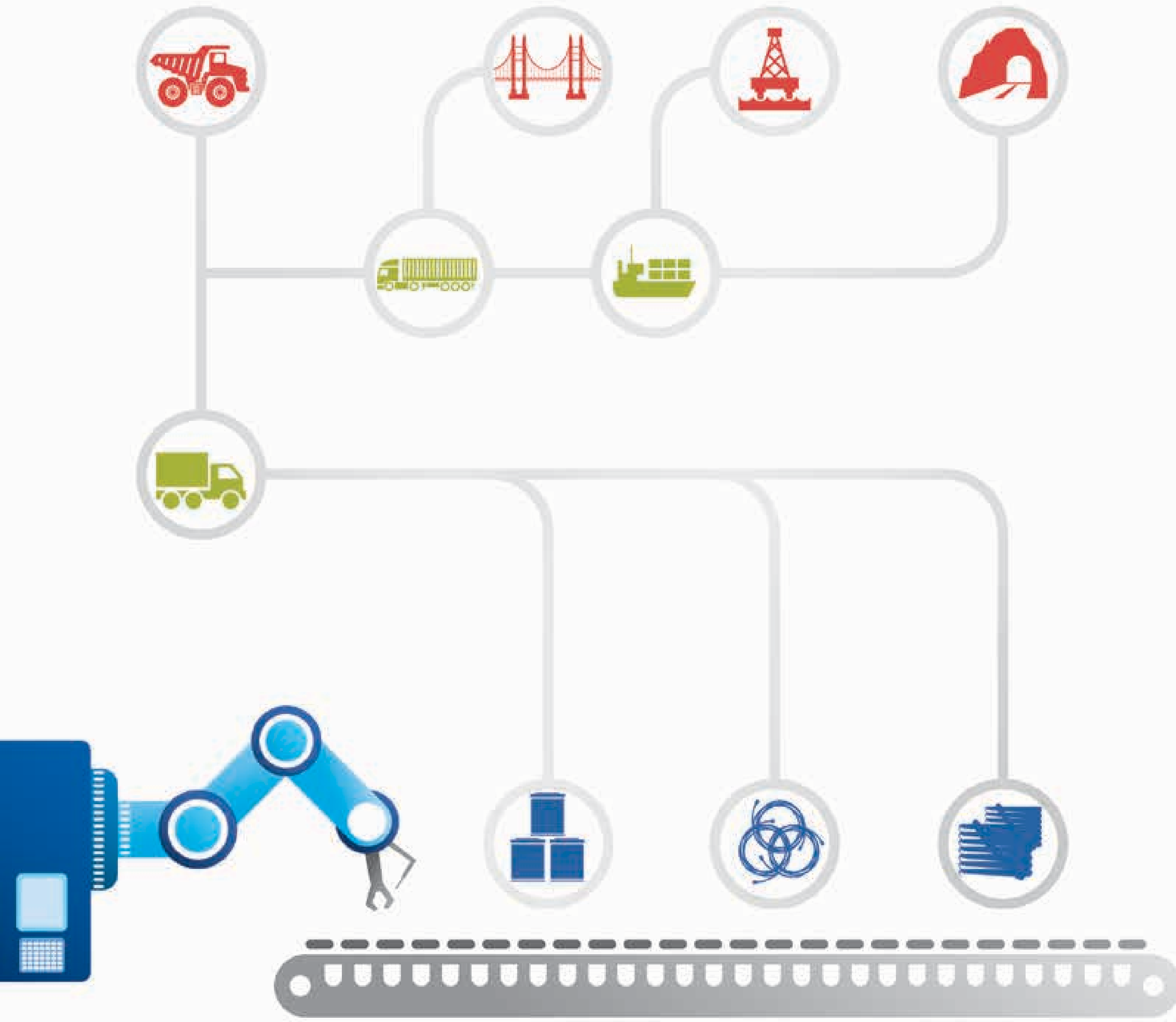
TOWARDS GREATER SYNERGIES

ANNUAL REPORT 2018

FABCHEM CHINA LIMITED



CONTENTS

As One of China's Leading Manufacturers of Initiation Systems and the Largest Boosters and Detonating Cords Producer Within a Highly Regulated Industry, Fabchem's Products are Widely Used in the Mining, Energy Exploration, Hydroelectric and Infrastructure Construction Sectors.

As the only China-based commercial explosives manufacturer with a listing status overseas, Fabchem China Limited ("Fabchem") has been established in Shandong, China since 1979, and listed on the Mainboard of Singapore Exchange Securities Trading Limited in April 2006. As one of China's leading manufacturers of initiation systems and the largest boosters and detonating cords producer within a highly regulated industry, Fabchem's products are widely used in the mining, energy exploration, hydroelectric and infrastructure construction sectors. Our products include explosive devices (boosters), industrial fuse and initiating explosive devices (detonating cords and non-electric tubes), and industrial detonators (non-electric detonators and piston non-electric detonators).

Fabchem's subsidiary, Shandong Yinguang Technology Co., Ltd, is the pioneer and market leader in the production of boosters in China. Our boosters are tested and certified by Universal Tech Corporation R&D Laboratory, an authorised inspection institute for initiating explosive devices based in United States of America.

Fabchem's initiation system products of international-standard quality are sold to more than 150 customers in the mining, energy exploration, hydroelectric and infrastructure construction industries across more than 10 countries, including China, Australia, Indonesia, Mongolia, India, Kazakhstan and Kyrgyzstan. Fabchem's products are sold under the brand name "Yinguang" in China, and also marketed internationally to other major resource-rich countries. As an established commercial explosives producer, the Group also undertakes original equipment manufacturing for renowned global commercial explosives companies.

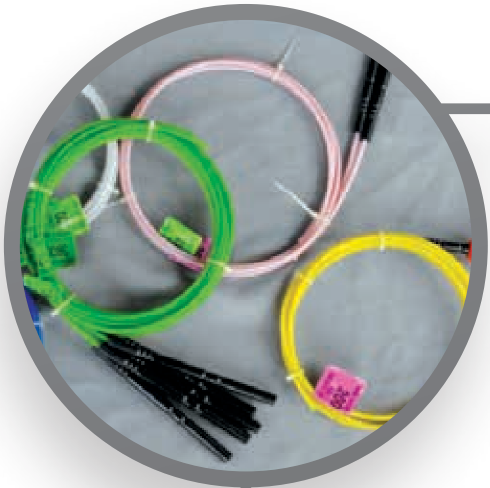
KEY PRODUCTS

EXPLOSIVE DEVICES

Explosive devices, such as boosters. Boosters are used to enhance the power of the explosions in mining and oil and gas exploration activities.

INDUSTRIAL FUSE AND INITIATING EXPLOSIVE DEVICES

Industrial fuse and initiating explosive devices, such as detonating cords and non-electric tubes. These devices are used to initiate the detonation process.



INDUSTRIAL DETONATORS

Industrial detonators, such as non-electric detonators and piston non-electric detonators. These devices are mainly used to initiate explosions, either through boosters or applied directly on the explosives.

OUR GLOBAL REACH

LETTER TO SHAREHOLDERS

"IN THIS CHALLENGING ENVIRONMENT, OUR EFFORTS HAVE BEEN FOCUSED RESOLUTELY ON COST REDUCTION AND CASH GENERATION MEASURES IN PARTICULAR. WE ARE ALSO COMMITTED TO STABILISING THE BUSINESS AND EXPLORING VARIOUS INITIATIVES THAT WILL FURTHER DRIVE OUR GROWTH AND STRENGTHEN OUR BUSINESS MODEL."

Dr. Lim Seck Yeow
Non-Executive Chairman

Dear Shareholders,

Over the past 12 months, external uncertainties such as heightened geopolitical risks, additional regulatory measures and increased market competition continued to plague the operating environment of Fabchem China Limited ("Fabchem" or the "Group").

In this challenging environment, our efforts have been focused resolutely on cost reduction and cash generation measures in particular. We are also committed to stabilising the business and exploring various initiatives that will further drive our growth and strengthen our business model.

Currently, the Group has three core business segments, (a) explosive devices such as boosters; (b) industrial fuse and initiating explosive devices such as detonating cords and non-electric tubes; and (c) industrial detonators such as non-electric detonators and piston non-electric detonators.

In recent years, manufacturing operations within our niche and highly specialised industry were subjected to more stringent safety requirements from the relevant authorities due to unfortunate incidents at unrelated production facilities in the same province.

Bao Hongwei
Managing Director

And as a result, the Group's two manual production lines of boosters had to cease production due to new safety directives a few years back. Since then, we have progressively completed two automated boosters production lines and both have successfully passed the relevant authorities' inspection and are already in operations.

To align to the growing demand for boosters products from our customers, we have started construction on our third automated boosters production line and barring unforeseen circumstances, it is expected to be completed by the end of the upcoming financial year.

As the product segment of boosters accounts for a significant portion of the Group's domestic and overseas sales, it has contributed significantly to the Group's overall revenue for the financial year ended 31 March 2018 ("FY2018"), which increased 28.8% year-on-year.

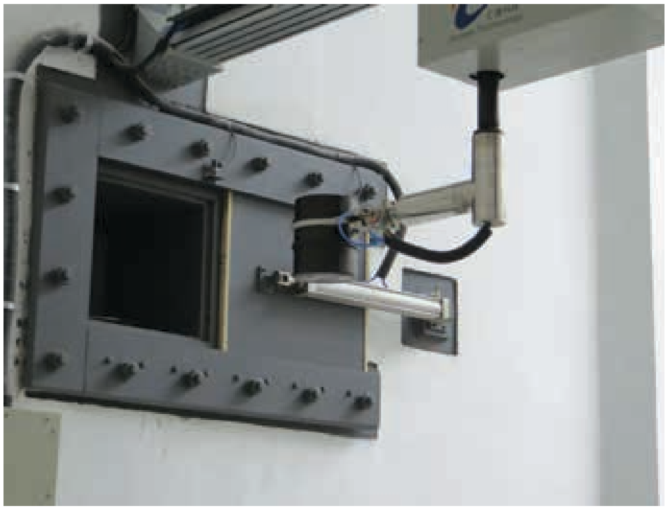
More details of the Annual Report and Audited Financial Statements for FY2018 of Fabchem will be shared in the next few pages.

With a view to further enhance our business model and drive additional value creation for shareholders, we announced the proposed acquisition of Shandong Laizhou Ping'an Commercial Explosives Co., Ltd. ("Laizhou Ping'an") in June 2018.

Operating in a high barriers to entry market segment since 1998, Laizhou Ping'an is in the business of trading in commercial explosives products, and together with its three wholly-owned subsidiaries, also provides blasting services, targeting mining customers located in Laizhou, Yantai City, Shandong, PRC. Notably, more than 90% of Laizhou Ping'an sales in FY2018 were derived from repeat customers.

More details of this proposed acquisition can be found in the Company's announcement dated 18 June 2018.

LETTER TO SHAREHOLDERS



REVIEW OF OUR FINANCIAL PERFORMANCE

Although faced with a challenging operating environment, the Group achieved a revenue growth of 28.8% to approximately RMB 191.3 million in FY2018.

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

The Group's two product segments, explosive devices and industrial detonators, registered revenue growth of 136.2% and 11.7% respectively, while revenue from the product segment of industrial fuse and initiating explosive devices declined 13.7%.

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

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

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

Despite our collective efforts, the Group registered a net loss from continuing operations of approximately RMB 19.8 million in FY2018. However, this was an improvement from a net loss from continuing operations of approximately RMB 25.1 million recorded during the previous financial year.

ANALYSIS OF OUR BALANCE SHEET

As at 31 March 2018, the Group's total assets stood at approximately RMB 511.7 million with a gearing of 0.12x, while cash and cash equivalent position stood at approximately RMB 89.0 million.

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

As at 31 March 2018, the Group had total liabilities of approximately RMB 162.4 million, of which the major components are trade and other payables, total of approximately RMB 95.9 million and other financial liabilities of approximately RMB 59.7 million.

As at end of March 2018, shareholders' equity stood at approximately RMB 349.3 million and net asset value per share stood at RMB 7.46 per share.

CASH FLOW HIGHLIGHTS

During FY2018, the Group adopted more stringent working capital management measures which generated net cash from operating activities of approximately RMB 27.7 million. However, the Group recorded net cash used in investing activities of approximately RMB 18.6 million and net cash used in financing activities of approximately RMB 3.4 million.

As a result, the Group generated an overall net cash inflow of approximately RMB 5.8 million in FY2018.

Moving ahead, one of our continual strategic focus is to proactively look into new measures to utilise our working capital more efficiently and strengthen our liquidity position.

IN RECOGNITION AND APPRECIATION

As we navigate through these challenging times, there have been some changes to our Board of Directors.

A special note of thanks and appreciation to Mr Sun Bowen who is re-designated from the position of Managing Director to Executive Director and Senior Advisor of the Company with effect from 1 January 2018.

Mr Bao Hongwei, an Executive Director has been appointed as Managing Director of the Company in place of Mr Sun Bowen with effect from 1 January 2018.

And as announced earlier on 23 May 2018, Mr Tan Keng Keat has resigned as Non-Executive and Independent Director of the Company to focus on his own work commitments.

Please join us in giving thanks to Mr Tan for his contributions and dedicated service during his tenure in our Company.

"WE ARE CONFIDENT THAT THE SUPPORT, PASSION AND COMMITMENT THAT WE PUT IN OUR WORK WILL CREATE LONG-TERM BENEFITS FOR OUR CUSTOMERS, BUSINESS PARTNERS AND SHAREHOLDERS."

We would also like to take this opportunity to commend on the collective efforts of our fellow Board members, management and all employees for their hard work and dedication during the past demanding year.

Last but not least, we would also like to extend my deepest gratitude to our valued shareholders, business associates, customers and many others who have supported the Group throughout the year. We believe that our strong relationships will continue to strengthen our edge as one of the leading commercial explosive manufacturers in China.

With our focus on creating synergies and new value propositions, we are confident that the support, passion and commitment that we put in our work will create long-term benefits for our customers, business partners and shareholders.

Thank You!

主席致词

"我们亦致力于稳定业务，进一步探索数项举措来推动我们的增长和增强我们的业务模式。"

致敬爱的股东们：

在过去的十二个月，外部不稳定因素，如地缘政治风险加剧、额外监管措施及市场竞争增加，继续对中国杰化有限公司（"中国杰化"或"本集团"）的经营环境带来困扰。

在这充满挑战性的环境下，我们尤其坚决集中努力于降低成本及落实更严谨的资金管理措施。我们亦致力于稳定业务，进一步探索数项举措来推动我们的增长和增强我们的业务模式。

目前，本集团共有三大核心业务分部：(a)中继起爆具；(b)工业导爆索和导爆管；及(c)工业导爆管雷管。

近年来，由于在同一省份有不相关生产设施出现不幸事故，相关政府机构更为该行业的生产活动设定了更严峻的安全要求。

因此，本集团中继起爆具的两大人工生产线于几年前须在新的安全指令下停产。自此以后，我们已逐步完成两条中继起爆具自动化生产线，两者亦已成功通过相关政府机构检验，并已投入运作。

为了更贴近客户群对中继起爆具日益增加的需求，我们已开始建设第三条中继起爆具自动化生产线，如无不可预见情况，预期将于下个财政年的第四季完成。

由于中继起爆具的产品分部占本集团的国内及海外销售的重大部分，其对本集团于截至2018年3月31日止财政年度（"2018财政年"）的总营业额作出重大贡献，按年度同比增加了28.8%。

有关中国杰化2018财政年的年度报告及审计财务报告的更多详情，请参阅后几页。

为了进一步加强我们的业务模式及为股东创造更多价值创造，我们于2018年6月公布建议收购山东省莱州平安民用爆炸物品专营有限公司（"莱州平安"）。

莱州平安成立于1998年，在一个高门槛的民爆市场里，从事民用爆破产品贸易，并连同其三间全资附属公司亦针对处于中国山东省烟台市莱州的矿业客户提供爆破服务。值得一提的是，莱州平安于2018财政年的销售超过90%是源自回头客户。

有关该项建议收购的更多详情，请参阅公司2018年6月18日所发布的公告。

业绩回顾

尽管面临富有挑战性的经营环境，本集团于2018财政年的营业额取得28.8%增长至约1.913亿元人民币。

随着2018财政年内两条中继起爆具自动化生产线投入运作，本集团的中继起爆具生产能力大幅提升，因此中继起爆具营业额于2018财政年上升至约7,900万元人民币。

本集团两个产品分部（即中继起爆具及工业导爆管雷管）分别取得136.2%及11.7%的营业额增长，而工业导爆索和导爆管的营业额则下降13.7%。

值得一提的是，由于向澳洲销售中继起爆具增加（占约5,710万元人民币），本集团于2018财政年向海外市场的销售额上升114.3%至6,650万元人民币。

在本集团的生产活动于2018财政年继续恢复正常的同时，毛利率由15.0%改善至2018财政年的18.8%。然而，由于其它省份的生产商使市场竞争力上升，导致本集团的整体产品系列的平均售价降低。

随着2018年财政年的营业额上升销售费用也上升，了240万元人民币至约2,130万元人民币，而管理费用则稍微下降了50万元人民币或1.7%至2018财政年的3,070万元人民币。

尽管我们的集体努力，本集团于2018财政年录得的持续营业额净亏损约1,983万元人民币，惟与先前相应财政年所录得的持续营业额净亏损约2,514万元人民币相比有所改善。

资产负债表分析

截至2018年3月31日，本集团的总资产为约5.117亿元人民币，资产负债率为0.12倍，现金及现金等价物为约8,902万元人民币。

作为流动资产另一项主要部分的应收账款截至2018年3月底为约5,317万元人民币。

截至2018年3月31日，本集团的总负债为约1.624亿元人民币，其中主要部分为应付及其他应付款项，总占约9,595万元人民币，及其他财务负债约5,965万元人民币。

截至2018年3月底，股东权益为约3.49亿元人民币，每股的净资产价值为约7.46元人民币。

现金流量摘要

于2018财政年，本集团采纳更严谨营运资金管理措施，因而产生经营活动所得现金净额约2,772万元人民币，惟本集团亦录得投资活动所用现金净额约1,860万元人民币及融资活动所用现金净额约336万元人民币。

因此，于2018财政年，本集团录得总体现金流入净额为约577万元人民币。

展望未来，我们的持续战略重点之一为积极研究新措施，以更有效地运用我们的营运资金及增强流动资金情况。

鸣谢

在我们渡过此等挑战的环境时期时，我们的董事会也历经了一些变动。

谨此特别感谢孙伯文先生，自2018年1月1日起由本公司董事总经理调任为执行董事兼高级顾问。

"我们有信心在业务策略所投入的精力和热诚将为我们的客户、商业伙伴及股东创造长远利益。"

执行董事鲍红伟先生则自2018年1月1日起代替孙伯文先生担任本公司董事长。

诚如先前于2018年5月23日所发布的公告，陈庆杰先生已辞去本公司非执行独立董事职务，以便专注于他的其他公务。

本公司谨此感谢陈先生于任职期间对本公司的杰出贡献及不予余力的精神。

我们也藉此表扬董事、管理层人员及员工同仁在过去艰难的一年的努力和作出的贡献。

最后，我们也向尊贵的股东、商业伙伴及客户致上最深的谢意。我们相信之间牢固的关系将加强我们作为中国领先民爆器材生产企业之一的优势地位。

凭藉我们对创造协同效应和新价值定位的专注，我们有信心在业务策略所投入的精力和热诚将为我们的客户、商业伙伴及股东创造长远利益。

谢谢！

FINANCIAL HIGHLIGHTS

FINANCIAL YEAR-END MARCH

REVENUE BY PRODUCT SEGMENTS	FY2015 RMB'000	FY2016 RMB'000 (re-presented[1])	FY2017 RMB'000	FY2018 RMB'000
Explosive Devices	142,089	89,004	33,434	78,971
Industrial Fuse and Initiating Explosive Devices	95,217	59,748	61,680	53,242
Industrial Detonators	75,100	49,375	52,755	58,917
Ammonium Nitrate (Discontinued operations)	36,852	1,858	121	-
Others	512	413	662	130

OPERATING RESULTS

Revenue	349,770	198,390	148,531	191,260
Gross Profit	108,028	51,061	22,246	35,942
Profit/(Loss) before tax from continuing operations	26,589	(21,724)	(33,855)	(19,990)
Profit/(Loss) from continuing operations, net of tax	13,072	(25,486)	(25,135)	(19,828)
(Loss)/Profit from discontinued operations, net of tax	-	(8,337)	26,157	-
Profit/(Loss) Attributable to Shareholders	13,072	(33,823)	1,022	(19,828)
EBITDA[2]	55,196	2,935	16,114	2,301

BALANCE SHEET

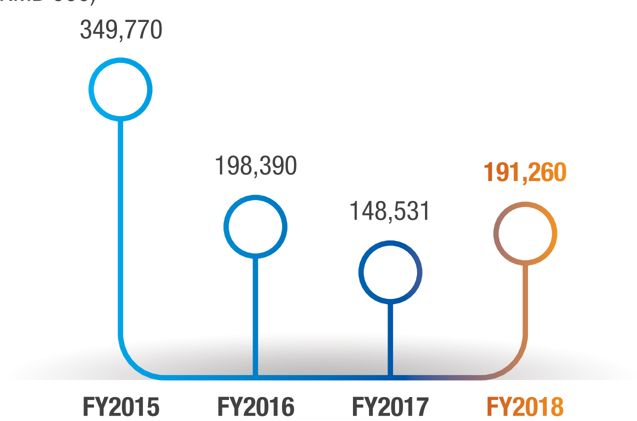
Non-Current Assets	332,244	319,794	300,833	326,626
Current Assets	286,791	244,816	200,103	185,082
Current Liabilities	213,122	194,191	129,688	141,862
Non-Current Liabilities	1,691	2,365	2,075	20,518
Shareholders' Equity	404,222	368,054	369,173	349,328

CASH FLOW

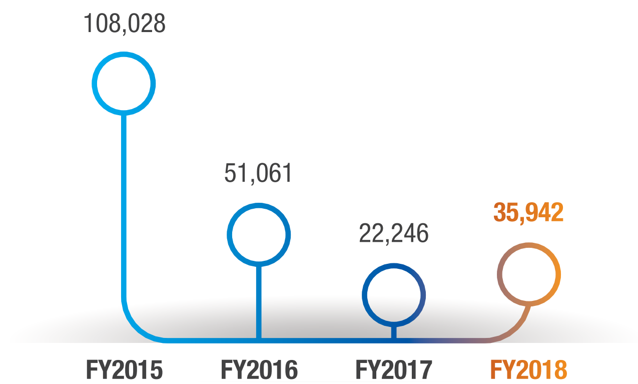
Net Cash From/(Used in) Operating Activities	57,208	25,367	(41,415)	27,722
Net Cash (Used in)/From Investing Activities	(34,131)	(12,727)	24,006	(18,599)
Net Cash (Used In)/From Financing Activities	(15,642)	(10,512)	9,623	(3,355)

[1] Re-presented to show the discontinued operations separately from continuing operations
[2] Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment loss on Property, Plant and Equipment

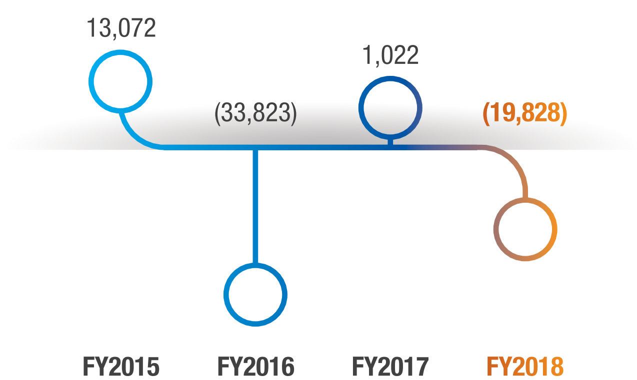
REVENUE
(RMB'000)



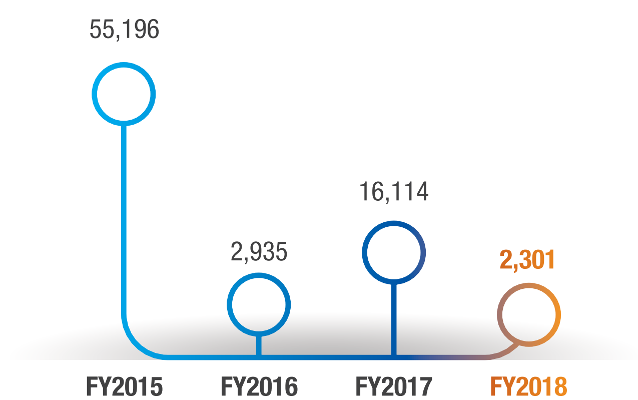
GROSS PROFIT
(RMB'000)



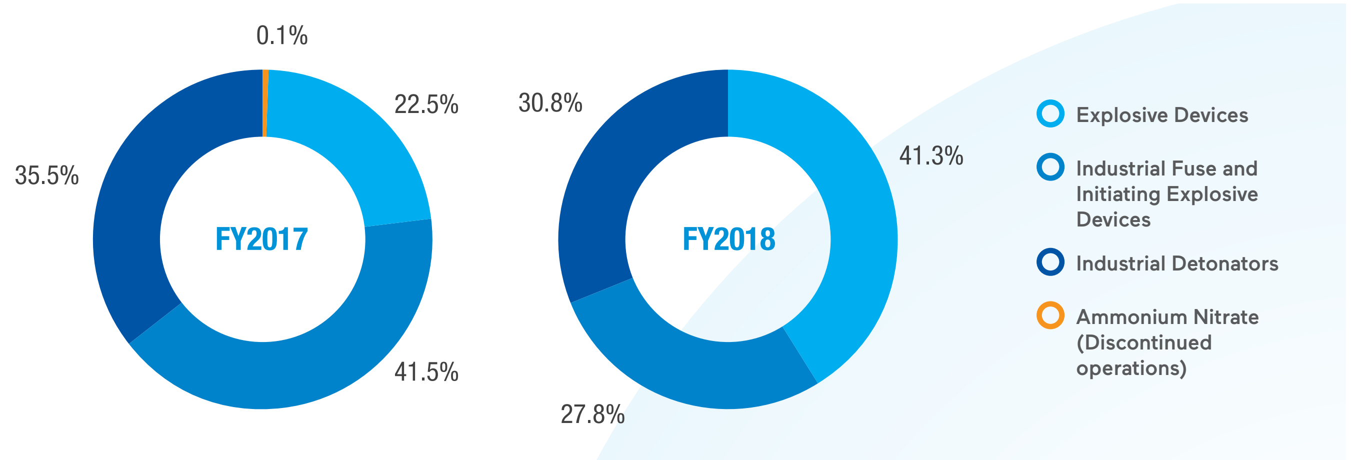
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS
(RMB'000)



EBITDA
(RMB'000)



REVENUE BY PRODUCT SEGMENTS (Consolidated revenue including discontinued operations)



BOARD OF DIRECTORS

DR. LIM SECK YEOW

Non-Executive Chairman

Dr. Lim Seck Yeow is our Non-Executive Chairman and was appointed on 12 October 2004. Dr. Lim started his career as an Assistant Stock Keeper with Cold Storage Limited and rose through the ranks to become its Sales Manager and eventually its Asia Regional Sales Manager. Dr. Lim holds an honorary Doctorate of Philosophy in Entrepreneurship from Wisconsin International University in the United States.

BAO HONGWEI

Managing Director

Bao Hongwei is our Managing Director and was appointed on 1 January 2018. He was our Executive Director and General Manager since 16 June 2005. He is responsible for the overall and day-to-day management and operations of our Group. He joined Feixian Chemical Factory in 1989 as a section manager and was subsequently promoted to deputy factory manager in 1991. In 1997, he was a non-executive director of Yinguang Chemical Group and also a managing director and general manager of Feixian Yinguang Drawnwork Co., Ltd. He is currently a non-executive director of Yinguang Chemical Group and some of its subsidiaries as well as Yinguang Chemical. He obtained a certificate in economics management from the Jinan Workers University in 1994 and a Masters in Business Administration from the Tsinghua University in 2000. He also obtained a Bachelor Degree in Economics Management from the Provincial Party Committee School of Shandong in 2002 and a Master Degree in Administrative Management from Beijing Normal University in 2004.

SUN BOWEN

Executive Director and Senior Advisor

Sun Bowen is our Executive Director and Senior Advisor and was appointed on 1 January 2018. He was our Managing Director since 16 June 2005. He provides firm relationships with government authorities and other stakeholders, as well as assisting the Managing Director to evaluate and formulate business strategies for our Group. He has been with the Group since 1980 when Feixian Chemical Factory was first established in 1979. He was a factory manager in Feixian Chemical Factory and thereafter became a majority shareholder of Shandong Yinguang Chemical Group Co., Ltd ("Yinguang Chemical Group"). He was also the director and general manager of Yinguang Chemical Group from December 1997 to May 2004. Sun Bowen has more than 20 years of experience in the explosives industry. He started as a mechanic in 1966, and thereafter became a technician and factory manager in the period from 1976 to 1993. In March 1993, he became a director of Shandong Yinguang Chemical Industry Co., Ltd ("Yinguang Chemical") till 2004. He is currently a non-executive director of Yinguang Chemical Group and some of its subsidiaries as well as Yinguang Chemical and he is the managing director of our subsidiary, Shandong Yinguang Technology Co., Ltd. He is also an executive director of Imperial Crown Limited, a company listed on the Catalist of The Singapore Exchange Securities Trading Limited.

WEE PHUI GAM

Lead Independent Director

Wee Phui Gam is our Independent Director and was appointed on 15 October 2009. Mr Wee is a practising Chartered Accountant of Singapore. He has been the sole proprietor of P G Wee & Partners since 1984. P G Wee & Partners was converted to P G Wee Partnership LLP ("P G Wee"), an Accredited Training Organisation, in January 2013. He is also the managing partner of Y.C. Lee & Co ("Y.C. Lee"), a position he has held since 1990. P G Wee and Y.C. Lee are public accounting firms in Singapore. Mr Wee is also an independent director of Imperial Crown Limited, a company listed on the Catalist of The Singapore Exchange Securities Trading Limited. Mr Wee started his career in 1978 as an audit assistant with Foo, Kon & Tan, a public accounting firm in Singapore. Shortly after, he joined Peat Marwick Mitchell & Co, an international accounting firm as an audit assistant, becoming a Manager when he left some 6 years later, in 1984. Mr. Wee holds a Bachelor of Accountancy degree from the University of Singapore, a Fellow Member of the Institute of Chartered Accountants of Singapore and is an Accredited Tax Advisor (Income Tax & GST). He is a member of the Anderson Junior College School Advisory Committee.

PROFESSOR JIANG RONGGUANG

Independent Director

Professor Jiang Rongguang is our Independent Director and was appointed on 11 October 2010. Professor Jiang is an industry veteran with over 30 years of experience in China's commercial explosives industry. He is currently a Professor with Nanjing University of Science and Technology (南京理工大学) and also the chief technical specialist with National Quality Supervision and Inspection Center for Industrial Explosive Materials (国家民用爆破器材质量监督检验中心首席技术专家) ("NQSIC"), where he previously had served as permanent deputy chairman. Authorised by the Chinese government quality assurance and certification agencies, NQSIC provides independent assessments and certifications of commercial explosives products manufactured in China. Professor Jiang is also currently serving as a member in the Experts Committee of Commercial Explosives Industry of China (国家民爆器材行业专家委员会委员) and also as a member in the Safety Experts Committee of Ministry of Industry and Information Technology of the People's Republic of China (中华人民共和国工业和信息化部民爆器材行业安全专家委员会委员) ("MIIT"). Among others, MIIT is tasked with the supervision and governing of commercial explosives' production and manufacturing activities in China. Professor Jiang graduated from Nanjing University of Science and Technology (南京理工大学) in 1978, majoring in the design and development of explosive devices.

KEY MANAGEMENT

Chen Rui
Senior Manager - Safety, Technology & Integration

Chen Rui is our Senior Manager – Safety, Technology & Integration. He is responsible for the production, safety, technology and the production aspects of our Group's operations. He will also be involved in acquisitions and integration of commercial explosives companies in China. After graduating from Shandong University of Science and Technology in 1986 with a Bachelor of Science – Mining Engineering English. Chen Rui was a bulk explosives plant manager with An Tai Bao Joint Venture Coal Mine. He was later employed by Dyno Nobel from 1992 to 1998 where he was involved in developing strategic plans for China business development and also conducting feasibility studies for investment opportunities in China. Chen Rui obtained his MBA - Management with Norwegian School of Management, Fudan University in 1999.

Sun Qiang
Sales And Marketing Manager

Sun Qiang is our Sales and Marketing Manager. He has been responsible for the sales and marketing of our Group since 2003. He is currently a non-executive director of Shandong Yinsheng Investments Co., Ltd ("Yinsheng Investments"). Prior to joining our Group, he was a civil servant in Economic and Trade Committee of Fei County from 1991 to 1993 and thereafter became a section manager and was later promoted to department head in the Ministry of Labour and Social Security of Fei County from 1993 to 2003. He was also a deputy general manager of Yinguang Chemical from 2003 to 2004. Sun Qiang holds a degree in Economics and Management from the Cadre Correspondence University of Shandong and a diploma in Business Management from the Jinan University of Shandong.

Kwek Wei Lee
Finance Manager (Group Accounts)

Kwek Wei Lee is our Finance Manager (Group Accounts). He is responsible for the financial, accounting, budgeting and taxation matters of our Group. Prior to joining our Group in April 2005, he was an Audit Senior with Ernst & Young, Singapore, an international audit firm, from January 2003 to March 2005, where he was involved in the audit of public listed companies and multinational companies. From December 2000 to December 2002, he was a Senior Audit Assistant with BDO LLP (formerly known as BDO International), Singapore, an international audit firm. Mr Kwek obtained a Diploma with Merit in Accountancy in June 1998. He is a Chartered Accountant of Singapore and fellow member of the Association of Chartered Certified Accountants in UK.

Chen Hongyu
Finance Manager (China Operations)

Chen Hongyu is our Finance Manager (China Operations). He is responsible for accounting and financial matters for our China operations. He has worked in our Group since 1994. From 1994 to 2004, he was the financial manager and deputy general manager of Yinguang Chemical. From 1989 to 1994, he was a section manager of the finance department in Shandong Feixian Art Co. He holds a degree in Economics and Management from the Provincial Party Committee School of Shandong.

Yang Xingdong
Administrative Manager

As Administrative Manager, Yang Xingdong is responsible for the administrative function of our Group. After graduating from the University of Shandong, he joined our Group as a deputy section manager in 1995, he then became a factory manager in 1998. He was promoted to become an assistant general manager and deputy general manager from 1999 to 2004. He is currently a nonexecutive director of Yinguang Chemical. He obtained a degree in chemical engineering from the University of Shandong in 1995. He was certified as an "Assistant Technical Engineer" in 1996 and "Technical Engineer" in 2001 by the Personnel Bureau of Fei County and Personnel Bureau of Linyi City respectively.

CHAIRMAN'S MESSAGE

We are pleased to present our first Sustainability Report. At Fabchem, sustainability is highly regarded by the Board of Directors and top management. We stay committed to creating an organisational culture whereby sustainable business practices are valued and sustainable criteria are used when selecting our business partners. We believe that we can play our part in contributing to environmental preservation by minimising the impact of our operations on the environment, and utilising our core competencies in a way that contributes to the society at large and generates long term economic opportunities.

ABOUT THIS REPORT

Fabchem China Limited (hereafter referred to as "Fabchem" or the "Group") presents the Group's first annual Sustainability Report (the "Report") which covers the Group's performance from 1 April 2017 to 31 March 2018 (the "reporting period").

The Report summarises Fabchem's key sustainability issues, our management approach as well as our related performance across the Group's operations. The Group has chosen the Global Reporting Initiative ("GRI") Standards as it is the most established international sustainability reporting standard. This Report is prepared in accordance with the GRI standards "Core" option. The Report incorporates the primary components of report content set out by the SGX's "Comply or Explain" requirements on sustainability reporting under Listing Rule 711B.

Fabchem's material topics are identified based on our impacts on our internal and external stakeholders, as outlined in the Stakeholders Engagement section. Detailed section reference with GRI Standards is found on the GRI Index Page. The Sustainability Team has assessed that external assurance is not required as the Group wishes to focus on strengthening the sustainability reporting framework for this year.

FABCHEM'S COMMITMENT TO SUSTAINABILITY

Governance and Statement of the Board

The Board of Directors recognises their importance in driving the sustainability agenda and instilling a strong mandate at the top. We established a Sustainability Team which is led by the Managing Director and comprises of heads of departments from Operations, Human Resource, Health and Safety, Finance and Corporate. The Team implements and formalises sustainability policies and procedures, management processes and standards with regards to sustainability development. It also supports and provides adequate resources to functional units to perform the established sustainability processes and practices. The Board has considered sustainability issues as part of our strategic formulation, approved the material environmental, social and economic topics identified and overseen that the factors identified are managed and monitored. The Group also adopts a precautionary approach in strategic decision and day-to-day operation by implementing a comprehensive risk management framework.

Milestone Achievements

In November 2017, Fabchem established a Sustainability Team to provide accountability in data collection processes. Working closely with the Team, the Board provides the overall direction for the Group's sustainability strategies and monitors the progress of the preparation of this Report.

Sustainability Targets

The Group will continue to maintain and uphold our energy saving initiatives and environmentally friendly production practices. We will continue to monitor the environmental impacts of our operations and explore new ways to minimise the impacts.

We will continue to emphasise on creating a safe working environment for our employees and encourage diversity in our workforce regardless of gender, age and ethnicity.

November 2017
Established Sustainability Team

December 2017 - May 2018
Implemented sustainability reporting data collection process

July 2018
Publication of 1st Sustainability Report

KEY STAKEHOLDERS ENGAGEMENT

The Group identifies stakeholders as groups that have an impact on the business, and vice versa, as well as external organisations that have an expertise in topics that we consider material. Effective stakeholder management is an important aspect of good governance. The Group engages its stakeholders through a variety of channels with updates on the Group's developments and seeks feedback from shareholders, to facilitate two-way communication. The feedbacks we received from our stakeholders have helped to determine our material topics and pinpoint specific focus areas as presented in the following:

Stakeholders	Areas of Concern	Means of Engagement	Section Reference
Employees	• Remuneration and benefits • Training and development • Ethics and conduct • Diversity	• Performance appraisal • Ongoing communication • Training needs identification • Sustainability reporting	Ethics and Integrity Our People
Customers	• Corporate social responsibility • Environmental compliance • Social compliance	• Annual reports • Sustainability reporting	Our People, Environmental Topics Supplier Management
Suppliers	• Environmental compliance • Anti-corruption • Economic performance	• Annual reports • Sustainability reporting	Supplier Management, Ethics and Integrity
Communities	• Usage of packaging materials and recycling efforts	• Sustainability reporting	Environmental Topics
Government and regulatory bodies	• Environmental compliance • Environmental matters • Regulatory and industrial requirements	• SGX announcements • Annual reports • Sustainability reporting • Ongoing dialogues	Our People, Environmental Topics Supplier Management
Shareholders and investors	• Economic performance • Anti-corruption	• Annual reports • Investor relations management • Sustainability reporting	Ethics and Integrity, Economic Topics

MATERIAL TOPICS AND BOUNDARIES

The Group has applied the GRI Principles for Defining Report Content to identify material topics that are relevant to the business and to its stakeholders. We had conducted a materiality assessment session following the guidelines of GRI Standards. The following table summarises the topics which were of greatest significance to the Group:

Material Topics	Boundaries (where the impacts occur)
ECONOMIC	
GRI 201: Economic Performance	The Group
GRI 205: Anti-corruption	The Group
ENVIRONMENTAL	
GRI 302: Energy	The Group
GRI 303: Water	The Group
GRI 305: Emissions	The Group
GRI 306: Effluents and Waste	The Group
GRI 307: Environmental Compliance	The Group
GRI 308: Supplier Environmental Assessment	The Group
SOCIAL	
GRI 401: Employment	The Group
GRI 403: Occupational Health and Safety	The Group
GRI 404: Training and Education	The Group
GRI 405: Diversity and Equal Opportunity	The Group
GRI 413: Local Communities	The Group
GRI 416: Customer Health and Safety	The Group
GRI 417: Marketing and Labelling	The Group

ETHICS AND INTEGRITY (GRI 205-1, 205-2, 205-3)

The Group is strongly committed to a high legal and moral standard in all of our business activities. We have adopted a Code of Conduct as a show of our commitment to adhere to the highest standards of professionalism and ethics. All employees are required to read, understand and agree to comply with the purposes and provisions of the Code of Conduct. Employees are held liable for their failure to comply which may result in disciplinary actions. The severity of these disciplinary actions depends on circumstances and the gravity of the misconduct.

The Group takes a strong stance against corruption and malpractice and does not tolerate any impropriety, statutory non-compliance or wrongdoing by employees in their work. The Code of Conduct strictly prohibits any acts by employees to use their position to obtain advantages for themselves.

The Board oversees the processes for evaluating the adequacy of internal controls and risk management including the review and approval of interested parties and interested person transactions in accordance with SGX Listing Manual. The Group has set out procedures governing all interested person transactions to ensure that they are carried out on an arm's length basis, on normal commercial terms and will not be swayed by the vested interests of the Group or its shareholders.

There have not been incidents of corruption or public legal cases brought against the Group or our employees. The Group will continue to be dedicated in ensuring the highest level of employee integrity.

ECONOMIC TOPICS

Direct Economic Value Generated and Distributed (GRI 201 -1)

(RMB'000)	FY2018	FY2017
Revenue from sale of goods	191,260	148,531
Revenue from financial investments	283	289
Proceeds from sale of assets	1,666	1,708
Total economic value generated	**193,209**	**150,528**
Operating costs	36,255	34,360
Employee costs	39,374	35,429
Payments to governments including taxes	12,986	11,296
Total economic value distributed	**88,615**	**81,085**
Total economic value retained	**104,594**	**69,443**

Note: Figures are extracted from audited financial statements. Please refer to Financial Contents section for other financial information.

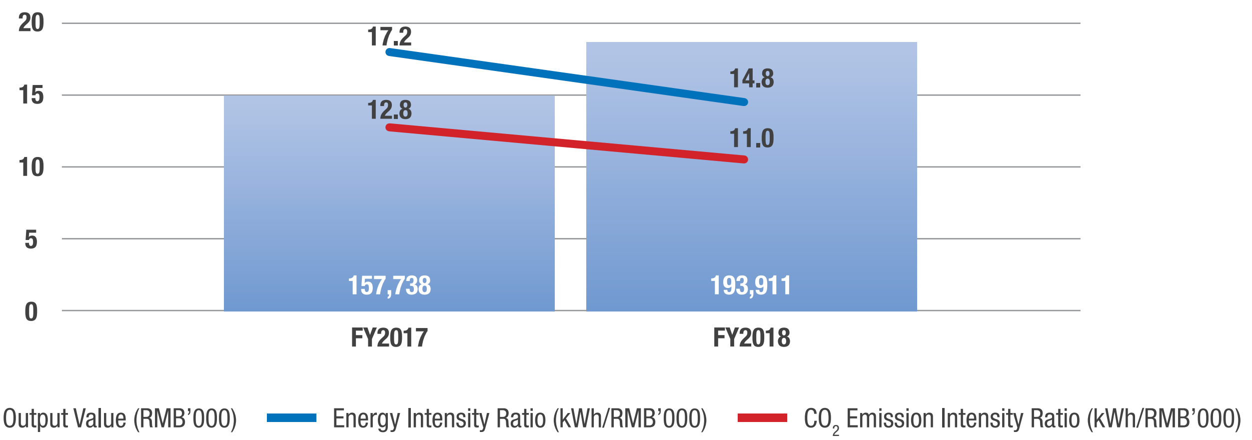
ENVIRONMENTAL TOPICS

Energy Consumption and Greenhouse Gas Emissions (GRI 302-1, 302-3, 302-4. 305-2, 305-4)

The Group uses substantial energy in production plants to support our business activities. The energy is derived from electricity purchased for consumption. Hence, efficient use of electricity is critical to the Group's goal of reducing greenhouse gas emissions.

As shown in the table below, from FY2017 to FY2018, there is a reduction of 16.5% in energy intensity as well as CO_2 emission intensity, meaning that the Group is able to use 16.5% less of energy for every thousand Yuan of output value generated.

CO_2 Emission Intensity Ratio and Energy Intensity Ratio



The Group has adopted many energy conservation and low-carbon measures, such as adjusting the operating time of its street lights in accordance to the sunrise and sunset time of each season, changing part of its non-infrared monitoring systems to infrared systems, sending residual heat from the air compressor room to the operation room for auxiliary heating, changing bathroom's hot water supply from boiler-generated to solar heating, and reforming the heat pipeline to shorten the distance of the main heating pipeline.

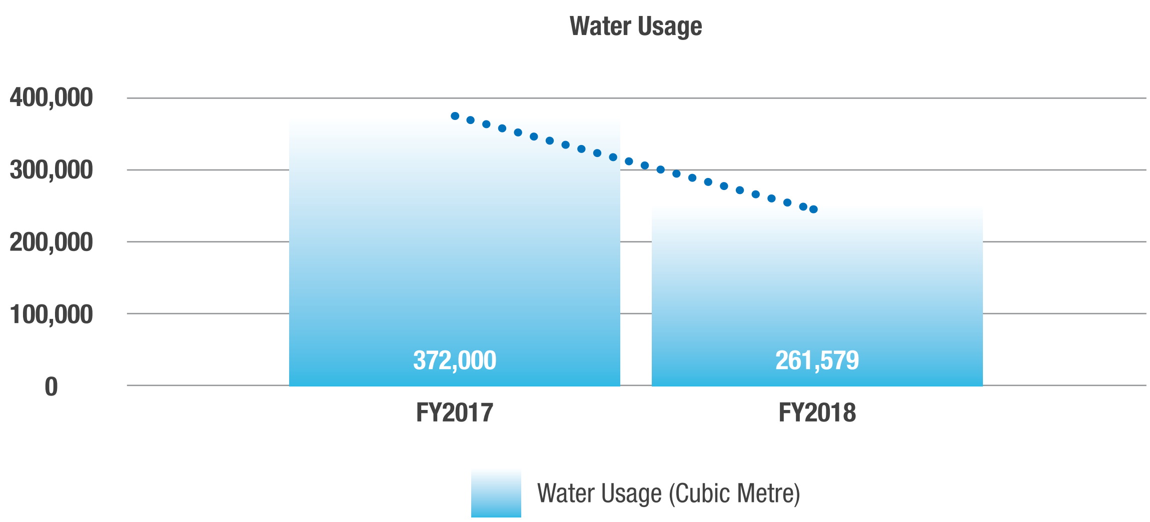
As for the newly renovated plant , the Group has changed all of the original metal halide lamps to LED lights, thus lowering the usage from 70W per lamp to 50W per lamp. Without decreasing the number of installations, an estimated 30% of electricity can be saved. The Group also replaced the original 10-tonne coal-fired burner with a 6-tonne gas boiler, thereby greatly reducing pollutant emissions.

The Group also fully utilises the off-peak electricity pricing policy, as well as the water storage capacity of the newly built high pool, thus saving an estimated 100,000 yuan on electrical bills every year.

Material and Packaging (GRI 301-2, 301-3)

To minimse its impact on the environment, the Group has adopted practices to recycle its scraps and packing materials and reusing them as far as possible. The discarded explosive devices, detonators and chemical-containing solids are reused in the manufacturing processes. Plastic strips produced as by-products of the manufacturing detonating cords are collected and sold. The packaging materials are also reused in the factory as many times as possible before being disposed.

Water and Effluents Management (GRI 303-1, 303-2, 303-3, 306-1)



Underground water is drawn and used for operations. License from the local government had been obtained for withdrawing water directly from wells. The amount of water withdrawn is calculated by the metre and is charged accordingly. The total amount of water withdrawn by the Group is limited to 150,000 cubic metres annually. The Group has constructed two wells, with one being used for daily operations and the other one for backup. Both wells are equipped with deep water pumps. The main well operates continuously to supply water for production processes whereas the backup well supplies water to be stored in water tanks. The wells are not constructed adjacent to or within preserved areas.

With effective water management practices, Fabchem's water consumption reduces from 372,000 m^3 in FY2017 to 261,579 m^3 in FY2018, achieving a 30% reduction while revenue has increased. A multi-pronged approach has been adopted to reuse and recycle different types of water in the production cycles and other operations within the factory premises.

Separate Rainwater and Effluents

- An integrated system is used to collect, separate, treat and recycle rainwater and wastewater from production activities.
- Rainwater is collected from the factory's rain pipe network and is directly stored in the rainwater system.
- Softened wastewater and treated drainage water from the boiler are also directed back to the rainwater system.

Reuse Treated Effluents

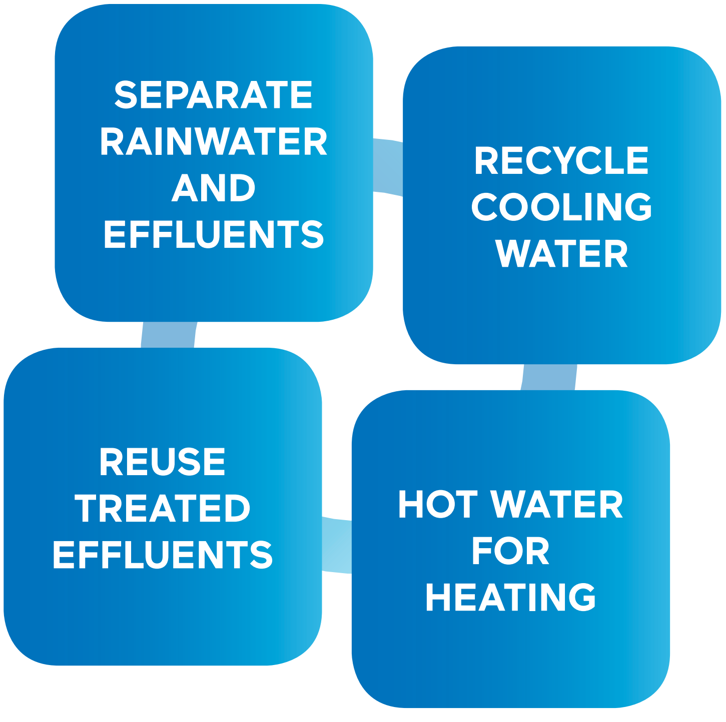
- Effluents from circulating cooling systems, workshop floor cleaning, water-bath dedusting system and equipment cleaning are collected and treated through precipitation and active carbon absorption.
- The treated water is used for green belt sprinkling in the factory premise during irrigation periods or is stored in the factory's pond.
- The Group saves an estimated 486 cubic metres and 1000 cubic metres of water every year from the detonation cord and booster factories respectively.

Recycle Cooling Water

- Cooling water is reused after being stored in the pond and pumped back, effectively saving water resources.
- Through this practice, an estimated 17,500 cubic metres and 15,000 cubic metres of water is saved from the laminating workshop and detonator workshop respectively.

Hot Water for Heating

- Hot water is also used in the heating system during winters.



Waste Management (GRI 306-2, 306-3)

The Group recognises that the way we generate, treat and dispose of waste has a significant impact on the environment and community-at-large. Although industrial waste is inevitably generated as part of the manufacturing process, impacts can be ameliorated through responsible treatment and disposal methods in accordance with industry standards. Disposed packaging materials and PETN are sent to destruction sites for incineration. Used activated carbon, sedimentation tank sludge and waste ion exchange resin are collected and sent for incineration. Domestic waste is treated by the local environmental sanitation agency. City and county environmental protection agencies have carried out regular inspections. Certificate of confirmation on pollutant amount was issued to Fabchem by the local environmental authority. The Group also passed the ISO standard audit. There was no incident of spills by the Group during FY2018.

Environmental Compliance (GRI 307-1)

Fabchem engages survey agencies to conduct environmental assessment before projects start. Regular monitoring of environment management system and audit is carried out to ensure compliance with regulations at national, provincial, municipal levels. Production suspension is strictly implemented during severely polluted weather following local authority's instructions. There is no violation of environmental laws during FY2018.

SUPPLIER MANAGEMENT (GRI 308-1, 308-2)

Fabchem has an internal screening process where all key suppliers are screened for negative environmental impacts resulting from their business operations. 100% of Fabchem's explosives suppliers must possess state-issued business license and production.

HEALTH AND SAFETY

Workplace Health and Safety (GRI 403-1, 403-2, 403-3, 403-4)

Fabchem has a dedicated workplace health and safety committee headed by the Executive Directors and consists of professional engineers, safety experts and department heads. All incidents of injuries are taken seriously by the committee and their relevant departments. Follow-up actions are taken to prevent similar incidents from occurring. There was only one case of minor injury that occurred in 2016, where a production line operator suffered knee injuries. Safety hazards resulting in the mishap were immediately removed and all employees were educated on precautionary measures.

Due to the nature of the business, workers may be exposed to dust, noise or hazardous chemicals in the various production lines. To achieve project success while ensuring employees' health and safety, a series of preventive measures are put in place to minimise the negative impact on employees.

DUST

- **Ventilation system installed in workshops**
- **Personal protective equipment (PPE) (eg. masks) for operators**

NOISE

- **Sound walls and curtains in workshops**
- **Personal protective equipment (PPE) (eg. earplugs and earmuffs) for operators**
- **Remote control and monitoring of machines**

HAZARDOUS CHEMICAL

- **Ventilation system and water-bath dedusters installed in workshoos**
- **Personal protective equipment (PPE) (eg. special masks) for operators**

Apart from the precautionary measures taken, detective measures are also deployed to regularly assess and monitor the effectiveness of current practices. Professional agencies are employed to carry out testing on hazardous elements in workshops. Employees who are exposed to a higher risk of occupational hazard are scheduled for regular health check-ups and are given an assessment of their occupational health profile. The Group has formalised the workplace health and safety practices into the Employee Rights Protection Policy as a guide for Human Resource, Safety and Environment departments and Trade Union Committee.

Customer Health and Safety (GRI 416-1, 416-2, 418-1)

100% of Fabchem's products produced have undergone health and safety assessment before delivery. There is no incident of non-compliance concerning the health and safety impacts of products and services in history.

All product packaging of the Group have product manuals, and 100% of the products are marked with detailed instructions and performance specifications. About 20 Fabchem's major customers were also given trainings on safe usage of our products during FY2018.

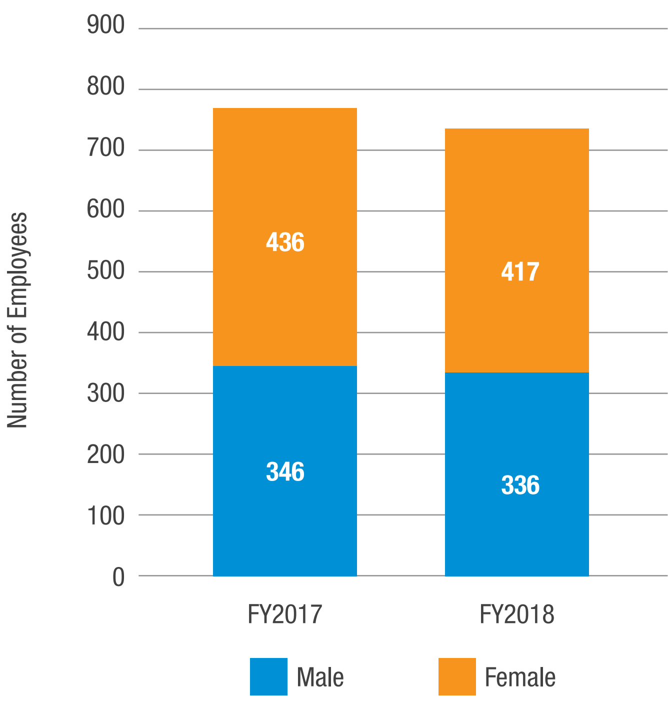
OUR PEOPLE

The Group recognises that our people are the greatest assets which are key to the long-term viability of our business. We embrace diversity and our workforce comprises of employees from both genders and different age groups.

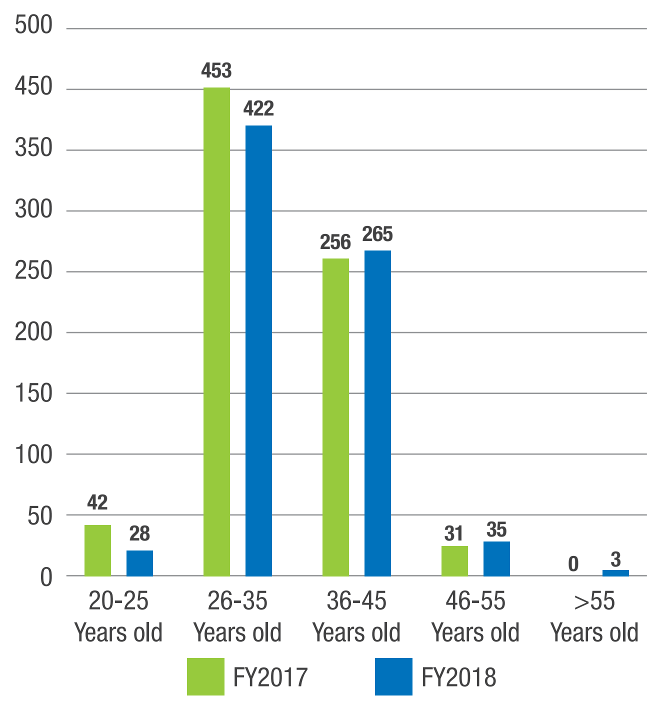
Diversity in our Workforce (405-1, 405-2, 406-1)

As of 31 March 2018, the Group has a total 753 employees, of which 44.6% are female. The Group provides equal opportunities to employees of all ages as evidenced by the well-balanced mix of employees of different age groups. The Group has a fair and competitive remuneration policy that determines remuneration based on position and experience regardless of gender.

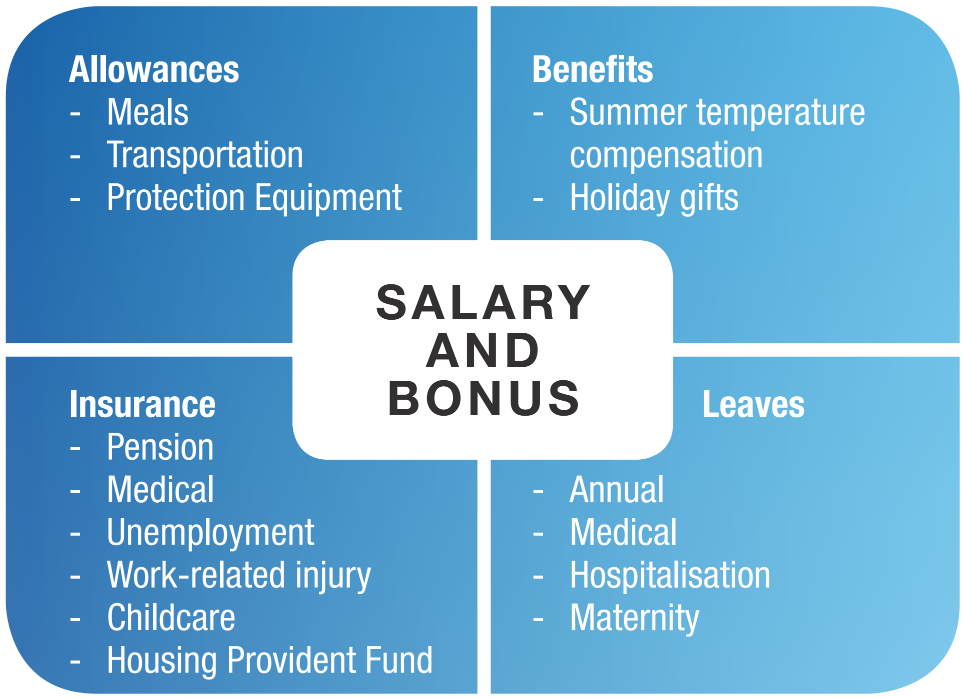
Breakdown of Employees by Gender



Breakdown of Employees by Age

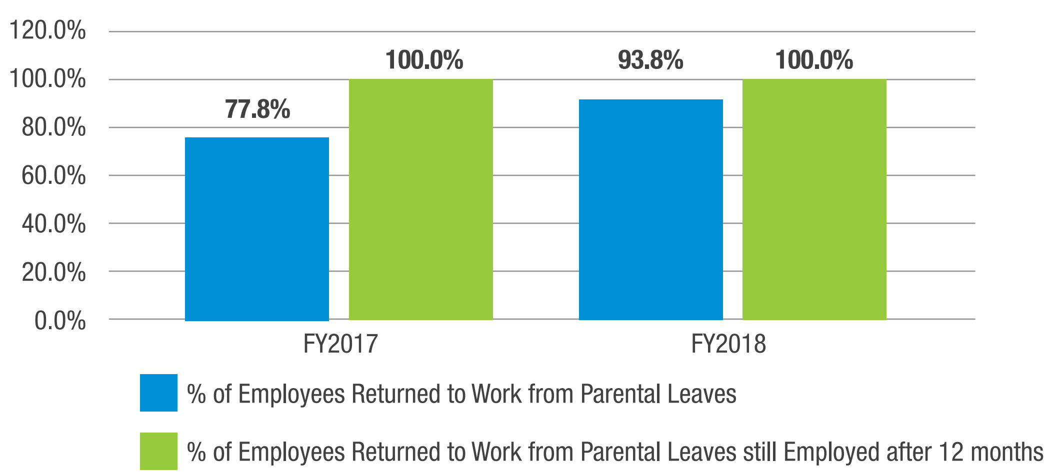


Benefits and Employee Retention (GRI 401-1, 401-2, 401-3)



We recognise the contribution by our employees and greatly value that employees' welfare. On top of competitive salaries and performance-based bonuses, we also provide various types of allowances and benefits that cater to the needs of our employees. We fully comply with China's labour laws and regulations and provide all the required insurance and leaves.

Employee turnover rate at Fabchem decreases significantly from 13.0% in FY2017 to 4.6% in FY2018 with the completion of employees restructuring and automation initiatives during FY2017 as part of the Group's cost-cutting exercise. Fabchem aims to maintain the low turnover rate with continued employee retention efforts.



Parental leaves are given to all female employees. Over 90% of employees who took parental leave returned to work in FY2018 and 100% of them have remained in our employment even after 12 months.

Trainings and Skills Upgrading (GRI 404-1, 404-2, 404-3)

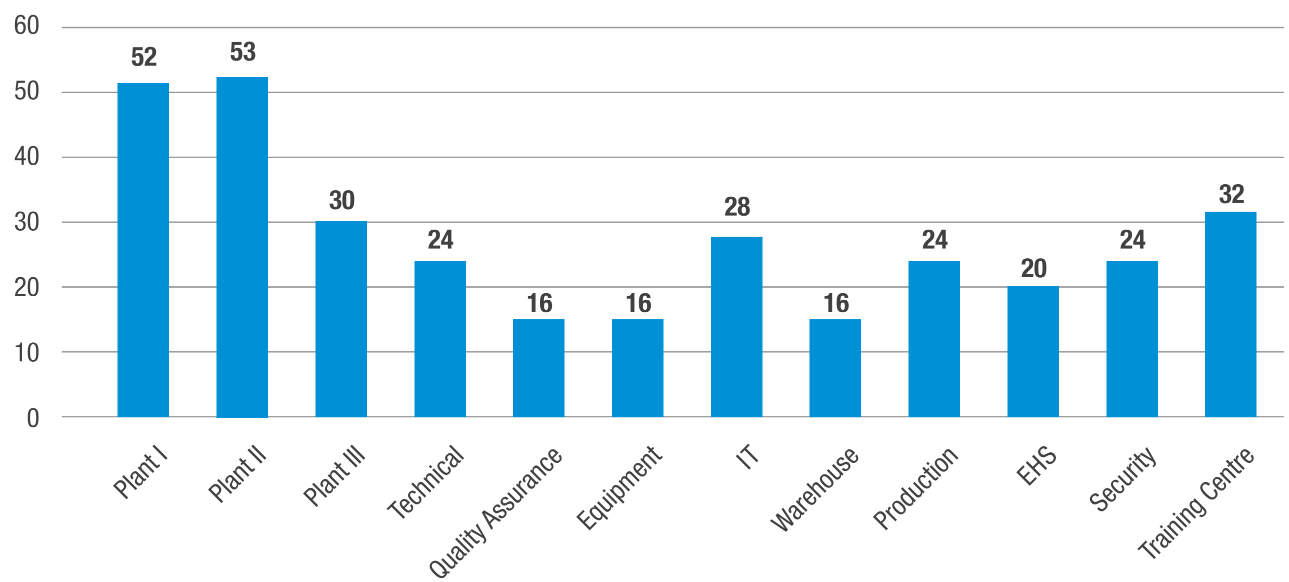
As the Group is dedicated to helping its employees grow in the long term, employees from all departments were given the specialised training opportunities that cater to the. When employees return to work from long-term leaves or transfer department, appropriate trainings are also provided to ensure they are equipped with relevant skills and knowledge for their respective job scopes. To encourage effective learning, all employees are assessed after undergoing training. In December every year, all employees are invited to submit their training requirements which are evaluated and consolidated in an annual training schedule. The training plan is also aligned with department goals and shaped by the Group's strategic direction. 100% of employees from production, safety management, and special operation have underage appropriate trainings in FY2017 and FY2018.

Employee's performance appraisal is conducted at year end and is used as basis for selection of outstanding employees, role models. Both individual's performance and department's performance are taken into consideration for employee's career progression.

COMMUNITY ENGAGEMENT (GRI 413-1)

The Group emphasises on responsible business conduct and demonstrates this by making positive contributions to its community. In FY2017, employees of the Group donated a total of RMB 28,120 to County Charity Foundation.

FY2018 Average Training Hours by Department



SGX FIVE PRIMARY COMPONENTS INDEX

S/N	Primary Component	Section Reference
1	Material Topics	• Economic and Environmental Topics • Governance and Statement of the Board • Key Stakeholders Engagement • Our People
2	Policies, Practices and Performance	• Ethics and Integrity • Economic Topics • Environment • Health and Safety • Our People
3	Board Statement	Governance and Statement of the Board
4	Targets	Sustainability Targets
5	Framework	About This Report

GRI STANDARDS CONTENT INDEX AND GRI INDICATORS

GRI Standards	Disclosure Content	Annual/Sustainability Report Section Reference
102-1	Name of the organisation	About Us
102-2	Activities, brands, products, and services	About Us
102-3	Location of headquarters	About Us
102-4	Location of operations	About Us
102-5	Ownership and legal form	About Us
102-6	Markets served	Our Global Reach
102-7	Scale of the organisation	Letter to Shareholders
102-8	Information on employees and other workers	Our People
102-9	Supply chain	Supplier Management
102-10	Significant changes to the organisation and its supply chain	Letter to Shareholders
102-11	Precautionary principle or approach	Commitment to Sustainability
102-12	External initiatives	N.A.
102-13	Membership of associations	Board of Directors, Key Management
102-14	Statement from senior decision-maker	Letter to Shareholders
102-15	Key impacts, risks, and opportunities	Letter to Shareholders Community Engagement
102-16	Values, principles, standards, and norms of behaviour	Ethics and Integrity
102-17	Mechanisms for advice and concerns about ethics	Ethics and Integrity
102-18	Governance structure	Corporate Governance Report
102-40	List of stakeholder groups	Key Stakeholder Engagement
102-42	Identifying and selecting stakeholders	Key Stakeholder Engagement

GRI Standards	Disclosure Content	Annual/Sustainability Report Section Reference
102-43	Approach to stakeholder engagement	Key Stakeholder Engagement
102-44	Key topics and concerns raised	Key Stakeholder Engagement
102-45	Entities included in the consolidated financial statements	Notes to the Financial Statements
102-46	Defining report content and topic boundaries	About This Report
102-47	List of material topics	About This Report
102-48	Restatements of information	N.A. as this is the first report issued
102-49	Changes in reporting	N.A. as this is the first report issued
102-50	Reporting period	About This Report
102-51	Date of most recent report	N.A. as this is the first report issued
102-52	Reporting cycle	About This Report
102-53	Contact point for questions regarding the report	Finance Manager
102-54	Claims of reporting in accordance with the GRI Standards	About This Report
102-55	GRI content index	GRI Standards Content Index
102-56	External assurance	About This Report
201-1	Direct economic value generated and distributed	Economic Topics
205-1	Operations assessed for risks related to corruption	Ethics and Integrity
205-2	Communication and training about anti-corruption policies and procedures	Ethics and Integrity
205-3	Confirmed incidents of corruption and actions taken	Ethics and Integrity
301-2	Percentage of materials used that recycled input materials	Materials and Packaging
301-3	Reclaimed products and their packaging materials	Materials and Packaging
302-1	Energy consumption within the organisation	Energy Consumption and Greenhouse Gas Emissions
302-3	Energy intensity	Energy Consumption and Greenhouse Gas Emissions
302-4	Reduction of energy consumption	Energy Consumption and Greenhouse Gas Emissions
303-1	Water withdrawal by source	Water and Effluents Management
303-2	Water sources significantly affected by withdrawal of water	Water and Effluents Management
303-3	Percentage & total volume of water recycled and reused	Water and Effluents Management
305-2	Indirect greenhouse gas emissions (Scope 2)	Energy Consumption and Greenhouse Gas Emissions

GRI Standards	Disclosure Content	Annual/Sustainability Report Section Reference
305-4	Greenhouse Gas Emissions Intensity	Energy Consumption and Greenhouse Gas Emissions
306-1	Water discharged by quality and destination	Water and Effluents Management
306-2	Waste by type and disposal method	Water and Effluents Management
306-3	Significant spills	Water and Effluents Management
307-1	Non-compliance with environmental laws and regulations	Environmental Compliance
308-1	Percentage of new suppliers that were screened using environmental criteria	Supplier Management
308-2	Negative environmental impacts in the supply chain & actions taken	Supplier Management
401-1	New employee hires and employee turnover	Benefits and Employee Retention
401-3	Parental leave	Benefits and Employee Retention
403-1	Workers representation in formal joint management-worker health & safety committee	Workplace Health and Safety
403-2	Injury & incidents	Workplace Health and Safety
403-3	Workers with high incidence or high risk of diseases related to their occupation	Workplace Health and Safety
403-4	Health & safety topics covered in formal agreements with trade union	Workplace Health and Safety
404-1	Average hours of training per employee	Trainings and Skills Upgrading
404-2	Programs for upgrading skills & transition assistance	Trainings and Skills Upgrading
404-3	Regular performance and career development review	Trainings and Skills Upgrading
405-1	Diversity of governance bodies and employees	Diversity in Our Workforce
405-2	Ratio of basic remuneration of women to men	Diversity in Our Workforce
406-1	Incidents of discrimination and corrective actions taken	Diversity in Our Workforce
413-1	Operations with local community engagement, impact assessments & development programs	Community Engagement
416-1	Assessment of the health & safety impacts of product & service categories	Customer Health and Safety
416-2	Incidents of non-compliance concerning the health & safety impacts of products & services	Customer Health and Safety
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Health and Safety

FINANCIAL CONTENTS

SAFETY MEASURES

The safety of our operations is of paramount importance to us. We have manuals to guide our staff on the important safety procedures which should be adhered to in the production process. We have also established a safety department comprising twelve staff who are tasked mainly with ensuring compliance at each level of operation with our internal safety measures. The department conducts routine monthly checks on the safety of our production procedures and constantly reviews our safety measures to ensure that they are adequate for our purposes. In addition, we have implemented international best practice systems to encourage employees' participation in identifying risk hazards and increasing the level of awareness of those risk hazards. Our internal auditors will also conduct checks on whether all of the Group's safety measures and procedures are complied with, and such checks will be reported to the Audit Committee and disclosed in our Company's annual report every year.

The safety aspects of our operations and products are vital to our business. The nature of the explosives industry is such that the raw materials and products are easily subject to explosions during the production process, transportation and storage. Production could be suspended for investigation by the relevant authorities in the event of any accidental explosions at our production or storage facilities, during the transportation of raw materials or during the usage of our products by the end-users. If investigation showed that the accident is due to a failure to comply with proper safety measures and procedures, corrective actions must be taken. The authorities can revoke our licenses to manufacture explosive products if no improvement is made subsequent to the suspension period. In view of the above reasons and in order to provide the safest possible environment for our staff, we adopt stringent safety measures at our production facilities as well as during the transportation and storage of our products and raw materials to keep the risks of explosion to a minimum, such as, inter alia, the following measures:-

a) We implement safety measures at our production facilities. The importance of adhering strictly to the safety measures is stressed upon all our staff on a regular basis and extensive training sessions are organized regularly to educate and train our staff in our safety measures. All our new staff are rigorously trained and briefed on our safety measures before they commence work at our production facilities. Posters on our safety measures are put up throughout our production facilities as reminders to our staff on the importance of safety during their course of work.

   In addition, we also have safety compliance officers whose main responsibilities are to formulate safety measures for our operations and to ensure that these measures are strictly adhered to by our staff. All our production processes are strictly monitored by our safety compliance officers who conduct random checks at different stages of our production process to ensure that the safety measures have been complied with. Any staff who is found to have breached any of the safety procedures will be disciplined in order to deter other staff from breaching the safety procedures.

   For safety reasons, machines such as close circuit TVs are used to monitor the production processes of explosives which are more prone to explosions such as detonating cords. The control rooms that monitor these production processes are housed in buildings that are built to withstand explosions. Where possible, the fixtures at locations close to our production activities are made of non-metallic materials to reduce the chances of sparks caused by static charges. We have also installed numerous lightning rods throughout the compound of our production facilities to prevent explosions caused by lightning. In addition, we have dedicated fire brigade teams made up of the company's employees at our production facilities ready to put out any fire caused by explosions.

b) In addition, to the above safety measures, we also comply with the safety regulations promulgated by the Ministry of Industry and Information Technology, Department of Work Safety ("MIIT"), such as the Safety Norms for Designing Civil Explosives Factories and the Regulations on the Administration of Security Technology for Civil Explosives Factories. Safety regulations such as the maximum amount of explosives and number of staff permitted in a factory producing explosives are strictly adhered to in our production facilities and notices containing such information are put up at the entrance of every factory.

   In addition, to prevent "chain explosions", the distance between our factories in our production facilities are in accordance with the guidelines recommended by the MIIT. Our factories are also built in such a way that in the event of any explosion, the impact of the explosion will be directed at a fortified safety wall, which will minimize the impact of the explosion on the surrounding areas. The premises of our production facilities also have safety bunkers for our staff to take shelter during potential explosions.

c) The production supervisor at each stage of our production process is responsible for the strict compliance with the relevant safety measures. Our transport manager is responsible for the strict compliance of safety measures during the transportation of raw materials and our products to and from our production facilities. They are our first-line of safety compliance officers. In respect of the transportation of raw materials and our products to and from our production facilities, we employ special container trucks that have been issued permits by the relevant authorities to transport explosives or materials that are explosive in nature. These container trucks are distinguished from normal trucks by their yellowish orange colour and their prominent "Explosive" labels to alert members of the public to the potentially dangerous contents of the trucks. As an added safety measure, the trucks are also fitted with a fire prevention cap over their exhaust pipes and lined with wooden planks on the inside.

We have not experienced any explosion of any magnitude at our production facilities or during the transportation of the raw materials or our products since we commenced our operations. Our Directors believe that based on the safety measures currently undertaken by our Group, the possibility of any explosions occurring at our production facilities or during the transportation of raw materials or our products have been kept to the minimum.

In addition to our internal checks, the relevant authorities also conduct safety checks on our operations and provide their opinions and recommendations. After the checks, any issues were promptly rectified. Following the explosive accident that occurred at an unrelated commercial explosives manufacturing plant in Shandong, the authorities heightened safety checks. Safety checks by the authorities for the financial year are described below:-

a) MIIT conducts random inspection on our factory and warehouse safety procedures every year.

b) The Shandong Commission of Science and Technology conducted two inspections on our factory and warehouse safety procedures.

c) The Linyi Economic and Information Technology Committee conducted a total of five inspections on our factory and warehouse safety procedures.

d) The Fei County Economic & Information Technology Bureau conducted a total of nineteen inspections on our factory and warehouse safety procedures.

e) The Fei County Safety Supervising Bureau conducted a total of three inspections on our factory and warehouse safety procedures.

SECURITY MEASURES

The Group has strict security measures in place to prevent loss or theft of explosives products, some of which are briefly described below:-

a) A team of trained security guards who are each certified and/or licensed by the local Public Security Bureau guards all of our production facilities and warehouses, oversee the transportation of goods and safeguard our raw materials and finished goods. As at the financial year ended 31 March 2018, we had a security team comprising 136 guards.

b) Entry into our production facilities and warehouses is restricted strictly to staff and authorized personnel only.

c) Stringent approval procedures, documentation and checks with respect to the flow of raw materials and finished products are also implemented. As testament to the effective implementation of our stringent security measures, there has not been any loss or theft of explosive raw materials or products from our facilities since we commenced our operations.

Our security procedures are inspected by external parties as described below:-

a) The local Public Security Bureau regularly inspects our factory and warehouse security procedures. The local Public Security Bureau does not issue an inspection report to our Group, and Yinguang Technology did not receive any negative feedback from the local Public Security Bureau.

   A total of ten inspections were made for the financial year ended 31 March 2018.

b) The Shandong Commission of Science and Technology carries out an inspection on our factory and warehouse security at least twice every year. The Shandong Commission of Science and Technology does not issue an inspection report to our Group, and Yinguang Technology did not receive any negative feedback from the Shandong Commission of Science and Technology.

Our internal auditors will also conduct checks on whether all of the Group's security measures and procedures are complied with, and such checks will be reported to the Audit Committee and disclosed in our Company's annual report every year.

Fabchem China Limited (the "Company") is strongly committed to maintaining a high standard of corporate governance within the Company and its subsidiaries, Shandong Yinguang Technology Co., Ltd and Shandong Jiehua Wenlv Zhiye Co., Ltd ("Subsidiaries") (collectively the "Group"). The board of directors of the Company (the "Board") recognises the importance of good corporate governance and the offering of high standards of accountability to the shareholders.

This report describes the Company's corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code") which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited (the "Listing Rules").

The Company is generally in compliance with the principles and guidelines as set out in the Code and in areas where there are deviations from the Code, appropriate explanations are provided within this report. The Board considers that the alternative corporate governance practices are sufficient to meet the underlying objective of the Code.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Corporate Governance Practices of the Company

The primary role of the Board is to protect and enhance long-term shareholders' value. Whereas the Board is collectively responsible for the success of the Company, the Board works hand in hand with the Management of the Company (the "Management") towards achieving this end. The Board reviews Management's performance and Management remains accountable to the Board. Key roles of the Board include providing entrepreneurial leadership, approving the Company's objectives, major strategic directions and corporate policies, monitoring and reviewing financial and operating performance, approving annual budgets, major funding and investment proposals, risks assessment and management and appointing any new member to the Board and key personnel. Matters which required Board's decision includes interested person transactions, material acquisitions and disposal of assets, corporate and financial restructuring, issuances of shares, dividends and other returns to shareholders. The Board manages the Group in the best interests of shareholders as well as the interest of other stakeholders and pursues the continual enhancement of the long-term shareholder value.

All directors exercise due diligence and independent judgment, and are obliged to act in good faith and consider at all times the best interests of the Company.

To assist the Board in the execution of its responsibilities, various Board Committees, namely the Audit Committee ("AC"), Remuneration Committee ("RC") and Nominating Committee ("NC") have been constituted with clearly defined terms of reference.

Minutes of the Board Committee meetings are available to all Board members.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group.

Please refer to Table 1 – Board and Board Committees.

The Board conducts regular scheduled meetings. Additional meetings may be convened as and when circumstance require. The Company's Constitution do provide for meetings to be held via telephone and video conferencing. The Board and Board Committees may also make decisions through circulating resolutions.

Please refer to Table 2 – Attendance at Board and Board Committee Meetings for the financial year ended 31 March 2018 ("FY2018").

The Board's approval is required for the following matters that are likely to have a material impact on the Group's operations as well as matters other than in the ordinary course of business:

1. Major investment and funding
2. Interested Person Transactions
3. Material acquisition and disposal of assets
4. Corporate strategic direction and strategic action plans
5. Issuance of policies and key business initiatives
6. Issuance of shares
7. Declaration of interim dividends and proposal of final dividends
8. Announcement of the Group's quarterly, half year and full year results and the release of the Annual Reports.

The Board has adopted a set of internal controls which sets out authorization and approval limits governing operating and capital expenditure and investments and divestments.

A formal letter will be sent to newly-appointed Directors upon their appointment explaining their duties and obligations as director. New directors, upon appointment, will be briefed on the business and organisation structure of the Group, key areas of the Company's operations and on their duties and obligations as directors.

Directors of the Company will also be updated from time to time of any news or changes to companies and securities legislation, rules and regulations. The Directors also received updates on the business of the Group through regular schedule meetings and ad-hoc Board Meetings.

The Company has an on-going budget for all directors to attend appropriate courses, seminars and conferences for them to stay abreast of the relevant business developments. These include programmes organized by the Singapore Institute of Directors or other training institutions.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Corporate Governance Practices of the Company

Please refer to Table 1 – Board and Board Committees.

The NC reviews the size and composition of the Board and ensures that the Board has an appropriate balance of independent directors and that the size of the Board is conducive to effective discussions and decision-making. The Board currently comprises five directors which include two executive directors, one non-executive chairman and two independent directors. The NC reviews the independence of each director on an annual basis. The NC adopts the Code's definition of what constitutes an independent director in its review. In particular, it considers a director as independent if he has no relationship with the Group or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interest of the Company. In addition to the annual review by the NC of the independence of the independent directors, each independent director also submits an annual declaration confirming his continued independence. The NC has reviewed the independence of each director for FY2018 in accordance with the Code's definition of independence and is satisfied that Mr Wee Phui Gam and Prof. Jiang Rongguang remain as independent directors of the Company. The Company has no independent non-executive director who has served on the Board beyond nine years.

As the Chairman of the Board is not an independent director, it is recommended by the Code that the independent directors should make up at least half of the Board. The Board is of the opinion that the Company currently has a diversified Board with 5 members from different background (finance and industry experts) and countries (Singapore and China).

The NC is responsible for examining the size and composition of the Board and Board Committees. Taking into account the scope and nature of the Group's businesses and operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board considers a board size of between 5 to 8 members as appropriate. The Board believes that its current board size and composition effectively serves the Group and is not so large as to be unwieldy. It provides sufficient diversity without interfering with efficient discussion and decision-making.

The NC also aims to maintain a diversity of expertise, skills and attributes among the Directors and is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively. The NC reviews the Board's collective skills matrix regularly. Any potential conflicts of interest are taken into consideration. Each Director has been appointed on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group strategy and the performance of its business. Currently, the Board comprises individuals from different countries, namely China and Singapore, and with diverse qualifications and backgrounds, including accounting, finance, investments and the relevant business industry that the Group is in.

Annually, the NC will discuss and agree on the measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. The Board may, at any time, seek to improve one or more aspects of its diversity and measure progress accordingly. The Company believes that a diverse Board will contribute to the achievement of its strategic and commercial objectives, including to:

1. drive business results;
2. make corporate governance more effective;
3. enhance quality and responsible decision-making capability;
4. ensure sustainable development; and
5. enhance the reputation of the Company.

The independent directors communicate regularly to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development.

The non-executive directors help to develop proposals on strategy, review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance. The non-executive directors also meet regularly without the presence of the Management.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Corporate Governance Practices of the Company

The Board had adopted the recommendation of the Code to have separate persons appointed as Chairman and the Chief Executive Officer. This is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

At Fabchem China Limited, there is a clear division of the roles and responsibilities of the Chairman and the Managing Director (equivalent to the position of a Chief Executive Officer). Different individuals assume the Chairman and the Managing Director functions and the posts are, and will remain, separate. Dr Lim Seck Yeow is the Company's non-executive Chairman and assumes responsibility among others, in leading the Board to ensure its effectiveness and promoting high standards of corporate governance. The Managing Director, Mr Bao Hongwei assumes the executive responsibilities of the day-to-day management of the Company. This division of responsibilities has been agreed among the Board members.

The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable power or influence. Further, the AC, RC and NC are chaired by Independent Directors.

The Board had adopted the recommendation of the Code to appoint Mr Wee Phui Gam to be the lead independent director as the non-executive Chairman is not an independent director. Mr Wee will be available to shareholders where they have concerns for which contact through the normal channels of the Chairman, the MD has failed to resolve or is inappropriate. In addition, the Lead Independent Director will co-ordinate and lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. Where necessary, the Lead Independent Director will chair meeting with Independent Directors without Executive Directors being present so as to facilitate well-balanced viewpoints to the Board.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Corporate Governance Practices of the Company

Please refer to Table 1 – Board and Board Committees – on the composition of the NC.

The NC will be responsible for (a) the selection and appointment of any new Directors and re-nomination of the Directors having regard to the Director's contribution and performance, (b) determining annually whether or not a Director is independent and (c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director.

In recommending new directors to the Board, the NC takes into consideration the skills, experience required and the current composition of the Board, and strives to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile of expertise, skills, attributes and ability. Further, the NC takes into consideration a variety of factors such as attendance, preparedness, participation and candor in evaluating a director's contribution and performance for the purpose of re-nomination.

The principal functions of the NC is to establish a formal and transparent process for:

a) reviewing nominations of new Director appointments based on selection criteria such as incumbent's credentials and his/her skills and contributions required by the Company;

b) reviewing and recommending to the Board the re-election of Directors in accordance with the Company's Constitution;

c) determining annually whether a Director is "independent", guided by the independent guidelines contained in the Code;

d) deciding whether a Director is able to and has adequately carried out his/her duties as a Director of the Company, in particular whether the Directors concerned have multiple board representations or if they are in conflict with the interest of the Company; and deciding how the Board's performance may be evaluated and propose objective performance criteria;

e) deciding how the Board's performance may be evaluated and propose objective performance criteria.

We believe that Board renewal must be an ongoing process, to ensure good governance and to maintain relevance to the business and changing needs of the Company. The Company's Constitution require at least one-third of the Directors to retire and subject themselves to re-election by shareholders at every AGM. In other words, no Director stays in office for more than three years without being re-elected by shareholders.

At the forthcoming AGM, Dr Lim Seck Yeow and Prof. Jiang Rongguang will be retiring by rotation pursuant to Article 107 of the Company's Constitution. Both of them, being eligible for re-election, have offered themselves for re-election.

The NC has recommended to the Board to nominate these Directors for re-election. In making the recommendations, the NC considered the Directors' overall contribution and performance.

New directors are appointed by way of a Board Resolution, after the NC has approved their nomination. In its search and selection process for new directors, other than through formal search, the NC taps on the resources of directors' personal contacts and recommendations of potential candidates and appraises the nominees to ensure that the candidates possess relevant experience and have the calibre to contribute to the Group and its businesses, having regard to the attributes of the existing Board and the requirements of the Group.

Although some at the Directors hold directorships in other companies, the NC is satisfied that sufficient time and attention are being given by the directors to the affairs of the Company and each director is able to and has been adequately carrying out his duties as a director of the Company.

The NC and the Board are of the standpoint that setting a maximum number of listed company board representations would not be meaningful as the contributions of the directors would depend on many other factors such as whether they are in full time employment and their other responsibilities or principal commitments. In addition, the board representations presently held by its directors do not impede the performance of their duties to the Company.

All directors are required to declare their board representations and other principal commitments. In view of the review process that the NC has put in place and the confirmation obtained from each individual director that he has the individual responsibility to ensure that he can allocate sufficient time and attention to the affairs of the Company, the Board does not adopt any internal guidelines for multiple listed board representations for its directors.

No alternate director has been appointed to the Board.

When an existing director chooses to retire or the need for a new director arises, either to replace a retiring director or to enhance the Board's strength, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new director. The NC then meets with the shortlisted potential candidates with the appropriate profile before nominating the most suitable candidate to the Board for appointment as director.

The profile of all Board members is set out in the section entitled 'Board of Directors'.

Please refer to Table 3 – Date of Directors' initial appointment and last re-election and their directorships.

Except as disclosed in Table 3, there were no other directorships or chairmanships held by the directors over the preceding three years in other listed companies.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Corporate Governance Practices of the Company

The Board, through the NC, has used its best efforts to ensure that directors appointed to the Board, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has adopted a formal process to assess the performance and effectiveness of the Board as a whole and contribution by each individual director to the effectiveness of the Board on an annual basis.

During the financial year, all Directors are requested to complete a Board Evaluation Questionnaire designed to seek their views on the various aspects of the Board's performance so as to assess the overall effectiveness of the Board. The assessment criteria include directors' attendance records at Board and Committee meetings and the contributions of the Board members. The responses are sent to the NC for review before submitting it to the Board for discussion and for it to determining the areas for improvement and enhancement of the Board's effectiveness. Following the review, the NC and the Board are of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

The performance criteria for the Board evaluation are based on financial and non-financial indicators such as an evaluation of the size and composition of the Board, the Board's access to information, Board's processes, strategy and planning, risk management, accountability, Board's performance in relation to discharging its principal functions, communication with senior management, standards of conduct of the directors and the Company's share performance over a five-year period.

In terms of evaluation of individual directors, they are assessed on their ability to contribute effectively as well as the level of their commitment to the role (including commitment of time for Board and Board Committees meetings, and any other duties).

The Chairman acts on the results of the performance evaluation, and where appropriate, proposes new members to be appointed to the Board or seeks the resignation of directors, in consultation with the NC. Each member of the NC shall abstain from voting on any resolution and making any recommendation and/or participating in any deliberation of the NC in respect of an assessment of his performance or re-nomination as director.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Corporate Governance practices of the Group

All directors have unrestricted access to the Company's records and information. From time to time, they are furnished with accurate and detailed information in a timely manner concerning the Group to enable them to be fully cognisant of the decisions and actions of the Group's executive management.

As a general rule, detailed Board papers prepared for each meeting are normally circulated in advance of each meeting. This is to give directors sufficient time to review and consider the matters to be discussed so that discussion can be more meaningful and productive. However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed. The Board papers include sufficient background explanatory information from the Management on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board and Board Committees meetings. Such explanatory information may also be in the form of briefings to provide additional insights to the directors or formal presentations made by senior management staff in attendance at the meetings, or by external consultants engaged on specific projects.

The Board has separate and independent access to the Company Secretary and to other senior management executives of the Group at all times in carrying out their duties.

The Management provided to the Board members with the management accounts on a quarterly basis, as well as adequate information prior to Board meetings and updates on initiatives and developments of the Group's business whenever possible, on an on-going basis.

The Board members have separate and independent access to the Company's senior management. The Board members (whether individually or as a group) have, in the furtherance of their duties, access to independent professional advice, if necessary, at the Company's expense.

The Company Secretary or her nominee administers and attends all Board and Board Committees meetings of the Company and prepares minutes of meetings. She is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

The directors, in furtherance of their duties, are entitled to take independent professional advice at the expense of the Company when necessary.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Corporate Governance Practices of the Company

Please refer to Table 1 – Board and Board Committees – on the composition of the RC.

According to the terms of reference of the RC, the role of the RC is to assist the Board with establishing and implement a framework for remuneration of directors and key executives.

The RC is responsible for recommending to the Board a framework of remuneration for the Directors and key executives, setting up remuneration policies and determining specific remuneration packages for each Director and key executive based on their performance and also reviewing the remuneration thereof. The RC has access to expert professional advice on human resource matters whenever there is a need for external consultation. In its deliberations, the RC takes into consideration industry practices and norms in compensation, in addition to the Company's relative performance to the industry and the performance of the individual directors. The recommendations of the RC will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, long-term incentive schemes and benefits in kind shall be considered by the RC.

The RC meets at least once in every financial year. Each member of the RC shall abstain from voting on any resolution and making any recommendation and/or participating in any deliberation of the RC in respect of his remuneration package.

No independent consultant is engaged to conduct a review on the remuneration packages of the Company's Directors and Executive Officers for FY2018. The Company will seek external expert advice should such a need arises.

The Company has no termination benefits.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Annual Remuneration Report

Remuneration policy in respect of executive directors and other key management personnel

In its deliberations, the RC will take into consideration industry practices and norms in compensation in addition to the Company's relative performance to the industry and the performance of the individual Directors. No Director will be involved in deciding his own remuneration.

The level of remuneration is structured such that consideration is given to each Director's corporate and individual performance. The RC ensures that the level of remuneration is appropriate to attract, retain and motivate the Directors to run the Company successfully. The performance related elements of remuneration are designed so as to align the interests of executive directors with those of shareholders. These elements include (1) fixed component (i.e. basic salary); (2) variable component (i.e. performance bonus); (3) benefits provided are consistent with market practices including medical benefits, car allowance, club benefits and housing subsidy. In setting the remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies.

The Company has entered into separate service contracts with the Executive Directors for an initial period of 3 years. The RC reviews the compensation commitments for early termination under the service contracts.

Executive directors do not receive directors' fees. The non-executive directors receive directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent, as well as the responsibilities and obligations of the Directors. The Group recognises the need to pay competitive fees to attract, motivate and retain non-executive directors, without being excessive to the extent that their independence is compromised, and thereby maximising shareholder value. Prior to leaving the Company, non-executive directors are encouraged not to sell their shares in the Company, to align their interests with the Company's.

The Company currently does not use any contractual provisions that allows it to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company. However, the Company will consider adopting such contractual provisions should the need arise in future.

Long-term Incentive Plans

The Company does not have long-term incentive scheme.

The remuneration of non-executive directors is linked to their level of contribution, taking into account factors such as effort and time spent, and responsibilities of the directors.

In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Level and mix of remuneration of directors and key management personnel (who are not also directors or the CEO) for the year ended 31 March 2018.

Please refer to Table 4 – Remuneration Table.

The Executive Directors' remuneration comprise mainly their salary, allowances, bonuses and profit sharing awards conditional upon their meeting certain profit before tax targets. The details of their remuneration package are given below.

The Company does not have employee share scheme.

The Independent Non-Executive Directors have remuneration packages which comprise of a Directors' fee component. The Directors' fees are based on a scale of fees divided into basic retainer fees as a Director and additional fees for serving on Board Committees and their roles in the Committee. Directors' fees for the Directors are subject to the approval of shareholders at the forthcoming AGM.

Except as disclosed in Table 4 of this report, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

<u>Corporate Governance Practices of the Company</u>

The Board has overall responsibility to provide a balance and understandable assessment of the Company's performance, position and prospects in respect of the Company's reports and financial statements and other price sensitive information to regulators and shareholders.

The Management provides all members of the Board with management accounts on a monthly basis.

In line with the SGX Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the MD and the Finance Manager (FM) have provided assurance to the Board on the integrity of the Group's financial statements.

The Board and the Board committees are furnished with management reports containing complete, adequate and timely information, and papers containing relevant background or explanatory information required to support the decision-making process. Management team and the Company's auditors would also provide additional information on the matters for discussion.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Corporate Governance Practices of the Company

The AC reviews the adequacy of the Company's internal financial controls, operational and compliance controls, information technology controls and risk management policies and systems established by the Management (collectively "internal controls"). The AC further confirms that the internal audit function is adequately resourced and has appropriate standing within the Company.

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The Board also acknowledges that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has reviewed the effectiveness and confirmed the adequacy of the Company's internal controls. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance risks and information technology controls and risk management systems, were adequate as at 31 March 2018.

The Board is satisfied that the system of internal procedures, controls and reviews that the Group has in place provides reasonable assurance against material financial misstatements or loss, safeguarding of assets, the maintenance of proper accounting records, reliability of financial information, compliance with legislation, regulations and best practices and the identification and management of business risks. The Board, with the concurrence of the Audit Committee, is therefore of the opinion that the Group's system of internal controls is adequate to address financial, operational, compliance and information technology controls, and risk management systems of the Group in its current business environment.

The AC and the Board has received assurance from the MD and the FM that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and regarding the effectiveness of the Company's risk management and internal control systems.

The Company does not have a Risk Management Committee. However, the Management and the Internal Auditor regularly reviews the Company's business and operational activities in order to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

In connection with risk management and setting risk tolerances, the Board determines the nature and extent of the significant risks it is willing to tolerate in achieving its strategic objectives and the conduct of its business activities. The risk appetite is translated into risk tolerances which are determined by establishing target control levels and target residual risk ratings for each identified risk. The decision can then be made to accept/tolerate the resulting residual risk level or implement treatment plans or strategies in addition to those already underway or planned to minimize the risk exposure.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Please refer to Table 1 – Board and Board Committees – on the composition of the AC.

The Board is of the view that at least two members of the AC (including the Chairman of the AC) have recent and relevant accounting or related financial management expertise or experience to discharge the AC's responsibilities.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of the Management and full discretion to invite any executive director or executive officer to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

The AC will provide a channel of communication between the Board, the management, the internal auditor and external auditors on matters relating to audit. The responsibilities of the Audit Committee include:

(a) review with the external auditors and where applicable, the internal auditors, their audit plans, their evaluation of the system of internal accounting controls, their letter to management and the management's response;

(b) review the quarterly and annual financial statements and balance sheet and profit and loss accounts before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

(c) ensure co-ordination between the external auditors and the management, and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

(d) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(e) review the internal auditors' report on their checks on whether all of the Group's safety and security measures and procedures have been complied with, and disclose the results of such checks in the Company's annual report every year;

(f) make recommendations to the Board on the appointment, re-appointment and removal of the external auditors and approving the remuneration and terms of engagement of the external auditors;

(g) review interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

(h) review potential conflicts of interest, if any;

(i) undertake such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;

(j) generally undertake such other functions and duties as may be required by the legislation regulations or the Listing Manual, or by such amendments as may be made thereto from time to time;

(k) review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors, review the nature and extent of non-audit services, where applicable;

(l) review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any formal announcements relating to the financial performance;

(m) review the effectiveness of the internal audit function;

(n) review arrangements by which the staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters; and

(o) review the adequacy of the internal financial controls, operational and compliance controls, information technology control and risk management policies and systems established by the management.

In the review of the financial statement for FY2018, the AC had discussed with the management the accounting principles that were applied and their judgement of matters that might affect the integrity of the financial statements and also considered the appropriateness of the critical accounting estimates and judgements made in preparing the financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditor and were reviewed by the Audit Committee:

Key Audit Matters	**How the AC reviewed these matters and what decisions were made**
Assessment of impairment of property, plant and equipment and land use rights	The AC considered the approach and methodology applied to the valuation models used in the impairment assessment of property, plant and equipment and land use rights. The AC reviewed the underlying key assumptions used in the value-in-use calculation which involved management's assessment of the future cash flow forecasts, terminal growth rates and discount rates used in these calculations. The AC was satisfied with the methodology and underlying key assumptions used in the value-in-use calculation. The impairment assessment on property, plant and equipment was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2018. Refer to pages 56 and 57 of this Annual Report.

Key Audit Matters	How the AC reviewed these matters and what decisions were made
Impairment of trade receivables	The AC considered the management's assumptions and estimates used to determine the impairment on the specific allowances on trade receivables and had also discussed such assumptions and assessment with the management. The AC was satisfied with the management's assumptions and estimates used on the assessment of impairment on trade receivables. The impairment of trade receivables was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2018. Refer to page 57 of this Annual Report.
Assessment of ability to exercise control over subsidiaries	The AC reviewed the relevant agreements for the provisionally acquisition of Shandong Laizhou Ping'an Commercial Explosives Co., Ltd. and its subsidiaries ("Ping'an group"). The AC considered the facts and circumstances set out in the agreements and considering the nature of the business and key terms and conditions of this acquisition (including assignment of right and power to the vendors of Ping'an group) and also evaluated the control based on the requirements set out in FRSs. The AC was satisfied with the management's conclusion that the Group does not have control over the Ping'an group and accordingly did not consolidate Ping'an group for the reporting year ended 31 March 2018 until the acquisition process is completed in accordance with the terms and conditions set out in the relevant acquisition agreement. The assessment of ability to exercise control over subsidiaries was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2018. Refer to pages 57 and 58 of this Annual Report.

The AC also meet up with the internal and external auditors without any executive of the Company being present at least once on an annual basis and as and when necessary during the year.

The Audit Committee has reviewed the independence of the Company's external auditors and is satisfied with the independence and objectivity of the external auditors. The aggregate amount of fees paid to the external auditors of the Group for audit services was S$75,000. The non-audit services provided by the external auditors for the financial year ended 31 March 2018 was S$27,200 comprised tax compliance work of S$2,200 and sustainability reporting work of S$25,000. The AC is of the opinion that the independence and objectivity of the external auditors would not be impaired by the provision of these non-audit services. The AC has also recommended the re-appointment of the auditors to the Board.

The Company has in place whistle-blowing policies and arrangements by which the staff may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters to ensure independent investigation of such matters and for appropriate follow up action, all whistle-blowing reports are to be sent to the head of the internal audit function. The Internal Auditor and the Chairman of the AC will be informed immediately of all whistle-blowing reports received.

There were no reported incidents pertaining to whistle-blowing for FY2018.

As at the date of this Annual Report, the AC has met with the external auditors separately without the presence of Management to review any area of audit concern.

The AC is kept abreast by the Management and the external auditors of changes to accounting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements. In FY2018, the Company's external auditors RSM Chio Lim LLP conducted a briefing session for the Board on the changes to the accounting standards, laws and regulations during the quarterly AC meetings. Continuing education is also provided to update and enhance the skills and knowledge of members in the AC. Following a self-review, AC is satisfied that it had been adequately fulfilling its duties.

The Group has appointed different auditors for its overseas subsidiaries. The Board and Audit Committee have reviewed that the appointment of different auditors for its overseas subsidiaries and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group. The Company is in compliance with Rules 712, 715 and 716 of the Listing Rules in relation to its independent auditors.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audit.

Corporate Governance Practices of the Company

The Company has set up an Internal Audit ("IA") function to provide internal audit services to the Company. The IA's function is to report to the AC on audit matters and oversee and institute the function of internal audits, prepare timely reports and communications to the various Committees, and administrative and operational matters to the Board. The IA will also conduct checks on whether the Company's safety and security measures and procedures are complied with and will issue reports to the AC. These safety and security measures are disclosed in the section entitled "Safety and Security Compliance" of this Annual Report. The AC approves the hiring, removal, evaluation and compensation of the IA. The internal auditor is a member of the Institute of Singapore Chartered Accountants and a fellow member of the Association of Chartered Certified Accountants.

To ensure the IA's ability to discharge its functions satisfactorily, the IA is given unfettered access to all the Company's documents, records, properties and personnel (including access to the AC).

In FY2018, the AC met with the IA without the presence of Management. The AC will continue to review specific audit risk areas and ensure that the internal audit function as discharged by the IA is adequate and effective.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Corporate Governance Practices of the Company

The Company is committed to engage in regular and timely communication with shareholders as part of the organisation's development to build systems and procedures that will enable the Group to compete internationally. The Company places great emphasis on investor relations and strives to maintain a high standard of transparency and to promote better investor communications. It aims to provide investors with clear, balanced and useful information, on a timely basis, about the Group's performance, financial position and prospects.

Management supported the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM.

The Company's shareholders are given the right, among other rights, to participate in the approval of directors' fees for the non-executive directors. The Company's voting and vote tabulation procedures are properly disclosed and explained by the Scrutineer during the AGM. Voting results on all matters for shareholder approval during the AGM are announced by way of announcements made on the SGXNET on the same day, including approving, dissenting and abstaining votes.

Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Constitution of the Company allows each shareholder to appoint up to two proxies to attend AGMs. The Proxy Form is included in the Annual Report and sent out to all shareholders prior to the AGM.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company has not put in place an investor relations policy to promote regular and proactive communication with shareholders. The Company will review such need going forward.

The Company believes in engaging a regular, effective and fair communication with its shareholders and is committed to convey pertinent information to its shareholders on a timely basis. The Company takes care to ensure that information that is made publicly available on a timely basis. Disclosure of information is made through announcements released to the SGX-ST, the Company's annual reports, circulars, press releases, as well as on the corporate website (www.fabchemchina.com) which has a dedicated investor relations section.

The Company does not practice selective disclosure. In line with continuous obligations of the Company pursuant to the SGX-ST Listing Manual and the Companies Act (Cap 50) of Singapore, the Board's policy is that all shareholders should be equally and timely informed of all major developments that will impact the Company or the Group. Information is communicated to shareholders on a timely basis through the Singapore Exchange Network (the "SGXNET") and the press.

Shareholders and investors are also encouraged to contact the Group's investor relations contact, being Mr Alex Tan, at this email address: alex.tan@8prasia.com or ir@fabchemchina.com. This channel of communication is designed to facilitate regular and effective communication in an open and non-discriminatory approach on changes to the Company as well as its performance or business developments which would be likely to materially affect the price or value of the shares. The Group's investor relations contact endeavours to respond to shareholder queries promptly and effectively, and usually does so within a week of receiving such queries.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Corporate Governance Practices of the Company

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the Business Times and posted onto the SGXNET.

If shareholders are unable to attend the meetings, the Constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder.

Resolutions at general meetings are on each substantially separate issue. All the resolutions at the general meetings are single item resolutions.

All Directors, including the Chairmen of the Board, AC, NC and RC, are present and available to address questions from shareholders at general meetings. The external auditors are also present to address shareholders queries in relation to the conduct of the audits and the preparation and contents of the auditors' reports.

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the proposed resolutions and/or ask the directors or the Management questions regarding the Company and its operations.

To promote greater transparency in the voting process and in accordance with the Listing Manual, the Company conducts the voting of all its resolutions by poll at all its AGMs and EGMs. The detailed voting results of each of the resolutions tabled are announced immediately at the meeting. The total number of votes cast for or against the resolutions are also announced after the meeting via SGXNET.

Minutes of general meetings are prepared, which includes substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, as well as responses from the Board and Management. Such meeting minutes are made available to shareholders upon their request.

The Group has a dividend policy of distributing at least 10% of profit attributable to shareholders every financial year.

DEALING IN SECURITIES

The Group has adopted an internal code in relation to dealings in the Company's securities pursuant to rule 1207(19) of the SGX-ST Listing Manual that is applicable to the Company and all its officers. The internal code prohibits the officers from dealing in the Company's shares on short-term considerations. The Company has in place a policy prohibiting share dealings by Directors and employees of the Company for the period of two weeks before the announcement of the Company's financial results for the first three quarters of its financial year, or one month prior to the announcement of the Company's full year results; and ending on the date of the announcement of the relevant results.

Directors and Executives are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period.

MATERIAL CONTRACTS

Save as disclosed in the Interested Person Transactions section, there are no material contracts entered into by the Company or its subsidiaries involving the interest, direct or deemed, of the Managing Director or any Director or controlling shareholders (as defined in the SGX-ST Listing Manual), during the financial year ended 31 March 2018.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that such transactions are carried out at arms length and on normal commercial terms and will not be prejudicial to the interests of the Company, its subsidiaries and its minority shareholders. The AC will review and approve all interested person transactions as defined by the SGX-ST Listing Manual.

During the financial year ended 31 March 2018, the following Interested Person Transactions were entered into by the Group:

		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)	
		FY2018	FY2017	FY2018	FY2017
Name of interested person	**Nature**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Dyno Nobel (1)	Sales of commercial explosives	–	–	13,092	7,574
Shandong Yinguang Security Services Co., Ltd (2)	Provision of security services	6,500	6,500	–	–
Wulian Hanyue Blasting Services Co., Ltd (2)	Sales of commercial explosives	5,060	6,427	3,214	–
Shandong Yinguang Machinery Manufacturing Co., Ltd	Purchase of equipment	596	–	–	–
Shandong Yinguang Tianhong Property Development Co., Ltd (3)	Purchase of leasehold property	–	–	28,153	–

Footnotes:

(1) 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 31 July 2017.

(2) The relevant general mandate was approved at the Extraordinary General Meeting held on 31 July 2017, thus only transactions after 31 July 2017 will be considered under general mandate.

(3) The relevant mandate was approved at the Extraordinary General Meeting held on 31 July 2017.

USE OF PROCEEDS

For the financial year ended 31 March 2018, the Group has a total unutilised IPO proceeds of approximately RMB 2.0 million (FY2017: RMB 2.0 million).

The Board will continue to make periodic announcement on the utilisation of the balance of the IPO proceeds until the whole of the IPO proceeds has been fully disbursed.

TABLE 1 – BOARD AND BOARD COMMITTEES

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Dr Lim Seck Yeow	Non-Executive Chairman/Non-Independent	Member	Member	Member
Sun Bowen	Executive/Non-Independent	–	–	–
Bao Hongwei	Executive/Non-Independent	–	–	–
Wee Phui Gam	Non-Executive/Independent	Chairman	Chairman	Chairman
[1]Tan Keng Keat	Non-Executive/Independent	Member	Member	Member
Prof. Jiang Rongguang	Non-Executive/Independent	Member	Member	Member

1 resigned on 23 May 2018

TABLE 2 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

	BOARD		AUDIT		REMUNERATION		NOMINATING	
	# No. of Meetings	No of Meetings Attended	# No. of Meetings	No of Meetings Attended	# No. of Meetings	No of Meetings Attended	# No. of Meetings	No of Meetings Attended
Dr Lim Seck Yeow	4	4	5	5	1	1	1	1
Sun Bowen	4	4	–	–	–	–	–	–
Bao Hongwei	4	4	–	–	–	–	–	–
Wee Phui Gam	4	4	5	5	1	1	1	1
Tan Keng Keat	4	4	5	5	1	1	1	1
Prof. Jiang Rongguang	4	3	–	–	–	–		–

No. of meetings held whilst a member

TABLE 3 – DATE OF DIRECTOR'S INITIAL APPOINTMENT & LAST RE-ELECTION & THEIR DIRECTORSHIPS

Name of Director	Age	Appointment	Date of initial appointment	Date of last re-election	Present directorships in listed companies	Past (preceding 3 years) directorships in listed companies	Other principal commitments
Dr Lim Seck Yeow	80	Non-Independent Director and Non-Executive Chairman	12 October 2004	30 July 2015	Nil	Nil	Nil
Bao Hongwei	48	Managing Director	16 June 2005	31 July 2017	Nil	Nil	Nil
Sun Bowen	67	Executive Director	16 June 2005	28 July 2016	Imperium Crown Limited	Nil	Nil
Wee Phui Gam	64	Lead Independent Director	15 October 2009	31 July 2017	Imperium Crown Limited	Nil	Practicing Chartered Accountant, Singapore at P G Wee Partnership LLP
Prof. Jiang Rongguang	67	Independent Director	11 October 2010	28 July 2016	Nil	Nil	Chief Technical Specialist in initiation systems of the Commercial Explosives Technology of Nanjing University Of Science and Technology

TABLE 4 – REMUNERATION TABLE

a) Directors' remuneration

For competitive reasons, the Company is not disclosing the annual remuneration of each individual Director for the financial year ended 31 March 2018. Instead, we are disclosing the bands of remuneration as follows:

Name of Director	S$0 to S$250,000	Directors' Fees* (%)	Fixed Salary (%)	Profit sharing (%)
Executive Directors				
Bao Hongwei	✓	–	100.0	–
Sun Bowen	✓	–	100.0	–
Non-executive Director				
Dr Lim Seck Yeow	✓	100.0	–	–
Independent Directors				
Wee Phui Gam	✓	100.0	–	–
Tan Keng Keat	✓	100.0	–	–
Jiang Rongguang	✓	100.0	–	–

* The remuneration in the form of Directors' fees is subject to the approval of the shareholders at the forthcoming AGM.

b) Top Five Key Executives' Remuneration

Details of remuneration paid to the key executives (who are not Directors of the Company) of the Group for the financial year ended 31 March 2018 are set out below. For competitive reasons, the Company is only disclosing the band of remuneration for each key executive for the financial year ended 31 March 2018 under review as follows:

Name of Key Executive	Below S$250,000	Percentage of Variable Remuneration (%)	Percentage of Fixed Remuneration (%)
Chen Rui	✓	–	100.0
Sun Qiang	✓	–	100.0
Yang Xingdong	✓	–	100.0
Kwek Wei Lee	✓	–	100.0
Chen Hongyu	✓	–	100.0

The annual aggregate remuneration paid to the top five key management personnel is approximately S$526,000.

There are no termination, retirement and post-employment benefits granted to the Directors, the CEO and the top 5 key executives (who are not Directors or CEO) of the Group.

c) Immediate families of Directors

Sun Qiang is the son of the Executive Director whose remuneration exceeded S$50,000 during the financial year ended 31 March 2018. Apart from him, no employee of the company and its subsidiary is an immediate family member of a director and whose remuneration exceeded S$50,000 during the financial year ended 31 March 2018.

STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 March 2018.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of the statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the company in office at the date of this statement are:

Dr Lim Seck Yeow
Bao Hongwei
Sun Bowen
Wee Phui Gam
Prof. Jiang Rongguang

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 (the "Act") except as follows:

	Direct Interest	
Name of company and directors in which interests are held	**At beginning of the reporting year**	**At end of the reporting year**
The Company	**Number of shares of no par value**	
Bao Hongwei	957,600	957,600

3. Directors' interests in shares and debentures (continued)

Name of company and directors in which interests are held	Deemed Interest At beginning of the reporting year	Deemed Interest At end of the reporting year
Deemed interest through corporate shareholders	**Number of shares of no par value**	
Fivestar Limited		
Dr Lim Seck Yeow	3,666,800	3,666,800
Fortsmith Investments Limited		
Sun Bowen	15,140,000	15,140,000
Lombard Inc.		
Bao Hongwei	1,720,800	1,720,800

The directors' interests as at 21 April 2018 were the same as those at the end of the reporting year.

By virtue of section 7 of the Act, Mr Sun Bowen with the above deemed interest is also deemed to have an interest in all the related corporations of the company.

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. Options

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Report of audit committee

The members of the audit committee at the date of this report are as follows:

Wee Phui Gam	(Chairman of Audit Committee and Independent Director)
Dr Lim Seck Yeow	(Non-executive Chairman)
Prof. Jiang Rongguang	(Independent Director)

The audit committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan;
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by the company's officers to them;
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor;
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded when the independent auditors provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditors, RSM Chio Lim LLP, be nominated for re-appointment as independent auditors at the next annual general meeting of the company.

7. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the company, work performed by the internal auditor and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that company's internal controls, addressing financial, operational, compliance risks and information technology controls and risk management systems, were adequate as at the end of the reporting year 31 March 2018.

9. Subsequent developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 30 May 2018, which would materially affect the group's and the company's operating and financial performance as of the date of this report except for the RMB4,717,000 which was adjusted from interest income to property, plant and equipment as disclosed in Note 21A to the financial statements.

On behalf of the directors

Bao Hongwei Director	Sun Bowen Director

4 July 2018

To the Members of Fabchem China Limited (Registration No: 200413128G)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Fabchem China Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and of the Company as at 31 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Impairment of property, plant and equipment and land use rights

Risk

The Group owns property, plant and equipment and land use rights in the People's Republic of China ("PRC"). These represent 60% (or RMB308 million) of the Group's total assets as at 31 March 2018.

The PRC subsidiary incurred losses of RMB10 million during the reporting year ended 31 March 2018 and its production capacity was restricted due to new regulatory directives.

Management determines at the end of each reporting year the existence of any objective evidence that may be impaired. If there are indicators of impairment, the deficit between the recoverable amount and its carrying value would be recognised in profit and loss.

Key audit matters (continued)

(a) Impairment of property, plant and equipment and land use rights (continued)

Our response

We evaluated management's assessment of impairment indicators. We tested management's assumptions used in value-in-use calculation. We tested the integrity of inputs of the projected cash flows used. We also challenged the growth rates and discount rates used in the computations by comparing them against historical rates and taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with management.

We also considered the adequacy of the disclosures in the financial statements in describing the inherent degree of subjectivity and key assumptions in the estimates as disclosed in Note 2C, Note 13 and Note 14 to the consolidated financial statements.

(b) Impairment of trade receivables

Risk

Trade receivables accounted for 10% (or RMB53 million) of the Group's total assets as at 31 March 2018. Allowance for impairment is considered to be a matter of most significance as it requires the application of judgement and use of subjective assumptions by management. The Group records specific allowances of receivables from customers with ageing more than a year. At the end of the reporting year, the Group had made an allowance for impairment on trade receivables of approximately RMB22 million, representing 29% of total gross trade receivables.

Our response

With involvement of the component auditors, we evaluated the management's assumptions and estimates used to determine the trade receivable impairment amount taking into account the local facts and circumstances which are considered key considerations for each individual receivable. We performed detailed procedures such as analyses of ageing of receivables, assessment of material overdue individual trade receivables and review of receivables' collectability. In addition, we also considered the adequacy of the disclosures in the financial statements in describing the inherent degree of subjectivity and key assumptions in the estimation of the impairment loss on trade receivables and its related risks such as credit risk and the aging of trade receivables as disclosed in Note 2C and Note 26D of the consolidated financial statements.

(c) Assessment of ability to exercise control over subsidiaries

Risk

As disclosed in Note 15 to the financial statements, the Group provisionally acquired 100% equity interest in Shandong Laizhou Ping'an Commercial Explosives Co., Ltd. and, indirectly, its subsidiaries ("Ping'an group") during the reporting year. Based on the facts and circumstances set out in Note 15 to the financial statements, the management has concluded that the Group does not have control over the Ping'an group and accordingly did not include Ping'an group in the consolidated financial statements for the reporting year ended 31 March 2018. The acquisition process will only be completed when all the terms and conditions set out in the relevant acquisition agreements have been met.

This acquisition is significant to the Group, being a material transaction, has been identified as a key audit matter.

To the Members of Fabchem China Limited (Registration No: 200413128G)

Key audit matters (continued)

(c) Assessment of ability to exercise control over subsidiaries (continued)

Our response

As part of our audit procedures, we read the sale and purchase agreements to obtain an understanding of the key terms and conditions of this acquisition (including assignment of right and power to the vendors of acquisition target) and evaluated whether the Group had the control based on the criteria set out in FRS110 Consolidated Financial Statements.

We also evaluated the adequacy of the disclosures included in Note 15 to the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

To the Members of Fabchem China Limited (Registration No: 200413128G)

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ng Thiam Soon.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

4 July 2018

Engagement partner - effective from year ended 31 March 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2018

	Notes	Group 2018	2017
		RMB'000	RMB'000
Revenue	5	191,260	148,531
Cost of sales		(155,318)	(126,285)
Gross profit		35,942	22,246
Interest income	6	283	289
Other gains	7	2,483	2,382
Distribution costs		(21,297)	(18,878)
Administrative expenses		(30,701)	(31,225)
Finance costs	6	(3,355)	(3,532)
Other losses	7	(3,345)	(5,137)
Loss before tax from continuing operations		(19,990)	(33,855)
Income tax income	9	162	8,720
Loss from continuing operations, net of tax		(19,828)	(25,135)
Profit from discontinued operation, for the year	10	–	26,157
(Loss) / Profit, net of tax		(19,828)	1,022
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(17)	97
Other comprehensive (loss) / income for the year, net of tax		(17)	97
Total comprehensive (loss) / income for the year		(19,845)	1,119
		RMB	RMB
(Loss) / Earnings per share			
Currency unit		Cents	Cents
Basic			
Continuing operations	11	(42.37)	(53.71)
Discontinued operation	11	–	55.89
Total		(42.37)	2.18
Diluted			
Continuing operations	11	(42.37)	(53.71)
Discontinued operation	11	–	55.89
Total		(42.37)	2.18

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2018

		Group		Company	
	Notes	2018	2017	2018	2017
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	228,186	207,940	76	113
Other assets, non-current	14	80,251	75,566	–	–
Investment in subsidiaries	15	–	–	107,931	111,150
Deferred tax assets	9	18,189	17,327	–	–
Total non-current assets		326,626	300,833	108,007	111,263
Current assets					
Inventories	16	32,068	35,353	–	–
Trade and other receivables	17	54,728	61,135	78	30
Other assets, current	14	9,268	20,365	136	143
Cash and cash equivalents	18	89,018	83,250	358	200
Total current assets		185,082	200,103	572	373
Total assets		511,708	500,936	108,579	111,636
EQUITY AND LIABILITIES					
Equity					
Share capital	19	116,849	116,849	116,849	116,849
Retained earnings / (Accumulated losses)		143,527	163,355	(6,539)	(7,816)
Other reserves	20	88,952	88,969	(4,377)	(1,141)
Total equity		349,328	369,173	105,933	107,892
Non-current liabilities					
Deferred tax liabilities	9	2,225	2,075	–	–
Other payables, non-current	21	18,293	–	–	–
Total non-current liabilities		20,518	2,075	–	–
Current liabilities					
Trade and other payables	21	77,655	67,489	2,646	3,744
Other financial liabilities	22	59,650	59,650	–	–
Other liabilities, current	23	4,557	2,549	–	–
Total current liabilities		141,862	129,688	2,646	3,744
Total liabilities		162,380	131,763	2,646	3,744
Total equity and liabilities		511,708	500,936	108,579	111,636

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2018

Group:	Total equity	Share capital	Retained earnings	Capital reserve	Statutory reserve	Foreign currency translation reserve
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Current year:						
Opening balance at 1 April 2017	369,173	116,849	163,355	44,000	44,117	852
Changes in equity:						
Total comprehensive loss for the year	(19,845)	–	(19,828)	–	–	(17)
Closing balance at 31 March 2018	349,328	116,849	143,527	44,000	44,117	835
Previous year:						
Opening balance at 1 April 2016	368,054	116,849	162,333	44,000	44,117	755
Changes in equity:						
Total comprehensive income for the year	1,119	–	1,022	–	–	97
Closing balance at 31 March 2017	369,173	116,849	163,355	44,000	44,117	852

Company:	Total equity	Share capital	Retained earnings / (Accumulated) losses	Foreign currency translation reserve
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Current year:				
Opening balance at 1 April 2017	107,892	116,849	(7,816)	(1,141)
Changes in equity:				
Total comprehensive loss for the year	(1,959)	–	1,277	(3,236)
Closing balance at 31 March 2018	105,933	116,849	(6,539)	(4,377)
Previous year:				
Opening balance at 1 April 2016	114,964	116,849	2,671	(4,556)
Changes in equity:				
Total comprehensive loss for the year	(7,072)	–	(10,487)	3,415
Closing balance at 31 March 2017	107,892	116,849	(7,816)	(1,141)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2018

	2018 RMB'000	2017 RMB'000
Cash flows from operating activities		
Loss before tax from continuing operations	(19,990)	(33,855)
Adjustments for:		
Allowance for impairment on trade and other receivables – loss	1,692	3,808
Allowance for impairment on trade and other receivables – reversal	(330)	(1,700)
Amortisation of land use rights	2,719	2,685
Depreciation of property, plant and equipment	18,090	18,285
(Gain) / Loss on disposal of plant and equipment	(1,218)	182
Property, plant and equipment written-off	55	723
Provision for safety expenses	2,656	1,806
Inventories written-off	58	–
Net effect of exchange rate changes in translation of financial statements of parent company	(15)	94
Interest expense	3,355	3,532
Interest income	(283)	(289)
Operating cash flows before changes in working capital	6,789	(4,729)
Inventories	3,227	4,438
Trade and other receivables	5,045	(11,289)
Other assets	3,693	(4,123)
Trade and other payables	10,166	10,592
Other liabilities	(648)	(2,084)
Net cash flows from / (used in) operations	28,272	(7,195)
Income taxes paid	(550)	–
Net cash flows from / (used in) operating activities, continuing operations	27,722	(7,195)
Net cash flows used in discontinued operating activities (Note 10)	–	(34,220)
Net cash flows from / (used in) operating activities, total	27,722	(41,415)
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	1,666	1,708
Purchase of property, plant and equipment (Note 18A)	(20,548)	(12,385)
Purchase of land use rights	–	(58)
Disposal of a subsidiary (net cash disposed of) (Note 10)	–	(492)
Interest received	283	289
Net cash flows used in investing activities, continuing operations	(18,599)	(10,938)
Net cash flows from discontinued investing activities (Note 10)	–	34,944
Net cash flows (used in) / from investing activities, total	(18,599)	24,006
Cash flows from financing activities		
Proceeds from bank borrowings	59,650	81,550
Repayment of bank borrowings	(59,650)	(67,400)
Interest paid	(3,355)	(3,532)
Net cash flows (used in) / from financing activities, continuing operations	(3,355)	10,618
Net cash flows used in discontinued financing activities (Note 10)	–	(995)
Net cash flows (used in) / from financing activities, total	(3,355)	9,623
Net increase / (decrease) in cash and cash equivalents	5,768	(7,786)
Cash and cash equivalents, statement of cash flows, beginning balance	83,250	91,036
Cash and cash equivalents, statement of cash flows, ending balance (Notes 18)	89,018	83,250

The accompanying notes form an integral part of these financial statements.

1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in Chinese Renminbi ("RMB") and they cover the company (the "company") and its subsidiaries (the "group").

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The company is an investment holding company. It is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The company was placed on the watch-list of the SGX-ST with effect from 5 June 2017 due to the Minimum Trading Price Entry Criteria.

The principal activities of the subsidiaries are described in Note 15 below.

The registered office is: 80 Robinson Road #02-00, Singapore 068898. The company is situated in Singapore.

Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRSs require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is not material. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by FRSs.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

1. General (continued)

Basis of presentation (continued)

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Interest is recognised using the effective interest method. Dividend from equity instruments is recognised as income when the entity's right to receive dividend is established.

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by setting up the grant as deferred income.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Employee benefits (continued)

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the subsidiaries in the PRC have each participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries in the PRC are required to contribute to a certain percentage to the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the group.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Foreign currency transactions

The functional currency of the company is the Singapore dollar ("S$") as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as qualifying cash flow hedges. The presentation currency is the Chinese Renminbi ("RMB"). For the RMB financial statements assets and liabilities are translated at year end rates of exchange and the income and expense items are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity. The translations of S$ amounts into RMB amounts are included solely for the convenience of readers. The reporting year end rates used are RMB4.7880 to S$1.00 (2017: RMB4.9308 to S$1.00) which approximate the rate of exchange at the end of the reporting year. The average rates of exchange for the reporting year were RMB4.8767 to S$1.00 (2017: RMB4.8702 to S$1.00). Such translation should not be construed as a representation that the RMB amounts could be converted into S$ at the above rate or other rate.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold properties	–	3.3% to 5%.
Plant and equipment	–	5% to 33.3%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the remaining lease terms. The annual rate of amortisation is as follows:

Land use rights – 2% to 5%

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with FRS 32 and FRS 39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under FRS 103. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss. For business combinations achieved in stages, any equity interest held in the acquiree is remeasured immediately before achieving control at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year, there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year, there were no financial assets classified in this category.

4. Available for sale financial assets: As at end of the reporting year, there were no financial assets classified in this category.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Liabilities at amortised cost: These liabilities are carried at amortised cost using the effective interest method.

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Fair value measurement (continued)

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Segment reporting

The group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

2. Significant accounting policies and other explanatory information (continued)

2B. Other explanatory information (continued)

Discontinued operations

A discontinued operation is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group and it represents a separate major line of business or geographical area of operations or is formed part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

When an operation is classified as a discontinued operation, the results of discontinued operations are presented separately in profit or loss. They are shown separately in profit or loss and comparative figures are restated to reclassify them from continuing to discontinued operations._

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Impairment of property, plant and equipment and land use rights:

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units is measured based on value in use calculations. These calculations require the use of estimates. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions as disclosed in Note 13 and Note 14 could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the property, plant and equipment and land use rights at the end of the reporting year affected by the assumption are RMB228 million (2017: RMB208 million) and RMB80 million (2017: RMB76 million) respectively.

Impairment of trade receivables:

An allowance is made for doubtful trade receivables for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management generally analyses trade receivables and historical bad debts, customer concentrations, and customer creditworthiness when evaluating the adequacy of the allowance for doubtful trade receivables. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 17 on trade and other receivables.

2. Significant accounting policies and other explanatory information (continued)

2C. Critical judgements, assumptions and estimation uncertainties (continued)

Assessment of ability to exercise control over subsidiaries:

As disclosed in Note 15 to the financial statements, the Group provisionally acquired 100% equity interest in Shandong Laizhou Ping'an Commercial Explosives Co., Ltd. and, indirectly, its subsidiaries during the reporting year. Based on the facts and circumstances set out in Note 15 to the financial statements, the management has concluded that the Group does not have control over these entities and accordingly did not include these entities in its consolidated financial statements for the reporting year ended 31 March 2018. This requires judgement because the financial results of these entities will be included in the consolidated financial statements from the date on which control commences.

Useful lives of plant and equipment:

The estimates for the useful lives and related depreciation charges for plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and competitor actions in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) at the end of the reporting year affected by the assumption is RMB86 million (2017: RMB96 million).

Deferred tax asset estimation:

Management judgement is required in determining the amount of current and deferred tax recognised as income or expense and the extent to which deferred tax assets can be recognised. A deferred tax asset is recognised if it is more likely than not that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilised. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognised in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature, it is likely that deferred tax calculation relates to complex fact patterns for which assessments of likelihood are judgmental and not susceptible to precise determination. The related amounts are disclosed in Note 9.

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and any financial guarantees are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3. Related party relationships and transactions (continued)

3A. Related party transactions (continued)

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Group Other related parties 2018	2017
	RMB'000	RMB'000
Sales of goods	(22,716)	(16,009)
Purchase of goods	26	93
Purchase of equipment	596	–
Purchase of leasehold properties	28,153	–
Security services	6,500	6,500
Freight charges	–	689

Other related parties refer to companies in which a director or his immediate family has significant or controlling interest over the reporting entity.

3B. Key management compensation

	Group 2018	2017
	RMB'000	RMB'000
Salaries and other short-term employee benefits	5,136	5,682

The above amounts are included under employee benefits expense. Included in the above amounts are following items:

	Group 2018	2017
	RMB'000	RMB'000
Remuneration of directors of the company	1,405	1,403
Fees to directors of the company	1,169	1,636

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel include directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel.

3. Related party relationships and transactions (continued)

3C. Other receivable from and other payables to related parties

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	Other related parties	
Group	**2018**	**2017**
	RMB'000	**RMB'000**
Other payables:		
Balance at beginning of the year	(935)	(624)
Amounts paid out and settlement of liabilities on behalf of related parties	378	471
Amounts paid in and settlement of liabilities on behalf of the company	–	(782)
Purchase of leasehold properties	(28,153)	–
Cash disbursed for purchase of leasehold properties	9,860	–
Balance at end of the year (Note 21)	(18,850)	(935)

	Subsidiaries	
Company	**2018**	**2017**
	RMB'000	**RMB'000**
Other receivables:		
Balance at beginning of the year	30	9,034
Declaration of dividends	11,000	–
Dividend received	(10,952)	(9,004)
Balance at end of the year (Note 17)	78	30

Other related parties refer to companies in which a director or his immediate family has significant or controlling interest over the reporting entity.

4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the reporting entity.

For management purposes the reporting entity is organised into three major operating segments: (i) explosives devices, (ii) industrial fuse and initiating explosives devices and (iii) industrial detonators. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows:

(i) The explosives devices segment is a manufacturer of boosters and seismic charges that are used to enhance the power of the explosions and for oil and gas explorations.

(ii) The industrial fuse and initiating explosives devices segment is a manufacturer of detonating cords and non-electric tubes.

(iii) The industrial detonators segment is a manufacturer of non-electric detonators which are used in methane-free and mine-dust-free explosion projects, detonation projects in the mining industry, the excavation of alleys and tunnels, controlled explosions and underwater demolitions.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The discontinued operation in the previous reporting year related to the disposal of ammonium nitrate segment, a manufacturer of ammonium nitrate which is a major raw material used primarily for the manufacture of explosives, as disclosed in Note 10 to the financial statements.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation, amortisation, interests and income taxes (called "Recurring EBITDA") and (2) operating result before interests and income taxes and other unallocated items (called "ORBIT").

4. Financial information by operating segments (continued)

4B. Profit or loss from continuing operations and reconciliations

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

	Explosives devices	Industrial fuse and initiating devices	Industrial detonators	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2018					
Revenue by Segment	78,971	53,242	58,917	130	191,260
Total revenue	78,971	53,242	58,917	130	191,260
Recurring EBITDA	17,135	13,885	12,419	93	43,532
Depreciation	(2,989)	(5,059)	(7,966)	(2,076)	(18,090)
Amortisation	(382)	–	(233)	(2,104)	(2,719)
ORBIT	13,764	8,826	4,220	(4,087)	22,723
Interest income				283	283
Finance costs				(3,355)	(3,355)
Unallocated corporate expenses				(39,641)	(39,641)
Loss before tax					(19,990)
Income tax income					162
Loss from continuing operations					(19,828)
2017					
Revenue by Segment	33,434	61,680	52,755	662	148,531
Total revenue	33,434	61,680	52,755	662	148,531
Recurring EBITDA	6,440	12,631	9,188	536	28,795
Depreciation	(2,521)	(5,047)	(7,780)	(2,937)	(18,285)
Amortisation	(382)	–	(233)	(2,070)	(2,685)
ORBIT	3,537	7,584	1,175	(4,471)	7,825
Interest income				289	289
Finance costs				(3,532)	(3,532)
Unallocated corporate expenses				(38,437)	(38,437)
Loss before tax					(33,855)
Income tax income					8,720
Loss from continuing operations					(25,135)
Gain from discontinued operations					26,157
Profit for the year					1,022

4. Financial information by operating segments (continued)

4C. Assets and reconciliations

	Explosives devices	Industrial fuse and initiating devices	Industrial detonators	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2018					
Total assets for reportable segments	56,934	61,347	70,861	–	189,142
Unallocated:					
Property, plant and equipment				89,388	89,388
Other assets, non-current				46,474	46,474
Deferred tax assets				18,189	18,189
Inventories				15,501	15,501
Trade and other receivables				54,728	54,728
Other assets, current				9,268	9,268
Cash and cash equivalents				89,018	89,018
Total group assets	56,934	61,347	70,861	322,566	511,708
2017					
Total assets for reportable segments	63,210	70,788	78,705	–	212,703
Unallocated:					
Property, plant and equipment				54,560	54,560
Other assets, non-current				41,174	41,174
Deferred tax assets				17,327	17,327
Inventories				10,422	10,422
Trade and other receivables				61,135	61,135
Other assets, current				20,365	20,365
Cash and cash equivalents				83,250	83,250
Total group assets	63,210	70,788	78,705	288,233	500,936

4. Financial information by operating segments (continued)

4D. Liabilities and reconciliations

	Explosives devices	Industrial fuse and initiating devices	Industrial detonators	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2018					
Total liabilities for reportable segments	2,335	2,127	5,440	–	9,902
Unallocated:					
Deferred tax liabilities				2,225	2,225
Trade and other payables				86,046	86,046
Other liabilities				4,557	4,557
Other financial liabilities				59,650	59,650
Total group liabilities	2,335	2,127	5,440	152,478	162,380
2017					
Total liabilities for reportable segments	1,286	1,186	2,597	–	5,069
Unallocated:					
Deferred tax liabilities				2,075	2,075
Trade and other payables				62,420	62,420
Other liabilities				2,549	2,549
Other financial liabilities				59,650	59,650
Total group liabilities	1,286	1,186	2,597	126,694	131,763

4E. Other material items and reconciliations

	Explosives devices	Industrial fuse and initiating devices	Industrial detonators	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other non-cash expenses other than depreciation / amortisation:					
2018	–	–	–	257	257
2017	–	–	–	(3,013)	(3,013)
Expenditures for non-current assets:					
2018	409	–	1,080	44,756	46,245
2017	4,229	772	2,763	4,679	12,443

4. Financial information by operating segments (continued)

4F. 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:-

	Group	
	2018	2017
	RMB'000	RMB'000
Revenue		
Continuing operations:		
Within PRC	124,806	117,515
Outside PRC:		
Sales through export distributors	9,383	3,366
Australia	57,071	26,899
Others (*)	–	751
Subtotal	66,454	31,016
Total continuing operations	191,260	148,531
Discontinued operation:		
Within PRC	–	121
Total discontinued operation	–	121
Consolidated revenue	191,260	148,652
Non-current assets		
Within PRC	308,361	283,393
Singapore	76	113
	308,437	283,506

(*) Others include Kyrgyzstan, Mongolia, Indonesia

Revenues are attributed to countries on the basis of the customer's 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.

4G. Information about major customers

	Group	Segments
	RMB'000	
Top 1 customer in 2018	41,225	Explosives devices
Top 1 customer in 2017	17,835	Industrial fuse and initiating devices and Industrial detonators

5. Revenue

	Group	
	2018	2017
	RMB'000	RMB'000
Sale of goods	191,260	148,531

6. Interest income and (finance costs)

	Group	
	2018	2017
	RMB'000	RMB'000
Interest income from banks	283	289
Loan interest	(3,355)	(3,532)
Net	(3,072)	(3,243)
Presented in profit or loss as:		
Interest income	283	289
Finance costs	(3,355)	(3,532)
	(3,072)	(3,243)

7. Other gains and (other losses)

	Group	
	2018	2017
	RMB'000	RMB'000
Allowance for impairment on trade and other receivables – loss	(1,692)	(3,808)
Allowance for impairment on trade and other receivables – reversal	330	1,700
Foreign exchange adjustment loss	(1,540)	(424)
Government grant	935	682
Inventories written-off	(58)	–
Gain/(Loss) on disposal of property, plant and equipment	1,218	(182)
Property, plant and equipment written-off	(55)	(723)
Net	(862)	(2,755)
Presented in profit or loss as:		
Other gains	2,483	2,382
Other losses	(3,345)	(5,137)
	(862)	(2,755)

8. Employee benefits expense

	Group	
	2018	2017
	RMB'000	RMB'000
Employee benefits expense	39,374	35,429
Contributions to defined contribution plans	12,436	11,296
Total employee benefits expense	51,810	46,725

The employee benefit expense is charged as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
Continuing operations:		
Cost of sales	36,067	30,982
Distribution costs	3,528	3,159
Administrative expenses	12,215	11,955
Subtotal	51,810	46,096
Discontinued operation (Note 10):		
Distribution costs	–	94
Administrative expenses	–	535
Subtotal	–	629
Total employee benefits expense	51,810	46,725

9. Income tax

9A. Components of tax income recognised in profit or loss

	Group	
	2018	2017
	RMB'000	RMB'000
Current tax:		
Current tax expense	550	–
Under adjustments in respect of prior years	–	393
Subtotal	550	393
Deferred tax:		
Deferred tax income	(1,554)	(9,113)
Under adjustments in respect of prior years	842	–
Subtotal	(712)	(9,113)
Total income tax income	(162)	(8,720)

9. Income tax (continued)

9A. Components of tax income recognised in profit or loss (continued)

The following table illustrates the detail of the tax charged to profit or loss on discontinued operation:

	Group	
	2018	2017
	RMB'000	RMB'000
Tax charge on discontinued operation:		
Deferred tax income	–	(10)
Total income taxes on discontinued operation	–	(10)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2017: 17.0%) to loss before tax as a result of the following differences:

	Group	
	2018	2017
	RMB'000	RMB'000
Loss before tax from continuing operations	(19,990)	(33,855)
Income tax at the above rate	(3,398)	(5,755)
Expenses not deductible for tax purposes	3,259	9,381
Income not subject to tax	–	(7,391)
Under adjustments to current tax in respect of prior years	–	393
Under adjustments to deferred tax in respect of prior years	842	–
Effect of different tax rate in foreign countries	(865)	(5,348)
Total income tax income	(162)	(8,720)

The prevailing statutory income tax rate in the People's Republic of China ("PRC") is 25%.

There are no income tax consequences of dividends to owners of the company.

9. Income tax (continued)

9B. Deferred tax income recognised in profit or loss

	Group	
	2018	2017
	RMB'000	RMB'000
Continuing operations:		
Allowance for impairment of trade and other receivables	(337)	(527)
Accrual for safety expenses	(134)	(58)
Deferred tax relating to tax losses recognised	(391)	(9,228)
Deferred tax relating to unremitted profits of a subsidiary	150	700
	(712)	(9,113)
Discontinued operation (Note 10):		
Excess of book over tax amortisation on land use rights	–	(10)
Total deferred tax income recognised in profit or loss	(712)	(9,123)

9C. Deferred tax balance in the statement of financial position

	Group	
	2018	2017
	RMB'000	RMB'000
Continuing operations:		
Deferred tax asset/(liabilities) recognised in profit or loss:		
Allowance for impairment of trade and other receivables	5,419	5,082
Allowance for impairment of property, plant and equipments	1,344	1,344
Accrual for safety expenses	229	95
Deferred tax relating to tax losses recognised	11,197	10,806
Deferred tax relating to unremitted profits of a subsidiary	(2,225)	(2,075)
Net balance	15,964	15,252

9. Income tax (continued)

9C. Deferred tax balance in the statement of financial position (continued)

Presented in the statement of financial position as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
Deferred tax liabilities	(2,225)	(2,075)
Deferred tax assets	18,189	17,327
	15,964	15,252

For the Singapore companies, the realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

For the People's Republic of China, the realisation of the future income tax benefits from tax loss carryforwards is available for a period of 5 years subject to the conditions imposed by law.

For the China companies, the expiry dates of tax losses carryforwards are as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
2021	2,944	6,312
2022	36,914	36,914
2023	4,934	–
	44,792	43,226

At the end of the reporting year, the aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised are as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
Subsidiaries	5,390	6,587

10. Disposal of a subsidiary

On 16 June 2016, the group entered into an equity purchase agreement to sell 100% of its equity interests in Hebei Yinguang Chemical Co., Ltd., the entire ammonium nitrate segment. The disposal was completed on 31 August 2016 (the "Date of Disposal"), on which date control of subsidiary passed to the acquirer.

The results of the discontinued operation for the previous reporting year have been included in the consolidated financial statements, were as follows:

	Group Year ended 31.3.2017 RMB'000
Revenue	121
Cost of sales	(110)
Interest income	184
Distribution costs	(107)
Administrative expenses	(1,937)
Finance costs	(995)
Other losses	(1,123)
Loss before tax	(3,967)
Income tax income	10
Loss from discontinued operation, net of tax	(3,957)
Gain on disposal of discontinued operation	30,114
Gain from discontinued operation, net of tax	26,157

The cash flows of the discontinued operation for the previous reporting year have been included in the consolidated financial statements, were as follows:

	Group Year ended 31.3.2017 RMB'000
Net cash flows used in operating activities	(34,220)
Net cash flows from investing activities	34,944
Net cash flows used in financing activities	(995)
Total cash flows of discontinued operation	(271)

10. Disposal of a subsidiary (continued)

The following table is a summary of the carrying amounts of the assets and liabilities of the subsidiary that was disposed of in the previous reporting year:

	Group
	At date of disposal
	RMB'000
Property, plant and equipment	840
Other assets, non-current	10,774
Trade receivables	3,716
Other receivables	5,329
Tax recoverable	3,439
Other assets, current	5,157
Inventories	2,029
Cash and cash equivalents	492
Trade payables and accruals	(14,920)
Other payables	(2,109)
Amount owing to a related company	(33,316)
Other financial liabilities	(38,163)
Other liabilities	(5,718)
Deferred tax liabilities	(980)
Net liabilities disposed of	(63,430)
Waiver of amount owing to a related company	33,316
Gain on disposal	30,114
Total consideration	*
Net cash disposed of	
Cash consideration	*
Cash balance disposed of	(492)
Net cash outflow	(492)

* Consideration on disposal is RMB 1

11. (Loss) / Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted (loss) / earnings per share of no par value:

		Group	
		2018	2017
A.	Numerators: loss attributable to equity:		
	Continuing operations: Loss attributable to equity holders (RMB'000)	(19,828)	(25,135)
	Discontinued operation: Profit for the year (RMB'000)	–	26,157
	Total basic and diluted (loss) / earnings	(19,828)	1,022
B.	Denominators: weighted average number of equity shares:		
	Basic and Diluted ('000)	46,800	46,800

The weighted average number of ordinary shares refers to shares in issue outstanding during the reporting year.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year.

There is no dilution of earnings per share as there are no shares under options. The denominators used are the same as those detailed above for both basic and diluted earnings per share.

12. Items in the profit or loss

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges:

	Group	
	2018	2017
	RMB'000	RMB'000
Audit fee to auditors of the company	366	389
Audit fee to other auditors	120	120
Non-audit fees paid to the auditors of the company	110	13

13. Property, plant and equipment

Group	Leasehold properties	Plant and equipment	Construction in-progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 April 2016	128,634	241,488	47,269	417,391
Additions	–	3,488	8,897	12,385
Transfer to plant and equipment	–	8,173	(8,173)	–
Disposals	–	(13,470)	–	(13,470)
Disposal of a subsidiary (Note 10)	(6,283)	(51,292)	(27,225)	(84,800)
Assets written-off	–	(2,231)	–	(2,231)
Foreign exchange adjustments	–	26	–	26
At 31 March 2017	122,351	186,182	20,768	329,301
Additions	28,153	1,727	8,961	38,841
Disposals	–	(3,463)	–	(3,463)
Assets written-off	–	(283)	–	(283)
Foreign exchange adjustments	–	(26)	–	(26)
At 31 March 2018	150,504	184,137	29,729	364,370
Accumulated depreciation and impairment:				
At 1 April 2016	32,854	134,235	27,105	194,194
Depreciation for the year	4,960	13,349	–	18,309
Disposals	–	(5,697)	–	(5,697)
Disposal of a subsidiary (Note 10)	(6,283)	(50,572)	(27,105)	(83,960)
Assets written-off	–	(1,508)	–	(1,508)
Foreign exchange adjustments	–	23	–	23
At 31 March 2017	31,531	89,830	–	121,361
Depreciation for the year	6,128	11,962	–	18,090
Disposals	–	(3,015)	–	(3,015)
Assets written-off	–	(228)	–	(228)
Foreign exchange adjustments	–	(24)	–	(24)
At 31 March 2018	37,659	98,525	–	136,184
Carrying value:				
At 1 April 2016	95,780	107,253	20,164	223,197
At 31 March 2017	90,820	96,352	20,768	207,940
At 31 March 2018	112,845	85,612	29,729	228,186

13. Property, plant and equipment (continued)

Company	Plant and equipment
	RMB'000
Cost:	
At 1 April 2016	764
Additions	114
Foreign exchange adjustments	26
At 31 March 2017	904
Foreign exchange adjustments	(26)
At 31 March 2018	878
Accumulated depreciation:	
At 1 April 2016	720
Depreciation for the year	48
Foreign exchange adjustments	23
At 31 March 2017	791
Depreciation for the year	35
Foreign exchange adjustments	(24)
At 31 March 2018	802
Carrying value:	
At 1 April 2016	44
At 31 March 2017	113
At 31 March 2018	76

i) Certain leasehold properties of the group with carrying value of RMB54.5 million (2017: RMB58.8 million) are pledged to the bank for credit facilities (Note 22).

ii) Construction in-progress represents warehouse and production facilities under construction.

13. Property, plant and equipment (continued)

iii) The depreciation expense is charged as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
Continuing operations:		
Cost of sales	15,390	15,391
Administrative expenses	1,110	1,552
Charge against provision for safety expenses	1,590	1,342
Sub-total	18,090	18,285
Discontinued operation:		
Administrative expenses	–	24
Sub-total	–	24
	18,090	18,309

The recoverable amount of property, plant and equipment has been determined on the basis of their value in use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 1%. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from the group's trading activities is 12.5%.

14. Other assets

	Group 2018 RMB'000	Group 2017 RMB'000	Company 2018 RMB'000	Company 2017 RMB'000
Non-Current:				
Land use rights (Note 14A)	80,251	75,566	–	–
Subtotal	80,251	75,566	–	–
Current:				
Deposits to secure services	64	66	64	66
Prepayments	287	77	72	77
Prepayments for land use rights	–	8,609	–	–
Advances to suppliers	7,436	9,368	–	–
Advances to staffs	1,481	2,245	–	–
Subtotal	9,268	20,365	136	143
	89,519	95,931	136	143

14A. Land use rights

	Group RMB'000
Cost:	
At 1 April 2016	104,498
Additions for the year	58
Disposal of a subsidiary (Note 10)	(13,361)
At 31 March 2017	91,195
Additions for the year [(c)]	7,404
At 31 March 2018	98,599
Accumulated amortisation:	
At 1 April 2016	15,415
Amortisation for the year	2,801
Disposal of a subsidiary (Note 10)	(2,587)
At 31 March 2017	15,629
Amortisation for the year	2,719
At 31 March 2018	18,348
Net book value:	
At 1 April 2016	89,083
At 31 March 2017	75,566
At 31 March 2018	80,251

14. Other assets (continued)

14A. Land use rights (continued)

The amortisation expense is charged as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
Continuing operations:		
Administrative expenses	2,719	2,685
Sub-total	2,719	2,685
Discontinued operation:		
Administrative expenses	–	116
Sub-total	–	116
	2,719	2,801

Detail of the group's land use rights:

Address	Land Area (Sq m)	Date of Grant	Lease Expiry Date
Shanting District, North Town, Tieshan Village, East of Huangshan, Zaozhuang City (a)	90,464	24 December 2008	17 October 2058
Taoyuan Village, Feicheng Town, Fei County, Linyi City (b)	49,511	29 January 2010	16 December 2059
Tulonggou Village, Feicheng Town, Fei County, Linyi City (b)	40,822	23 April 2010	16 December 2059
Changsheng Village, Feicheng Town, Fei County, Linyi City (b)	6,023	23 March 2012	19 November 2048
Changsheng Village, Feicheng Town, Fei County, Linyi City (b)	23,957	23 March 2012	19 December 2030
Changsheng Village, Feicheng Town, Fei County, Linyi City (b)	26,358	23 March 2012	16 March 2048
Changsheng Village, Feicheng Town, Fei County, Linyi City (b)	41,624	23 March 2012	7 November 2048
Kele Village, Zhutian Town, Fei County, Linyi City (b)	30,933	23 March 2012	15 December 2030
Kele Village, Zhutian Town, Fei County, Linyi City (b)	13,262	23 March 2012	25 January 2055
Xixinan Village, FeichengTown, Fei County, Linyi City	79,136	5 June 2012	25 February 2037
Tulonggou Village, Feicheng Town, Fei County, Linyi City	58,508	5 June 2012	25 February 2037
Xixinan Village, Feicheng Town, Fei County, Linyi City	74,034	5 June 2012	25 February 2037
Tulonggou Village, Feicheng Town, Fei County, Linyi City	70,220	5 June 2012	25 February 2037

14. Other assets (continued)

14A. Land use rights (continued)

Address	Land Area (Sq m)	Date of Grant	Lease Expiry Date
Changsheng Village, Feicheng Town, Fei County, Linyi City	14,981	5 June 2012	25 February 2037
Changsheng Village, Feicheng Town, Fei County, Linyi City	10,844	15 July 2014	8 May 2064
LeHe, Zhutian Town, Fei County, Linyi City	27,306	15 July 2014	8 May 2064
Zhutian, Zhutian Town, Fei County, Linyi City	6,667	5 June 2015	29 April 2055
Beitian Jinwangshu, Hetouwan Village, Dasai Village, Mazhuang Town, Fei County [c]	19,966	10 October 2017	9 October 2067
Hetouwan Village, Dasai Village, Mazhuang Town, Fei County [c]	18,295	10 October 2017	9 October 2067

(a) The group has obtained the legal title to the land use rights for the land at Zaozhuang City in reporting year ended 31 March 2010. However, the consideration for this plot of land has yet to be finalised with the local government authorities. The cost of the land use rights, included in other payables, was estimated to be RMB17.0 million based on an independent valuation report obtained in reporting year ended 31 March 2010.

(b) These land use rights with carrying value of RMB21.0 million (2017: RMB21.5 million) were pledged for banking facilities (see Note 22).

(c) The group has obtained the legal title of these land use rights in current reporting year in which the consideration was paid in prior years.

15. Investment in subsidiaries

	Company	
	2018	2017
	RMB'000	RMB'000
Unquoted equity shares at cost	113,143	113,143
Foreign currency translation difference	(5,212)	(1,993)
	107,931	111,150
Net book value of subsidiaries	368,269	374,506
Analysis of above amount denominated in non-functional currency:		
China RMB	107,931	111,150

15. Investment in subsidiaries (continued)

The subsidiaries held by the company are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost of the Investment		Percentage of equity held by Group	
	2018	2017	2018	2017
	RMB'000	RMB'000	%	%
Shandong Yinguang Technology Co., Ltd. [#a] (山东银光科技有限公司) ("YG Tech") People's Republic of China Production and sale of commercial explosive products	113,143	113,143	100	100
Held by Shandong Yinguang Technology Co., Ltd.				
Shandong Jiehua Wenlv Zhiye Co., Ltd. [#a, #b] (山东杰化文旅置业有限公司) People's Republic of China Properties holding and management	10,000	–	100	–

#a For the purpose of preparing the group's financial statements, these financial statements as at reporting year end were audited by Zhongxinghua Certified Public Accountant LLP, a member of the Chinese Institute of Certified Public Accountants and an approved firm by the China Securities Regulatory Commission. The statutory financial statements for compliance with the laws of PRC were audited by Xinlianyi Certified Public Accountants Co., Ltd, Linyi Office.

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited the audit committee and the board of directors of the company have satisfied themselves that the appointment of different auditors for its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the group.

#b Shandong Jiehua Wenlv Zhiye Co., Ltd was incorporated during the current reporting year.

On 18 September 2017, the group provisionally acquired 100% equity interest in Shandong Laizhou Ping'an Commercial Explosives Co., Ltd. and, indirectly, its subsidiaries (the "acquisition target") with an expected consideration of RMB40.5 million. The group's representatives were appointed to the board of the acquisition target. Under the sale and purchase agreement dated 18 June 2018 ("SPA") with the vendors of acquisition target, the vendors shall retain their rights and controls over the acquisition target until the acquisition process is completed in accordance with the terms and conditions of the SPA. On this basis, the management concluded that the group does not have control over the acquisition target until the acquisition process is completed. This acquisition is expected to be completed in next reporting year. No purchase consideration has been paid as at the end of the reporting year.

This acquisition is expected to give the group the opportunity to expand into new segment of businesses such as trading of commercial explosive and blasting services.

16. Inventories

	Group 2018 RMB'000	Group 2017 RMB'000
Raw materials	7,271	9,360
Work-in-progress	7,430	10,996
Finished goods	17,367	14,997
	32,068	35,353
Changes in inventories of finished goods and work in progress	1,196	(2,502)
Raw materials and consumables used	76,393	66,302

There are no inventories pledged as security for liabilities.

17. Trade and other receivables

	Group 2018 RMB'000	Group 2017 RMB'000	Company 2018 RMB'000	Company 2017 RMB'000
Trade receivables:				
Outside parties	72,026	71,555	–	–
Less allowance for impairment	(21,676)	(20,328)	–	–
Related party	2,824	2,057	–	–
Net trade receivables – subtotal	53,174	53,284	–	–
Other receivables:				
Outside parties	1,554	1,851	–	–
Refundable deposits	–	6,000	–	–
Subsidiary (Note 3)	–	–	78	30
Net other receivables – subtotal	1,554	7,851	78	30
Total trade and other receivables	54,728	61,135	78	30
Movement in the above allowance – trade receivables				
Balance at beginning of the year	(20,328)	(21,716)	–	–
Reversed to profit or loss included in other credits	330	1,700	–	–
Bad debts written-off	14	–	–	–
Charge to profit or loss included in other losses	(1,692)	(3,808)	–	–
Disposal of a subsidiary (Note 10)	–	3,496	–	–
Balance at end of the year	(21,676)	(20,328)	–	–
Movement in the above allowance – other receivables				
Balance at beginning of the year	–	(168)	–	–
Disposal of a subsidiary (Note 10)	–	168	–	–
Balance at end of the year	–	–	–	–

17. Trade and other receivables (continued)

At the end of previous reporting year, the refundable deposit of RMB6 million was paid to a related party for an exclusive right to purchase new offices for an exclusive period of up until 30 June 2017. The consideration of the new offices were RMB32.87 million as disclosed in Note 3A. The acquisition has been completed during the reporting year.

18. Cash and cash equivalents

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Not restricted in use	89,018	83,250	358	200

The interest earning balances are not significant.

18A. Non-cash transactions

	Group	
	2018	2017
	RMB'000	RMB'000
Costs of property, plant and equipment purchased	38,841	12,385
Amount financed through a related party (Note 21)	(18,293)	–
Cash disbursed for purchase of property, plant and equipment	20,548	12,385

18B. Reconciliation of liabilities arising from financing activities

Group	At beginning of the year	Cash flows	Non-cash changes Acquisitions	Non-cash changes Fair value changes	At end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2018					
Bank borrowings (Note 22)	59,650	–	–	–	59,650
Related party loan (Note 21)	–	–	23,010	(4,717)	18,293
	59,650	–	23,010	(4,717)	77,943
2017					
Bank borrowings (Note 22)	59,650	–	–	–	59,650
	59,650	–	–	–	59,650

19. Share capital

	Group and Company		
	Number of shares issued	Share capital	Issued share capital
		S$	RMB Equivalent
Ordinary shares of no par value:			
Balance at beginning of the year 1 April 2016 and at end of year 31 March 2017 and 31 March 2018	46,800,000	23,458,985	116,848,607

The ordinary shares of no par value carry no right to fixed income and are fully paid and with one vote per share. The company is not subject to any externally imposed capital requirements except the only externally imposed capital requirement is that for the group to maintain its listing on the Singapore Exchange Securities Trading Limited it has to have share capital of at least a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float and it demonstrated continuing compliance with the 10% limit throughout the year.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The group has significant borrowings but the borrowings are less than the cash available. The debt-to-adjusted capital ratio therefore does not provide a meaningful indicator of the risk of borrowings.

20. Other reserves

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Statutory reserve	44,117	44,117	–	–
Foreign currency translation reserve	835	852	(4,377)	(1,141)
Capital reserve	44,000	44,000	–	–
	88,952	88,969	(4,377)	(1,141)

20. Other reserves (continued)

Under the PRC regulations, the subsidiary is required to set up a statutory reserve which represents a non-distributable reserve made at a rate of 10% of net profit after tax. Contribution to this reserve is no longer mandatory when the reserve reaches 50% of the registered share capital. The reserve is to be used in accordance to the circumstances as stipulated in the relevant regulations.

The foreign currency translation reserve accumulates all foreign exchange difference arising from the translation of the company's financial statements to RMB.

Capital reserve arises from the capitalisation of subsidiary's statutory reserve and retained earnings in prior years.

All reserves classified on the face of the statement of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

21. Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Other payables:				
Related party loan (Note 21A)	18,293	–	–	–
Total non-current portion	18,293	–	–	–
Current:				
Trade payables:				
Outside parties and accrued liabilities	54,196	42,355	2,262	3,320
Related parties	3,924	3,644	–	–
	58,120	45,999	2,262	3,320
Other payables:				
Related parties (Note 3)	557	935	–	–
Payable for land use rights (Note 14A)	17,010	17,010	–	–
Outside parties	1,968	3,545	384	424
	19,535	21,490	384	424
Total current portion	77,655	67,489	2,646	3,744
Total trade and other payables	95,948	67,489	2,646	3,744

21. Trade and other payables (continued)

21A Related party loan

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Movement during the year, at amortised cost:				
Balance at beginning of the year	–	–	–	–
Addition	23,010	–	–	–
Adjustment on date of initial recognition, at amortised cost	(4,717)	–	–	–
Balance at end of the year (Note 3)	18,293	–	–	–

The related party loan is for the acquisition of leasehold properties. The amount owing is unsecured, interest-free and repayable in 2021 and 2022. The amount is stated at amortised cost at 6.65% (2017: Nil) per annum based on estimated current lending rate (Level 3). Significant increase or (decrease) in the interest rate in isolation would result in lower or (higher) fair value measurement.

On date of initial recognition, the net difference between the cash price equivalent and the fair value of the interest free loan amounting to RMB4,717,000 was adjusted against the cost of the leasehold properties acquired and amortised over tenure of loan.

22. Other financial liabilities

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	59,650	59,650	–	–

The bank borrowings are secured on the leasehold properties and land use rights of a subsidiary with net book value of approximately RMB75.5 million (2017: RMB80.3 million) and bear the following terms:

2018: Loan principal (RMB'000)	Interest rate (%)	Maturity dates	2017: Loan principal (RMB'000)	Interest rate (%)	Maturity dates
10,000	4.730	2 May 2018*	10,000	4.730	17 May 2017
20,000	4.730	1 June 2018*	20,000	4.730	1 June 2017
8,000	4.730	1 August 2018	8,000	4.730	1 August 2017
21,650	4.816	24 October 2018	21,650	4.730	18 October 2017
59,650			59,650		

* Subsequent to the end of reporting year, these loans have been fully repaid and new loans of RMB30.0 million were obtained.

23. Other liabilities

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Advances from customers	3,362	1,472	–	–
Deferred revenue [(a)]	279	697	–	–
Provision for safety expenses [(b)]	916	380	–	–
	4,557	2,549	–	–

(a) The deferred revenue is related to the government grant for certain plant and equipment disclosed in Note 13.

(b) Movement in the provision for safety expenses

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Provision for safety expenses				
Balance at beginning of the year	380	5,804	–	–
Provision for the year	2,656	2,440	–	–
Utilisation during the year	(2,120)	(2,209)	–	–
Disposal of a subsidiary	–	(5,655)	–	–
Balance at end of the year	916	380	–	–

Provision for safety expenses are made in accordance with the safety regulation of People's Republic of China.

24. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
Commitments to purchase of property, plant and equipment	13,456	46,313

Included in the commitments at the end of previous reporting year is an estimated amount of RMB26.87 million for purchase of new offices as disclosed in Note 17 to the financial statements.

25. Operating lease payment commitments – as lessee

At the end of the reporting year, the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
Not later than one year	243	250
Later than one year and not later than five years	40	291
Rental expenses for the year	247	246

Operating lease payments are for rentals payable for office building. The lease rental terms are negotiated for an average term of two to three years and rentals are not subject to an escalation clause.

26. Financial instruments: information on financial risks

26A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Cash and cash equivalents	89,018	83,250	358	200
Loans and receivables	54,728	61,135	78	30
At end of the year	143,746	144,385	436	230
Financial liabilities:				
Other financial liabilities measured at amortised cost	59,650	59,650	–	–
Trade and other payables measured at amortised cost	95,948	67,489	2,646	3,744
At end of the year	155,598	127,139	2,646	3,744

Further quantitative disclosures are included throughout these financial statements.

26. Financial instruments: information on financial risks (continued)

26B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks. However these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.

2. All financial risk management activities are carried out and monitored by senior management staff.

3. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

26C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

26D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a small number of counter-parties and customers unless otherwise disclose in the below notes to financial statements.

26. Financial instruments: information on financial risks (continued)

26D. Credit risk on financial assets (continued)

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 90 days (2017: 90 days). But some customers take a longer period to settle the amounts:

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group	
	2018	**2017**
	RMB'000	**RMB'000**
Trade receivables:		
91 - 180 days	12,417	12,754
181 days to 1 year	6,376	7,776
Over 1 year	1,473	–
Total	20,266	20,530

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group	
	2018	**2017**
	RMB'000	**RMB'000**
Trade receivables:		
Over 1 year	21,676	20,328
Total	21,676	20,328

The allowance which is disclosed in the Note 17 on trade receivables were those in significant financial difficulties and have defaulted on payments are determined to be impaired at end of the reporting year. These are not secured by any collateral or credit enhancement.

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivable customers as at the end of reporting year:

	Group	
	2018	**2017**
	RMB'000	**RMB'000**
Top 1 customer	14,702	7,392
Top 2 customers	19,423	11,710
Top 3 customers	23,066	15,758

26. Financial instruments: information on financial risks (continued)

26E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 180 days (2017: 180 days). The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

The following table analyses the non-derivate financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

Group	**Less than 1 year**	**1 – 3 years**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
2018:			
Gross borrowings commitments	60,584	–	60,584
Trade and other payables	77,655	23,010	100,665
At end of the year	138,239	23,010	161,249
2017:			
Gross borrowings commitments	60,576	–	60,576
Trade and other payables	67,489	–	67,489
At end of the year	128,065	–	128,065

Company	**Less than 1 year**
	RMB'000
2018:	
Trade and other payables	2,646
At end of the year	2,646
2017:	
Trade and other payables	3,744
At end of the year	3,744

The undiscounted amounts on the bank borrowings with fixed interest rates are determined by reference to the conditions existing at the reporting date.

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

26. Financial instruments: information on financial risks (continued)

26F. Interest rate risk

The interest rate risk exposure is from changes in interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rates:

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities:				
Fixed rates	59,650	59,650	–	–
At end of the year	59,650	59,650	–	–

The interest rates are disclosed in the respective notes.

Sensitivity analysis: The effect on pre-tax loss is not significant.

26G. Foreign currency risks

Analysis of amount denominated in non-functional currency:

Company	China RMB
	RMB'000
2018:	
Financial assets:	
Loans and receivables	78
2017:	
Financial assets:	
Loans and receivables	30

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis: The effect on pre-tax loss is not significant.

27. Changes and adoption of financial reporting standards

For the current reporting year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 7	Amendments to FRS 7: Disclosure Initiative

28. New or amended standards in issue but not yet effective

Companies listed on the Singapore Exchange currently reporting under FRSs are required to comply with new Singapore Financial Reporting Standards (International) (issued by the Singapore Accounting Standards Council) that would be equivalent to the International Financial Reporting Standards ("IFRS") (issued by the International Accounting Standards Board ("IASB")) for reporting years beginning on or after 1 January 2018. The new framework is referred to as SFRS(I)s. Non-listed companies may elect to voluntarily apply SFRS(I)s. SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) will be adopted in the financial statements when it becomes mandatory. Based on the current accounting treatment of the account balances management does not anticipate that the application of SFRS(I) 1 will have a material impact on the financial position and / or financial performance of the group. However, as the group is still in the process of assessing the full impact of the application of SFRS(I) 1 on the financial statements, it is not practicable to provide a reasonable financial estimate of the effect until the detailed review is completed.

For the future reporting years new or revised SFRS(I)s and the related Interpretations to SFRS(I)s ("SFRS(I) INT") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)	1 Jan 2018
SFRS(I) 9	Financial Instruments	1 Jan 2018
SFRS(I) 15	Revenue from Contracts with Customers	1 Jan 2018
SFRS(I) 15	Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers	1 Jan 2018
SFRS(I) 9	Amendments to SFRS(I) 9: Prepayment Features with Negative Compensation	1 Jan 2019
SFRS(I) 16	Leases and Leases - Illustrative Examples & Amendments to Guidance on Other Standards	1 Jan 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 Jan 2019
Various	Annual Improvements to SFRS(I)s 2015-2017 Cycle - Amendments to SFRS(I) 1-12: Income taxes	1 Jan 2019

The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards will have on the entity's financial statements in the period of initial application.

STATISTICS OF SHAREHOLDINGS

As at 21 June 2018

Issued and fully paid-up capital	:	RMB 116,848,607
No. of shares issued	:	46,800,000
No. / % of treasury shares	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1	0.12	20	0.00
100 - 1,000	218	26.72	152,100	0.33
1,001 - 10,000	492	60.29	1,912,700	4.09
10,001 - 1,000,000	99	12.13	7,869,280	16.81
1,000,001 AND ABOVE	6	0.74	36,865,900	78.77
TOTAL	**816**	**100.00**	**46,800,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	FORTSMITH INVESTMENTS LIMITED	15,140,000	32.35
2	DNX AUSTRALIA PTY LIMITED	13,993,200	29.90
3	FIVESTAR LIMITED	3,666,800	7.84
4	LOMBARD INC	1,720,800	3.68
5	PHILLIP SECURITIES PTE LTD	1,218,000	2.60
6	CITIBANK NOMINEES SINGAPORE PTE LTD	1,127,100	2.41
7	BAO HONGWEI	957,600	2.05
8	TAN GEOK BEE	846,200	1.81
9	NGIAN PIN CHRISTINA	467,400	1.00
10	TAN WEE KEE	340,980	0.73
11	DBS NOMINEES (PRIVATE) LIMITED	320,300	0.68
12	CHUA SEK HOW	281,400	0.60
13	GOH KIAN SOON (WU JIANSHUN)	279,200	0.60
14	LEOW KIM HOW	272,200	0.58
15	RAFFLES NOMINEES (PTE) LIMITED	262,000	0.56
16	SIMSONS PTE LTD	212,400	0.45
17	SIM LAI HEE	199,600	0.43
18	CHAN TUCK SING	192,000	0.41
19	ANG KENG THIONG @ ANG HARRY	189,100	0.40
20	ATMA SINGH S/O NAND SINGH	152,400	0.33
	TOTAL	**41,838,680**	**89.41**

As at 21 June 2018

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders of the Company (as recorded in the Register of Substantial Shareholders) as of 21 June 2018.

	No. of Ordinary Shares			
	Direct Interest	**%**	**Indirect Interest**	**%**
Fortsmith Investments Limited	15,140,000	32.35	–	–
DNX Australia Pty Limited	13,993,200	29.90	–	–
Fivestar Limited	3,666,800	7.84	–	–
Lombard Inc.	1,720,800	3.68	–	–
Sun Bowen (1)	–	–	15,140,000	32.35
Dr. Lim Seck Yeow (2)	–	–	3,666,800	7.84
Tan Geok Bee (3)	846,200	1.81	3,666,800	7.84
Bao Hongwei (4)	957,600	2.05	1,720,800	3.68

Notes:

(1) Mr Sun Bowen is deemed to be interested in the shares held by Fortsmith Investments Limited by virtue of Section 7 of the Singapore Companies Act.

(2) Dr. Lim Seck Yeow is deemed to be interested in the shares held by Fivestar Limited by virtue of Section 7 of the Singapore Companies Act.

(3) Mdm Tan Geok Bee is deemed to be interested in the shares held by Fivestar Limited by virtue of Section 7 of the Singapore Companies Act.

(4) Mr Bao Hongwei is deemed to be interested in the shares held by Lombard Inc. by virtue of Section 7 of the Singapore Companies Act.

Free Float

As at 21 June 2018, approximately 22.38% of the issued ordinary shares of the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company had complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of FABCHEM CHINA LIMITED will be held at 2 Bukit Merah Central, Level 1 Drucker/Juran Boardroom, Singapore 159835 on Tuesday, 31 July 2018 at 9.30 a.m. for the following purposes: -

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2018 together with the Directors' Statement and Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' Fees of S$266,000 for the financial year ended 31 March 2018 (2017: S$308,250). **Resolution 2**

3. To re-elect Dr Lim Seck Yeow who is retiring under Article 107 of the Company's Constitution. **Resolution 3**
   (See Explanatory Note 1)

4. To re-elect Prof. Jiang Rongguang who is retiring under Article 107 of the Company's Constitution. **Resolution 4**
   (See Explanatory Note 2)

5. To re-appoint Messrs RSM Chio Lim LLP, as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

6. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution (with or without amendments) as an Ordinary Resolution: -

7. AUTHORITY TO ALLOT AND ISSUE SHARES **Resolution 6**

   "THAT pursuant to Section 161 of the Companies Act, Cap. 50 (the "Act") and Rule 806 of the Listing Manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors be empowered to allot and issue shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit,

   PROVIDED ALWAYS THAT the aggregate number of shares and convertible securities to be issued pursuant to this resolution shall not exceed fifty percent (50%) of the total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must be not more than twenty percent (20%) of the total number of issued shares excluding treasury shares, and that such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting. For the purpose of Rule 806(2), the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time of passing of this resolution approving the mandate after adjusting for: -

   (a) new shares arising from the conversion or exercise of convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate, provided the options or awards were granted in compliance with Part VIII of Chapter 8; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

(See Explanatory Note 3)

8. PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH DYNO NOBEL GROUP **Resolution 7**

"THAT:-

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its Subsidiaries and Associated Companies or any of them to enter into any of the transactions falling within the types of the Interested Person Transactions, particulars of which are set out in the Appendix 1 to this Notice of Annual General Meeting, with any party who is of the class of Interested Persons described in the Appendix 1 to this Notice of Annual General Meeting, provided that such transactions are in accordance with the review procedures for Interested Person Transactions as set out in the Appendix 1 to this Notice of Annual General Meeting ("Dyno Nobel IPT Mandate");

(b) the approval given in respect of the Dyno Nobel IPT Mandate set out in sub-paragraph (a) above shall unless revoked or varied by the Company in a general meeting continue in force until the next Annual General Meeting of the Company;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendments to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and

(d) the Directors of the Company be and is hereby authorised, jointly or severally, to take such steps and exercise such discretion as the Directors of the Company may in their absolute discretion deem fit, advisable or necessary or in the interest of the Company to give effect to the Dyno Nobel IPT Mandate and/or this Resolution."

(See Explanatory Note 4)

9. PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH YINGUANG COMMERCIAL EXPLOSIVES, WULIAN HANYUE AND YINGUANG SECURITY **Resolution 8**

"THAT:-

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its Subsidiaries and Associated Companies or any of them to enter into any of the transactions falling within the types of the Interested Person Transactions, particulars of which are set out in the Appendix 2 to this Notice of Annual General Meeting, with any party who is of the class of Interested Persons described in the Appendix 2 to this Notice of Annual General Meeting, provided that such transactions are in accordance with the review procedures for Interested Person Transactions as set out in the Appendix 2 to this Notice of Annual General Meeting ("Yinguang Commercial Explosives, Wulian Hanyue and Yinguang Security IPT Mandate");

(b) the approval given in respect of the Yinguang Commercial Explosives, Wulian Hanyue and Yinguang Security IPT Mandate set out in sub-paragraph (a) above shall unless revoked or varied by the Company in a general meeting continue in force until the next Annual General Meeting of the Company;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendments to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and

(d) the Directors of the Company be and is hereby authorised, jointly or severally, to take such steps and exercise such discretion as the Directors of the Company may in their absolute discretion deem fit, advisable or necessary or in the interest of the Company to give effect to the Yinguang Commercial Explosives, Wulian Hanyue and Yinguang Security IPT IPT Mandate and/or this Resolution."

(See Explanatory Note 5)

BY ORDER OF THE BOARD
TAN MIN-LI
COMPANY SECRETARY
SINGAPORE
16 JULY 2018

Explanatory Note: -

(1) Dr. Lim Seck Yeow will, upon re-appointment as Director of the Company, remain as a member of the Audit Committee and will be considered non-independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain as non-executive Chairman of the Company, a member of the Nominating Committee and Remuneration Committee. There are no relationships (including immediate family relationships) between Dr. Lim Seck Yeow and the other Directors, the Company or shareholder with shareholdings of 10% or more in the voting shares of the Company.

(2) Prof. Jiang Rongguang will, upon re-appointment as Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain as a member of the Nominating Committee and Remuneration Committee. There are no relationships (including immediate family relationships) between Prof. Jiang Rongguang and the other Directors, the Company or shareholder with shareholdings of 10% or more in the voting shares of the Company.

(3) Resolution No. 6 above, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company up to a maximum of fifty percent (50%) of the issued share capital of the Company (of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty percent (20%) of the issued share capital of the Company) for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting.

(4) Resolution No. 7 above, if passed, will renew, effective until the conclusion of the next Annual General Meeting, the Dyno Nobel IPT Mandate to enable the Company, its subsidiaries and associated companies which are considered “entities at risk” to enter in the ordinary course of business into certain types of interested person transactions with specific classes of the Company’s interested persons. Particulars of the Dyno Nobel IPT Mandate are set out in the Appendix 1 to this Notice of Annual General Meeting which is enclosed with the Company’s Annual Report 2018.

(5) Resolution No. 8 above, if passed, will renew, effective until the conclusion of the next Annual General Meeting, the Yinguang Commercial Explosives, Wulian Hanyue and Yinguang Security IPT Mandate to enable the Company, its subsidiaries and associated companies which are considered “entities at risk” to enter in the ordinary course of business into certain types of interested person transactions with specific classes of the Company’s interested persons. Particulars of the Yinguang Commercial Explosives, Wulian Hanyue and Yinguang Security IPT Mandate are set out in the Appendix 2 to this Notice of Annual General Meeting which is enclosed with the Company’s Annual Report 2018.

Notes:-

i. A proxy need not be a member of the Company.

ii. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the “Companies Act”), a member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead.

iii. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

iv. A member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at this meeting, but each proxy must be appointed to exercise the rights attached to a different shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

v. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

vi. A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

vii. The instrument appointing a proxy must be deposited at the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898 not less than forty-eight (48) hours before the time for holding the Annual General Meeting.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

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FABCHEM CHINA LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200413128G)

PROXY FORM

IMPORTANT:
1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares, this Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/ SRS Operators if they have any queries regarding their appointment as proxies.

I/We ______________________________, (NRIC/Passport No.) ________________

of ____

being a member/members of the above-mentioned Company, hereby appoint:-

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
Address		**No. of Shares**	**%**

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
Address		**No. of Shares**	**%**

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 2 Bukit Merah Central, Level 1 Drucker/Juran Boardroom, Singapore 159835 on Tuesday, 31 July 2018 at 9.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as hereunder indicated. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

No.	**Ordinary Resolutions**	**For**	**Against**
Ordinary Business			
1.	To adopt the Audited Financial Statements, Directors' Statement and Auditors' Report of the Company for the financial year ended 31 March 2018.		
2.	To approve the payment of Directors' Fees for the financial year ended 31 March 2018.		
3.	To re-elect Dr Lim Seck Yeow as a Director under Article 107.		
4.	To re-elect Prof. Jiang Rongguang as a Director under Article 107.		
5.	To re-appoint RSM Chio Lim LLP as Auditors and authorise Directors to fix their remuneration.		
Special Business			
6.	Approval of Authority to allot and issue shares.		
7.	Proposed renewal of the shareholders' mandate for Interested Person Transactions with Dyno Nobel Group.		
8.	Proposed renewal of the shareholders' mandate for Interested Person Transactions with Yinguang Commercial Explosives, Wulian Hanyue and Yinguang Security.		

Dated this ________ day of ______________ 2018.

Number of shares held

____

Signature(s) of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes to the Proxy Form

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act") a member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

4. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediaries is entitled to appoint more than two proxies to attend, speak and vote at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

7. The instrument appointing a proxy or proxies, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the registered office of the Company at 80 Robinson Road, #02-00 Singapore 068898 not less than forty-eight (48) hours before the time appointed for the Meeting.

8. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

10. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

11. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 16 July 2018.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Lim Seck Yeow	Non-Executive Chairman
Bao Hongwei	Managing Director
Sun Bowen	Executive Director and Senior Advisor
Wee Phui Gam	Lead Independent Director
Professor Jiang Rongguang	Independent Director

NOMINATING COMMITTEE
Wee Phui Gam *Chairman*
Dr. Lim Seck Yeow
Professor Jiang Rongguang

REMUNERATION COMMITTEE
Wee Phui Gam *Chairman*
Dr. Lim Seck Yeow
Professor Jiang Rongguang

AUDIT COMMITTEE
Wee Phui Gam *Chairman*
Dr. Lim Seck Yeow
Professor Jiang Rongguang

COMPANY SECRETARY
Tan Min-Li, LLB (Hons), LLM

MAILING ADDRESS
2 Bukit Merah Central
#12-03
Singapore 159835

REGISTERED OFFICE
80 Robinson Road
#02-00
Singapore 068898
Tel: (65) 6236 3333
Fax: (65) 6236 4399

PRINCIPAL BANKERS
Industrial and Commercial Bank of China
(Fei County Sub-branch)
Feicheng Town, Minzhu Road,
East Section, Fei County,
Shandong 273400, PRC

COMPANY REGISTRATION NUMBER
200413128G

REGISTRAR AND SHARE TRANSFER OFFICE
Boardroom Corporate & Advisory Services
Pte. Ltd.
50 Raffles Place
#32-01
Singapore Land Tower
Singapore 048623

INDEPENDENT AUDITORS
RSM Chio Lim LLP
Certified Public Accountants, Singapore
(Member of RSM International)
8 Wilkie Road
#03-08
Wilkie Edge
Singapore 228095

Partner-in-charge:
Ng Thiam Soon
Appointment with effect from financial year ended 31 March 2015

INVESTOR RELATIONS
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Alex Tan
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