

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (“FY”) 2017

1(a)(i) A statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	Unaudited FY 2017 RMB'000	Audited FY 2016 RMB'000	% Change Increase/ (Decrease)
<u>Continuing operation</u>			
Revenue	306,737	219,212	40
Cost of Sales	(266,578)	(197,578)	35
Gross Profit	40,159	21,634	86
Other Income	35,975	2,683	1,241
Distribution Costs	-	-	n.m.
Administrative Expenses	(15,347)	(8,332)	84
Finance Costs	(40)	(2,001)	(98)
Other expenses	(213)	(2,635)	(92)
Profit before income tax	60,534	11,349	n.m.
Income Tax Expense	(5,575)	(2,492)	124
Profit from continuing operations, net of tax	54,959	8,857	n.m.
<u>Discontinued operations</u> ⁽¹⁾			
Loss from discontinued operations, net of tax	-	(8,270)	n.m.
Profit for the year	54,959	587	
Other comprehensive (loss)/income:			
Items that are or may be reclassified subsequently to profit and loss:			
Currency translation differences arising on consolidation	(7,643)	6,535	n.m.
Total comprehensive income for the year	47,316	7,122	n.m.
Profit/(loss) attributable to:			
Equity holders of the Company	41,085	(6,819)	n.m.
Non-controlling interests	13,874	7,406	87
	54,959	587	n.m.
Profit/(loss) attributable to equity holders of the Company relates to:			
Profit from continuing operations	41,085	1,471	
Loss from discontinued operations	-	(8,290)	
	41,085	(6,819)	
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	36,339	(910)	n.m.
Non-controlling interests	10,977	8,032	37
	47,316	7,122	n.m.

n.m.: denotes not meaningful

Note:

- (1) Due to the disposal which was completed on 12 October 2017, Beijing Raffles Investment Advisory Co. Ltd (“Beijing Raffles” and collectively, with its subsidiaries, the “Beijing Raffles Group”) ceased to be a subsidiary of the Company. As such, pursuant to FRS105, under “Non-current Assets Held for Sale and Discontinued Operations”, a “discontinued operation” is a component of an entity that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area. The management of the Company (the “Management”) has assessed and is satisfied that the Beijing Raffles Group has met the criteria under FRS 105 as “discontinued operation”. Hence, the financial statements for the financial year ended 31 December 2017 and 31 December 2016 are prepared in accordance with the requisite presentation and disclosure prescribed under FRS 105.

The Management would also like to highlight that there was nil movement to statement of comprehensive income as well as financial position for Beijing Raffles Group in its financial statements for the year ended 31 December 2017 due to unavailability of the accounting records. Please refer to explanatory notes in Note 8 of this announcement.

1(a)(ii) Profit, net of tax, is arrived at after (charging)/crediting the following:

	Group		% Change
	Unaudited FY 2017 RMB'000	Audited FY 2016 RMB'000	
After (charging)/ crediting:			
<u>Continued operations</u>			
Impairment on development property	-	(495)	n.m.
Other receivables written off	(5,796)	-	n.m.
Depreciation of plant and equipment	(190)	(194)	(2)
Plant and equipment written off	(2)	-	n.m.
Operating lease expenses	(220)	(197)	12
Foreign exchange loss	(213)	(2,157)	(90)
Interest expenses	(40)	(2,001)	(98)
Interest income	2,320	2,388	(3)
<u>Discontinued operations</u>			
Amortisation of intangible assets	-	(143)	n.m.
Amortisation of land use right	-	(28)	n.m.
Depreciation of plant and equipment	-	(3,958)	n.m.
Gain on disposal of plant and equipment	-	1	n.m.
Impairment loss on intangible assets	-	(2,848)	n.m.
Operating lease expenses	-	(293)	n.m.
Foreign exchange loss	-	(159)	n.m.
Interest expenses	-	(42)	n.m.
Interest income	-	142	n.m.

n.m.: denotes not meaningful

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	Unaudited 31.12.2017	Audited 31.12.2016	Unaudited 31.12.2017	Audited 31.12.2016
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	761	25,030	761	1,013
Intangible assets	-	6,965	-	-
Deferred tax assets	-	145	-	-
Land use rights	-	366	-	-
Goodwill	13,434	13,434	-	-
Investments in subsidiaries	-	-	76,093	42,559
Total Non-Current Assets	14,195	45,940	76,854	43,572
<u>Current Assets</u>				
Inventories	-	2,389	-	-
Trade and other receivables	203,612	90,161	48,554	45,622
Bank and cash balances	22,855	17,979	18,701	467
Total Current Assets	226,467	110,529	67,255	46,089
Total Assets	240,662	156,469	144,109	89,661
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share capital	151,560	133,252	151,560	133,252
Accumulated profits/(losses)	16,340	(24,745)	(31,065)	(66,279)
Statutory reserve	-	17,659	-	-
Currency translation reserve	(9,867)	(5,121)	727	3,097
Equity, attributable to equity holders of the Company	158,033	121,045	121,222	70,070
Non-controlling interests	59,927	12,149	-	-
Total Equity	217,960	133,194	121,222	70,070
<u>Non-Current Liabilities</u>				
Deferred tax liabilities	-	1,600	-	-
Borrowings	669	839	669	839
Total Non-Current Liabilities	669	2,439	669	839
<u>Current Liabilities</u>				
Trade and other payables	16,198	9,318	21,649	18,199
Provision for safety expenses	-	227	-	-
Borrowings	501	5,976	501	486
Income tax payable	5,334	5,315	68	67
Total Current Liabilities	22,033	20,836	22,218	18,752
Total Liabilities	22,702	23,275	22,887	19,591
Total Equity and Liabilities	240,662	156,469	144,109	89,661

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

	Group	
	Unaudited	Audited
	31.12.2017	31.12.2016
	RMB'000	RMB'000
Payable in one year or less, or on demand		
Secured		
Obligation under finance leases (a)	183	173
Unsecured		
Term loan	318	313
Amount owing to a shareholder	-	5,490
	501	5,976
Payable after one year		
Secured		
Obligation under finance leases (a)	669	839
	669	839
TOTAL	1,170	6,815

Details of any collateral

- a) The obligations under finance leases are secured by charges of the lessors (banks) over the leased assets of the Group.

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	Audited
	FY 2017	FY 2016
	RMB'000	RMB'000
<u>Cash flows from operating activities</u>		
Profit before tax from continuing operations	60,534	11,351
Loss before tax from discontinued operations	-	(6,575)
Adjustments for:		
Interest income	(2,320)	(2,530)
Interest expense	40	2,041
Depreciation of property, plant and equipment	190	4,152
Gain on disposal of plant and equipment	-	(1)
Gain on disposal of subsidiaries	(33,651)	-
Impairment loss on development property	-	495
Other receivables written off	5,796	-
Provision for safety expenses	-	(162)
Amortisation of intangible assets and land use rights	-	171
Impairment loss on intangible assets	-	2,848
Plant and equipment written off	2	-
Unrealised foreign exchange gains	-	(67)
Operating cash flows before working capital changes	30,591	11,723
Development property	-	44,518
Inventories	-	32
Receivables	(138,629)	(8,082)
Payables	19,893	(43,010)
Currency translation adjustments	253	(1,671)
Cash (used in)/from operations	(87,892)	3,510
Income tax paid	(3,800)	(2,559)
Net cash (used in)/from operating activities	(91,692)	951
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	-	(2,135)
Purchase of intangible asseets	-	(96)
Proceeds from disposal of property, plant and equipment	-	190
Disposal of a subsidiary, net of cash disposed of	41,839	-
Interest received	1	147
Net cash flows from/(used in) investing activities	41,840	(1,894)
<u>Cash flows from financing activities</u>		
Interest paid	(40)	(2,041)
Finance lease repayment	(101)	(46)
Repayment to shareholder	-	(7,322)
Repayment of term loan	-	(34,931)
Repayment to related party loan	-	(933)
Proceeds from issuance of new shares, net of issuance expenses	18,308	10,835
Capital contribution by non-controlling interest	37,609	-
Net cash flows from/(used in) financing activities	55,776	(34,438)
Net increase/(decrease) in cash and cash equivalents	5,924	(35,381)
Cash and cash equivalents, beginning balance	17,979	52,673
Effects of exchange rate changes on cash and cash equivalents	(1,048)	687
Cash and cash equivalents, ending balance	22,855	17,979

For the purpose of presentation the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	Unaudited	Audited
	FY 2017	FY 2016
	RMB'000	RMB'000
Bank and cash balances		
- Continuing operations	22,855	10,399
- Discontinued operations	-	7,580
Cash and cash equivalents per consolidated statement of cash flow	22,855	17,979

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

	Share capital RMB'000	Accumulated (losses)/profits RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Attributable to equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2017	133,252	(24,745)	17,659	(5,121)	121,045	12,149	133,194
Profit for the year	-	41,085	-	-	41,085	13,874	54,959
<i>Other comprehensive income/(loss)</i>							
Reclassification of currency translation reserve upon disposal of subsidiaries	-	-	-	229	229	-	229
Currency translation differences arising on consolidation	-	-	-	(4,975)	(4,975)	(2,897)	(7,872)
Total comprehensive income for the financial year	-	41,085	-	(4,746)	36,339	10,977	47,316
Disposal of a subsidiary	-	-	(17,659)	-	(17,659)	(808)	(18,467)
Issue of shares	18,747	-	-	-	18,747	-	18,747
Share issue expenses	(439)	-	-	-	(439)	-	(439)
Capital contribution by non-controlling interests	-	-	-	-	-	37,609	37,609
As at 31 December 2017	151,560	16,340	-	(9,867)	158,033	59,927	217,960
As at 1 January 2016	122,417	(17,788)	17,521	(11,030)	111,120	4,117	115,237
Loss for the year	-	(6,819)	-	-	(6,819)	7,406	587
<i>Other comprehensive income</i>							
Currency translation differences arising on consolidation	-	-	-	5,909	5,909	626	6,535
Total comprehensive income for the financial year	-	(6,819)	-	5,909	(910)	8,032	7,122
Issue of shares	10,864	-	-	-	10,864	-	10,864
Share issue expenses	(29)	-	-	-	(29)	-	(29)
Transfer to statutory reserve fund	-	(138)	138	-	-	-	-
As at 31 December 2016	133,252	(24,745)	17,659	(5,121)	121,045	12,149	133,194

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 (continued)

Company

	Share capital RMB'000	Accummulated (losses)/profits RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
As at 1 January 2017	133,252	(66,279)	3,097	70,070
Profit for the period	-	35,214	-	35,214
Other comprehensive loss				
Currency translation differences arising from translation into the presentation currency	-	-	(2,370)	(2,370)
Total comprehensive income for the year	-	35,214	(2,370)	32,844
Issue of share capital	18,747	-	-	18,747
Share issue expenses	(439)	-	-	(439)
As at 31 December 2017	151,560	(31,065)	727	121,222
As at 1 January 2016	122,417	(48,680)	-	73,737
Loss for the period	-	(17,599)	-	(17,599)
Other comprehensive income				
Currency translation differences arising from translation into the presentation currency	-	-	3,097	3,097
Total comprehensive loss for the year	-	(17,599)	3,097	(14,502)
Issue of share capital	10,864	-	-	10,864
Share issue expenses	(29)	-	-	(29)
As at 31 December 2016	133,252	(66,279)	3,097	70,070

1(d)(ii) Details of any changes in the company's share capital arising from rights issues, bonus shares, shares buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issues 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 of the issuers, 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

	Number of shares	Share capital S\$	Share capital RMB
<u>Issued and Paid-Up Capital</u>			
As at 31 December 2016	520,670,000	27,394,051	133,251,518
Issuance of shares	379,830,410	3,798,304	18,747,799
Share issuance expenses	-	(89,639)	(439,513)
As at 31 December 2017	900,500,410	31,102,716	151,559,804

There were no outstanding convertibles or treasury shares as at 31 December 2017 and 31 December 2016 respectively.

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

	<u>Company</u>	
	31.12.2017	31.12.2016
Number of ordinary shares in issue	900,500,410	520,670,000

The Company did not hold any treasury shares as at 31 December 2017 and 31 December 2016.

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial year reported on.

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

The figures have neither been audited nor reviewed by the Company's auditors. The management is still in the midst of discussion with the auditor on some further documentation on certain transactions that need to be furnished to the auditors.

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

Not applicable. The figures have neither been audited nor reviewed by the Company's auditors.

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

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting financial year as in the audited financial statements for the financial year ended 31 December 2016, except for the adoption of the new and revised

Financial Reporting Standards ("FRS"), Interpretations of FRS ("INT FRS") and amendments to FRSs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2017.

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

The Group and the Company have adopted the new and revised FRSs, INT FRSs and amendments to FRSs effective from 1 January 2017, as mentioned in Paragraph 4 above. The adoption has no material financial impact on the financial statements of the Group and the Company for the current financial year reported on and prior reporting periods.

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

	Unaudited FY 2017	Audited FY2016
For continuing and discontinued operations		
<u>Earnings/(loss) per share ("EPS" or "LPS") (RMB cents)</u>		
on weighted average number of ordinary shares	5.16	(1.37)
on fully diluted basis	5.16	(1.37)
<u>Net profit/(loss) attributable to shareholders (RMB'000) used to compute</u>		
basic EPS/LPS	41,085	(6,819)
diluted EPS/LPS	41,085	(6,819)
<u>Weighted average number of ordinary shares in issue used to compute</u>		
basic LPS/EPS	796,437,284	498,268,581
diluted LPS/EPS	796,437,284	498,268,581
For continuing operations		
<u>Earnings/(loss) per share ("EPS" or "LPS") (RMB cents)</u>		
on weighted average number of ordinary shares	5.16	0.30
on fully diluted basis	5.16	0.30
<u>Net profit/(loss) attributable to shareholders (RMB'000) used to compute</u>		
basic EPS/LPS	41,085	1,471
diluted EPS/LPS	41,085	1,471
<u>Weighted average number of ordinary shares in issue used to compute</u>		
basic LPS/EPS	796,437,284	498,268,581
diluted LPS/EPS	796,437,284	498,268,581

	Unaudited FY 2017	Audited FY2016
For discontinued operations		
<u>Earnings/(loss) per share ("EPS" or "LPS") (RMB cents)</u>		
on weighted average number of ordinary shares	-	(1.66)
on fully diluted basis	-	(1.66)
<u>Net profit/(loss) attributable to shareholders (RMB'000)</u>		
<u>used to compute</u>		
basic EPS/LPS	-	(8,290)
diluted EPS/LPS	-	(8,290)
<u>Weighted average number of ordinary shares in issue</u>		
<u>used to compute</u>		
basic LPS/EPS	796,437,284	498,268,581
diluted LPS/EPS	796,437,284	498,268,581

Note:

- (1) The Company issued and allotted 379,830,410 ordinary shares pursuant to the rights issue of shares on 11 April 2017. With the issue of the 379,830,410 shares, the issued and paid-up share capital of the Company was increased from 520,670,000 shares to 900,500,410 shares.

The basic and diluted EPS and LPS for FY2017 and FY2016 respectively were the same as there were no potentially dilutive securities in issue as at 31 December 2017 and 31 December 2016.

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

	<u>Group</u>		<u>Company</u>	
	Unaudited 31.12.2017	Audited 31.12.2016	Unaudited 31.12.2017	Audited 31.12.2016
Net asset value per ordinary share based on existing issued share capital as at the end of period (RMB cents)	17.55	23.25	13.46	13.46
Net asset value as at the end of the period (RMB'000)	158,033	121,045	121,222	70,070
Number of ordinary shares in issue at the end of the period	900,500,410	520,670,000	900,500,410	520,670,000

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: (a) 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 (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Explanatory Note

There were management disputes between the Company and one of its wholly-owned subsidiaries, Beijing Raffles Investment Advisory Co., Ltd. ("Beijing Raffles"). Beijing Raffles is an investment holding company and it owns 100% of the equity interest of Beijing Sino-Lonther International Trading Co., Ltd, 98.69% of Shandong Luneng Taishan Mining Co. Ltd and 100% of Shandong Sincap International Trading Co. (collectively, the "Beijing Raffles Group"). Please refer to the announcements dated 9 March 2017, 3 April 2017 and 20 April 2017 for further details in relation to the disputes.

The Company had made all efforts to engage with the local management team to resolve the disputes. As a consequence of the management disputes, no accounting records were furnished to the current management in Singapore for the period from 1 January 2017 up to the date of disposal in respect of the Beijing Raffles Group. Due to the unavailability of the accounting records, the Company has no option but to report nil movement to statement of comprehensive income for Beijing Raffles Group in its financial statements for the year ended 31 December 2017.

The Company wishes to highlight that:

1. As at 12 October 2017, Beijing Raffles Group ceased to be a subsidiary of the Company.
2. The proceeds from the disposal is S\$10,000,000 in cash.
3. The Company is still liaising with the new management team to gain access on the accounts for the period up to date of disposal.

Based on the above, the Board is of the view that the lack of financial information on Beijing Raffles Group will neither have a significant impact on the net bottom line nor will it create a turnaround effect on the Company's overall financial results upon completion of the disposal of Beijing Raffles on 12 October 2017.

The Company will make an announcement pursuant to Rule 704(5) of Section B of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual") if there are any material adjustments to its preliminary full year results made subsequently by auditors.

8(a). REVIEW OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

The Group's revenue from continuing operations increased by RMB87.5 million or 40%, from RMB219.2 million in FY2016 to RMB306.7 million in FY2017, which was mainly contributed by the sale of thermal coal by the Company's subsidiary, Orion Energy Resources Pte Ltd ("Orion"). The increase in sales was mainly due to increase in sales volume from 763,000 MT in FY2016 to 1,196,000 MT in FY2017.

Gross profit and gross profit margin

The Group's gross profit from continuing operations increased by RMB18.5 million or 85.6%, from RMB21.6 million in FY2016 to RMB40.2 million in FY2017.

The Group's overall gross profit margin from continuing operations increased from 10% in FY2016 to 13% in FY2017, mainly attributable to increased gross profit generated from the sale of thermal coal by approximately RMB19.8 million, from RMB20.4 mil in FY2016 to RMB40.2 mil in FY2017.

Other income

The Group's other income from continuing operations increased substantially by RMB33.3 million, mainly due to the gain on disposal of the China subsidiaries (the Beijing Raffles Group) in FY2017.

Other items of expenses

Administrative expenses from continuing operations increased by RMB7.0 million or 84%, from RMB8.3 million in FY2016 to RMB15.3 million in FY2017. This was mainly due to other receivables written off of RMB5.8 million and higher professional fees by RMB2.3 million in FY2017 for corporation actions and consultations. This is partly offset by the absence of commission expenses of RMB1.0 million incurred in SCL Murray Pty Ltd in FY2016.

Finance costs from continuing operations decreased by RMB1.9 million, from RMB2.0 million in FY2016 to RMB0.04 million in FY2017, mainly due to absence of interest of RMB1.9 million charged in respect of the term loan borrowed by SCL Murray Pty Ltd in FY2016, as the term loan was settled in FY2016.

Other expenses from continuing operations decreased by RMB2.5 million, from RMB2.7 million in FY2016 to RMB0.2 million in FY2017, mainly due to foreign exchange differences. The huge foreign exchange losses realised in FY2016 of RMB2.5 million was mainly arising from the capital reduction exercise of the Group's Australian subsidiaries.

Income tax

The Group incurred income tax expenses of RMB5.6 million in FY2017 as compared to RMB2.5 million in FY2016, mainly due to higher profits from its operating subsidiary, Orion.

8(b). REVIEW OF THE STATEMENTS OF FINANCIAL POSITION

The Group recorded positive working capital of RMB203.7 million as at 31 December 2017, as compared to RMB89.7 million as at 31 December 2016.

The Group's equity increased by RMB84.0 million, from RMB133.2 million as at 31 December 2016 to RMB217.2 million as at 31 December 2017. The increase was mainly due to issuance of new shares of RMB18.7 million on 11 April 2017 pursuant to the rights issue of shares. Besides, there is also capital contribution by non-controlling interest amounting to RMB37.6 million in relation to the increased investment in Orion as previously announced on 24 May 2017.

Non-current assets

Non-current assets decreased by RMB31.7 million, from RMB45.9 million as at 31 December 2016 to RMB14.2 million as at 31 December 2017. The decrease is primarily due to the disposal of the China subsidiaries with property, plant and equipment as well as intangible assets amounting to RMB31.5 million.

Current assets

Current assets increased by RMB116.0 million from RMB110.5 million as at 31 December 2016 to RMB226.5 million as at 31 December 2017. This was mainly due to (i) increased trade receivables by RMB20.9 million arising from the higher revenue achieved by thermal coal trading business during the period; (ii) increased prepayment of RMB92 million, being advances to suppliers for shipment in early 2018; (iii) increase in cash and cash equivalents as the Group received the proceeds from issuance of shares capital of the Company and capital contribution by non-controlling interest as mentioned above.

Current liabilities

Current liabilities increased by RMB2 million, from RMB20.8 million as at 31 December 2016 to RMB22.8 million as at 31 December 2017. The increase was mainly due to (i) an increase of RMB6.9 million in trade and other payables which is in line with the increased thermal coal sales; and (ii) decrease of borrowings as well as provision for safety expenses by RMB5.7 million which is part of the disposal of the China subsidiaries (Beijing Raffles Group).

8(c). REVIEW OF THE STATEMENT OF CASH FLOWS

In FY2017, the net cash generated from operating activities before changes in working capital was RMB30.6 million. The net working capital outflow of RMB87.9 million was mainly due to (i) an increase of RMB138.6 million in trade and other receivables, and (ii) a decrease of RMB19.9 million in trade and other payables. The Group paid income tax of RMB3.8 million. This resulted in net cash used in operating activities of RMB91.7 million.

In FY2017, the Group generated net cash from investing activities of RMB41.8 million, mainly due to the proceeds from the disposal of the China subsidiaries.

In FY2017, the net cash generated from financing activities amounted to RMB55.8 million, mainly due to proceeds of issuance of new shares by the Group amounting to RMB18.3 million and capital contribution from non-controlling interests for subscribing the new shares issued by a subsidiary for approximately RMB37.6 million.

As a result of the above, cash and cash equivalents stood at RMB22.8 million as at 31 December 2017.

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

Not applicable. No forecast or a prospect statement had been previously disclosed to shareholder.

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

The Group's 51%-subsidiary, Orion, has contributed to the Group's revenue and profit after tax of RMB306.7 million and RMB32.1 million respectively in FY2017. For 2018, the Company continues to witness strong demand for coal in its key export market, China, which accounts for the largest demand and supply of coal globally, leading the market on prices. Thus, China's environmental crackdown will be a key issue next year — in particular, whether the government will enforce tougher rules in order to fight pollution. This will result in further constraints on China's domestic coal mine production. Consequently, the Group expects China importing more coal from overseas especially from Indonesia to fulfil its energy consumption needs. Currently, the Company is looking into obtaining more financial support through bank facilities to increase the number of shipments, as well as to explore opportunities to optimise its customers portfolio by considering venturing into the India coal market.

On 30 August 2017, the Company announced the proposed placement of up to 450,250,000 new ordinary shares of the Company ("Placement Shares") at the issue price of not less than S\$0.018 per Placement Share. Assuming that the Placement Shares are fully subscribed, the net proceeds arising from the proposed placement, after deducting estimated costs and expenses of S\$100,000, is approximately S\$8.0 million. The Company intends to use the net proceeds arising from the placement as set out below:

Use of Proceeds	Percentage of Net Proceeds (%)
1. (i) to support current businesses as carried out by the Company's subsidiaries (Orion Energy Resources Pte. Ltd. and Sincap Properties Pte. Ltd) (ii) for business development and to provide liquidity for business expansion through acquisitions, joint ventures and collaborations	90
2. Working capital purposes	10
Total	100

Following completion of the disposal of Beijing Raffles, the Group's gypsum and alumina mining business segment in China have ceased. Moving forward, the principal business activities of the Group shall be the sales and trading of minerals and logistics management, as well as property development and property investment through its newly-incorporated wholly-owned subsidiary, Sincap Properties Pte Ltd.

The Company have announced default on loan payment of the Company's subsidiary in Australia – SCL Murray Pty. Ltd., amounting to A\$4,234,249.39. Please refer to the announcements dated 27 November 2015, 3 December 2015, 4 September 2017, 7 September 2017 and 22 December 2017 for further details in relation to the default. Subsequent to issuing a letter of demand through the Company's solicitors for repayment of the full amount, up to date, a sum of A\$500,000 had been recovered. The Company is looking into the feasibility of various options provided by the lawyers.

11. Dividend

(a) Current financial period reported on any dividend declared for the current financial period reported on?

Nil

(b) Corresponding period of the immediately preceding financial year any dividend declared for the corresponding period of the immediately preceding financial year?

Nil

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for FY2017.

13. Aggregate value of all Interested Person Transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual Section B: Rules of Catalist

There was no interested person transaction which of S\$100,000 and above during the period under review. The Group has not obtained a general mandate from shareholders in respect of any interested person transactions.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Segmented revenue and results for operating 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

Continuing Operations

Group	Coal products	Property development	Unallocated	Total
FY2017	RMB'000	RMB'000	RMB'000	RMB'000
Revenue by Segment	306,737	-	-	306,737
Total revenue	306,737	-	-	306,737
Recurring EBITA	33,889	(143)	(3,157)	30,589
Impairment on other receivables	-	-	(5,796)	(5,796)
Depreciation and amortisation	-	-	(190)	(190)
Gain on disposal of subsidiary	-	-	33,651	33,651
ORBIT	33,889	(143)	24,508	58,254
Interest income	-	2,319	1	2,320
Finance costs	-	-	(40)	(40)
Profit before income tax				60,534
Income tax expenses				(5,575)
Profit, net of tax				54,959
Assets and Reconciliation				
Total assets for reportable segment	199,188	21,710	-	220,898
Unallocated:				
Property, plant and equipment			761	761
Other receivables				
Other assets, current			58	58
Cash and cash equivalents			18,945	18,945
Total group assets	199,188	21,710	19,764	240,662
Liabilities and Reconciliation				
Total liabilities for reportable segment	10,806	75	-	10,881
Unallocated:				
Income tax payables			5,334	5,334
Trade and other payables			5,317	5,317
Borrowings			1,170	1,170
	10,806	75	11,821	22,702

Continuing Operations

Group	Coal products	Property development	Unallocated	Total
FY2016	RMB'000	RMB'000	RMB'000	RMB'000
Revenue by Segment	173,506	45,706	-	219,212
Total revenue	<u>173,506</u>	<u>45,706</u>	-	<u>219,212</u>
Recurring EBITA	19,818	(354)	-	19,464
Impairment on intangible assets	-	-	-	-
Depreciation and amortisation	-	-	(193)	(193)
Development property written down	-	(495)	-	(495)
ORBIT	19,818	(849)	(193)	18,776
Interest income	-	2,383	5	2,388
Finance costs	-	(1,838)	(163)	(2,001)
Unallocated corporate expenses			(7,814)	(7,814)
Profit before income tax				11,349
Income tax expenses				(2,492)
Profit, net of tax				<u>8,857</u>
Assets and Reconciliation				
Total assets for reportable segment	79,848	19,326	-	99,174
Unallocated:				
Property, plant and equipment			1,015	1,015
Other receivables				
Other assets, current			145	145
Cash and cash equivalents			711	711
Total group assets	<u>79,848</u>	<u>19,326</u>	<u>1,871</u>	<u>101,045</u>
Liabilities and Reconciliation				
Total liabilities for reportable segment	134	48	-	182
Unallocated:				
Income tax payables			3,855	3,855
Trade and other payables			1,910	1,910
Borrowings			1,325	1,325
	<u>134</u>	<u>48</u>	<u>7,090</u>	<u>7,272</u>

Discontinued Operations

Group	Gypsum ore and powder	Alumina products	Coal products	Unallocated	Total
FY2016	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue by Segment	40,672	44,715	-	-	85,387
Total revenue	40,672	44,715	-	-	85,387
Recurring EBITA	7,212	(4,652)	(66)	-	2,494
Impairment on intangible assets	(2,848)	-	-	-	(2,848)
Depreciation and amortisation	(4,018)	(109)	(3)	-	(4,130)
ORBIT	346	(4,761)	(69)	-	(4,484)
Interest income	-	131	11	-	142
Finance costs	(70)	-	-	(42)	(112)
Unallocated corporate expenses	-	-	-	(2,119)	(2,119)
Profit before income tax					(6,573)
Income tax expenses					(1,697)
Profit, net of tax					(8,270)
Assets and Reconciliation					
Total assets for reportable segment	48,312	251	6,625	-	55,188
Unallocated:					
Property, plant and equipment				-	-
Deferred tax asset				145	145
Other receivables					
Other assets, current				45	45
Cash and cash equivalents				46	46
Total group assets	48,312	251	6,625	236	55,424
Liabilities and Reconciliation					
Total liabilities for reportable segment	7,344	50	17	-	7,411
Unallocated:					
Deferred tax liabilities				1,600	1,600
Income tax payables				1,460	1,460
Trade and other payables				43	43
Borrowings				5,489	5,489
	7,344	50	17	8,592	16,003

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to paragraph 8 for further details.

16. A breakdown of sales

	Group Year ended		% Change Increase/ (Decrease)
	31-Dec-17 RMB'000	31-Dec-16 RMB'000	
(a) Sales reported for the first half year	242,046	176,742	37
(b) Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	21,939	(4,641)	n.m.
(c) Sales reported for the second half year	64,691	118,142	(45)
(d) Operating profit after tax before deducting non-controlling interests for second half year	33,020	5,228	532

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

- (a) Ordinary
- (b) Preference
- (c) Total

Not applicable. No dividend has been declared or recommended for the financial years ended 31 December 2017 and 31 December 2016.

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(10) in the format below.

Pursuant to Rule 704(10) of the Listing Manual, none of the employees occupying managerial positions in the Company or any of its principal subsidiaries are relatives of the Directors or Chief Executive Officer or substantial shareholders of the Company.

19. Use of proceeds from the Rights Issue

The net proceeds arising from the allotment and issuance of the Rights Shares on 11 April 2017 was approximately S\$3.709 million, which has been utilised as follows:

Update on the use of proceeds from the rights issue

	Allocated	Utilised	Balance
	(\$'000)	(\$'000)	(\$'000)
Use of net proceeds			
For expansion/growth of the mining and resource trading of the group ¹	2,596	(2,596)	-
For working capital	1,113	(309)	804
	<u>3,709</u>	<u>(2,905)</u>	<u>804</u>

Note:

- (1) Proceeds were loaned out (the "Loan") by the Company to Orion to expand Orion's business through the securing of coal supplies for subsequent sale in 2018, as part and parcel of Orion's ongoing trading business, allowing Orion to secure more coal supplies for subsequent sale, which will in turn generate higher revenue and greater profitability for the Group.

20. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Listing Manual.

The Company hereby confirms that it has procured signed undertakings from all its directors and relevant executive officers in the format as set out in Appendix 7H of the Listing Manual in accordance with Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Chu Ming Kin
*Executive Chairman and
Chief Executive Officer*
1 March 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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