(27,158)	(27.0)
Administrative expenses	(44,307)	(41,451)	6.9
Finance costs	(7,319)	(6,840)	7.0
Other losses – Note (ii)	(12,487)	(8,936)	39.7
(Loss) / Profit before income tax	(30,087)	26,589	(213.2)
Income tax expense	(3,736)	(13,517)	(72.4)
(Loss) / Profit attributable to shareholders	(33,823)	13,072	(358.7)
Note (i) – Other Gains			
Allowance for impairment on trade receivables – reversal	569	13	4276.9
Foreign exchange adjustment gains	-	1,124	N.M.
Government grants	925	661	39.9
	1,494	1,798	(16.9)
Note (ii) – Other Losses			
Loss on disposal of property, plant and equipment	(28)	-	N.M.
Bad debts written-off	-	(6)	N.M.
Foreign exchange adjustment losses	(44)	-	N.M.
Inventories written-off	-	(19)	N.M.
Intangible assets written-off	-	(3,091)	N.M.
Impairment loss on property, plant and equipment	(5,374)	-	N.M.
Property, plant and equipment written-off	-	(41)	N.M.
Allowance for impairment on trade receivables – loss	(7,041)	(5,779)	21.8
	(12,487)	(8,936)	39.7

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)

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

	Group		Increase/ (Decrease) %
	FY2016 RMB'000	FY2015 RMB'000	
Allowance for impairment on trade receivables – loss	(7,041)	(5,779)	21.8
Allowance for impairment on trade receivables – reversal	569	13	4276.9
Amortisation expenses	(2,876)	(3,729)	(22.9)
Bad debts written-off	-	(6)	N.M.
Depreciation expenses	(19,616)	(19,879)	(1.3)
Foreign exchange adjustment (losses)/gains	(44)	1,124	(103.9)
Inventories written-off	-	(19)	N.M.
Intangible assets written-off	-	(3,091)	N.M.
Impairment loss on property, plant and equipment	(5,374)	-	N.M.
Interest expense	(7,319)	(6,840)	7.0
Interest income from bank deposits	910	1,148	(20.7)
Property, plant and equipment written-off	-	(41)	N.M.
Loss on disposal of property, plant and equipment	(28)	-	N.M.

Statement of Comprehensive Income

	Group		Increase/ (Decrease) %
	FY2016 RMB'000	FY2015 RMB'000	
(Loss) / Profit attributable to shareholders	(33,823)	13,072	(358.7)
Foreign currency translation difference	839	(314)	(367.2)
Total comprehensive (loss)/income for the year	(32,984)	12,758	(358.5)

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 2016 RMB'000	31 March 2015 RMB'000	31 March 2016 RMB'000	31 March 2015 RMB'000
ASSETS				
Non-current assets :				
Property, plant and equipment	223,197	238,014	44	119
Other assets, non-current	89,083	90,128	-	-
Investment in subsidiary	-	-	107,832	100,411
Deferred tax assets	7,514	4,102	-	-
Total non-current assets	319,794	332,244	107,876	100,530
Current assets :				
Inventories	41,820	61,893	-	-
Trade and other receivables (Note 1)	60,320	87,101	9,034	22,512
Other assets, current	21,640	11,889	137	127
Cash and cash equivalents	121,036	125,908	846	920
Total current assets	244,816	286,791	10,017	23,559
Total assets	564,610	619,035	117,893	124,089
EQUITY AND LIABILITIES				
Capital and reserves :				
Share capital	116,849	116,849	116,849	116,849
Retained earnings	162,333	201,233	2,671	16,204
Other reserves	88,872	86,140	(4,556)	(12,815)
Total equity	368,054	404,222	114,964	120,238
Non-Current liabilities :				
Deferred tax liabilities	2,365	1,691	-	-
Total non-current liabilities	2,365	1,691	-	-
Current liabilities :				
Income tax payable	-	2,745	-	-
Trade and other payables (Note 2)	101,920	115,319	2,929	3,851
Other financial liabilities, current	83,663	83,672	-	-
Other liabilities	8,608	11,386	-	-
Total current liabilities	194,191	213,122	2,929	3,851
Total liabilities	196,556	214,813	2,929	3,851
Total liabilities and equity	564,610	619,035	117,893	124,089
Note 1				
Trade receivables	54,955	82,413	-	-
Amount receivable from subsidiary	-	-	9,034	22,512
Tax recoverable	3,832	3,439	-	-
Other receivables	1,533	1,249	-	-
Trade and other receivables	60,320	87,101	9,034	22,512
Note 2				
Trade payables and accruals	79,287	94,255	2,574	3,221
Other payables	22,633	21,064	354	630
Trade and other payables	101,920	115,319	2,929	3,851

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

Amount repayable in one year or less, or on demand

(RMB'000)

31 March 2016		31 March 2015	
Secured	Unsecured	Secured	Unsecured
70,461	13,202	45,500	38,172

Amount repayable after one year

(RMB'000)

31 March 2016		31 March 2015	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

As at 31 March 2016, the Group has aggregate secured short-term loans from financial institutions of RMB 70.5 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 5.0 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 84.2 million, while the balance of secured short-term bank loans of approximately RMB 25.0 million is secured using our subsidiaries' land and buildings with net book value of approximately RMB 10.0 million and a corporate guarantee from Shandong Yinguang Chemical Group Co., Ltd ("Yinguang Chemical Group"), the former holding company of Hebei Yinguang Chemical Co., Ltd ("Hebei Yinguang"). The secured short-term bank loans' interest rate ranged from 4.73% to 6.955% 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 5.0 million is guaranteed by a corporate guarantee from Yinguang Chemical Group and bears an interest rate of 6.955% 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	
	FY2016 RMB'000	FY2015 RMB'000
Cash flows from operating activities		
(Loss)/Profit before income tax	(30,087)	26,589
Adjustments for :		
Allowance for impairment on trade receivables – loss	7,041	5,779
Allowance for impairment on trade receivables – reversal	(569)	(13)
Amortisation expenses	2,876	3,729
Bad debts written-off	-	6
Depreciation expense	19,616	19,879
Loss on disposal of property, plant and equipment	28	-
Inventories written-off	-	19
Intangible assets written-off	-	3,091
Impairment loss on property, plant and equipment	5,374	-
Property, plant and equipment written-off	-	41
Provision for safety expenses	2,691	3,977
Net effect of exchange rate changes in translation of financial statements of parent	835	(300)
Interest expenses	7,319	6,840
Interest income	(910)	(1,148)
Operating cash flows before changes in working capital	14,214	68,489
Inventories	20,073	1,962
Trade and other receivables	20,693	(2,867)
Other assets	(1,142)	(4,165)
Trade and other payables	(13,399)	2,544
Other liabilities	(5,469)	5,715
Net cash flows from operations before interest and tax	34,970	71,678
Income tax paid	(9,603)	(14,470)
Net cash from operating activities	25,367	57,208
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	80	-
Purchase of property, plant and equipment	(10,277)	(14,261)
Purchase of land use rights	(10,440)	(2,018)
Decrease / (Increase) in cash restricted in use	7,000	(19,000)
Interest received	910	1,148
Net cash used in investing activities	(12,727)	(34,131)
Cash flows from financing activities		
Dividends paid	(3,184)	(2,302)
Proceeds from bank borrowings	126,391	126,500
Repayment of borrowings	(126,400)	(133,000)
Interest paid	(7,319)	(6,840)
Net cash used in financing activities	(10,512)	(15,642)
Net increase in cash	2,128	7,435
Cash and cash equivalents, statement of cash flows, beginning balance	88,908	81,473
Cash and cash equivalents, statement of cash flows, ending balance	91,036	88,908
Analysis of Cash and cash equivalents		
Cash and cash equivalents	121,036	125,908
Cash restricted in use *	(30,000)	(37,000)
Cash and cash equivalents, statement of cash flows	91,036	88,908

* Cash restricted in use is pledged for trading facilities

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	Foreign currency translation reserve	Retained earnings	Total
Group (RMB'000)						
Balance at 1 April 2015	116,849	42,224	44,000	(84)	201,233	404,222
Appropriation for the year	-	1,893	-	-	(1,893)	-
Dividend paid	-	-	-	-	(3,184)	(3,184)
Total comprehensive income / (loss) for the year	-	-	-	839	(33,823)	(32,984)
Balance at 31 March 2016	116,849	44,117	44,000	755	162,333	368,054
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

	Issued capital	Foreign currency translation reserve	Retained earnings	Total
Company (RMB'000)				
Balance at 1 April 2015	116,849	(12,815)	16,204	120,238
Dividend paid	-	-	(3,184)	(3,184)
Total comprehensive income/(loss) for the year	-	8,259	(10,349)	(2,090)
Balance at 31 March 2016	116,849	(4,556)	2,671	114,964
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

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.

Issued and Paid-Up Capital	Group	
	Number of Shares	Share Capital (S\$)
As at 31 March 2015 (audited)	234,000,000	23,458,985
As at 31 March 2016 (unaudited)	46,800,000	23,458,985

On 30 July 2015 during an Extraordinary General Meeting (“EGM”), the shareholders of the Company approved the consolidation of every five (5) existing ordinary shares of the Company into one (1) ordinary share (“Share consolidation”). The Share consolidation was completed and became effective as at 9.00 am on 1 September 2015 when 234,000,000 existing ordinary shares were consolidated into 46,800,000 ordinary shares.

The Company did not have any outstanding convertibles and treasury shares as at the end of the current financial year reported on and as at the end of the preceding financial year.

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 2016	31 March 2015
Total number of issued shares	46,800,000*	234,000,000

* After the completion of the Share Consolidation.

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.

	Group	
	FY2016	FY2015
	RMB cents	RMB cents (Restated*)
(Loss)/Earnings per ordinary share for the year based on net profit attributable to shareholders :		
Based on weighted average number of ordinary shares in issue	(72.27)	27.93
Weighted average number of ordinary shares in issue for basic earnings per share	46,800,000	46,800,000

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

* Comparative weighted average number of ordinary shares and basic earnings per share has been adjusted to reflect the effects of the Share Consolidation during the current financial year.

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 2016	31 March 2015	31 March 2016	31 March 2015
	RMB cents	RMB cents (Restated*)	RMB cents	RMB cents (Restated*)
Net asset value per ordinary share based on the issued shares at the end of the financial year	786.44	863.72	245.65	256.92
Number of issued shares use in calculating net asset value	46,800,000	46,800,000	46,800,000	46,800,000

* Comparative number of issued shares use in calculating net asset value per ordinary share has been adjusted to reflect the effects of the Share Consolidation during the current financial year.

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 2015 ("FY2015") and financial year ended 31 March 2016 ("FY2016") are as follows:

Product Types

	Group				%
	FY2016		FY2015		
	RMB'000	%	RMB'000	%	change
Explosive devices	89,004	44.4	142,089	40.6	(37.4)
Industrial fuse and initiating explosive devices	59,748	29.8	95,217	27.2	(37.3)
Industrial detonators	49,375	24.7	75,100	21.5	(34.3)
Ammonium Nitrate	1,858	0.9	36,852	10.5	(95.0)
Others ⁽¹⁾	413	0.2	512	0.2	(19.3)
	200,398	100.0	349,770	100.0	(42.7)

Geographical Segments

	FY2016		FY2015		%
	RMB'000	%	RMB'000	%	
					change
Within PRC	124,092	61.9	221,806	63.4	(44.1)
Outside PRC					
Sales through export distributors ⁽²⁾	1,622	0.8	14,303	4.1	(88.7)
Australia	70,061	35.0	100,337	28.7	(30.2)
Others	4,623	2.3	13,324	3.8	(65.3)
	76,306	38.1	127,964	36.6	(40.4)
	200,398	100.0	349,770	100.0	(42.7)

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.

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)**

Revenue

Revenue for FY2016 decreased by approximately RMB 149.4 million or 42.7% to RMB 200.4 million from RMB 349.8 million in FY2015. The decrease in revenue was mainly attributed to temporary stoppage of our production activities for all our products in two occasions during FY2016, namely the explosion at the Port of Tianjin in August 2015 and the explosive accident at an unrelated booster plant at Pingyi County, Linyi City, Shandong Province in October 2015. All our products had resumed production, except for our boosters production activities which has temporarily ceased production since 21 October 2015 while awaiting for additional safety inspections and clearance by the relevant authorities.

a) **Sales within PRC**

In FY2016, sales within PRC decreased by approximately RMB 97.7 million or 44.1%. The decrease in PRC sales was mainly attributed to the temporary stoppage of production activities as highlighted above.

In addition, the softening of global commodity prices has translated to reduced mining activities in China and as mining related activities accounted for a significant portion of the Group's overall revenue, the Group has been operating under a challenging and volatile business environment.

b) **Sales through export distributors, Australia and other countries**

Sales through export distributors decreased by approximately RMB 12.7 million or 88.7% from RMB 14.3 million during FY2015 to RMB 1.6 million during FY2016. Sales to Australia decreased by approximately RMB 30.3 million or 30.2% from RMB 100.3 million during FY2015 to RMB 70.1 million during FY2016. Sales to other countries decreased by approximately RMB 8.7 million or 65.3% from RMB 13.3 million in FY2015 to RMB 4.6 million during FY2016.

The decline was mainly attributed to the temporary stoppage of production of boosters since 21 October 2015 as boosters accounted for a significant portion of our export sales.

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 dipped by approximately 5.2 percentage points to 25.7% in FY2016, as compared to 30.9% in FY2015. This was mainly due to the temporary stoppage of production activities during August 2015 and October 2015 for safety checks as required by the authorities which impacted the Group's overall gross profit margin for FY2016.

Interest income / (Finance costs)

Interest income decreased by approximately RMB 238,000 mainly due to lower average bank deposits and lower bank interest rate during the current year under review.

Finance costs increased by approximately RMB 479,000 mainly due a reversal of an over-provision for interest expenses during the last financial year which had reduced the finance costs previously recognised in FY2015.

Other gains

Other gains relate to write back of allowance for impairment on trade receivables of approximately RMB 569,000 and government grants of approximately RMB 925,000.

Government grants relate to a grant for certain plant and equipment which will be amortised over 3 years and other ad hoc government grants for various purposes including safety awareness.

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 loss on disposal of property, plant and equipment of approximately RMB 28,000, foreign exchange adjustment losses of approximately RMB 44,000, impairment loss on property, plant and equipment of approximately RMB 5.4 million and allowance for impairment on trade receivables of approximately RMB 7.0 million.

Foreign exchange adjustment gain/(losses) arose mainly from foreign exchange rate fluctuation among Renminbi (RMB), United States Dollar (US\$) and Singapore Dollars (S\$).

Allowance for impairment on trade receivables was based on the management's assessment on the Group's individual trade receivable as at the end of the period under review, in accordance to Singapore Financial Reporting Standards. The increment from RMB 5.8 million for FY2015 to RMB 7.0 million for FY2016 was due to the impairment on those individual long outstanding and slow-moving trade receivables during the assessment as at 31 December 2015 and 31 March 2016, which was attributed to the slowdown in China's economic growth and directly impacting the coal and iron-ore mining industries.

A review on the inventories and property, plant and equipment was carried out as of 31 December and 31 March and items of obsolescence were written-off, disposed-off or impaired according to their respective condition.

Operating expenses

Corresponding to lower revenue recorded in FY2016, distribution costs decreased by approximately RMB 7.3 million or 27.0% from FY2015's RMB 27.2 million to FY2016's RMB 19.8 million. However, administrative expenses increased marginally by RMB 2.9 million or 6.9% to approximately RMB 44.3 million in FY2016 as compared to the previous corresponding period. The increment was mainly due to a retrenchment payout of approximately RMB 3.0 million given to employees of our China subsidiary during the current financial year. The retrenchment decision was made after considering the automation of our new production facilities and the streamlining of our production workflow. During FY2016, amortisation expenses decreased by approximately RMB 853,000 due to amortisation charges for intangible assets during FY2015. Intangible assets were fully written-off as at 31 March 2015, hence there was no further amortisation charges during FY2016.

Income tax expenses

During FY2016, the Group registered a loss before income tax of RMB 30.1 million and an income tax expense of approximately RMB 3.7 million. The income tax expenses was mainly due to the taxable profits of our subsidiary, Shandong Yinguang Technology Co., Ltd ("Yinguang Technology") during FY2016, partially offset by the deferred tax assets recognized as a result of the loss incurred during the temporary stoppage of production activities during the second half of the current financial year.

Statement of Financial Position

Property, plant and equipment decreased by approximately RMB 14.8 million, mainly due to the depreciation charged for the current year under review of approximately RMB 19.6 million and an impairment loss of approximately RMB 5.4 million, which was partially offset by the acquisition of property, plant and equipment of approximately RMB 10.3 million.

Other assets, non-current relate to the Group's land use rights, which decreased by approximately RMB 1.0 million mainly due to the amortisation charges of approximately RMB 2.9 million recognized during the current year under review, partially offset by the purchase of land use rights of approximately RMB 1.8 million.

Deferred tax assets relate mainly to the deferred tax differences for the allowance for impairment on trade and other receivables, provision for safety expenses and deferred tax on tax losses incurred during FY2016.

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)

Inventories, trade and other receivables, other assets and cash and cash equivalents, represented approximately 17.1%, 24.6%, 8.8% and 49.5% respectively of our total current assets as at 31 March 2016.

Inventories decreased by approximately RMB 20.1 million or 32.4% to RMB 41.8 million as at 31 March 2016, as compared to RMB 61.9 million as at 31 March 2015. The decrease was mainly due to the decrease in finished goods as a result of the temporary stoppage of production activities during FY2016 as mentioned above.

During the current financial year under review, trade and other receivables decreased by approximately RMB 26.8 million or 30.7% mainly due to the temporary stoppage of production activities as mentioned above.

Other assets, current comprising the Group's prepayments, increased by approximately RMB 9.8 million or 82.0% to RMB 21.6 million as at 31 March 2016. The increment was mainly due to a prepayment for land use rights of approximately RMB 8.6 million relating to the new storage facility.

As at 31 March 2016, our current liabilities comprised of trade and other payables of approximately RMB 101.9 million, other current financial liabilities of approximately RMB 83.7 million and other liabilities of RMB 8.6 million. Non-current liabilities comprised of deferred tax liabilities of RMB 2.4 million.

Trade and other payables decreased by approximately RMB 13.4 million mainly due to the decrease in bills payables due of RMB 7.0 million and the temporary stoppage of production activities during the current year.

As at 31 March 2016, other current financial liabilities remained relatively constant at RMB 83.7 million. Other current financial liabilities comprised of bank loans of RMB 75.5 million and a third party loan of RMB 8.2 million.

Other liabilities of RMB 8.6 million relate to the Group's provision for safety expenses, advances from customers and a deferred government grant.

Deferred tax liabilities of RMB 2.4 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 2016, the Group recorded net cash generated from operating activities of approximately RMB 25.4 million, net cash used in investing activities of approximately RMB 19.7 million and net cash used in financing activities of approximately RMB 10.5 million.

The net cash generated from operating activities is mainly due to lower inventories on hand and lower trade and other receivables, partially offset by the decrease in trade and other payables.

The net cash used in investing activities of approximately RMB 19.7 million is mainly due to the acquisition of property, plant and equipment and payment for land use rights, partially offset by the interest received.

The net cash used in financing activities of approximately RMB 10.5 million is mainly due to the repayment of borrowings of RMB 126.4 million, payment of dividends of approximately RMB 3.2 million and payment of interest expenses of RMB 7.3 million, partially offset by proceeds from bank borrowings of approximately RMB 126.4 million.

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

The current financial year results for the 12-months period ended 31 March 2016 are in line with the Company's commentary as disclosed under paragraph 10 of the third quarter results announcement for the financial period ended 31 December 2015 and the Company's profit warning made on 8 March 2016.

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.

Resumption of our automated boosters production facilities

Announcements issued by the Company on 30 October 2015 and 3 December 2015 highlighted an unrelated explosion incident at a booster production plant in Shandong Province, Linyi City, Pingyi County. As a precautionary measure, the authorities required all commercial explosives manufacturers in Shandong Province to temporarily cease all production of commercial explosive products for safety inspections and clearance by the relevant authorities. Subsequently, on 30 November 2015, the Group received a notification from the relevant authorities to resume production of our commercial explosives products, except for boosters production as this product category will require additional safety inspection and clearance by the relevant authorities before the resumption of production.

On 25 May 2016, the Company received the notification from the relevant authorities for the resumption of our automated boosters production and Yinguang Technology's automated production line for boosters had resumed production on 26 May 2016. Yinguang Technology's second automated production line for boosters is expected to be completed by the end of June 2016 and it will also start supplying boosters products to our local and overseas customers.

However, adhering to new safety directives, Yinguang Technology's two manual production lines of boosters will cease production 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 the boosters' production facilities. This initiative would align with the Group's earlier announced plans to step up our boosters automation upgrading program. The Group's production capacity of boosters will be reduced pending the conversion and completion of the automated lines. Thus, we would expect our revenue and profitability to continue to be negatively affected.

Update on the ammonium nitrate production facilities

In light of the continual weak market conditions for ammonium nitrate, there was no production of ammonium nitrate during FY2016 and the management does not expect any recovery of the ammonium nitrate market conditions in the near future, thus 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.

China market updates

China continues to experience a slowdown in its economic growth and the broad-based weakness in global commodity prices continues to impact mining activities in China. In addition, as pollution and environmental issues remain key issues in China, the Chinese authorities have increased their scrutiny and regulations on industrial activities (such as refinery and power plant facilities) that are major causes of such issues. As a result, these factors have led to reduced mining activities in China and will continue to affect our local sales in China as most of our commercial explosives products are used in mining related activities.

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

11. Dividend

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

No.

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

(c) ***Date payable***

Not Applicable.

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

Not Applicable.

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

No dividend has been declared/recommendeded for the current financial year reported on.

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)	
		FY2016	FY2015	FY2016	FY2015
Name of interested person	Nature	RMB'000	RMB'000	RMB'000	RMB'000
Shandong Yinguang Minbao Qicai Co., Ltd ⁽¹⁾	Sales of ammonium nitrate	—	5,233	—	2,511
Shandong Yinguang Security Services Co., Ltd	Provision of security services	7,200	7,200	—	—
Zaozhuang Yinguang Construction Co., Ltd	Provision of construction and renovation service	—	757	—	—
Dyno Nobel ⁽²⁾	Sales of commercial explosives	—	—	21,118	37,150

Footnotes:

⁽¹⁾ The relevant general mandate was approved at the Extraordinary General Meeting held on 25 July 2014 and was updated and approved at the Annual General Meeting held on 30 July 2015.

⁽²⁾ 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 30 July 2015.

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

RMB'000	Explosive devices	Industrial fuse and initiating devices	Industrial detonators	Ammonium Nitrate	Unallocated	Total
FY2016						
Revenue by segment	89,004	59,748	49,375	1,858	413	200,398
Recurring EBITDA ¹	26,367	16,918	16,640	(4,961)	165	55,129
Depreciation	(3,074)	(4,926)	(7,989)	(106)	(3,521)	(19,616)
Amortisation	(468)	-	(233)	(278)	(1,897)	(2,876)
Impairment of property, plant and equipment	(5,374)	-	-	-	-	(5,374)
ORBIT ²	17,451	11,992	8,418	(5,345)	(5,253)	27,263
Interest income					910	910
Finance costs					(7,319)	(7,319)
Unallocated corporate expenses					(50,941)	(50,941)
Loss before income tax from continuing operations						(30,087)
Income tax expenses						(3,736)
Loss from continuing operations						(33,823)

FY2015						
Revenue by segment	142,089	95,217	75,100	36,852	512	349,770
Recurring EBITDA ¹	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 ²	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

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

² 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

RMB'000	Explosive devices	Industrial fuse and initiating devices	Industrial detonators	Ammonium Nitrate	Unallocated	Total
FY2016						
Total assets for reporting segments	56,634	74,525	87,962	59,700	-	278,821
Unallocated:						
Property, plant & equipment					54,763	54,763
Other assets, non-current					43,185	43,185
Deferred tax assets					7,514	7,514
Inventories					17,364	17,364
Trade and other receivables					55,787	55,787
Other assets					16,242	16,242
Cash and cash equivalents					90,934	90,934
Total group assets	56,634	74,525	87,962	59,700	285,789	564,610

FY2015						
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
Total group assets	73,729	80,659	94,218	64,675	305,754	619,035

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

RMB'000	Explosive devices	Industrial fuse and initiating devices	Industrial detonators	Ammonium Nitrate	Unallocated	Total
FY2016						
Total liabilities for reporting segments	701	915	2,259	88,967	-	92,842
Unallocated:						
Deferred tax liabilities					2,365	2,365
Income tax payable					-	-
Trade and other payables					53,022	53,022
Other liabilities					2,827	2,827
Other financial liabilities					45,500	45,500
Total group liabilities	701	915	2,259	88,967	103,714	196,556

FY2015						
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
Total group liabilities	2,041	901	2,382	87,165	122,324	214,813

Other Material Items and Reconciliations

RMB'000	Explosive devices	Industrial fuse and initiating devices	Industrial detonators	Ammonium Nitrate	Unallocated	Total
Impairment of assets						
FY2016	5,374	-	-	-	-	5,374
FY2015	-	-	-	-	-	-
Other non-cash expenses other than depreciation/amortisation						
FY2016	-	-	-	-	6,500	6,500
FY2015	-	-	-	6,423	2,500	8,923
Expenditures for non-current assets:						
FY2016	6,220	1,249	811	-	3,828	12,108
FY2015	2,495	4,453	3,160	137	6,034	16,279

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	
	FY2016	FY2015	FY2016	FY2015
Within PRC	124,092	221,806	312,236	328,023
<u>Outside PRC</u>				
Sales through export distributors	1,622	14,303	–	–
Australia	70,061	100,337	–	–
Singapore	–	–	44	119
Others *	4,623	13,324	–	–
Subtotal for all foreign countries	76,306	127,964	44	119
Total continuing operations	200,398	349,770	312,280	328,142

* 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

During FY2016, revenue from all our product ranges dipped significantly due to the temporary stoppage of our production activities for all our products subsequent to the explosion at the Port of Tianjin in August 2015 and the unrelated booster plant at Pingyi County, Linyi City, Shandong Province in October 2015. All our products had resumed production, except boosters which was temporarily ceased production since 21 October 2015. Sales of ammonium decreased by a substantial 95.0% 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 97.7 million or 44.1% and overseas sales decreased by approximately RMB 51.7 million or 40.4% in FY2016. PRC and export revenue represents approximately 61.9% (FY2015: 63.4%) and 38.1% (FY2015: 36.6%) of the total revenue for FY2016. 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/
	FY2016	FY2015	(Decrease)
	RMB'000	RMB'000	%
Revenue reported for first half year	145,388	208,734	(30.3)
Operating profit after tax reported for first half	8,955	15,339	(41.6)
Revenue reported for second half year	55,010	141,036	(61.0)
Operating loss after tax reported for second half	(42,778)	(2,267)	1787.0

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

	FY2016	FY2015
	RMB'000	RMB'000
Ordinary	3,184	2,302
Preference	-	-
Total	3,184	2,302

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	44	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.

19. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD
SUN BOWEN
MANAGING DIRECTOR
30 MAY 2016