



Fabchem China Limited

Company registration number : 200413128G

Financial Statements for the 1st Quarter ended 30 June 2014 (“1Q2015”)

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/ (Decrease) %
	3 months ended 30 June 2014 RMB'000	3 months ended 30 June 2013 RMB'000	
Revenue	111,765	106,778	4.7
Cost of sales	(79,509)	(83,774)	(5.1)
Gross profit	32,256	23,004	40.2
<u>Other Items of Income</u>			
Interest income	246	124	98.4
Other credits – Note (i)	865	755	14.6
<u>Other Items of Expense</u>			
Distribution costs	(8,129)	(7,688)	5.7
Administrative expenses	(10,962)	(10,594)	3.5
Finance costs	(2,117)	(1,658)	27.7
Other charges – Note (ii)	-	(5)	N.M.
Profit before income tax	12,159	3,938	208.8
Income tax expense	(5,140)	(2,259)	127.5
Profit attributable to shareholders	7,019	1,679	318.0
Note (i) – Other Credits			
Allowance for impairment on trade receivables - reversal	-	5	N.M.
Foreign exchange adjustment gain	743	750	(0.9)
Government grant	122	-	N.M.
	865	755	14.6
Note (ii) – Other Charges			
Bad debts written off	-	(5)	N.M.
	-	(5)	N.M.
Profit before income tax was stated after crediting / (charging) :-			
Allowance for impairment on trade receivables - reversal	-	5	N.M.
Amortisation expenses	(839)	(895)	(6.3)
Bad debts written off	-	(5)	N.M.
Depreciation expenses	(4,652)	(4,974)	(6.5)
Foreign exchange adjustment gain	743	750	(0.9)
Interest expense	(2,117)	(1,658)	27.7
Interest income from bank deposits	246	124	98.4

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

	Group		Increase/ (Decrease) %
	3 months ended 30 June 2014 RMB'000	3 months ended 30 June 2013 RMB'000	
Profit attributable to shareholders	7,019	1,679	318.0
Foreign currency translation difference	77	(1,149)	N.M.
Total comprehensive income for the period	<u>7,096</u>	<u>530</u>	1238.9

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

	Group		Company	
	30 June 2014 RMB'000	31 March 2014 RMB'000	30 June 2014 RMB'000	31 March 2014 RMB'000
ASSETS				
Non-current assets :				
Property, plant and equipment	245,610	243,687	205	232
Intangible assets	3,737	3,953	-	-
Other assets, non-current	92,369	90,977	-	-
Investment in subsidiary	-	-	111,035	110,386
Deferred tax assets	3,275	3,183	-	-
Total non-current assets	344,991	341,800	111,240	110,618
Current assets :				
Inventories	64,365	63,874	-	-
Trade and other receivables (Note 1)	104,673	90,006	14,521	16,167
Other assets, current	18,913	7,724	122	142
Cash and cash equivalents	146,449	99,473	384	600
Total current assets	334,400	261,077	15,027	16,909
Total assets	679,391	602,877	126,267	127,527
EQUITY AND LIABILITIES				
Capital and reserves :				
Share capital	116,849	116,849	116,849	116,849
Retained earnings	200,280	194,706	7,121	9,720
Other reserves	83,733	82,211	(1,800)	(2,527)
Total equity	400,862	393,766	122,170	124,042
Non-Current liabilities :				
Deferred tax liabilities	3,896	3,781	-	-
Total non-current liabilities	3,896	3,781	-	-
Current liabilities :				
Income tax payable	3,476	689	-	-
Trade and other payables (Note 2)	160,129	108,798	4,097	3,485
Other financial liabilities, current	106,672	90,172	-	-
Other liabilities	4,356	5,671	-	-
Total current liabilities	274,633	205,330	4,097	3,485
Total liabilities	278,529	209,111	4,097	3,485
Total liabilities and equity	679,391	602,877	126,267	127,527
Note 1				
Trade receivables	100,221	85,591	-	-
Amount receivable from subsidiary	-	-	14,521	16,167
Tax recoverable	3,439	3,439	-	-
Other receivables	1,013	976	-	-
Total trade and other receivables	104,673	90,006	14,521	16,167
Note 2				
Trade payables and accruals	133,503	83,737	3,594	3,171
Other payables	26,626	25,061	503	314
Total trade and other payables	160,129	108,798	4,097	3,485

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

Amount repayable in one year or less, or on demand

(RMB'000)

30 June 2014		31 March 2014	
Secured	Unsecured	Secured	Unsecured
68,500	38,172	62,000	28,172

Amount repayable after one year

(RMB'000)

30 June 2014		31 March 2014	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

As at 30 June 2014, the Group has secured borrowings comprising secured short-term loans from financial institutions of RMB 68.5 million. Unsecured borrowings relates to a loan from a third party of RMB 8.2 million and short-term loans from financial institutions of RMB 30.0 million.

Secured short-term bank loans of RMB 68.5 million are secured using Shandong Yinguang Technology Co., Ltd's ("Yinguang Technology") land and buildings with net book value of approximately RMB 91.3 million. The secured short-term bank loans' interest rates ranged from 6.048% to 6.48% per annum.

Unsecured borrowing of RMB 8.2 million relates to a loan from Linxi County Nitrogenous Fertilizer Co., Ltd. Unsecured short-term bank loan of RMB 30.0 million is guaranteed by a corporate guarantee from Shandong Yinguang Chemical Group Co., Ltd ("Yinguang Chemical Group"), the former holding company of Hebei Yinguang Chemical Co., Ltd ("Hebei Yinguang"), and has interest rate ranging from 7.2% to 7.5% per annum.

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

	Group	
	3 months ended 30 June 2014 RMB'000	3 months ended 30 June 2013 RMB'000
Cash flows from operating activities		
Profit before income tax	12,159	3,938
Adjustments for :		
Amortisation expenses	839	895
Depreciation expense	4,652	4,974
Allowance for impairment on trade receivables - reversal	-	(5)
Bad debts written off	-	5
Interest income	(246)	(124)
Interest expenses	2,117	1,658
Provision for safety expenses	1,378	1,390
Net effect of exchange rate changes in translation of financial statements of Parent	76	(1,151)
Operating profit before working capital changes	20,975	11,580
Inventories	(491)	11,987
Trade and other receivables	(14,982)	(2,951)
Other assets	(10,874)	508
Trade and other payables	49,953	(29,318)
Other liabilities	(1,315)	186
Cash generated from/(used in) operations	43,266	(8,008)
Income tax paid	(2,330)	(3,666)
Net cash from/(used in) operating activities	40,936	(11,674)
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,574)	(9,612)
Purchase of land use rights	(2,015)	-
Interest received	246	124
Net cash used in investing activities	(8,343)	(6,503)
Cash flows from financing activities		
Repayment of finance lease obligation	-	(7)
Proceeds from bank borrowings	90,500	44,000
Repayment of borrowings	(74,000)	(40,047)
Interest paid	(2,117)	(1,658)
Net cash from financing activities	14,383	2,288
Net increase/(decrease) in cash	46,976	(15,889)
Cash at beginning of the period	99,473	120,011
Cash at end of the period	146,449	104,122

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.

	Share capital	Statutory reserve	Capital reserve	Foreign currency translation reserves	Retained earnings	Total
Group (RMB'000)						
Balance at 1 April 2014	116,849	37,981	44,000	230	194,706	393,766
Appropriation for the period	-	1,445	-	-	(1,445)	-
Total comprehensive income for the period	-	-	-	77	7,019	7,096
Balance at 30 June 2014	116,849	39,426	44,000	307	200,280	400,862
Balance at 1 April 2013	116,849	35,009	44,000	1,392	263,139	460,389
Appropriation for the period	-	629	-	-	(629)	-
Total comprehensive income for the period	-	-	-	(1,149)	1,679	530
Balance at 30 June 2013	116,849	35,638	44,000	243	264,189	460,919

	Share capital	Foreign currency translation reserves	Retained earnings	Total
Company (RMB'000)				
Balance at 1 April 2014	116,849	(2,527)	9,720	124,042
Total comprehensive loss for the period	-	727	(2,599)	(1,872)
Balance at 30 June 2014	116,849	(1,800)	7,121	122,170
Balance at 1 April 2013	116,849	2,271	27,299	146,419
Total comprehensive loss for the period	-	(5,279)	(1,185)	(6,464)
Balance at 30 June 2013	116,849	(3,008)	26,114	139,955

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

Not applicable.

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

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

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

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

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

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

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

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

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

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

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

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

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

Earnings per ordinary share for the year based on net profit attributable to shareholders :

Based on weighted average number of ordinary shares in issue

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

Group	
3 months ended 30 June 2014	3 months ended 30 June 2013
RMB cents	RMB cents
3.00	0.72
234,000,000	234,000,000

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

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

- (a) **current financial period reported on; and**
 (b) **immediately preceding financial year.**

	Group		Company	
	30 June 2014	31 March 2014	30 June 2014	31 March 2014
	RMB cents	RMB cents	RMB cents	RMB cents
Net asset value per ordinary share based on the issued shares at the end of the financial year	171.31	168.28	52.21	53.01
Number of issued shares use in calculating net asset value	234,000,000	234,000,000	234,000,000	234,000,000

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

Revenue

Revenue for the 3-month period ended 30 June 2014 ("1Q2015") increased by approximately RMB 5.0 million or 4.7%, from RMB 106.8 million of the 3-month period ended 30 June 2013 ("1Q2014") to RMB 111.8 million in 1Q2015. The increase in revenue was mainly due to the increase sales of explosives devices and industrial fuse and initiating explosive devices, partially offset by the lower sales of industrial detonators.

Our products can be categorised mainly into (a) explosive devices such as boosters and seismic charges; (b) industrial fuse and initiating explosive devices such as detonating cords and non-electric tubes; (c) industrial detonators such as non-electric detonators and piston non-electric detonators; and (d) ammonium nitrate.

The breakdown and comparison of our revenue by the above product types and geographical segments between 1Q2015 and 1Q2014 are as follows:

	Group				% change
	3 months ended 30 June 2014 ("1Q2015")		3 months ended 30 June 2013 ("1Q2014")		
	RMB'000	%	RMB'000	%	
Explosive devices	35,551	31.8	30,060	28.1	18.3
Industrial fuse and initiating explosive devices	31,163	27.9	28,786	27.0	8.3
Industrial detonators	21,020	18.8	24,233	22.7	(13.3)
Ammonium Nitrate	23,830	21.3	23,698	22.2	0.6
Others ⁽¹⁾	201	0.2	1	N.M.	N.M.
	111,765	100.0	106,778	100.0	4.7

	Group				% change
	3 months ended 30 June 2014 ("1Q2015")		3 months ended 30 June 2013 ("1Q2014")		
	RMB'000	%	RMB'000	%	
Within PRC	81,364	72.8	78,716	73.7	3.4
Outside PRC					
Sales through export distributors ⁽²⁾	-	-	3,832	3.6	N.M.
Australia	26,240	23.5	23,141	21.7	13.4
Others	4,161	3.7	1,089	1.0	282.1
	30,401	27.2	28,062	26.3	8.3
	111,765	100.0	106,778	100.0	4.7

Note :

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

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

a) Sales within PRC

Sales within PRC increased by approximately RMB 2.6 million or 3.4% to RMB 81.4 million in 1Q2015, as compared to RMB 78.7 million in the previous corresponding period. The increment was mainly due to higher PRC sales of industrial fuse and initiating explosives devices by approximately RMB 3.7 million, which was partially offset by the marginal decrease in PRC sales of explosive devices and industrial detonators segments.

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 (Cont'd)

a) **Sales within PRC (Cont'd)**

The decrease in PRC sales of explosive devices was mainly due to the cessation of seismic charge production and sales since 3Q2014 and the general reduced in mining activities in China. The cessation of seismic charge production was a result of an unrelated explosion accident that occurred at a seismic charge manufacturing facility in the Shandong Province and as such, all production of seismic charges in Shandong Province were required to cease manufacturing by the authorities. The decrease in PRC sales of industrial detonators was mainly due to general reduced in mining activities in China.

Sales of ammonium nitrate remained relatively stable at RMB 23.8 million for 1Q2015. Average selling price for ammonium nitrate continue to drop by 9.8% while sales quantity increased by 13.9% during 1Q2015 as compared to the previous corresponding quarter.

b) **Sales through export distributors**

There are no sales to export distributors during the current quarter under review as there are no scheduled shipments.

c) **Sales to Australia**

Sales to Australia increased by approximately RMB 3.1 million or 13.4%. The increase is mainly due to increase in sales to Dyno Nobel Australia.

d) **Sales to other countries**

Sales to other countries increased by approximately RMB 3.1 million or 282.1%. The increment is mainly due to scheduled shipments to other countries, such as Indonesia and Mongolia.

All local 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 increased by approximately 7.4 percentage points, from 21.5% during 1Q2014 to 28.9% during 1Q2015. The increase is mainly due to better margins for explosives devices and industrial detonators as the average cost of goods sold per unit in 1Q2015 is lower than 1Q2014 due to the temporary cease production directive during 1Q2014.

Gross profit margin for our ammonium nitrate segment also improved mainly due to lower depreciation charged for 1Q2015 as majority of our ammonium nitrate's fixed assets have been impaired as at 31 March 2014. The impairment of the Group's ammonium nitrate business activities, under Hebei Yinguang, was determined by the directors to ensure that the Group's balance sheet reflect asset values conservatively as it is projected that the Group's ammonium nitrate business will continue to incur operating losses until market conditions improve.

Interest income / (Finance costs)

Interest income increased by approximately RMB 122,000 mainly due to the higher average bank deposits during the current period under review. Finance costs increased by approximately RMB 459,000 mainly due to the higher bank loans recorded during the current period under review. In addition, during 1Q2014, interest expenses amounting to approximately RMB 281,000 was capitalised under construction-in-progress.

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 credits / (Other charges)

For 1Q2015, other credits includes foreign exchange adjustment gain of approximately RMB 743,000 and government grant of RMB 122,000. Other credits for 1Q2014 comprise reversal of allowance for impairment on trade receivables of RMB 5,000 and foreign exchange adjustment gain of approximately RMB 750,000. Government grant relates to a grant for certain plant and equipment which will be amortised over 3 years. Foreign exchange adjustment gain or loss arises from foreign exchange rate changes between Renminbi (RMB), US Dollars and Singapore Dollars.

Other charges for 1Q2014 relates to a bad debt of approximately RMB 5,000 that was written-off. There were no such charges for 1Q2015.

Operating expenses

Distribution costs and administrative expenses increased in line with the increase in our revenue.

Income tax expenses

The effective tax rate for 1Q2015 was 42.3% (1Q2014: 57.4%). This is higher than the PRC concessionary tax rate of 25.0% mainly due to the loss-making position of Hebei Yinguang and the non-deductible expenses of the Group.

Balance sheet

Property, plant and equipment increased by approximately RMB 1.9 million, mainly due to the acquisition of property, plant and equipment for the boosters upgrading project, partially offset by the depreciation charged for the current period under review.

Intangible assets comprise of the Group's licences and customer relationships which arose during the purchase price allocation ("PPA") exercise for the acquisition of Hebei Yinguang during FY2010, performed in accordance with the Singapore Financial Reporting Standards. Intangible assets decreased by approximately RMB 0.2 million mainly due to the amortisation charges during the current period under review.

Other assets, non-current relate to the Group's land use rights, which increased by approximately RMB 1.4 million mainly due to the payment for the 2 parcels of land that are in the progress of obtaining the legal land use rights, but partially offset by the amortisation charges during the current period under review.

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

Inventories, trade and other receivables, other assets and cash and cash equivalents, represented approximately 19.2%, 31.4%, 5.6% and 43.8% respectively of our total current assets as at 30 June 2013.

Inventories increased marginally by approximately RMB 0.5 million or 0.8% to RMB 64.4 million as at 30 June 2014, as compared to RMB 63.9 million as at 31 March 2014.

During the current quarter under review, trade receivables increased by approximately RMB 14.6 million mainly due to increase in sales revenue.

Other assets, current comprising the Group's prepayments, increased by approximately RMB 10.9 million or 144.9% to RMB 18.9 million as at 30 June 2014. The increase is mainly due to increase in prepayments for raw materials.

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)**

Balance sheet (Cont'd)

As at 30 June 2014, our current liabilities comprised of income tax payable of RMB 3.5 million, trade and other payables of approximately RMB 160.1 million, other current financial liabilities of approximately RMB 106.7 million and other liabilities of RMB 4.4 million. Non-current liabilities comprised of deferred tax liabilities of RMB 3.9 million.

Trade and other payables increased by approximately RMB 49.8 million mainly due to the increase in purchases of raw materials and slower payments to creditors.

As at 30 June 2014, other current financial liabilities of RMB 106.7 million comprised of bank loans of RMB 98.5 million and third party loan of RMB 8.2 million. The increment of RMB 16.5 million from RMB 90.2 million as at 31 March 2014 was mainly due to the additional bank loans obtained by the Group during 1Q2015 upon repayment before 31 March 2014. Adhering to the customary banking practices in the PRC, the Group's bank loans are for a period of one year or less.

Other liabilities of RMB 4.4 million relate to the Group's advances from customers.

Deferred tax liabilities of RMB 3.9 million relate mainly to the deferred tax difference upon the finalisation of the PPA exercise in relation to the acquisition of Hebei Yinguang in 2008 and the deferred tax liabilities for the withholding tax on dividend payable by our China subsidiary.

Cash flow

For the current quarter ended 30 June 2014, the Group has net cash from operating activities of approximately RMB 40.9 million, net cash used in investing activities of approximately RMB 8.3 million and net cash from financing activities of approximately RMB 14.4 million.

The net cash from operating activities of approximately RMB 40.9 million was mainly due to slower payments to creditors.

The net cash used in investing activities of approximately RMB 8.3 million was mainly due to the acquisition of property, plant and equipment for the upgrading of boosters production facilities and the payment for land use rights, which was partially offset by the interest received.

The net cash from financing activities of approximately RMB 14.4 million was mainly due to the increase in bank loans of RMB 16.5 million, which was 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.**

No forecast or prospect statement has been issued.

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

Update on the new ammonium nitrate production facilities

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

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

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

11. **Dividend**

(a) ***Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

None.

(b) ***Corresponding Period of the Immediately Preceding Financial Year***

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

None.

(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 period reported on.

13. Interested Person Transaction

		Aggregate value of all interested person transaction (excluding transactions less than \$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
		1Q2015	1Q2014	1Q2015	1Q2014
Name of interested person	Nature	RMB'000	RMB'000	RMB'000	RMB'000
Shandong Yinguang Security Services Co., Ltd	Provision of security service	7,200	-	-	-
Zaozhuang Yinguang Construction Co., Ltd	Provision of construction and renovation service	757	-	-	-
Shandong Yinguang Minbao Qicai Co., Ltd ⁽¹⁾	Sales of ammonium nitrate	3,885	2,067	-	-
Dyno Nobel ⁽²⁾	Sales of commercial explosives	-	-	11,358	3,775

Footnotes:

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

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

14. Negative assurance confirmation pursuant to Rule 705(4) of the Listing Manual

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited 1st quarter financial statements set out above to be false or misleading in any material aspect.

For and On behalf of the Board of Directors

Sun Bowen
Managing Director

Bao Hongwei
Director

BY ORDER OF THE BOARD
SUN BOWEN
MANAGING DIRECTOR
13 AUGUST 2014