

Company registration number: 200413128G

Financial Statements for the Financial Year ended 31 March 2017 ("FY2017")

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

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

[Group		Increase/
	FY2017 RMB'000	FY2016 RMB'000	(Decrease)
Revenue	148,531	198,390	(25.1)
Cost of sales	(126,285)	(147,329)	(14.3)
Gross profit	22,246	51,061	(56.4)
Other Items of Income			
Interest income	289	381	(24.1)
Other gains – Note (i)	32,496	1,494	2075.1
Other Items of Expense			
Distribution costs	(18,878)	(19,561)	(3.5)
Administrative expenses	(31,225)	(38,833)	(19.6)
Finance costs	(3,532)	(3,779)	(6.5)
Other losses – Note (ii)	(5,137)	(12,487)	(58.9)
Loss before tax from continuing operations	(3,741)	(21,724)	(82.8)
Income tax income / (expense)	8,720	(3,762)	(331.8)
Profit/(loss) from continuing operations, net	4,979	(25,486)	N.M.
of tax Loss from discontinued operations, net of tax – Note (iii)	(3,957)	(8,337)	(52.5)
Profit / (Loss) attributable to shareholders	1,022	(33,823)	N.M.
Note (i) – Other Gains Allowance for impairment on trade receivables – reversal Gain on disposal of subsidiary, net – Note (iv) Government grants	1,700 30,114 682 32,496	569 - 925 1,494	198.8 N.M. (26.3) 2075.1
Note (ii) – Other Losses Loss on disposal of property, plant and equipment Foreign exchange adjustment losses Impairment loss on property, plant and equipment Property, plant and equipment written-off Allowance for impairment on trade receivables –	(182) (424) - (723)	(28) (44) (5,374)	550.0 863.6 N.M. N.M.
loss	(3,808)	(7,041)	(45.9)
	(5,137)	(12,487)	(58.9)

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

	Period from 1 April 2016 to 31 August 2016 * RMB'000	FY2016 RMB'000	Increase/ (Decrease)
Note (iii) – Loss from discontinued operations, net of tax			
Revenue	121	2,008	(94.0)
Cost of sales	(110)	(1,615)	(93.2)
Gross profit	11	393	(97.2)
Interest income	184	529	(65.2)
Distribution costs	(107)	(271)	(60.5)
Administrative expenses	(1,937)	(5,474)	(64.6)
Finance costs	(995)	(3,540)	(71.9)
Other losses	(1,123)	_	N.M.
Loss before tax	(3,967)	(8,363)	(52.6)
Income tax income	10	26	(61.5)
Loss after tax	(3,957)	(8,337)	(52.5)

^{* 31} August 2016 been the effective date of completion, on which the control of subsidiary is passed to the acquirer.

	Group		Increase/
	FY2017	FY2016	(Decrease)
	RMB'000	RMB'000	%
Note (iv) - Gain on disposal of a subsidiary,			
net			
Consideration on disposal of a subsidiary	*	-	N.M.
Add: Net liabilities disposed	63,430	-	N.M.
Less: Waiver of amount due to Yinguang	(33,316)	-	N.M.
Technology			
Gain on disposal of a subsidiary, net	30,114	-	N.M.

^{*} Consideration on disposal is RMB 1

1(a)(ii) Profit/(loss) from continuing operations, net of tax was stated after crediting / (charging) :-

	Group		Increase/
	FY2017 RMB'000	FY2016 RMB'000	(Decrease)
Allowance for impairment on trade receivables –			
loss	(3,808)	(7,041)	(45.9)
Allowance for impairment on trade receivables –	(-,,	(-,-,	()
reversal	1,700	569	198.8
Amortisation expenses	(2,685)	(2,597)	3.4
Depreciation expenses	(18,285)	(19,511)	(6.3)
Foreign exchange adjustment losses	(424)	(44)	863.6
Gain on disposal of a subsidiary, net	30,114	-	N.M.
Impairment loss on property, plant and			
equipment	-	(5,374)	N.M.
Interest expense	(3,532)	(3,779)	(6.5)
Interest income from bank deposits	289	381	(24.1)
Property, plant and equipment written-off	(723)	-	N.M.
Loss on disposal of property, plant and			
equipment	(182)	(28)	550.0
Loss from discontinued operations, net of tax	(3,957)	(8,337)	(52.5)
Under adjustments of tax in respect of prior			
years	(393)	(275)	42.9

Statement of Comprehensive Income

	Group		Increase/
	FY2017 RMB'000	FY2016 RMB'000	(Decrease) %
Profit / (Loss) attributable to shareholders	1,022	(33,823)	N.M.
Foreign currency translation difference Total comprehensive income/(loss) for the	97	839	(88.4)
year	1,119	(32,984)	N.M.

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

	Group		Company	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS			•	
Non-current assets :				
Property, plant and equipment	207,940	223,197	113	44
Other assets, non-current	75,566	89,083	-	-
Investment in subsidiary	-	-	111,150	107,832
Deferred tax assets	17,327	7,514	-	-
Total non-current assets	300,833	319,794	111,263	107,876
Current assets :				_
Inventories	35,353	41,820		
Trade and other receivables (Note 1)	61,135	60,320	30	9,034
Other assets, current	20,365	21,640	143	137
Cash and cash equivalents	83,250	121,036	200	846
Total current assets	200,103	244,816	373	10,017
Total cultent assets	200,103	244,010	313	10,017
Total assets	500,936	564,610	111,636	117,893
EQUITY AND LIABILITIES				
Capital and reserves :				
Share capital	116,849	116,849	116,849	116,849
Retained earnings/(Accumulated losses)	163,355	162,333	(7,816)	2,671
Other reserves	88,969	88,872	(1,141)	(4,556)
Total equity	369,173	368,054	107,892	114,964
	,		- ,	
Non-Current liabilities :				
Deferred tax liabilities	2,075	2,365	-	=
Total non-current liabilities	2,075	2,365	-	-
•	<u> </u>			
Current liabilities :				
Trade and other payables (Note 2)	67,489	101,920	3,744	2,929
Other financial liabilities, current	59,650	83,663	-	-
Other liabilities	2,549	8,608	_	-
Total current liabilities	129,688	194,191	3,744	2,929
Total liabilities	131,763	196,556	3,744	2,929
·	,	,	,	,
Total liabilities and equity	500,936	564,610	111,636	117,893
Note 1				
Trade receivables	53,284	54,955	-	_
Amount receivable from subsidiary	-	-	30	9,034
Tax recoverable	_	3,832	-	-
Other receivables	7,851	1,533	-	_
Trade and other receivables	61,135	60,320	30	9,034
	21,122	30,220		2,02.
Note 2				
Trade payables and accruals	45,999	79,287	3,320	2,575
Other payables	21,490	22,633	424	354
Trade and other payables	67,489	101,920	3,744	2,929

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

Amount repayable in one year or less, or on demand

(RMB'000)

31 March 2017		31 March 2016	
Secured	Unsecured	Secured	Unsecured
59,650	-	70,461	13,202

Amount repayable after one year

(RMB'000)

31 March 2017		31 March 2016	
Secured	Unsecured	Secured Unsecured	
-	_	-	_

Details of any collateral

As at 31 March 2017, the Group has aggregate secured short-term loans from financial institutions of RMB 59.7 million.

Secured short-term bank loans of RMB 59.7 million are secured using our subsidiary, Shandong Yinguang Technology Co., Ltd ("Yinguang Technology)'s land and buildings with net book value of approximately RMB 80.3 million. The secured short-term bank loans bear an interest rate of 4.73% per annum.

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

corresponding period of the immediately preceding financial yea	Group		
	FY2017 RMB'000	FY2016 RMB'000	
Cash flows from operating activities			
Loss before tax from continuing operations	(3,741)	(21,724)	
Adjustments for:	2.000	7.041	
Allowance for impairment on trade receivables – loss	3,808	7,041	
Allowance for impairment on trade receivables – reversal	(1,700) 2,685	(569) 2.507	
Amortisation expenses Depreciation expense	18,285	2,597 19,511	
Gain on disposal of subsidiary, net (Note A)	(30,114)	19,311	
Loss on disposal of property, plant and equipment	182	28	
Impairment loss on property, plant and equipment	102	5,374	
Property, plant and equipment written-off	723	3,374	
Provision for safety expenses	1,806	2,691	
Net effect of exchange rate changes in translation of financial	1,000	2,071	
statements of parent	94	835	
Interest expenses	3,532	3,779	
Interest income	(289)	(381)	
Operating cash flows before changes in working capital	(4,729)	19,182	
Inventories	4,438	19,021	
Trade and other receivables	(11,289)	17,360	
Other assets	(4,123)	(1,356)	
Trade and other payables	10,592	(15,092)	
Other liabilities	(2,084)	(5,423)	
Net cash flows (used in) / from operations before interest and			
tax	(7,195)	33,692	
Income taxes paid	-	(9,603)	
Net cash flows (used in) / from operating activities, continuing			
operations	(7,195)	24,089	
Net cash flows (used in) / from discontinued operating activities	(34,220)	1,278	
Net cash (used in) / from operating activities, total	(41,415)	25,367	
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	1,708	80	
Purchase of property, plant and equipment	(12,385)	(10,277)	
Purchase of land use rights	(58)	(10,440)	
Decrease in cash restricted in use	(50)	7,000	
Disposal of a subsidiary (net cash disposed of) (Note A)	(492)	-	
Interest received	289	381	
Net cash flows used in investing activities, continuing			
operations	(10,938)	(13,256)	
Net cash flows from discontinued investing activities	34,944	529	
Net cash from / (used in) investing activities, total	24,006	(12,727)	
<u> </u>	,		
Cash flows from financing activities		(2.194)	
Dividends paid Proceeds from bank borrowings	81,550	(3,184) 96,400	
Repayment of borrowings	(67,400)	(96,400)	
Interest paid	(3,532)	(3,779)	
Net cash flows from / (used in) financing activities, continuing	10,618	(6,963)	
operations	10,016	(0,903)	
Net cash flows used in discontinued financing activities	(995)	(3,549)	
Net cash from / (used in) financing activities, total	9,623	(10,512)	
Net (decrease)/increase in cash and cash equivalents	(7,786)	2,128	
	(1,100)	2,120	
Cash and cash equivalents, statement of cash flows, beginning balance	91,036	88,908	
Cash and each equivalents statement of each flows and		•	
Cash and cash equivalents, statement of cash flows, ending balance (Note B)	83,250	91,036	
varance (Muc D)	03,430	71,030	

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

Group		
FY2017	FY2016	
RMB'000	RMB'000	

Note A: Disposal of a subsidiary (net cash disposed of)

During the current financial year, the book values of net assets of subsidiary disposed were as follows:

Draparty, plant and aguinment	(840)	
Property, plant and equipment Other assets, non-current	(10,774)	-
Inventories	, , ,	-
	(2,029)	-
Trade receivables	(3,716)	-
Tax recoverable	(3,439)	-
Other receivables	(5,329)	-
Other assets, current	(5,157)	-
Cash and cash equivalents	(492)	-
Deferred tax liabilities	980	-
Trade payables and accruals	14,920	-
Other payables	2,109	-
Due to Yinguang Technology	33,316	-
Other financial liabilities, current	38,163	-
Other liabilities	5,718	-
Net liabilities disposed of	63,430	-
Gain on disposal	63,430	-
Consideration on disposal of a subsidiary	*	_
Cash and cash equivalents	492	-
Net cash outflow	492	-
Gain on disposal of a subsidiary, net		
Consideration on disposal of subsidiary	*	_
Add: Net liabilities disposed of	63,430	_
Less: Waiver of amount due to Yinguang	,	
Technology	(33,316)	_
Gain on disposal of a subsidiary, net	30,114	-

^{*} Consideration on disposal is RMB 1

Note B: Analysis of Cash and cash equivalents

Cash and cash equivalents	83,250	121,036
Cash restricted in use *	=	(30,000)
Cash and cash equivalents, statement of		
cash flows	83,250	91,036

^{*} Cash restricted in use is pledged for trading facilities

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

Group (RMB'000)	Issued capital	Statutory reserve	Capital reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 April 2016 Total comprehensive income for the year	116,849	44,117	44,000	755 97	162,333 1,022	368,054 1,119
Balance at 31 March 2017	116,849	44,117	44,000	852	163,355	369,173
Balance at 1 April 2015 Appropriation for the year Dividend paid Total comprehensive income / (loss) for the year	116,849 - -	42,224 1,893	44,000	(84) - - 839	201,233 (1,893) (3,184) (33,823)	404,222 (3,184) (32,984)
Balance at 31 March 2016	116,849	44,117	44,000	755	162,333	368,054

Company (RMB'000)	Issued capital	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 April 2016 Total comprehensive income/(loss) for the year	116,849	(4,556) 3,415	2,671 (10,487)	114,964 (7,072)
Balance at 31 March 2017	116,849	(1,141)	(7,816)	107,892
Balance at 1 April 2015 Dividend paid Total comprehensive income/(loss) for the year	116,849	(12,815) - 8,259	16,204 (3,184) (10,349)	120,238 (3,184) (2,090)
Balance at 31 March 2016	116,849	(4,556)	2,671	114,964

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

Not applicable

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

Gr	Group						
31 March 2017	31 March 2016						
46,800,000	46,800,000						

Total number of issued shares

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

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

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

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

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

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

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

The Group has applied the same accounting policies and methods of computation as in the most recently audited financial statements, except for the separate disclosure as disclosed below:

The separate disclosure for continuing and discontinued operation's consolidated statement of comprehensive income and consolidated statement of cash flows for the reporting year ended 31 March 2016 was made to enhance comparability. It is not a restatement of the consolidated statement of comprehensive income and consolidated statement of cash flows for the reporting year ended 31 March 2016. There is no change to the numbers of the statement of financial position as at 1 April 2016.

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

Except as disclosed under Note 4 above, there are no material changes in the accounting policies and methods of computation.

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

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

Based on weighted average number of ordinary shares in issue Continuing operations Discontinued operations

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

Group							
FY2017	FY2016						
RMB cents	RMB cents						
10.64	(54.46)						
(8.46)	(17.81)						
2.18	(72.27)						
	, ,						
46,800,000	46,800,000						

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

- 7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
 - (a) current financial period reported on; and
 - (b) immediately preceding financial year.

	Gre	oup	Company	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RMB cents	RMB cents	RMB cents	RMB cents
Net asset value per ordinary share based on the issued shares at the end of the				
financial year	788.83	786.44	230.54	245.65
Number of issued shares use in				
calculating net asset value	46,800,000	46,800,000	46,800,000	46,800,000

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

Revenue

Product Types

Our products can be categorised mainly into (a) explosive devices such as boosters; (b) industrial fuse and initiating explosive devices such as detonating cords and non-electric tubes; (c) industrial detonators such as non-electric detonators and piston non-electric detonators; and (d) ammonium nitrate. The breakdown of our revenue by the above-mentioned product types and geographical segments during the financial year ended 31 March 2016 ("FY2016") and financial year ended 31 March 2017 ("FY2017") are as follows:

FY2017

FY2016

	RMB'000	%	RMB'000	%	change
Continuing operations					
Explosive devices	33,434	22.5	89,004	44.4	(62.4)
Industrial fuse and initiating explosive	,		,		,
devices	61,680	41.5	59,748	29.8	3.2
Industrial detonators	52,755	35.5	49,375	24.7	6.8
Others (1)	662	0.4	263	0.1	151.7
Total continuing operations	148,531	99.9	198,390	99.0	(25.1)
Discontinued operation					
Ammonium Nitrate	121	0.1	1,858	0.9	(93.5)
Others (1)	_	_	150	0.1	N.M.
Total discontinued operation	121	0.1	2,008	1.0	(94.0)
Consolidated revenue	148,652	100.0	200,398	100.0	(25.8)
					•
Geographical Segments	FY2017		FY20	16	%
Geographical Segments					
	RMB'000	%	RMB'000	%	change
Continuing operations					
Within PRC	117,515	79.0	122,084	60.9	(3.7)
	. ,-				` /
Outside PRC	,				` ,
Sales through export distributors (2)	3,366	2.3	1,622	0.8	107.5
Sales through export distributors (2) Australia	3,366 26,899	18.1	70,061	35.0	107.5 (61.6)
Sales through export distributors (2)	3,366 26,899 751	18.1 0.5	70,061 4,623	35.0 2.3	107.5 (61.6) (83.8)
Sales through export distributors (2) Australia	3,366 26,899	18.1	70,061	35.0	107.5 (61.6)
Sales through export distributors (2) Australia	3,366 26,899 751	18.1 0.5	70,061 4,623	35.0 2.3	107.5 (61.6) (83.8)
Sales through export distributors (2) Australia Others Total continuing operations	3,366 26,899 751 31,016	18.1 0.5 20.9	70,061 4,623 76,306	35.0 2.3 38.1	107.5 (61.6) (83.8) (59.4)
Sales through export distributors (2) Australia Others Total continuing operations Discontinued operation	3,366 26,899 751 31,016 148,531	18.1 0.5 20.9 99.9	70,061 4,623 76,306 198,390	35.0 2.3 38.1 99.0	107.5 (61.6) (83.8) (59.4) (25.1)
Sales through export distributors (2) Australia Others Total continuing operations <u>Discontinued operation</u> Within PRC	3,366 26,899 751 31,016 148,531	18.1 0.5 20.9 99.9	70,061 4,623 76,306 198,390 2,008	35.0 2.3 38.1 99.0	107.5 (61.6) (83.8) (59.4) (25.1)
Sales through export distributors (2) Australia Others Total continuing operations Discontinued operation Within PRC Total discontinued operation	3,366 26,899 751 31,016 148,531	18.1 0.5 20.9 99.9 0.1 0.1	70,061 4,623 76,306 198,390 2,008 2,008	35.0 2.3 38.1 99.0 1.0	107.5 (61.6) (83.8) (59.4) (25.1) (94.0) (94.0)
Sales through export distributors (2) Australia Others Total continuing operations <u>Discontinued operation</u> Within PRC	3,366 26,899 751 31,016 148,531	18.1 0.5 20.9 99.9	70,061 4,623 76,306 198,390 2,008	35.0 2.3 38.1 99.0	107.5 (61.6) (83.8) (59.4) (25.1)

Note:

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

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

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

Revenue

During FY2017, revenue from continuing operations decreased by approximately RMB 49.9 million or 25.1% to RMB 148.5 million from RMB 198.4 million in FY2016. The decrease in revenue was mainly attributed to temporary stoppage of our boosters production, which lasted till 26 May 2016 and our production capacity of boosters was further constrained by the boosters automation upgrading program as previously announced.

a) Sales within PRC

During FY2017, sales within PRC from continuing operations decreased by approximately RMB 4.6 million or 3.7%. The decrease in PRC sales was mainly attributed to the cessation of our two manual boosters production lines but partially offset by the increase in PRC sales of industrial fuse and initiating explosive devices and industrial detonators.

For discontinued operation, PRC sales of ammonium nitrate decreased by RMB 1.7 million due to the disposal of Hebei Yinguang Chemical Co., Ltd ("Hebei Yinguang") during 2Q2017.

b) <u>Sales through export distributors</u>

Sales through export distributors increased by approximately RMB 1.7 million or 107.5% from RMB 1.6 million during FY2016 to RMB 3.4 million during FY2017. The increment was mainly due to a shipment to South Africa during the current financial year.

c) Sales to Australia and other countries

Sales to Australia decreased by approximately RMB 43.2 million or 61.6% from RMB 70.1 million during FY2016 to RMB 26.9 million during FY2017. Sales to other countries decreased by approximately RMB 3.9 million or 83.8% from RMB 4.6 million in FY2016 to RMB 751,000 in FY2017.

Our boosters product segment accounted for majority of the Group's sales to Australia and other countries, hence our revenue in these market segments were significantly affected due to the previously announced boosters automation upgrading program.

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

Gross profit margin

Gross profit margin dipped by approximately 10.7 percentage points to 15.0% in FY2017, as compared to 25.7% in FY2016. The drop in gross profit margin during FY2017 was mainly due to the following reasons:

- 1. The temporary stoppage of boosters production during the first 2 months of FY2017;
- 2. The impact of lower sales from our boosters product segment due to lower production capacity as the Group embarks on our earlier announced boosters automation upgrading program; and
- 3. Lower selling prices of some of the product ranges due to market competition from other provinces.

Interest income / (Finance costs)

Interest income decreased by approximately RMB 92,000 or 24.1% mainly due to lower average bank deposits during the current financial year under review.

Finance costs decreased by approximately RMB 247,000 or 6.5% mainly due to lower bank lending interest rate.

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

Other gains

Other gains relate to write back of allowance for impairment on trade receivables of approximately RMB 1.7 million, net gain on disposal of a subsidiary of approximately RMB 30.1 million and government grants of approximately RMB 682,000.

Net gain on disposal of a subsidiary of RMB 30.1 million relates to the disposal of Hebei Yinguang that was approved by shareholders during the Extraordinary General Meeting held on 31 August 2016. For more information on the disposal of Hebei Yinguang, please refer to the Company's Circular dated 16 August 2016.

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

Other losses

Other losses relate to loss on disposal of property, plant and equipment of approximately RMB 182,000, foreign exchange adjustment losses of approximately RMB 424,000, property, plant and equipment written-off of approximately RMB 0.7 million and allowance for impairment on trade receivables of approximately RMB 3.8 million.

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

Allowance for impairment on trade receivables was based on the management's assessment on the Group's individual trade receivable as at the end of the period under review, in accordance to Singapore Financial Reporting Standards. The impairment of RMB 3.8 million for FY2017 was provided on those individual long outstanding and slow-moving trade receivables during the assessment as at 31 December 2016 and 31 March 2017, which was mainly attributed to the slowdown in China's economic growth that directly impacted the coal and iron-ore mining industries, which are the key markets for our commercial explosives products.

A review on the property, plant and equipment was carried out as of 31 December and 31 March and items of obsolescence were written-off, disposed-off or impaired according to their respective conditions. Loss on disposal of property, plant & equipment relates to the disposal of certain motor vehicles and equipment that were no longer in use and determined as part of the Group's cost-cutting measure.

Operating expenses

With lower revenue recorded in FY2017, distribution costs decreased by approximately RMB 0.7 million or 3.5% from FY2016's RMB 19.6 million to FY2017's RMB 18.9 million. However, the rate of decrease in distribution costs was lower than the rate of decrease in revenue mainly due to the increment in sales of initiating fuse and initiating devices which have higher distribution costs.

Administrative expenses also decreased by approximately RMB 7.6 million or 19.6% to approximately RMB 31.2 million in FY2017 as compared to the previous financial year due to lower revenue recorded in FY2017 and a retrenchment payout of approximately RMB 3.0 million during FY2016.

Income tax expenses

During FY2017, the Group registered a loss before tax from continuing operations of RMB 3.7 million (FY2016: RMB 21.7 million) and an income tax income of RMB 8.7 million (FY2016: Income tax expense of RMB 3.8 million). The income tax income for FY2017 is mainly due to the deferred tax assets recognized on Yinguang Technology's loss before income tax. The income tax expenses for FY2016 was mainly due to the taxable profits of Yinguang Technology during FY2016, partially offset by the deferred tax assets recognized on the loss incurred during the temporary stoppage of production activities during the second half of FY2016.

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

Statement of Financial Position

Property, plant and equipment decreased by approximately RMB 15.3 million, mainly due to the depreciation charged for the current financial year under review of approximately RMB 18.3 million, the disposal of certain property, plant and equipment of approximately RMB 7.8 million and the disposal of Hebei Yinguang during the current financial year. The decrease was partially offset by the acquisition of property, plant and equipment of approximately RMB 12.4 million.

Other assets, non-current relate to the Group's land use rights, which decreased by approximately RMB 13.5 million mainly due to the disposal of Hebei Yinguang and the amortisation charges during the current year under review.

Deferred tax assets relate mainly to the deferred tax differences for the allowance for impairment on trade and other receivables, provision for safety expenses and deferred tax on tax losses incurred. Increase in deferred tax assets is mainly due to the deferred tax recognized on FY2017's tax losses for Yinguang Technology.

Inventories, trade and other receivables, other assets and cash and cash equivalents, represented approximately 17.7%, 30.5%, 10.2% and 41.6% respectively of our total current assets as at 31 March 2017.

Inventories decreased by approximately RMB 6.5 million or 15.5% to RMB 35.4 million as at 31 March 2017, as compared to RMB 41.8 million as at 31 March 2016. The decrease is mainly due to lesser raw materials held in inventories as at 31 March 2017 as compared to 31 March 2016 as well as the decrease in inventories resulting from the disposal of Hebei Yinguang.

During the current financial year under review, trade and other receivables increased by approximately RMB 0.8 million or 1.4% to RMB 61.1 million as at 31 March 2017, mainly due to a refundable deposit for the acquisition of office space of approximately RMB 6.0 million, partially offset by the disposal of Hebei Yinguang and an allowance for impairment on trade receivables made of approximately RMB 3.8 million during FY2017.

Other assets, current comprising the Group's deposits and prepayments, decreased marginally by approximately RMB 1.3 million or 5.9% to RMB 20.4 million as at 31 March 2017.

As at 31 March 2017, our current liabilities comprised of trade and other payables of approximately RMB 67.5 million, other current financial liabilities of approximately RMB 59.7 million and other liabilities of RMB 2.5 million. Non-current liabilities comprised of deferred tax liabilities of RMB 2.1 million.

Trade and other payables decreased by approximately RMB 34.4 million mainly due to the disposal of Hebei Yinguang and the repayment of a RMB 30.0 million bills payables during first quarter of FY2017.

As at 31 March 2017, other current financial liabilities of RMB 59.7 million relates to secured bank loans of Yinguang Technology. The decrease was mainly due to the disposal of Hebei Yinguang.

Other liabilities of RMB 2.5 million relate to the Group's provision for safety expenses, advances from customers and a deferred government grant. The decrease was mainly due to the disposal of Hebei Yinguang.

Deferred tax liabilities of RMB 2.1 million relates to the deferred tax liabilities for the withholding tax on dividend payable by our subsidiary in China. The decrease was due to the disposal of Hebei Yinguang.

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

Cash flow

For the financial year ended 31 March 2017, the Group recorded net cash used in operating activities of approximately RMB 41.4 million, net cash from investing activities of approximately RMB 24.0 million and net cash from financing activities of approximately RMB 9.6 million.

The net cash used in operating activities is mainly due to the net cash flows used in discontinued activities, in particular the repayment of Hebei Yinguang's RMB 30.0 million bill payable during the first quarter of FY2017. FY2017 has been a challenging year for the Group and the management has been actively looking into new measures to further improve our operating cash flows going forward.

The net cash from investing activities of RMB 24.0 million is mainly due to the net cash flows from discontinued activities, in particular the decrease in Hebei Yinguang's cash restricted in use of RMB 30.0 million together with the repayment of its bill payable in the first quarter of FY2017, partially offset by the purchase of property, plant and equipment of RMB 12.4 million.

The net cash from financing activities of approximately RMB 9.6 million is mainly due to the net cash received from bank borrowings of approximately RMB 14.1 million, partially offset by the payment of interest expenses.

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

The current financial year results for the 12-months period ended 31 March 2017 are in line with the Company's commentary as disclosed under paragraph 10 of the third quarter results announcement for the financial period ended 31 December 2016.

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

China market updates

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

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

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

Update on our boosters production facilities

As previously announced, Yinguang Technology's automated boosters production line only resumed operation on 25 May 2016 after the authority gave us the necessary clearance. Together with the new safety directives issued, Yinguang Technology's two manual production lines of boosters had also ceased production.

During April 2017, Yinguang Technology's second automated boosters production line has successfully passed the authority's inspection and was approved for trial production. However, this second automated boosters production line may require few months to ramp up its production capability.

As a result of the cessation of the two manual boosters production lines, our revenue and profitability will continue to be affected, however, with the commencement of the second automated boosters production line, the impact should be mitigated going forward.

11. Dividend

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

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

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

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

13. Interested Person Transaction

		Aggregate all interest transa (exclutransaction \$100,00 transa conducted sharehemandate p Rule	ted person action ading as less than 00 and ctions d under a olders' ursuant to 920)	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
Name of interested	Nature	FY2017 RMB'000	FY2016 RMB'000	FY2017 RMB'000	FY2016 RMB'000
Shandong Yinguang Security Services Co., Ltd	Provision of security services	6,500	7,200	_	_
Wulian Hanyue Blasting Services Co., Ltd	Sales of commercial explosives	6,427	_	_	_
Dyno Nobel (1)	Sales of commercial explosives	_	_	7,574	21,118

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 28 July 2016.

PART I I – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Business segments

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

Profit or Loss from Continuing Operations and Reconciliations

<discontinued <="" operations=""> Operation></discontinued>								
RMB'000	Explosive devices	Industrial fuse and initiating devices	Industrial detonators	Ammonium Nitrate	Unallocated	Total		
FY2017								
Revenue by segment	33,434	61,680	52,755	121	662	148,652		
Recurring EBITDA ¹	6,440	12,631	9,188	(3,016)	536	25,779		
Depreciation	(2,521)	(5,047)	(7,780)	(24)	(2,937)	(18,309)		
Amortisation	(382)	_	(233)	(116)	(2,070)	(2,801)		
ORBIT ²	3,537	7,584	1,175	(3,156)	(4,471)	4,669		
Interest income					473	473		
Finance costs					(4,527)	(4,527)		
Unallocated corporate expenses					(8,323)	(8,323)		
Loss before tax from operations						(7,708)		
Income tax expenses Profit from					-	8,730		
operations					-	1,022		

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

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

² ORBIT refers to operating result before interests and income taxes and other unallocated items

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

Assets and Reconciliations

<discontinued <=""> Operations></discontinued>									
RMB'000	Explosive devices	Industrial fuse and initiating devices	Industrial detonators	Ammonium Nitrate	Unallocated	Total			
FY2017									
Total assets for									
reporting segments	63,210	70,788	78,705	_	_	212,703			
Unallocated:									
Property, plant & 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					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			

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

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

Liabilities and Reconciliations

	<discontinued <="" continuing="" operations=""> Operation></discontinued>						
RMB'000	Explosive devices	Industrial fuse and initiating devices	Industrial detonators	Ammonium Nitrate	Unallocated	Total	
FY2017							
Total liabilities for							
reporting 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	

FY2016						
Total liabilities for reporting segments	701	915	2,259	88,967	_	92,842
Unallocated:						
Deferred tax liabilities					2,365	2,365
Trade and other					52.022	52.022
payables					53,022	53,022
Other liabilities					2,827	2,827
Other financial						
liabilities					45,500	45,500
Total group liabilities	701	915	2,259	88,967	103,714	196,556
			_	_		

Other Material Items and Reconciliations

				<discontinued< th=""><th></th><th></th></discontinued<>			
	<(Continuing Operations	>	Operation>			
RMB'000	Explosive devices	Industrial fuse and initiating devices	Industrial detonators	Ammonium Nitrate	Unallocated	Total	
Other non-cash expenses	other than dep	preciation/amortis	ation				
FY2017	_	_	_	(1,123)	27,101	25,978	
FY2016	5,374	_	_	_	6,500	11,874	
Expenditures for non-current assets:							
FY2017	4,229	772	2,763	_	4,679	12,443	
FY2016	6,220	1,249	811	_	3,828	12,108	

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

Geographical information

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

RMB'000	Revenue			
	FY2017	FY2016		
Continuing operations				
Within PRC	117,515	122,084		
Outside PRC				
Sales through export distributors	3,366	1,622		
Australia	26,899	70,061		
Singapore	_	_		
Others *	751	4,623		
Subtotal for all foreign countries	31,016	76,306		
Total continuing operations	148,531	198,390		
Discontinued operation				
Within PRC	121	2,008		
Total discontinued operation	121	2,008		
Consolidated revenue	148,652	200,398		

^{*} Others include Kyrgyzstan, Mongolia, Indonesia

RMB'000	Non-current assets		
	FY2017	FY2016	
Within PRC	283,393	312,236	
Singapore	113	44	
	283,506	312,280	

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

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

Business segments

During FY2017, revenue from our explosives devices and ammonium nitrate segments decreased by 62.4% and 93.5% respectively. Explosives devices, consist of boosters decreased mainly due to the cessation of the two manual production lines while the second automated line is still in progress during FY2017. Due to the poor ammonium nitrate market condition, the Group disposed Hebei Yinguang, which manufacture ammonium nitrate, during FY2017. However, our sales of industrial fuse and initiating explosives devices and industrial detonators improved by 3.2% and 6.8%, respectively. The improved in sales of these two product segments is mainly due to the temporary cease production order during FY2016.

Geographical segments

PRC sales from continuing operations decreased by approximately RMB 4.6 million or 3.7% and overseas sales decreased by approximately RMB 45.3 million or 59.4% in FY2017. PRC and export revenue from both continuing and discontinued operations represent approximately 79.1% (FY2016: 61.9%) and 20.9% (FY2016: 38.1%) of the total revenue for FY2017. The increase in proportion of local PRC sales over overseas sales is mainly due to the decreased in sales of boosters as our export sales mainly consists of boosters sales.

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

16. A breakdown of sales.

	Gr	Increase/	
	FY2017	FY2016	(Decrease)
	RMB'000	RMB'000	%
Revenue reported for first half year	60.201	1.12.0.00	(52.6)
- Continuing operations	68,291	143,969	(52.6)
 Discontinued operation 	121	1,419	(91.5)
	68,412	145,388	(52.9)
Operating profit/(loss) after tax reported for first half year			
- Continuing operations	13,349	13,702	(2.6)
- Discontinued operation	(3,957)	(4,747)	(16.6)
1	9,392	8,955	4.9
D 11 15			
Revenue reported for second half year	00.40		
- Continuing operations	80,240	54,421	47.4
 Discontinued operation 	-	589	N.M.
	80,240	55,010	45.9
Operating loss after tax reported for second half year			
- Continuing operations	(8,370)	(39,188)	(78.6)
- Discontinued operation	_	(3,590)	N.M.
r	(8,370)	(42,778)	(80.4)

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

Total annual dividend

	FY2017	FY2016	
	RMB'000	RMB'000	
Ordinary Preference	-	3,184	
Total	-	3,184	

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

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Sun Qiang	45	Son of Sun Bowen, the Managing Director	Current Position: Sales and Marketing Manager. Duties: Responsible for the sales and marketing function of the Group. Year position first held: 2003	No changes in duties and position during the year.

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

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

BY ORDER OF THE BOARD SUN BOWEN MANAGING DIRECTOR 30 MAY 2017