



Fabchem China Limited

Company registration number : 200413128G

Financial Statements for the Financial Year ended 31 March 2020 (“FY2020”)

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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) % |
|---|--------------------------------|------------------------------|------------------------------|
| | Unaudited FY2020 RMB'000 | Audited FY2019 RMB'000 | |
| Revenue | 114,926 | 154,416 | (25.6%) |
| Cost of sales | (81,864) | (125,805) | (34.9%) |
| Gross profit | 33,062 | 28,611 | 15.6% |
| <u>Other Items of Income</u> | | | |
| Interest income | 275 | 293 | (6.1%) |
| Other gains – Note (i) | 8,014 | 6,040 | 32.7% |
| <u>Other Items of Expense</u> | | | |
| Distribution costs | (15,886) | (20,794) | (23.6%) |
| Administrative expenses | (34,975) | (32,150) | 8.8% |
| Finance costs – Note (ii) | (5,404) | (5,015) | 7.8% |
| Other losses – Note (iii) | (5,953) | (124,225) | (95.2%) |
| Loss before tax | (20,867) | (147,240) | N.M. |
| Income tax expenses | (16,456) | (3,133) | 425.2% |
| Loss after tax | (37,323) | (150,373) | N.M. |
| <u>Other comprehensive income</u> | | | |
| Foreign currency translation reserve, net of tax | (13) | 36 | N.M. |
| Total comprehensive loss for the year | (37,336) | (150,337) | N.M. |
| Note (i) – Other Gains | | | |
| Reversal of allowance for impairment on trade receivables | 6,660 | 1,378 | 383.3% |
| Foreign exchange adjustment gains | 340 | 448 | (24.1%) |
| Gain on disposal of assets held for sales | 631 | - | N.M. |
| Gain on disposal of land use rights | - | 3,470 | N.M. |
| Gain on disposal of property, plant and equipment | 33 | 77 | (57.1%) |
| Government grants | 211 | 667 | (68.4%) |
| Inventories write down reversal | 139 | - | N.M. |
| | 8,014 | 6,040 | 30.4% |
| Note (ii) – Finance costs | | | |
| Loan interest | (4,078) | (3,800) | 7.3% |
| Interest expenses on financial liabilities measured at amortised cost | (1,297) | (1,215) | 6.7% |
| Interest on lease liability | (29) | - | N.M. |
| | (5,404) | (5,015) | 7.8% |

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)

| Group | | Increase/ (Decrease) % |
|---|---------------------------------------|---------------------------------------|
| Unaudited FY2020 RMB'000 | Audited FY2019 RMB'000 | |

Note (iii) – Other Losses

| | | | |
|---|----------------|------------------|----------------|
| Inventories written down | - | (139) | N.M. |
| Inventories written-off | (102) | (253) | (59.7%) |
| Impairment on property, plant and equipment | (1,644) | (119,021) | (98.6%) |
| Property, plant and equipment written-off | - | (195) | N.M. |
| Allowance for impairment on trade receivables | (3,829) | (3,607) | 6.2% |
| Allowance for impairment on other receivables | (378) | (1,010) | (62.6%) |
| | <u>(5,953)</u> | <u>(124,225)</u> | <u>(95.2%)</u> |

1(a)(ii) Loss before tax was stated after crediting / (charging) :-

| Group | | Increase/ (Decrease) % |
|---|---------------------------------------|---------------------------------------|
| Unaudited FY2020 RMB'000 | Audited FY2019 RMB'000 | |

| | | | |
|--|---------|-----------|---------|
| Allowance for impairment on trade receivables | (3,829) | (3,607) | 6.2% |
| Allowance for impairment on other receivables | (378) | (1,010) | (62.6%) |
| Reversal of allowance for impairment on trade receivables | 6,660 | 1,378 | 383.3% |
| Depreciation of property, plant & equipment | (5,776) | (18,801) | (69.3%) |
| Depreciation of right-of-use asset | (2,609) | (2,728) | (4.4%) |
| Foreign exchange adjustment gain | 340 | 448 | (24.1%) |
| Inventories write down reversal / (written down) | 139 | (139) | - |
| Inventories written-off | (102) | (253) | (59.7%) |
| Loan expense | (4,078) | (3,800) | 7.3% |
| Interest on lease liability | (29) | - | N.M. |
| Interest income from bank deposits | 275 | 293 | (6.1%) |
| Amortisation of discounts relating to related party's loan | (1,297) | (1,215) | 6.7% |
| Impairment on property, plant and equipment | (1,644) | (119,021) | (98.6%) |
| Property, plant and equipment written-off | - | (195) | N.M. |
| Gain on disposal of assets held for sales | 631 | - | N.M. |
| Gain on disposal of land use rights | - | 3,470 | N.M. |
| Gain on disposal of property, plant and equipment | 33 | 77 | (57.1%) |

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 | |
|--------------------------------------|--|--|--|--|
| | Unaudited 31 March 2020 RMB'000 | Audited 31 March 2019 RMB'000 | Unaudited 31 March 2020 RMB'000 | Audited 31 March 2019 RMB'000 |
| ASSETS | | | | |
| Non-current assets : | | | | |
| Property, plant and equipment | 101,139 | 101,680 | - | - |
| Right-of-use assets | 60,281 | 62,241 | 444 | - |
| Investment in subsidiary | - | - | 112,237 | 111,608 |
| Deferred tax assets | - | 15,756 | - | - |
| Total non-current assets | 161,420 | 179,677 | 112,681 | 111,608 |
| Current assets : | | | | |
| Assets held for sales | - | 3,053 | - | - |
| Inventories | 29,434 | 22,912 | - | - |
| Trade and other receivables (Note 1) | 24,273 | 31,018 | 1,662 | 4,738 |
| Other assets, current | 19,896 | 13,127 | 206 | 199 |
| Cash and cash equivalents | 76,486 | 83,207 | 615 | 804 |
| Total current assets | 150,089 | 153,317 | 2,483 | 5,741 |
| Total assets | 311,509 | 332,994 | 115,164 | 117,349 |
| EQUITY AND LIABILITIES | | | | |
| Capital and reserves : | | | | |
| Share capital | 116,849 | 116,849 | 116,849 | 116,849 |
| Accumulated losses | (50,924) | (13,601) | (5,205) | (1,802) |
| Other reserves | 88,975 | 88,988 | (48) | (664) |
| Total equity | 154,900 | 192,236 | 111,596 | 114,383 |
| Non-Current liabilities : | | | | |
| Deferred tax liabilities | 2,625 | 2,175 | - | - |
| Lease liability | 253 | - | 253 | - |
| Other payables, non-current (Note 2) | 20,805 | 19,508 | - | - |
| Total non-current liabilities | 23,683 | 21,683 | 253 | - |
| Current liabilities : | | | | |
| Withholding tax payable | - | 250 | - | - |
| Trade and other payables (Note 2) | 63,283 | 56,453 | 2,906 | 2,966 |
| Other financial liabilities, current | 58,000 | 58,000 | - | - |
| Lease liability | 205 | - | 205 | - |
| Other liabilities | 11,438 | 4,372 | 204 | - |
| Total current liabilities | 132,926 | 119,075 | 3,315 | 2,966 |
| Total liabilities | 156,609 | 140,758 | 3,568 | 2,966 |
| Total liabilities and equity | 311,509 | 332,994 | 115,164 | 117,349 |

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. (Cont'd)

| | Group | | Company | |
|-----------------------------------|--|--|--|--|
| | Unaudited 31 March 2020 RMB'000 | Audited 31 March 2019 RMB'000 | Unaudited 31 March 2020 RMB'000 | Audited 31 March 2019 RMB'000 |
| Note 1 | | | | |
| Trade receivables | 22,761 | 29,276 | - | - |
| Amount receivable from subsidiary | | - | 1,453 | 4,738 |
| Other receivables | 1,512 | 1,742 | 209 | - |
| Trade and other receivables | 24,273 | 31,018 | 1,662 | 4,738 |

Note 2

| | | | | |
|-----------------------------------|--------|--------|-------|-------|
| Trade payables and accruals | 60,270 | 53,963 | 2,111 | 1,938 |
| Other payables | 3,013 | 2,490 | 795 | 1,028 |
| Trade and other payables, current | 63,283 | 56,453 | 2,906 | 2,966 |
| Other payables, non-current | 20,805 | 19,508 | - | - |
| Trade and other payables | 84,088 | 75,961 | 2,906 | 2,966 |

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 2020 | | 31 March 2019 | |
|----------------------|------------------|----------------------|------------------|
| Secured | Unsecured | Secured | Unsecured |
| 58,000 | - | 58,000 | - |

Amount repayable after one year

(RMB'000)

| 31 March 2020 | | 31 March 2019 | |
|----------------------|------------------|----------------------|------------------|
| Secured | Unsecured | Secured | Unsecured |
| - | - | - | - |

Details of any collateral

As at 31 March 2020, the Group has aggregate secured short-term loans from financial institutions of RMB 58.0 million.

Secured short-term loans of RMB 58.0 million are secured using our subsidiary, Shandong Yinguang Technology Co., Ltd ("Yinguang Technology")'s land and buildings with net book value of approximately RMB 61.4 million. The secured short-term loans bear interest rate 4.35% to 4.80% 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 | |
|--|--------------------------------|------------------------------|
| | Unaudited FY2020 RMB'000 | Audited FY2019 RMB'000 |
| Cash flows from operating activities | | |
| Loss before tax from continuing operations | (20,867) | (147,240) |
| Adjustments for : | | |
| Allowance for impairment on trade and other receivables | 4,207 | 4,617 |
| Reverseal of allowance for impairment on trade receivables | (6,660) | (1,378) |
| Depreciation of property, plant & equipment | 5,776 | 18,801 |
| Depreciation of right-of-use assets | 2,609 | 2,728 |
| Gain on disposal of assets held for sales | (631) | - |
| Gain on disposal of land use rights | - | (3,470) |
| Gain on disposal of property, plant and equipment | (33) | (77) |
| Property, plant and equipment written-off | - | 195 |
| Provision for safety expenses | 2,275 | 2,471 |
| Impairment allowance on property, plant and equipment | 1,644 | 119,021 |
| Inventories (write down reversal) / written down | (139) | 139 |
| Inventories written-off | 102 | 253 |
| Net effect of exchange rate changes in translation of financial statements of parent | (13) | 33 |
| Interest expenses | 5,404 | 5,015 |
| Interest income | (275) | (293) |
| Operating cash flows before changes in working capital | (6,601) | 815 |
| Inventories | (6,485) | 8,764 |
| Trade and other receivables | 9,198 | 13,716 |
| Other assets | (6,597) | (3,859) |
| Trade and other payables | 6,830 | (4,192) |
| Other liabilities | 4,791 | (2,656) |
| Net cash flows from operations | 1,136 | 12,588 |
| Income taxes paid | (500) | (500) |
| Net cash flows from operating activities | 636 | 12,088 |
| Cash flows from investing activities | | |
| Proceeds from disposal of assets held for sales | 3,684 | - |
| Proceeds from disposal of property, plant and equipment | 33 | 151 |
| Purchase of property, plant and equipment | (7,051) | (12,893) |
| Interest received | 275 | 293 |
| Net cash flows used in investing activities | (3,059) | (12,449) |
| Cash flows from financing activities | | |
| Proceeds from bank borrowings | 58,000 | 58,000 |
| Repayment of borrowings | (58,000) | (59,650) |
| Repayment of lease liabilities - principal portion paid | (191) | - |
| Interest paid | (4,107) | (3,800) |
| Net cash flows used in financing activities | (4,298) | (5,450) |
| Net decrease in cash and cash equivalents | (6,721) | (5,811) |
| Cash and cash equivalents, statement of cash flows, beginning balance | 83,207 | 89,018 |
| Cash and cash equivalents, statement of cash flows, ending balance | 76,486 | 83,207 |

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 reserve | (Accumulated losses) / Retained earnings | Total |
|---------------------------------------|---------------|----------------------|-----------------|---|--|--------------|
| Group (RMB'000) | | | | | | |
| Balance at 1 April 2019 | 116,849 | 44,117 | 44,000 | 871 | (13,601) | 192,236 |
| Total comprehensive loss for the year | - | - | - | (13) | (37,323) | (37,336) |
| Balance at 31 March 2020 | 116,849 | 44,117 | 44,000 | 858 | (50,924) | 154,900 |
| Balance at 1 April 2018 | 116,849 | 44,117 | 44,000 | 835 | 136,772 | 342,573 |
| Total comprehensive loss for the year | - | - | - | 36 | (150,373) | (150,337) |
| Balance at 31 March 2019 | 116,849 | 44,117 | 44,000 | 871 | (13,601) | 192,236 |
| | | Share capital | | Foreign currency translation reserve | Accumulated losses | Total |
| Company (RMB'000) | | | | | | |
| Balance at 1 April 2019 | | 116,849 | | (664) | (1,802) | 114,383 |
| Total comprehensive loss for the year | | - | | 616 | (3,403) | (2,787) |
| Balance at 31 March 2020 | | 116,849 | | (48) | (5,205) | 111,596 |
| Balance at 1 April 2018 | | 116,849 | | (4,377) | (6,539) | 105,933 |
| Total comprehensive loss for the year | | - | | 3,713 | 4,737 | 8,450 |
| Balance at 31 March 2019 | | 116,849 | | (664) | (1,802) | 114,383 |

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not applicable

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

| | Group | |
|-------------------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Total number of issued shares | 46,800,000 | 46,800,000 |

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.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There is no sale, transfer, disposal, cancellation and/or use of subsidiary holdings 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.

Save as disclosed in paragraph 5 below, 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.

The Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") 16, the accounting standard for leases which is effective for annual reporting period beginning on or after 1 June 2019.

SFRS(I) 16 introduces a single lessee accounting model. A lessee is required to recognise all leases on its statement of financial position to reflect its rights to use the leased assets ("ROU" assets) and the associated obligations for lease payments (lease liabilities), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, SFRS(I) 16 replaces the straight-line operating lease expenses with depreciation charge of ROU assets and interest expenses on lease liabilities.

The Group has adopted SFRS(I) 16 using the modified retrospective approach as of 1 June 2019, with no restatement of comparative information. Upon adoption of SFRS(I) 16 on 1 June 2019, the Group recognised right-of-use assets of RMB 649,000 and lease liabilities (current and non-current) of RMB 649,000.

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

| | Group | |
|---|-----------------------------|---------------------------|
| | Unaudited FY2020 | Audited FY2019 |
| | RMB cents | RMB cents |
| Loss per ordinary share for the year based on net loss attributable to shareholders : | | |
| Based on weighted average number of ordinary shares in issue | (79.75) | (321.31) |
| Weighted average number of ordinary shares in issue for basic earnings per share | 46,800,000 | 46,800,000 |

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

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 | |
|--|--|--------------------------------------|--|--------------------------------------|
| | Unaudited 31 March 2020 | Audited 31 March 2019 | Unaudited 31 March 2020 | Audited 31 March 2019 |
| | 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 | 330.98 | 410.76 | 238.45 | 244.41 |
| 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

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. The breakdown of our revenue by the above-mentioned product types and geographical segments during the financial year ended 31 March 2019 ("FY2019") and financial year ended 31 March 2020 ("FY2020") are as follows:

| Product Types | Group | | | | % change |
|--|----------------|---------------|----------------|--------------|----------------|
| | FY2020 | | FY2019 | | |
| | RMB'000 | % | RMB'000 | % | |
| Explosive devices | 51,673 | 45.0% | 70,755 | 45.8 | (27.0%) |
| Industrial fuse and initiating explosive devices | 18,822 | 16.4% | 29,629 | 19.2 | (36.5%) |
| Industrial detonators | 44,427 | 38.6% | 53,737 | 34.8 | (17.3%) |
| Others ⁽¹⁾ | 4 | - | 295 | 0.2 | (98.6%) |
| Total revenue | 114,926 | 100.0% | 154,416 | 100.0 | (25.6%) |

| Geographical Segments | Group | | | | % change |
|--|----------------|---------------|----------------|--------------|----------------|
| | FY2020 | | FY2019 | | |
| | RMB'000 | % | RMB'000 | % | |
| Within PRC | 79,140 | 68.9% | 90,943 | 58.9 | (13.0%) |
| <u>Outside PRC</u> | | | | | |
| Sales through export distributors ⁽²⁾ | 3,399 | 2.9% | 19,195 | 12.4 | (82.3%) |
| Australia | 30,652 | 26.7% | 43,967 | 28.5 | (30.3%) |
| Others | 1,735 | 1.5% | 311 | 0.2 | 457.9% |
| | 35,786 | 31.1% | 63,473 | 41.1 | (43.6%) |
| Total revenue | 114,926 | 100.0% | 154,416 | 100.0 | (25.6%) |

Notes :

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

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

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

Revenue

During FY2020, revenue decreased by approximately RMB 39.5 million or 25.6% to RMB 114.9 million from RMB 154.4 million in FY2019. The decrease in revenue was mainly attributed to the lower sales recorded across all of our product ranges. Notably, the sales of explosives devices decreased during FY2020 mainly due to the temporarily shortage of explosives raw materials which affected our production schedule for the manufacturing of explosives devices, sales of industrial fuse and initiating explosive devices decreased during FY2020 as some of our customers' mining operations continue to be affected by additional safety measures implemented by the local authorities since the second quarter of FY2018, as disclosed in our earlier announcements. Sales of industrial detonators decreased by approximately RMB 9.3 million or 17.3% as some of our customers have started to switch to the use of digital electronic detonators as directed by the Chinese industry regulators as announced earlier.

As announced by the Company on 14 February 2020 and 17 February 2020, the current outbreak of the 2019 Novel Coronavirus ("COVID-19") had delayed the commencement of our production activities in China as directed by the relevant Chinese authorities. The Group's production activities were temporarily halted during the Chinese New Year/Spring Festival holidays and due to the COVID-19, the Group only progressively resumed our operations from 17 February 2020 after the approval was granted by the relevant authorities. Post resumption, the delay in the commencement of our production activities and the additional safety precautionary measures imposed on our production facilities had affected our manufacturing capacity since February 2020.

a) **Sales within PRC**

During FY2020, sales within PRC decreased by approximately RMB 11.8 million or 13.0%. The decrease in PRC sales were mainly attributed to lower PRC sales of industrial fuse and initiating explosive devices by approximately RMB 10.8 million or 36.5% and lower PRC sales of industrial detonators by approximately RMB 7.3 million or 14.5%. The decrease is partially offset by the increase in PRC sales of boosters by approximately RMB 6.6 million or 64.2%.

PRC sales of boosters increased mainly due to higher sales made to one of our PRC customers.

b) **Sales through export distributors and sales to Australia**

Sales through export distributors and sales to Australia decreased by approximately RMB 15.8 million or 82.3% and RMB 13.3 million or 30.3%, respectively. The decrease was mainly due to the temporarily shortage of explosives raw materials which affected our production schedule for the manufacturing of explosives devices, in particular boosters which were the main products that the Group exports to overseas customers.

c) **Sales to other countries**

During FY2020, sales to other countries increased by RMB 1.4 million from FY2019's RMB 311,000 to FY2020's RMB 1.7 million. Sales to other countries increased due to sales to a new overseas customer.

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

During FY2020, the Group's gross profit margin improved by approximately 10.3 percentage points, from 18.5% during FY2019 to 28.8% in FY2020. With the impairment allowance made on the property, plant and equipment during the last financial year, depreciation expenses that were charged to costs of sales decreased significantly during FY2020, resulting in the improvement of the Group's gross profit margin.

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)**

Interest income / (Finance costs)

Interest income decreased marginally by approximately RMB 18,000 or 6.1%.

Finance costs increased marginally by approximately RMB 389,000 or 7.8% to RMB 5.4 million in FY2020 from RMB 5.0 million in FY2019. Of which, interest expenses paid to financial institution increased marginally by approximately RMB 278,000 or 7.3% and interest expenses on financial liabilities measured at amortised cost increased marginally by approximately RMB 82,000 or 6.7%. During FY2020, interest on lease liability of RMB 29,000 is recognised in accordance to SFRS(I) 16.

Other gains / (Other losses)

For FY2020, other gains relate to write back of allowance for impairment on trade receivables of approximately RMB 6.7 million, foreign exchange adjustment gains of approximately RMB 0.3 million, gain on disposal of assets held for sales of approximately RMB 0.6 million, gain on disposal of property, plant and equipment of approximately RMB 33,000, government grants of approximately RMB 211,000 and inventories write down reversal of RMB 139,000.

For FY2019, other gains relate to write back of allowance for impairment on trade receivables of approximately RMB 1.4 million, foreign exchange adjustment gains of approximately RMB 0.4 million, gain on disposal of land use rights of approximately RMB 3.5 million, gain on disposal of property, plant and equipment of approximately RMB 77,000 and government grants of approximately RMB 667,000.

For FY2020, other losses relate to inventories written-off of approximately RMB 102,000, impairment on property, plant and equipment of approximately RMB 1.6 million, allowance for impairment on trade receivables of approximately RMB 3.8 million and allowance for impairment on other receivables of approximately RMB 378,000.

For FY2019, other losses relate to inventories written down of approximately RMB 139,000, inventories written-off of approximately RMB 253,000, property, plant and equipment written-off of approximately RMB 195,000 and allowance for impairment on trade and other receivables and property, plant and equipment of approximately RMB 4.6 million and RMB 119.0 million.

Foreign exchange adjustment gain/(losses) arose mainly from foreign exchange rate fluctuation among Renminbi (RMB), United States Dollar (US\$) and Singapore Dollars (S\$). Government grants relate to ad hoc government grants for various purposes including safety awareness.

Allowances for impairment on trade receivables were based on a forward-looking expected credit loss ("ECL") model in accordance to the new SFRS(I) 9 which come into effect from 1 April 2018 and also based on the management's assessment on the Group's individual trade receivables as at the end of the financial year under review, in accordance to Singapore Financial Reporting Standards (International).

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. Gain or loss on disposal of property, plant & equipment relates to the disposal of certain motor vehicles and equipment that were no longer in use. Gain on disposal of land use rights during FY2019 was due a piece of land being repossessed by the local government which is not utilised by our Group. Gain on disposal of assets held for sales relate to assets held for sales as at 31 March 2019 being disposed of during the current financial year.

The management undertook an impairment assessment on the each of its production lines as a cash-generating unit ("CGU") and made an impairment allowance on property, plant and equipment of approximately RMB 1.6 million (FY2019: RMB 119.0 million) during the current financial year under review to ensure that the Group's balance sheet reflects the recoverable value of the assets.

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)**

Operating expenses

In line with decrease in revenue, distribution costs decreased by approximately RMB 4.9 million or 23.6% from FY2019's RMB 20.8 million to FY2020's RMB 15.9 million.

Administrative expenses increased marginally by approximately RMB 2.8 million or 8.8% to approximately RMB 35.0 million in FY2020 as compared to the previous financial year mainly due to an increase in research and development expenses. As more research and development activities of our products were undertaken in FY2020, there were higher research and development expenses incurred during the current financial year.

Depreciation of property, plant & equipment decreased by approximately RMB 13.0 million mainly due to impairment allowance made on the property, plant and equipment during the last financial year.

Depreciation of right-of use assets decreased by approximately RMB 119,000 or 4.4% mainly due to the land use rights disposed of and transferred to assets held for sales during the last financial year.

Income tax expenses

During FY2020, the income tax expenses of RMB 16.5 million relates mainly to the reversal of deferred tax assets during the current financial year. The income tax expenses for FY2019 were mainly due to reversal of deferred tax assets, partially offset by the overprovision of deferred tax assets in prior years.

Statement of Financial Position

Property, plant and equipment decreased by approximately RMB 0.5 million, mainly due to the depreciation charged for the current year under review of approximately RMB 5.8 million and the impairment allowance on property, plant & equipment of approximately RMB 1.6 million, which was partially offset by the acquisition of property, plant and equipment of approximately RMB 7.0 million.

Right-of-use assets was recognised for land use rights and lease commitments for Singapore's rented office space in accordance with SFRS(I) 16. The Group has reclassified the land use rights' carrying value of RMB 62.24 million as at 31 March 2019 to right-of-use assets on date of initial application of SFRS(I) 16. The decreased in right-of-use assets were mainly due to depreciation of right-of-use assets during the current financial year of approximately RMB 2.6 million, partially offset by increase in lease commitments for Singapore's rented office space of approximately RMB 0.4 million.

Deferred tax assets as at 31 March 2019 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. The deferred tax assets were fully reversed as at 31 March 2020 after assessing the probability of future economic benefits that could arise from the deferred tax assets.

Inventories, trade and other receivables, other assets and cash and cash equivalents, represented approximately 19.6%, 16.2%, 13.2% and 51.0% respectively of our total current assets as at 31 March 2020.

As at 31 March 2019, assets held for sales of approximately RMB 3.1 million relate to certain land and building that were not being in use but held for sale during FY2020.

Inventories increased by approximately RMB 6.5 million or 28.5% to RMB 29.4 million as at 31 March 2020, as compared to RMB 22.9 million as at 31 March 2019. The increase in inventories was mainly due to an increment in raw materials and finished goods. Higher raw materials and finished goods level are mainly due to anticipated higher production and shipment schedules subsequent to 31 March 2020 as a result of resumption of operations due to COVID-19 as explained earlier.

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

Statement of Financial Position (Cont'd)

During the current year under review, trade and other receivables decreased by approximately RMB 6.7 million or 21.7% to RMB 24.3 million as at 31 March 2020. The decreased was mainly due to recovery of trade receivables during the current financial year.

Other assets, current comprising the Group's prepayments, increased by approximately RMB 6.8 million or 51.6% to RMB 19.9 million as at 31 March 2020. The increase is mainly due to increase in advance payment to suppliers to secure the necessary raw materials for production.

As at 31 March 2020, our current liabilities comprised of trade and other payables of approximately RMB 63.3 million, other current financial liabilities of approximately RMB 58.0 million, lease liabilities of approximately RMB 205,000 and other liabilities of RMB 11.4 million. Non-current liabilities comprised of deferred tax liabilities of RMB 2.6 million, lease liabilities of approximately RMB 253,000 and other payables, non-current of approximately RMB 20.8 million.

Trade and other payables increased by approximately RMB 7.0 million or 12.5% mainly due to the increasing levels of production activities and operations as a result of resumption of operations due to COVID-19 as explained earlier.

As at 31 March 2020, other current financial liabilities of RMB 58.0 million relates to the secured bank loans of Yinguang Technology.

Lease liability was recognised in accordance to SFRS(I) 16, and was recognised together with the right-of-use assets in relation to the capitalisation of obligations under operating lease commitments for Singapore's rental office space.

As at 31 March 2020, other liabilities of RMB 11.4 million relate to the Group's provision for safety expenses and advances from customers. Other liabilities increased by RMB 6.9 million or 157.0% mainly due to increase in advances from customers for the purchase of our commercial explosives products.

Deferred tax liabilities of RMB 2.6 million relate to the deferred tax liabilities for the withholding tax on the dividend payable by our subsidiary in China.

Non-current payable relates to the long-term payable at amortised cost for the purchase of office building from a related party which was approved during the Extraordinary General Meeting on 31 July 2017. The increase is due to the imputed interest expenses on financial liabilities measured at amortised cost.

Cash flow

For the financial year ended 31 March 2020, the Group recorded net cash from operating activities of approximately RMB 0.6 million, net cash used in investing activities of approximately RMB 3.1 million and net cash used in financing activities of approximately RMB 4.3 million.

The net cash from operating activities is mainly due to the Group's improvement in trade receivables turnover and increase in trade and other payables, partially offset by the cash used for higher inventories and higher cash prepaid to secure raw materials for future manufacturing needs.

The net cash used in investing activities of RMB 3.1 million is mainly due to the purchase of property, plant and equipment of RMB 7.1 million, partially offset by the proceeds from disposal of assets held for sale and property, plant and equipment and interest received during the current financial year.

The net cash used in financing activities of approximately RMB 4.3 million was mainly due to the payment of interest expenses of approximately RMB 4.1 million.

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

The current financial year results for the 12-months period ended 31 March 2020 are in line with the Company's commentaries as disclosed under paragraph 10 of the second quarter results announcement for the financial period ended 30 September 2019 and the announcements on the Update on 2019 Novel Coronavirus (COVID-19) on the Group's production activities made by the Company on 14 February 2020 and 17 February 2020.

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 boosters production facilities

While the management has the intention to gradually increase the production capacities for both automated booster production lines currently in operation, the temporary shortage of explosives raw materials (as previously announced) and COVID-19 have affected our production schedule and led to lower production of explosive devices. Hence, the management had decided to slow down the installation for the third automated booster production line and postpone the completion until a later date. The management will keep our Shareholders updated on the progress of the third automated booster production line in due course.

Mergers and Acquisitions

Since 2017, the PRC government has begun to rationalise the commercial explosives industry by encouraging companies within this specialized and niche market segment to merge and consolidate their business operations. Aligned with this government policy and to meet the various requirements of the MTP Exit Criteria under Rule 1314(2) of the SGX-ST's Listing Manual, the Group is proactively exploring merger and acquisition opportunities in the PRC.

On 18 June 2018, the Company announced the proposed acquisition of Shandong Laizhou Ping'an Commercial Explosives Co., Ltd. ("Laizhou Ping'an"). On 31 January 2019, the Company released an announcement to update the status of the acquisition, in which the proposed acquisition will be postponed. For more information on the proposed acquisition of Laizhou Ping'an, please refer to the announcements on 18 June 2018 and 31 January 2019.

The Company will continue to make the appropriate announcements as and when there is any material development with respect to any potential material acquisition.

Industry directive on detonators

As announced in our third quarter results announcement released on 14 February 2019, the commercial explosives governing authority in China issued a directive recommending the new industry roadmap for detonators. In the directive, it was highlighted that all manufacturing and usage of detonators should be changed to digital electronic detonators for a higher level of safety standards as well as environmental reasons.

Currently, Yinguang Technology only manufactures non-electric detonators. With the introduction of this new directive, Yinguang Technology has started feasibility studies into the manufacturing of digital electronic detonators. The management is of the view that the new industry directive from the Chinese authority will have an impact on our sales of non-electric detonators. Impairment allowance on property, plant and equipment related to industrial detonators of approximately RMB 55.6 million and RMB 1.6 million were recognised during FY2019 and FY2020, respectively.

We will keep our Shareholders updated once we have any material update on the industry detonators.

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 as the Company is making losses.

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) | |
|---|--------------------------------|---|---------|---|---------|
| | | FY2020 | FY2019 | FY2020 | FY2019 |
| Name of interested person | Nature | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Dyno Nobel ⁽¹⁾ | Sales of commercial explosives | — | — | — | 24,018 |
| Shandong Yinguang Security Services Co., Ltd ⁽²⁾ | Provision of security services | — | — | 6,200 | 6,200 |
| Wulian Hanyue Blasting Services Co., Ltd ⁽²⁾ | Sales of commercial explosives | — | — | — | 1,903 |

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 2018. Transactions with Dyno Nobel will cease to be considered as Interested Person Transactions after the divestment of shares by DNX Australia Pty Ltd on 15 March 2019.

⁽²⁾ The relevant general mandate was approved at the Extraordinary General Meeting held on 31 July 2017 and was updated and approved at the Annual General Meeting held on 31 July 2019.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Business segments

The Group has three major operating segments classified according to the usage of our products. The three segments are (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.

Profit or Loss from Continuing Operations and Reconciliations

| RMB'000 | Explosive devices | Industrial fuse and initiating devices | Industrial detonators | Unallocated | Total |
|---|--------------------------|---|------------------------------|--------------------|--------------|
| FY2020 | | | | | |
| Revenue by segment | 51,673 | 18,822 | 44,427 | 4 | 114,926 |
| Recurring EBITDA ¹ | 19,316 | 4,697 | 7,905 | 2 | 31,920 |
| Depreciation | (3,708) | - | - | (4,677) | (8,385) |
| Impairment allowance on property, plant and equipment | - | - | (1,644) | - | (1,644) |
| ORBIT ² | 15,608 | 4,697 | 6,261 | (4,675) | 21,891 |
| Interest income | | | | 275 | 275 |
| Finance costs | | | | (5,404) | (5,404) |
| Unallocated corporate expenses | | | | (37,629) | (37,629) |
| Loss before tax from continuing operations | | | | | (20,867) |
| Income tax income | | | | | (16,456) |
| Loss from continuing operations | | | | | (37,323) |

| | | | | | |
|---|---------|----------|----------|----------|-----------|
| FY2019 | | | | | |
| Revenue by segment | 70,755 | 29,629 | 53,737 | 295 | 154,416 |
| Recurring EBITDA ¹ | 19,845 | 8,801 | 8,212 | 210 | 37,068 |
| Depreciation | (3,066) | (5,065) | (8,054) | (5,344) | (21,529) |
| Impairment of property, plant and equipment | - | (57,446) | (55,615) | (5,960) | (119,021) |
| ORBIT ² | 16,779 | (53,710) | (55,457) | (11,094) | (103,482) |
| Interest income | | | | 293 | 293 |
| Finance costs | | | | (5,015) | (5,015) |
| Unallocated corporate expenses | | | | (39,036) | (39,036) |
| Loss before tax from continuing operations | | | | | (147,240) |
| Income tax income | | | | | (3,133) |
| Loss from continuing operations | | | | | (150,373) |

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

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

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

Assets and Reconciliations

| RMB'000 | Explosive devices | Industrial fuse and initiating devices | Industrial detonators | Unallocated | Total |
|-------------------------------------|--------------------------|---|------------------------------|--------------------|----------------|
| FY2020 | | | | | |
| Total assets for reporting segments | 76,736 | 3,282 | 7,305 | - | 87,323 |
| Unallocated: | | | | | |
| Property, plant & equipment | | | | 31,088 | 31,088 |
| Right-of-use assets | | | | 60,281 | 60,281 |
| Inventories | | | | 12,162 | 12,162 |
| Trade and other receivables | | | | 24,273 | 24,273 |
| Other assets | | | | 19,896 | 19,896 |
| Cash and cash equivalents | | | | 76,486 | 76,486 |
| Total group assets | 76,736 | 3,282 | 7,305 | 224,186 | 311,509 |

| | | | | | |
|-------------------------------------|---------------|--------------|--------------|----------------|----------------|
| FY2019 | | | | | |
| Total assets for reporting segments | 71,621 | 1,597 | 5,395 | - | 78,613 |
| Unallocated: | | | | | |
| Property, plant & equipment | | | | 32,679 | 32,679 |
| Right-of-use assets | | | | 62,241 | 62,241 |
| Deferred tax assets | | | | 15,756 | 15,756 |
| Assets held for sales | | | | 3,053 | 3,053 |
| Inventories | | | | 13,300 | 13,300 |
| Trade and other receivables | | | | 31,018 | 31,018 |
| Other assets | | | | 13,127 | 13,127 |
| Cash and cash equivalents | | | | 83,207 | 83,207 |
| Total group assets | 71,621 | 1,597 | 5,395 | 254,381 | 332,994 |

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

Liabilities and Reconciliations

| RMB'000 | Explosive devices | Industrial fuse and initiating devices | Industrial detonators | Unallocated | Total |
|--|--------------------------|---|------------------------------|--------------------|----------------|
| FY2020 | | | | | |
| Total liabilities for reporting segments | 2,255 | 1,846 | 4,266 | - | 8,367 |
| Unallocated: | | | | | |
| Deferred tax liabilities | | | | 2,625 | 2,625 |
| Trade and other payables | | | | 75,721 | 75,721 |
| Other liabilities | | | | 11,438 | 11,438 |
| Other financial liabilities | | | | 58,000 | 58,000 |
| Lease liabilities | | | | 458 | 458 |
| Total group liabilities | 2,255 | 1,846 | 4,266 | 148,242 | 156,609 |

| | | | | | |
|--|--------------|--------------|--------------|----------------|----------------|
| FY2019 | | | | | |
| Total liabilities for reporting segments | 1,864 | 2,114 | 4,197 | - | 8,175 |
| Unallocated: | | | | | |
| Deferred tax liabilities | | | | 2,175 | 2,175 |
| Withholding tax payable | | | | 250 | 250 |
| Trade and other payables | | | | 67,786 | 67,786 |
| Other liabilities | | | | 4,372 | 4,372 |
| Other financial liabilities | | | | 58,000 | 58,000 |
| Total group liabilities | 1,864 | 2,114 | 4,197 | 132,583 | 140,758 |

Other Material Items and Reconciliations

| RMB'000 | Explosive devices | Industrial fuse and initiating devices | Industrial detonators | Unallocated | Total |
|--|--------------------------|---|------------------------------|--------------------|--------------|
| Other non-cash expenses other than depreciation/amortisation | | | | | |
| FY2020 | - | - | (1,644) | 3,015 | 1,371 |
| FY2019 | - | (57,585) | (55,615) | (6,100) | (119,300) |
| Expenditures for non-current assets: | | | | | |
| FY2020 | 4,852 | 20 | 1,645 | 534 | 7,051 |
| FY2019 | 11,806 | - | 163 | 924 | 12,893 |

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 | |
|------------------------------------|-----------------------|-----------------------|
| | FY2020 | FY2019 |
| Continuing operations | | |
| Within PRC | 79,140 | 90,943 |
| <u>Outside PRC</u> | | |
| Sales through export distributors | 3,399 | 19,195 |
| Australia | 30,652 | 43,967 |
| Others * | 1,735 | 311 |
| Subtotal for all foreign countries | <u>35,786</u> | <u>63,473</u> |
| Total revenue | <u>114,926</u> | <u>154,416</u> |

* Others include Kyrgyzstan, Mongolia, Indonesia

| RMB'000 | Non-current assets | |
|------------|-----------------------|-----------------------|
| | FY2020 | FY2019 |
| Within PRC | 160,976 | 163,921 |
| Singapore | 444 | - |
| | <u>161,420</u> | <u>163,921</u> |

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 FY2020, revenue from our explosive devices decreased by RMB 19.1 million or 27.0% during FY2020 mainly due to temporary shortage of explosives raw materials which affected our production schedule for the manufacturing of explosives devices. Industrial fuse and initiating explosive devices decreased by RMB 10.8 million or 36.5% as some of our customers' mining operations were affected by additional safety measures implemented by the local authorities since the second quarter of FY2018. Industrial detonators decreased by approximately RMB 9.3 million or 17.3% was mainly due to general market condition. Sales of industrial detonators decreased by approximately RMB 9.3 million or 17.3% as some of our customers started to switch to the use of digital electronic detonators as directed by the Chinese industry regulators as announced earlier.

Geographical segments

PRC sales deteriorated by approximately RMB 11.8 million or 13.0% while overseas sales declined by 43.6% or approximately RMB 27.7 million during FY2020. PRC and export revenue represent approximately 68.9% (FY2019: 58.9%) and 31.1% (FY2019: 41.1%) of the total revenue for FY2020. The increase in proportion of local PRC sales over overseas sales was mainly due to decrease sales of explosive devices which is the main export segment.

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

16. A breakdown of sales.

| | Group | | Increase/ (Decrease) |
|--|----------|-----------|-------------------------|
| | FY2020 | FY2019 | % |
| | RMB'000 | RMB'000 | |
| Revenue reported for first half year | 56,963 | 85,944 | (33.7) |
| Operating loss after tax reported for first half year | (6,980) | (9,461) | N.M. |
| Revenue reported for second half year | 57,963 | 68,472 | (15.3) |
| Operating loss after tax reported for second half year | (30,343) | (140,912) | N.M. |

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

| | FY2020 | FY2019 |
|------------|---------|---------|
| | RMB'000 | RMB'000 |
| Ordinary | - | - |
| Preference | - | - |
| Total | - | - |

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 | 48 | Son of Sun Bowen, a Non-Executive Non-Independent 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.

20. **Additional Information Required On Acquisitions and Realisations Pursuant to Rule 706A**

On 14 January 2020, the Company announced that our wholly-owned subsidiary, Shandong Yinguang Technology Co., Ltd had incorporated a new wholly-owned subsidiary Shandong Yinguang Safety Advisory Co., Ltd (山东银光安全咨询有限公司). For more information, please refer to the Company's announcement on 14 January 2020.

Other than the above, the Company did not acquire or dispose of any shares during FY2020 which would result in any company becoming or ceasing to be a subsidiary or associated company of the Company, or increase or reduce the Company's shareholding percentage in any subsidiary or associated company.

**BY ORDER OF THE BOARD
BAO HONGWEI
MANAGING DIRECTOR
30 JULY 2020**