ANNUAL REPORT 2017

SINCAP GROUP

SINCAP GROUP LIMITED

(Incorporated in the Republic of Singapore on 10 March 2010)
(Company Registration No.: 201005161G)

This Annual Report has 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 Annual Report.

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

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Corporate Profile

FY2017 marked the year of restructuring for the Group whereby more resources and capital are reallocated to more profitable operations.

The Group began its core operations in gypsum mining in 1999. In 2005, the Group expended its operations into alumina trading and started trading in coal in 2011. The Group has since established a wide network of suppliers and customers in the People's Republic of China ("PRC") for these commodities and was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited in 2012. In 2015, the Group acquired 51% stake in Orion Resources Energy Pte. Ltd, a company engaged in, inter alia, the trading of thermal coal. This said acquisition is in line with the Company's overall growth strategy to expand and grow revenues under its business of mineral and resources trading. In 2017, the Group underwent restructuring as it disposed of its gypsum and alumina mining operations to focus on the trading business of thermal coal.

Corporate Structure

Chairman's Message

Dear Shareholders,

On behalf of the Board of Sincap Group Limited ("Sincap" or the "Group"), it is my honour to present to you our Annual Report for the financial year ended 31 December 2017 ("FY2017").

The Group has delivered another year of positive development in FY2017, due to favourable operating environment in FY2017, particularly in the coal trading segment. Our subsidiary, Orion Energy Resources Pte. Ltd. ("Orion"), has contributed to the Group's revenue and profit after tax in the amounts of RMB306.7 million and RMB28.3 million respectively. The outlook for the coal trading industry remains positive for the foreseeable future, as a consequence of China's self-imposed domestic production limits which aims to reduce harmful emissions. In view that China is one of the largest coal consumers in the world, this created a shortage which was and will be balanced by imports, benefitting companies like Orion.

FY2017 also marked a year of restructuring for Sincap, as we took the opportunity to completely divest our interest in gypsum and alumina mining operations in the People's Republic of China ("China") through the disposal of Beijing Raffles Investment Co. Ltd ("Beijing Raffles") and together with its subsidiaries, the "Beijing Raffles Group"). It is in the best interests of the Group to sell Beijing Raffles Group due to (i) the issues involving the management and employees' union of Shandong Luneng Taishan Mining Co., Ltd. as made known via the Company's announcement dated 9 March 2017, and (ii) the fact that it is unprofitable and the outlook for it remains dim. The divestment had indeed strengthened our financial position and allowed the Group to reallocate its resources and capital to other profitable operations.

The Group is also looking to revive its property business segment through its newly-incorporated wholly-owned subsidiary, Sincap Properties Pte. Ltd., which will aim to focus on property development and property investment opportunities in the China market.

Financial Review

Continuing operations

The Group's revenue increased by RMB87.5 million or 40%, from RMB219.2 million in FY2016 to RMB306.7 million in FY2017.

Revenue from the sale of coal and commission income amounting to RMB303.5 million and RMB3.2 million respectively was contributed by Orion. The revenue from sales of coal and commission income amounts to 100% of the Group's total revenue 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.

The Group's other income decreased by RMB0.4 million or 13%, from RMB2.7 million in FY2016 to RMB2.3 million in FY2017, mainly due to a decrease in interest earned from other receivables.

Administrative expenses from continuing operations increased by RMB1.2 million or 15%, from RMB8.3 million in FY2016 to RMB9.5 million in FY2017. This was mainly due to higher professional fees of RMB2.3 million in FY2017 for corporate actions and consulting work. This is partly offset by the absence of commission expenses of RMB1.0 million incurred in SCL Murray Pty Ltd in FY2016.

Chairman's Message

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 incurred from continuing operations increased substantially by RMB7.2 million, from RMB2.7 million in FY2016 to RMB9.9 million in FY2017, due to provision for impairment for the default on loan payment of the Company's subsidiary in Australia – SCL Murray Pty Ltd, amounting to RMB9.7mil, which is offset by decrease of foreign exchange differences of RMB2.4 million. 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.

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.

Consequently, we posted a profit after tax of RMB17.4 million, compared to a profit after tax of RMB8.9 million in FY2016.

The Group recorded positive working capital of RMB194.8 million as at 31 December 2017, as compared to RMB89.7 million as at 31 December 2016.

The Group's equity increased by RMB75.1 million, from RMB133.2 million as at 31 December 2016 to RMB208.3 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. Besides, there is also capital contribution by non-controlling interest amounting to RMB37.6 million in relation to the increased in investment in Orion as previously announced on 24 May 2017.

Discontinued operations

The positive result for the period up till date of disposal from discontinued operations arose from the gain on disposal of Beijing Raffles Group amounting to RMB17.4 million, offset by the loss from its operational activities of RMB1.4 million and other receivables written off at RMB5.8 million. The loss is mainly due to complete shutdown of alumina mining operation in 2017, as well as the slowdown in the revenue contribution from the sale of gypsum, which recorded a drop of revenue by RMB11.0 million or 26.9%, from RMB40.7 million in FY2016 to RMB29.7 million in the financial period up till date of disposal in 2017.

Operation Review

Coal trading is the Group's best performance segment in FY2017 and we continue 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. This is evidenced by the increase in sales volume in Orion from 763,000 metric tonne ("MT") in FY 2016 to 1,196,000 MT in FY2017.

The Indonesian Coal Price Index ("ICI") for 4,200 GAR coal has been stabilising above US$40.00 per tonne since mid-June 2017, and has continued to stay resilient and has strengthened in the second half of 2017. The average ICI for 4,200 GAR coal was around US$46.00 per tonne in the last quarter of 2017, with a high of US$46.81 as at 29 December 2017. This was an increase of US$9.56 per tonne or 25.67% over a twelve-month period, as compared to the US$37.25 per tonne as at 6 January 2017.

Outlook and strategy

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 satisfy 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 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 expansion and development through acquisitions, joint ventures and other forms of collaborations	90
2. Working capital purposes	10
Total	**100**

Chairman's Message

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.

At the coming Extraordinary General Meeting that is going to be held on 27 April 2018 ("EGM"), the Group proposes to expand its property business to include the management and sale of property related assets, which may be owned by the Group or any third party ("Property Management Business"). At the same time, the Group is also proposing to diversify its current core businesses to include the marine and shipping logistics business ("Logistics Business") and investments in the technology sector ("Technology Business"). The Group believes that by expanding the scope of the Property Management Business and diversifying into the Logistics Business and Technology Business, the Company will be in a stronger position and this will provide shareholders with diversified returns and longer-term growth.

The Group has 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 Group is looking into the feasibility of various options provided by the lawyers. Nevertheless, on prudence basis, the Group has provided an impairment for this outstanding payment due as mentioned in the Financial Review section.

Changes to the Board

Mr. Yau Woon Foong ("Mr. Yau") has stepped down as independent director of the Company to pursue other personal commitments as made known via the Company's announcement dated 9 February 2018.

Mr. Teng Wai Leung Wilson ("Mr. Teng") will be appointed as an independent director of the Company. Following Mr. Teng's appointment, Mr. Ian Tan Tee Hiang ("Mr. Tan") will be retiring as independent director of the Company at the coming annual general meeting.

I would like to take this opportunity to thank Mr. Yau and Mr. Tan for their contributions to the Group.

With their departure, we will be reconstituting the entire Board and are confident of propelling the Group's business to new heights.

Acknowledgements

I would like to express my deep appreciation to my fellow directors for their expert guidance, professionalism and support. At the same time, our achievements in FY2017 would not have been possible without the dedication, support and trust of our business associates, employees, customers and shareholders.

On behalf of the Group, I would like to extend my deepest gratitude for your commitment and unwavering support during FY2017. We remain optimistic in the future of the company and aspire to bring the Group to greater heights.

Chu Ming Kin
Executive Chairman & CEO

Board of Directors

CHU MING KIN

Executive Chairman and Chief Executive Officer

Mr Chu Ming Kin, aged 53, was appointed as Non-Executive Director to the Board on 6 April 2015 and became the Executive Chairman and Chief Executive Officer with effect from 30 April 2015 and 7 July 2015 respectively. Currently, Mr Chu Ming Kin is responsible for devising business strategy and direction, and overseeing the Group's operations, including the mining and trading businesses and the property business. Leveraging on more than 20 years of experiences in trading and overall plantation of agricultural tapioca chips in Thailand, Vietnam and Indonesia, Mr Chu Ming Kin has accumulated skills to maintain the best purchasing, logistic and operating systems, handle shipments, and strong understanding in procurement. Mr Chu Ming Kin established strong logistic and business systems, adding value to the tapioca company and pursuant to such successful systems in all business aspects, the said tapioca company became a listed company on Hong Kong Exchange Main Board. With all of his achievement in Thailand, Mr Chu Ming Kin is also appointed as Committee of The Thai Tapioca Trade Association. Following the listing of the tapioca company, Mr Chu Ming Kin left the tapioca business to venture into the coal business. With his in-depth knowledge and understanding of bulk cargo, he started the coal trading business. With many years of experience in Indonesia, Mr Chu Ming Kin understands the Indonesian local culture and people well, allowing him to build a solid team and strong relations with suppliers. Mr Chu Ming Kin's successful logistic and business systems in agriculture (tapioca) products are being implemented for the coal trading business and to create a strong supply chain to establish an excellent procurement system.

LIM JIN WEI

Lead Indepenent Director

Mr Lim Jin Wei was appointed to our Board on 14 November 2016 and is a member of the Audit and Risk Committee, Remuneration Committee and Nominating Committee of the Company. On 18 November 2016, he has been re-designated as the Lead Independent Director of the Company as well as the Chairman of the Audit and Risk Committee and remains as a member of the Nominating and Remuneration Committees. He also serves as the Independent Director of Singapore listed Epicentre Holdings Limited and the Chairman of its Audit and Risk Committee and also the Independent Director of Allied Technologies Limited. He has been the director of Choon Hua Trading Corporation Sdn Bhd (Choon Hua) since January 2007 to spearhead various additions and improvement to the company's infrastructure and business of importing and distribution of frozen foods and fast-moving consumer goods (FMCG) in East Malaysia. He started his career as an auditor with Deloitte & Touche, Singapore and became Audit Manager in 2004. During his career as an auditor, he managed financial audit of multinationals and local companies in several industries including computers & electronics, shipping, manufacturing, construction, foods and beverages as well as trading and distribution. He also has experience as Independent Auditor for Initial Public Offerings of PRC companies in Singapore including on-site due diligence. He was also involved in a reverse take over (RTO) exercise of a Singapore listed company and upon completion of the RTO, he remains as the Chief Financial Officer of its property division until February 2015. Mr Lim graduated from the Queensland University of Technology with a Bachelor of Business (Accountancy) degree and is a Certified Public Accountant with the CPA Australia and also a member of the Singapore Institute of Directors.

ROBBY

Independent Director

Mr Robby was appointed as our Independent Director on 4 April 2017. He is currently a consultant to a coal company and a financial director in a coal trading company. Mr Robby brings to the Group an extensive coal trading experience from holding a variety of senior positions in the Indonesian mining industry. He started his career as an auditor with Pt Taxforte Consult, and became the Chief Financial Officer in Pt. Grand Mitra Sukses in 2011. Mr Robby has more than 10 years of accounting and finance experience, having been involved in both operational and strategic levels. Mr Robby graduated from University of Tarumanagara, Jakarta with a Bachelor of Accounting.

IAN TAN TEE HIANG

Independent Director

Mr Ian Tan Tee Hiang was appointed to the Board as an Independent Director on 7 July 2015. He is also a director of Eternal Asia (M) Sdn Bhd, a regional IT distribution company in Malaysia. Mr Ian Tan is currently the Vice President Finance of Eternal Asia (S) Pte Ltd, a subsidiary of a listed company on the China stock exchange, in-charge of the Group's finance, treasury, local regulatory requirements and risk management for the Asia Pacific platform. Mr Ian Tan has over 20 years of working experience, of which 10 years was with PriceWaterhouseCoopers, based in Malaysia. Mr Ian Tan holds a Bachelor of Commerce (Accounting & Finance) from the Curtin University, Perth, Western Australia. He is a Certified Practising Accountant with the Australian Society of CPAs and a Member of the Malaysian Institute of Accountants.

TENG WAI LEUNG WILSON

Independent Director

Mr Wilson Teng was appointed to the Board on 2 April 2018. He is the Chief Executive Officer and Executive Director of Datapulse Technology Limited. Mr Wilson Teng has over twenty years working experience in the data centre and technology industry in Singapore, Hong Kong, China and Asia, with a focus on Sales Management, Strategy and Complex Transactional Deal Experience. During his tenure at TInet (current GTT Communications), Mr Wilson Teng was responsible for all business planning, recruiting and sales activities for key and emerging markets in the IP Transit/data/colocation services. Mr Wilson Teng developed strategic executive level partnerships with key clients, growing business in Asia by 25% annually from FY2008 to FY2012. As the Vice President of iAdvantage's (listed on the Hong Kong Stock Exchange as SUNeVision Holdings Limited) Sales and Business Development division, Mr Wilson Teng built and executed the go-to market strategy across the Asia Pacific region, building a business and sales operations team that addressed new markets as well as existing customers ranging from Google, Microsoft, UBS, Alibaba, Facebook, Singtel and other key ecosystem players.

Mr Wilson Teng holds a Masters of Business Administration from California State University and holds strong executive relationships with many industry leaders of enterprises and well established partners gained during his tenure with iAdvantage, Digital Realty (listed in the New York Stock Exchange as DLR) and TInet (current GTT Communications).

Key Management

YAU WOON SOON
Financial Controller

Mr. Yau Woon Soon has been appointed as the Company's Financial Controller on 11 July 2017. He is responsible for the overall financial, accounting, compliance reporting and internal control functions of our Group. He is also in-charge of liaising with and reporting to our Audit Committee on the Group's accounting and financial matters. Mr. Yau started his career as an auditor with Ernst & Young and subsequently joined Shell Business Operations as a management accountant. Before joining the Group, he was the financial controller for Kingsman Wine and Spirits Pte. Ltd.

Mr. Yau is a non-practising member of the Association of Chartered Certified Accountants.

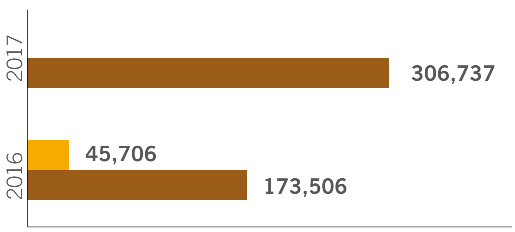
NANWANI RAJU TECKCHAND
Group General Manager, Sincap Group Limited

Mr Raju Nanwani appointed in October 2016 as the Group General Manager. He has been working in management and operations of coal trading business in Jakarta, Indonesia from 2012 and the marketing for the India coal market. He started his career in marketing from 1980 in Taiwan and has been in many countries. He has more than 25 years of experience in marketing, sales and in the mining industry. He also speaks many languages.

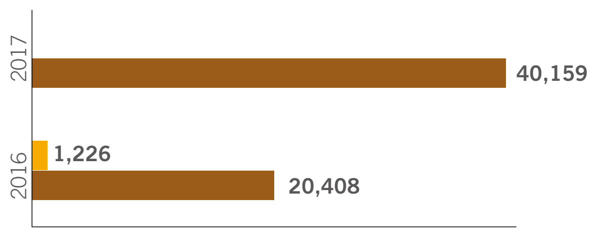
Group Financial Highlights

FOR THE YEAR (RMB'000)	FY2017	FY2016
Revenue	**306,737**	219,212
Earning before interest expenses, tax, depreciation and amortisation (EBITDA)	**36,095**	19,464
Profit/(loss) before tax	**23,001**	11,349
Net Profit after tax and non-controlling interest	**17,426**	8,857
At year end (RMB'000)		
Total Assets	**230,983**	156,469
Net tangible assets	**148,354**	100,646
Total shareholders' equity	**148,354**	121,045
Total liabilities	**22,702**	23,275
Bank and cash balances	**22,855**	17,979
Per share (RMB cents)		
Earnings/(loss)		
- basic and fully diluted	**1.73**	(1.37)
No of shares as at 31 December	**900,500,410**	520,670,000
Net assets value	**16.5**	23.2
Net tangible assets	**16.5**	19.3

REVENUE
RMB'000



GROSS PROFIT
RMB'000



Property Coal

Corporate Information

BOARD OF DIRECTORS
Chu Ming Kin (Executive Chairman and Chief Executive Officer)
Lim Jin Wei (Lead Independent Director)
Robby (Independent Director)
Teng Wai Leung Wilson (Independent Director)
Ian Tan Tee Hiang (Independent Director)

COMPANY SECRETARY
Leow Siew Yon

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PRINCIPAL PLACE OF BUSINESS
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INDEPENDENT AUDITOR
Baker Tilly TFW LLP
Chartered Accountants of Singapore
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778
Partner-in-charge: Joshua Ong Kian Guan
(a member of the institute of Singapore Chartered Accountants)
(Appointed since the financial year ended 31 December 2015)

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Corporate Governance Report

The board of directors (the "**Board**" or "**Directors**") of Sincap Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to a high standard of corporate governance and sound corporate practices within the Group to promote accountability and transparency.

This report describes the Group's corporate governance processes and structures during the financial year ended 31 December 2017 ("**FY2017**") with specific reference made to the principles and guidelines of the Singapore Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Limited ("**SGX-ST**") in January 2015 (the "**Guide**"). Where there are deviations from the Code and the Guide, appropriate explanations are provided.

BOARD MATTERS

The Board's Conduct of its Affairs

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

Guidelines of the Code	Corporate Governance Practices of the Group
1.1 The board's role is to: (a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives; (b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets; (c) review management performance; (d) identify the key stakeholder groups and recognise that their perceptions affect the company's reputation; (e) set the company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and (f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.	The Board is responsible for supervising the management of the business and affairs of the Group. Its primary duty is to ensure the viability of the Group and that it is managed in the best interests of the shareholders of the Company (the "**Shareholders**") as a whole while taking into account the interests of other stakeholders. In addition to the responsibilities under the Code, the Board is also responsible for: • providing entrepreneurial leadership, setting strategic directions and long-term goals of the Group, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives; • setting the values and standards of the Group; • reviewing and approving annual budgets and financial plans; • approving major investments, divestments and fund-raising exercises; • monitoring management performance towards achieving set organisational goals; • reviewing the Group's financial performance, risk management and corporate governance practices; • approving remuneration policies and guidelines for the Board and senior management; • ensuring the Group's compliance with all laws and regulations as may be relevant to its businesses; • considering sustainability issues including environmental and social factors in the formulation of Group's strategies.
1.2 All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the company;	All Directors exercise reasonable diligence and objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company at all times.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Group
1.3 The board may delegate the authority to make decisions to any board committee but without abdicating its responsibility. Any such delegation should be disclosed.	The Board recognises the importance of good corporate governance and in offering high standards of accountability to the Shareholders. The Audit and Risk Committee (the "**ARC**"), the Nominating Committee (the "**NC**") and the Remuneration Committee (the "**RC**") were constituted to assist the Board in the discharge of its duties. These Board Committees function within clearly defined terms of reference which are reviewed on a regular basis to ensure their continued relevance. The Chairman of the respective Committees report to the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the respective Committee by the Board. The effectiveness of each Committee is also constantly reviewed by the Board.
1.4 The board should meet regularly and as warranted by particular circumstances, as deemed appropriate by the board members. Companies are encouraged to amend their articles of association (or other constitutive documents) to provide for telephonic and video-conference meetings. The number of meetings of the board and board committees held in the year, as well as the attendance of every board member at these meetings, should be disclosed in the company's annual report.	The Board meets regularly on a half-yearly basis. Additional meetings are also convened as and when they are deemed necessary in between the scheduled meetings. The Company's constitution (the "**Constitution**") provides that the Directors may convene meetings by way of telephone conference or similar means. The Board also approves transactions by way of written resolutions, which are circulated to the Board together with all relevant information regarding the proposed transaction. Dates of Board and Board Committees meetings are scheduled in advance in consultation with all of the Directors. A Director who is unable to attend the meeting in person is invited to participate in the meeting via telephone conference. The number of Board and Board Committee meetings and the record of attendance of each Director during FY2017 are set out in the table below:

		Board of Directors		Audit and Risk Committee		Nominating Committee		Remuneration Committee	
Name	Position	Numbers of meeting							
		Held	Attended	Held	Attended	Held	Attended	Held	Attended
Current Directors									
Chu Ming Kin	Executive Chairman and Chief Executive Officer	3	1	2	N/A	1	N/A	1	N/A
Lim Jin Wei	Lead Independent Director	3	3	2	2	1	1	1	1
Ian Tan Tee Hiang	Independent Director	3	2	2	1	1	1	1	1
Robby (1)	Independent Director	3	2	2	1	1	N/A	1	N/A
Teng Wai Leung Wilson (2)	Independent Director	3	N/A	2	N/A	1	N/A	1	N/A
Past Directors									
Lim Teck Chai Danny (3)	Independent Director	3	1	2	1	1	1	1	1
Yau Woon Foong (4)	Independent Director	3	2	2	1*	1	N/A	1	N/A

* By Invitation

N/A – Not Applicable

1. Mr Robby was appointed as Independent Director on 4 April 2017.
2. Mr Teng Wai Leung Wilson was appointed as Independent Director on 2 April 2018.
3. Mr Lim Teck Chai Danny retired as Independent Director on 26 April 2017.
4. Mr Yau Woon Foong was appointed as Independent Director on 4 April 2017 and resigned on 9 February 2018.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Group
1.5 Every company should prepare a document with guidelines setting forth: (a) the matters reserved for the board's decision; and (b) clear directions to management on matters that must be approved by the board. The types of material transactions that require board approval under such guidelines should be disclosed in the company's annual report.	The Board has adopted internal guidelines setting the matters which are specifically reserved for its approval and clear directions have also been given to the management of the Company (the "**Management**") on matters that require Board's approval. Under these guidelines, the matters which specifically require the Board's decision or approval are those involving: • material acquisitions and disposals of assets; • corporate or financial restructuring; • corporate strategies; • share issuances (including stock options or other equity awards), dividends and other capital transactions and returns to the shareholders; • approval of annual audited financial statements of the Group and the Directors' statement thereto; • any public reports or press releases reporting the results of operations; and • matters involving a conflict or potential conflict of interest involving a substantial shareholder or a Director.
1.6 Incoming directors should receive comprehensive and tailored induction on joining the board. This should include his duties as a director and how to discharge those duties, and include an orientation programme to ensure that they are familiar with the company's business and governance practices. The company should provide training for first-time director[1] in areas such as accounting, legal and industry-specific knowledge as appropriate. It is equally important that all directors should receive regular training, particularly on relevant new laws, regulations, and changing commercial risks, from time to time. The company should be responsible for arranging and funding the training of directors. The board should also disclose in the company's annual report the induction, orientation and training provided to new and existing directors.	All newly appointed Directors will receive comprehensive and tailored induction upon joining the Board, including their duties as directors and how to discharge those duties. An orientation program including site visits to the Group's operations will be held where required to ensure that the Directors are familiar with the Group's business, organisation structure, corporate strategies and policies, and governance practices. The Company will also provide training for first-time Directors in areas such as accounting, legal and industry specific knowledge as appropriate. The Company from time to time conducts separate briefings for the Directors on the Company's core business, corporate policies, corporate governance practices and the regulatory requirements concerning disclosure of interests and restrictions on dealing in securities. The Directors are also regularly briefed on any changes in relevant laws and regulations, and industry development. In addition, the Board encourages its members to attend seminars and receive training to improve themselves on the continuing obligations and various requirements expected of a listed company in the discharge of their duties as Directors and the costs of such training will be borne by the Company. The Company also works closely with professionals to provide its Directors with updates in changes to relevant laws, regulations and accounting standards.
1.7 Upon appointment of each director, the company should provide a formal letter to the director, setting out the director's duties and obligations.	When a new director is appointed, the Chief Executive Officer (the "**CEO**") of the Company will send a formal letter to him/her setting out his/her duties and responsibilities. A copy of the terms of reference will also be provided to directors who are appointed onto the Board Committees.

1 The term "first-time director" shall refer to a director who has no prior experience as a director of a listed company.

Board Composition and Guidance

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

Guidelines of the Code	Corporate Governance Practices of the Group
2.1 There should be a strong and independent element on the board, with independent directors making up at least one-third of the board.	As at 31 December 2017, the Board comprised the following Directors: **Executive Chairman and Chief Executive Officer** Chu Ming Kin **Independent Directors** Lim Jin Wei (Lead) Ian Tan Tee Hiang Yau Woon Foong Robby As at the date of this report, the Board comprises the following Directors: **Executive Chairman and Chief Executive Officer** Chu Ming Kin **Independent Directors** Lim Jin Wei (Lead) Ian Tan Tee Hiang Robby Teng Wai Leung Wilson
2.2 The independent directors should make up at least half of the board where: (a) the chairman of the board and the CEO (or equivalent) is the same person; (b) the chairman and the CEO are immediate family[3] members; (c) the chairman is part of the management team; or (d) the chairman is not an independent director.	As the Chairman of the Board and CEO is the same person, the Company has complied and ensured that at least half of the Board comprises Independent Directors.

2 The term "10% shareholder" shall refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.

3 The term "immediate family" shall have the same meaning as currently defined in the Listing Manual of the Singapore Exchange (the "Listing Manual"), i.e. the person's spouse, child, adopted child, step-child, brother, sister and parent.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Group
2.3 An independent director is one who has no relationship with the company, its related corporations[4], its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company. The board should identify in the company's annual report each director it considers to be independent. The board should determine, taking into account the views of the NC, whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. Directors should disclose to the board any such relationship as and when it arises. The board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including the following: (a) a director being employed by the company or any of its related corporations for the current or any of the past three financial years; (b) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the company or any of its related corporations and whose remuneration is determined by the remuneration committee; (c) a director, or an immediate family member, accepting any significant compensation from the company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for board service;	The independence of the Independent Directors is reviewed annually by the NC, based on the definition of independence as set out in the Code. The NC is responsible for reviewing the independence of each Director on an annual basis. Each Independent Director is required to complete a declaration form to confirm his independence based on the guidelines provided in the Code. The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its officers, its Shareholders with shareholding of at least 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company. The Independent Directors who are members of the NC, have abstained from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the evaluation of his independence. Taking into account the views of the NC, the Board is satisfied as to the independence of all the Independent Directors.

4 The term "related corporation", in relation to the company, shall have the same meaning as currently defined in the Companies Act, i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary.

Guidelines of the Code	Corporate Governance Practices of the Group
(d) a director: (i) who, in the current or immediate past financial year, is or was; or (ii) whose immediate family member, in the current or immediate past financial year, is or was, a 10% shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organisation to which the company or any of its subsidiaries made, or from which the company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year. As a guide, payments[5] aggregated over any financial year in excess of S$200,000 should generally be deemed significant; (e) a director who is a 10% shareholder or an immediate family member of a 10% shareholder of the company; or (f) a director who is or has been directly associated with[6] a 10% shareholder of the company, in the current or immediate past financial year. The relationships set out above are not intended to be exhaustive, and are examples of situations which would deem a director to be not independent. If the board wishes, in spite of the existence of one or more of these relationships, to consider the director as independent, it should disclose in full the nature of the director's relationship and bear responsibility for explaining why he should be considered independent.	

5 Payments for transactions involving standard services with published rates or routine and retail transactions and relationships (for instance credit card or bank or brokerage or mortgage or insurance accounts or transactions) will not be taken into account, unless special or favourable treatment is accorded.

6 A director will be considered "directly associated" with a 10% shareholder when the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the 10% shareholder in relation to the corporate affairs of the corporation. A director will not be considered "directly associated" with a 10% shareholder by reason only of his or her appointment having been proposed by that 10% shareholder.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Group
2.4 The independence of any director who has served on the board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the board should also take into account the need for progressive refreshing of the board. The board should also explain why any such director should be considered independent.	None of the Independent Directors has served on the Board for more than nine years from the respective date of their first appointment.
2.5 The board should examine its size, and with a view to determining the impact of the number upon effectiveness, decide on what it considers an appropriate size for the board, which facilitates effective decision making. The board should take into account the scope and nature of the operations of the company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the board and board committees. The board should not be so large as to be unwieldy.	After taking into account the review of the NC and the nature and scope of the Group's business and operations, the Board is of the view that it is of an appropriate size for effective decision-making. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.
2.6 The board and its board committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the company. They should also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer based experience or knowledge.	The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board, as a group, provides a good mix of core competencies in accounting, finance, business, management, industry knowledge and strategic planning aspects. The Board's policy in identifying director is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.
2.7 Non-executive directors should: (a) constructively challenge and help develop proposals on strategy; and (b) review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.	During the meetings of the Board and Board Committees in FY2017, the Independent Directors actively participated and provided their inputs on matters including the Group's financial performance, corporate governance and the performance of the Management. Independent Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management proposals or decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.
2.8 To facilitate a more effective check on management, non-executive directors are encouraged to meet regularly without the presence of management.	Where necessary, the Independent Directors will meet without the presence of the Management to discuss any matters.

Corporate Governance Report

Chairman and Chief Executive Officer

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

Guidelines of the Code	Corporate Governance Practices of the Group
3.1 The chairman and the CEO should in principle be separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between the Chairman and the CEO should be clearly established, set out in writing and agreed by the board. In addition, the board should disclose the relationship between the chairman and the CEO if they are immediate family members.	Mr Chu Ming Kin is the Executive Chairman and CEO of the Company. Although the roles of Chairman and the CEO are assumed by the same person, the Board determined that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions, without any individual or group of individuals exercising any considerable concentration of power or influence. The Independent Directors have demonstrated high commitment in their role as Independent Directors and have ensured that there is a good balance of power and authority. As such, the Board is of the view that there was no need for the role of the Chairman and CEO to be separated.
3.2 The chairman should: (a) lead the board to ensure its effectiveness on all aspects of its role; (b) set its agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues; (c) promote a culture of openness and debate at the board; (d) ensure that the directors receive complete, adequate and, timely information; (e) ensure effective communication with shareholders; (f) encourage constructive relations within the board and between the board and management; (g) facilitate the effective contribution of non-executive directors in particular; and (h) promote high standards of corporate governance. The responsibilities set out above provide guidance and should not be taken as a comprehensive list of all the duties and responsibilities of a chairman.	In addition to the responsibilities as set out in the Code, Mr Chu Ming Kin is also responsible for devising business strategies and direction, and overseeing the Group's operations, including the mining and trading business.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Group
3.3 Every company should appoint an independent director to be lead independent director where: (a) the chairman and the CEO is the same person; (b) the chairman and the CEO are immediate family members; (c) the chairman is part of the management team; or (d) the chairman director is not an independent director The lead independent director (if appointed) should be available to shareholders where they have concerns and for which contact through the normal channels of the chairman, the CEO or the chief financial officer (or equivalent) (the "CFO") has failed to resolve or is inappropriate.	As the Executive Chairman and CEO is the same person, the Board has appointed Mr Lim Jin Wei as the Lead Independent Director. The Lead Independent Director is available to Shareholders of the Company when they have concerns and for which contact through the normal channels of the CEO has failed to resolve or is inappropriate.
3.4 Led by the lead independent director, the independent directors should meet periodically without the presence of the other directors, and the lead independent director should provide feedback to the chairman after such meetings.	As the Lead Independent Director, Mr Lim Jin Wei leads and encourages dialogue between the Independent Directors without the presence of the other Directors where necessary, and provides feedback to the Executive Chairman after such meetings.

Board Membership

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

Guidelines of the Code	Corporate Governance Practices of the Group
4.1 The board should establish a NC to make recommendations to the board on all board appointments, with written terms of reference which clearly set out its authority and duties. The NC should comprise at least 3 directors, a majority of whom, including the NC chairman, should be independent. The lead independent director, if any, should be a member of the NC. The board should disclose in the company's annual report the names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the board.	As at 31 December 2017, the NC comprised the following members, who were all Independent Directors: Mr Robby — Chairman Mr Lim Jin Wei — Member Mr Yau Woon Foong — Member As at the date of this report, the NC comprises the following members, who are all Independent Directors: Mr Robby — Chairman Mr Lim Jin Wei — Member Mr Ian Tan Tee Hiang — Member The NC is established for the purposes of ensuring that there is a formal and transparent process for all Board appointments.

Corporate Governance Report

<table>
<tr><th>Guidelines of the Code</th><th>Corporate Governance Practices of the Group</th></tr>
<tr><td>4.2 The NC should make recommendations to the board on relevant matters relating to:

(a) the review of board succession plans for directors, in particular, the chairman and for the CEO;

(b) the development of a process for evaluation of the performance of the board, its board committees and directors;

(c) the review of training and professional development programs for the board; and

(d) the appointment and re-appointment of directors (including alternate directors, if applicable).

Important issues to be considered as part of the process for the selection, appointment and reappointment of directors include composition and progressive renewal of the board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director.

All directors should be required to submit themselves for re-nomination and reappointment at regular intervals and at least once every three years.</td><td>Apart from the items listed in Guideline 4.2 of the Code forming part of the terms of reference of the NC, such terms of reference also includes the following:

(a) evaluate and keep under review the balance of skills, knowledge and experience of the Directors (and the likely changes to such in the future) and make recommendations to the Board in relation to the rotation and succession of the Directors.

(b) make recommendations to the Board relating to all matters of a Director's independence and to review annually each Director's independence including his/her actual, potential or perceived conflicts of interests and commitments in terms of time.

(c) make recommendation to the Board regarding the re-appointment of directors upon their falling due for re-election by shareholders in accordance with the Company's Constitution or their re-appointment at the end of a specified term as set out in their letter of appointment (including alternate directors, if applicable).

(d) make recommendation to the Board relating to the continuation in office of any Director.

(e) consider how the Board's performance may be evaluated and to propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long-term shareholders' value.

All Directors are required to submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Under the Company's Constitution, one-third of the Board is to retire from office by rotation and be subject to re-election at the annual general meeting ("AGM") of the Company. The Constitution of the Company also provides that the Directors to retire in every year shall be those who have been longest in office since the last election, but as between persons who became directors on the same day, those to retire shall be determined by lot. In addition, any Director appointed as a result of a vacancy occurring in the Board of Directors shall retire from office at the following AGM but shall be eligible for re-election, pursuant to the Constitution of the Company.

The NC has recommended the re-election of Mr Teng Wai Leung Wilson who is retiring at the forthcoming AGM pursuant to Regulation 81 of the Constitution of the Company. The Board has accepted the recommendation and Mr Teng Wai Leung Wilson would be offering himself for re-election.

Mr Ian Tan Tee Hiang will retire by rotation pursuant to Regulation 99 of the Constitution of the Company. However, Mr Ian Tan had indicated that he did not wish to seek re-election as Director of the Company at the forthcoming AGM. Accordingly, Mr Ian Tan Tee Hiang would be retiring as Director at the conclusion of the AGM.

Following the retirement of Mr Ian Tan Tee Hiang at the conclusion of the forthcoming AGM, he will cease to be the Chairman of the RC and a member of ARC and NC. The Company will endeavour to reconstitute its Board committees as soon as possible after the AGM.</td></tr>
</table>

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Group
4.3 The NC is charged with the responsibility of determining annually, and as and when circumstances require, if a director is independent, bearing in mind the circumstances set forth in guidelines 2.3 and 2.4 and any other salient factors. If the NC considers that a director who has one or more of the relationships mentioned therein can be considered independent, it shall provide its views to the board for the board's consideration. Conversely, the NC has the discretion to consider that a director is not independent even if he does not fall under the circumstances set forth in guideline 2.3 or guideline 2.4, and should similarly provide its views to the board for the board's consideration.	The independence of each Director is reviewed annually by the NC based on the Code's definition of what constitutes an Independent Directors. The NC has assessed the independence of Mr Lim Jin Wei, Mr Ian Tan Tee Hiang, Mr Robby and Mr Teng Wai Leung Wilson, and is satisfied that there are no relationships which would deem them not to be independent.
4.4 When a director has multiple board representations, he must ensure that sufficient time and attention is given to the affairs of each company. The NC should decide if a director is able to and has been adequately carrying out his duties as a director of the company, taking into consideration the director's number of listed company board representations and other principal commitments[7]. Guidelines should be adopted that address the competing time commitments that are faced when directors serve on multiple boards. The board should determine the maximum number of listed company board representations which any director may hold, and disclose this in the company's annual report.	The NC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards and/or have other principal commitments. The NC has set the maximum number of listed company board representations which any Director may hold shall at any time be six (6) (the "**Cap**"). A Director who proposes to hold any additional appointments on the board of a listed company in excess of the Cap will have to submit an application in writing to the NC, of which will deliberate and make recommendation to the Board for its approval. A Director who is the subject of such application shall not participate in the deliberation, recommendation and approvals of the NC and Board as applicable. The NC has from time to time, evaluated the performance of each Director to ensure that he has devoted adequate and sufficient time to carry out his duties and responsibilities effectively, taking into consideration the Director's other board representations and/or principal commitments. In assessing the capacity of the Directors, the NC has taken into consideration, *inter alia*, the following: - Expected and/or competing time commitments of Directors; - Geographical location of Directors; - Size and composition of the Board; and - Nature and scope of the Group's operations and size. The NC, having reviewed the time spent and attention given by each of the Directors to the Company's affairs, is satisfied that all Directors have discharged their duties adequately.

7 The term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Group
4.5 The board should generally avoid approving the appointment of alternate directors. Alternate directors should only be appointed for limited periods in exceptional cases such as when a director has a medical emergency. If an alternate director is appointed, the alternate director should be familiar with the company affairs, and be appropriately qualified. If a person is proposed to be appointed as an alternate director to an independent director, the NC and the board should review and conclude that the person would similarly qualify as an independent director, before his appointment as an alternate director. Alternate directors bear all the duties and responsibilities of a director.	The Company does not have alternate directors.
4.6 A description of the process for the selection, appointment and re-appointment of directors to the board should be disclosed in the company's annual report. This should include disclosure on the search and nomination process.	The process for the selection and appointment of new Directors is as follows: 1. **Determination of selection criteria**: The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge to complement and strengthen the Board. 2. **Search for suitable candidates:** The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary. 3. **Assessment of shortlisted candidates**: The NC would deliberate on the competencies of each shortlisted candidate against the needs of the Board to select a candidate for the directorship role. 4. **Appointment of director**: The NC would recommend the selected candidate to the Board for consideration and approval. The process for re-electing incumbent Directors is as follows: 1. **Assessment of director**: The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and the NC would also consider the current needs of the Board. 2. **Re-appointment of director**: Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and acceptance.

Corporate Governance Report

<table>
<tr><th>Guidelines of the Code</th><th>Corporate Governance Practices of the Group</th></tr>
<tr><td>4.7 Key information regarding directors, such as academic and professional qualifications, shareholding in the company and its related corporations, board committees served on (as a member or chairman), date of first appointment as a director, date of last re-appointment as a director, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments, should be disclosed in the company's annual report.

In addition, the company's annual disclosure on corporate governance should indicate which directors are executive, non-executive or considered by the NC to be independent. The names of the directors submitted for appointment or re-appointment should also be accompanied by such details and information to enable shareholders to make informed decisions. Such information, which should also accompany the relevant resolution, would include:

(a) any relationships including immediate family relationships between the candidate and the directors, the company or its 10% shareholders;

(b) a separate list of all current directorships in other listed companies; and

(c) details of other principal commitments.</td>
<td>Profiles of the Directors' professional qualifications and background are set out on page 5 of the Annual Report.

The dates of initial appointment and last re-election of each of the current Directors are set out below:

<table>
<tr><th>Name of Director</th><th>Position held on the Board</th><th>Date of first appointment to the Board</th><th>Date of last re-election as Director</th></tr>
<tr><td>Chu Ming Kin</td><td>Executive Chairman and Chief Executive Officer</td><td>6 April 2015</td><td>26 April 2016</td></tr>
<tr><td>Lim Jin Wei</td><td>Lead Independent Director</td><td>14 November 2016</td><td>26 April 2017</td></tr>
<tr><td>Ian Tan Tee Hiang</td><td>Independent Director</td><td>7 July 2015</td><td>26 April 2016</td></tr>
<tr><td>Robby</td><td>Independent Director</td><td>4 April 2017</td><td>26 April 2017</td></tr>
<tr><td>Teng Wai Leung Wilson</td><td>Independent Director</td><td>2 April 2018</td><td>Not applicable</td></tr>
</table>

The list of directorships in other listed companies, both current and those held over the preceding 3 years, and other principal commitments for each of the current Directors are as follows:

<table>
<tr><th>Name of Director</th><th>Directorship in Other Listed Companies</th><th>Past directorships in other listed companies (preceding three years)</th><th>Details of Other Principal Commitment, if any</th></tr>
<tr><td>Chu Ming Kin</td><td>Nil</td><td>Nil</td><td>Member of Alush Thailand</td></tr>
<tr><td>Lim Jin Wei</td><td>- Epicentre Holdings Limited
- Allied Technologies Limited</td><td>Nil</td><td>Director, Choon Hua Trading Corporation Sdn Bhd</td></tr>
<tr><td>Ian Tan Tee Hiang</td><td>Nil</td><td>Nil</td><td>Eternal Asia (M) Sdn Bhd</td></tr>
<tr><td>Robby</td><td>Nil</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Teng Wai Leung Wilson</td><td>Datapulse Technology Limited</td><td>Cassia Mining Resources Limited, Hong Kong (Dissolved in 2016)</td><td>Nil</td></tr>
</table>
</td></tr>
</table>

Board Performance

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

Guidelines of the Code	Corporate Governance Practices of the Group
5.1 Every board should implement a process to be carried out by the NC for assessing the effectiveness of the board as a whole and its board committees and for assessing the contribution by the chairman and each individual director to the effectiveness of the board. The board should state in the company's annual report how the assessment of the board, its board committees and each director has been conducted. If an external facilitator has been used, the board should disclose in the company's annual report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's annual report.	The NC has developed a process to evaluate the performance and effectiveness of the Board as a whole, its Board Committees and the contribution by individual Directors to the effectiveness of the Board, based on the performance criteria approved by the Board. At the end of each financial year, all Directors are requested to complete a Board evaluation questionnaire designed to seek their views on the various aspects of the Board performance so as to assess the overall effectiveness of the Board and the Board Committees. The responses are collated independently by the Company Secretary and the results are reviewed by the NC before submitting to the Board for discussing and determining areas for improvement and enhancement of the Board's, the Board Committees' and Directors' effectiveness. The Chairman of the Board will act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors. No external facilitator has been used in the assessment process.
5.2 The NC should decide how the board's performance may be evaluated and propose objective performance criteria. Such performance criteria, which allow for comparison with industry peers, should be approved by the board and address how the board has enhanced long term shareholders value. These performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the board to justify this decision.	The performance criteria approved by the Board addresses how the Board has enhanced long term shareholders value, and are not changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such decision. The performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board are as follows: (i) Board Composition; (ii) Board Information; (iii) Board Process; (iv) Board Accountability; (v) CEO/Top Management; and (vi) Standards of Conduct.

Corporate Governance Report

5.3 Individual evaluation should aim to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the board and board committees, and any other duties). The chairman should act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the board or seek the resignation of directors.	The NC has reviewed the overall performance of the Board and Board Committees in terms of their role and responsibilities and the conduct of their affairs as a whole for the financial year, and is of the view that the performance of the Board and Board Committees as a whole has been satisfactory. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his/her performance or re-nomination as a Director. Through the evaluation process and intensity of participation by the Directors at the Board and Board Committees meetings and their quality of contribution, the NC is satisfied that the Directors are able to continue contributing effectively and the results of the assessment has been communicated to and accepted by the Board. The replacement of a Director, when it occurs, does not necessarily reflect the Director's performance, but may be driven by the need to align the Board with the needs of the Group.

Access to Information

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

Guidelines of the Code	Corporate Governance Practices of the Group
6.1 The management has an obligation to supply the board with complete, adequate information in a timely manner. Relying purely on what is volunteered by the management is unlikely to be enough in all circumstances and further enquiries may be required if the particular director is to fulfil his duties properly. Hence, the board should have separate and independent access to the management. Directors are entitled to request from the management and should be provided with such additional information as needed to make informed decisions. The management shall provide the same in a timely manner.	The Management keep the Board informed of the Group's operations and performance on an on-going basis, through updates and reports as well as through informal discussions. Prior to the meetings of the Board and/or Board Committees, Directors are provided, where appropriate, with information to enable them to participate at the meetings. The Board has separate and independent access to senior management of the Group at all times in carrying out its duties. Management will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.
6.2 Information provided should include board papers and related materials, background or explanatory information relating to matters to be brought before the board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.	All Directors are furnished with adequate information prior to Board meetings to allow the Directors to have sufficient time to read and review the board papers and the meeting materials. As and when there are important matters that require the Directors' attention, the information will be furnished to the Directors as soon as practicable. Additional information is provided to Directors, as and when needed or requested, to enable them to make informed decisions. Any material variance between the actual results and the budgets will be explained to the Board at the relevant time at the Board or Board Committee meetings.

Guidelines of the Code	Corporate Governance Practices of the Group
6.3 Directors should have separate and independent access to the company secretary. The role of the company secretary should be clearly defined and should include responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the chairman, the company secretary's responsibilities include ensuring good information flows within the board and its committees and between the management and non-executive directors, advising the board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The company secretary should attend all board meetings.	The Directors have separate and independent access to the Company Secretary. The Company Secretary and/or her representative attends all Board and Board Committees meetings. In addition, the Company Secretary assists the Chairman in ensuring board procedures are followed, ensuring good information flows within the Board and its Board committees and between the management and the Directors, assists the Board on governance matters, as well as facilitating orientation and assisting with professional development, if required.
6.4 The appointment and the removal of the company secretary should be a matter for the Board as a whole.	The appointment and removal of the Company Secretary are subject to the approval of the Board.
6.5 The board should have a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, and at the company's expense.	The Directors have full access to the Company's records and information and may seek independent legal and other professional advice, if they deem necessary, in the furtherance of their duties. Such expenses are borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Guidelines of the Code	Corporate Governance Practices of the Group
7.1 The Board should establish a RC with written terms of reference which clearly set out its authority and duties. The RC should comprise at least three directors, the majority of whom, including the RC chairman, should be independent. All of the members of the RC should be non-executive directors. This is to minimise the risk of any potential conflict of interest. The board should disclose in the company's annual report the names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the board.	As at 31 December 2017, the RC comprised the following members, who were all Independent Directors: Mr Ian Tan Tee Hiang — Chairman Mr Lim Jin Wei — Member Mr Yau Woon Foong — Member As at the date of this report, the RC comprises the following members, who are all Independent Directors: Mr Ian Tan Tee Hiang — Chairman Mr Lim Jin Wei — Member Mr Robby — Member

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Group
	The RC functions under its terms of reference which sets out its responsibilities as follows: (a) to review and recommend to the Board a policy of remuneration for the Board and key executives, and to determine the terms of employment and remuneration packages for each Executive Director, which covers all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind; (b) to approve any compensation packages or arrangements following the severance of any Executive Director's service contract; (c) to review whether Executive Directors and key management personnel should be eligible for benefits under long-term incentive schemes, including share schemes; and (d) to review working environments and succession planning for the management.
7.2 The RC should review and recommend to the board a general framework of remuneration for the board and key management personnel[8]. The RC should also review and recommend to the board the specific remuneration packages for each director as well as for the key management personnel. The RC's recommendations should be submitted for endorsement by the entire board. The RC should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share based incentives and awards, and benefits in kind.	The RC recommends to the Board for endorsement, a framework of remuneration for the Board and key management personnel, and determines specific remuneration package for each Executive Director as well as for the key management personnel. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. The RC will also review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees. Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his remuneration package or that of employees related to him.
7.3 If necessary, the RC should seek expert advice inside and/or outside the company on remuneration of all directors. The RC should ensure that existing relationships, if any, between the company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The company should also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the company.	The RC is encouraged to engage an external remuneration consultant for the purposes of recommending to the Board a framework of remuneration for the Board and executive officers and determining the specific remuneration packages for each Executive Director as necessary. No external facilitator had been engaged by the Board for advice and remuneration matters for FY2017.

8 The term "key management personnel" shall mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Guidelines of the Code	Corporate Governance Practices of the Group
7.4 The RC should review the company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance.	The RC regularly reviews the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service, if any, contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and to avoid rewarding poor performance.

Level and Mix of Remuneration

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

Guidelines of the Code	Corporate Governance Practices of the Group
8.1 A significant and appropriate proportion of executive directors and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance. Such performance-related elements of remuneration should be aligned with the interests of shareholders and promote the long-term success of the company. It should take account of the risk policies of the company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. There should be appropriate and meaningful measures for the purpose of assessing executive and key management personnel's performance.	The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market. The remuneration of the Executive Directors and key management personnel of the Group are reviewed by the RC to ensure that the interests of the Executive Directors and key management personnel of the Group are aligned with the interests of the Shareholders and to ensure that the remuneration is commensurate with their performance and the performance of the Company. The Company has entered into a service agreement with Mr Chu Ming Kin which commenced on 7 July 2015. The service agreement is for an initial period of 3 years to be renewed thereafter as may be agreed unless otherwise agreed in writing between the Company and the executive or terminated in accordance with the terms of the service agreement.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Group
8.2 Long-term incentive schemes are generally encouraged for executive directors and key management personnel. The RC should review whether executive directors and key management personnel should be eligible for benefits under long-term incentive schemes. The costs and benefits of long-term incentive schemes should be carefully evaluated. In normal circumstances, offers of shares or grants of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged. Executive directors and key management personnel should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability.	The Company's employee share option scheme ("**2014 ESOS**") is a long-term incentive plan and the mechanism involves deferring incentive compensation over a time horizon to ensure that the Group's employees focus on generating shareholders' value over a longer term. Conditions to entitlement to such long-term incentives include the assessment and recognition of potential progressive performance, and enhancement to asset value and shareholders' value over time, taking into consideration current and future plans of the Company. The Company's Sincap Performance Share Plan ("**2012 PSP**") is another long-term incentive plan that seeks to recognise and reward past contributions and services and motivate executive directors and key management personnel to continue to strive for the Group's long term growth. Further details on the 2014 ESOS and 2012 PSP can be found in the Company's circular dated 9 April 2014 and offer document dated 17 July 2012, respectively.
8.3 The remuneration of non-executive directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of directors. Non-executive directors should not be over-compensated to the extent that their independence may be compromised. The RC should also consider implementing schemes to encourage non-executive directors to hold shares in the company so as to better align the interests of such non-executive directors with the interests of shareholders.	The Independent Directors of the Company are paid Directors' fees, which are determined by the Board based on the effort, time spent and responsibilities of the Directors. The Directors' fees of the Independent Directors are subject to approval by Shareholders at each AGM thereby ensuring that their independence is not compromised. Each member of the RC abstains from deliberating on or making recommendation in respect of any proposed amounts to be paid by the Company to him.
8.4 Companies are encouraged to consider the use of contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company.	As at the date of this report, the Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company. The Company will review the use of such contractual provisions as and when deemed necessary.

Disclosure on Remuneration

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

Guidelines of the Code	Corporate Governance Practices of the Group
9.1 The company should report to the shareholders each year on the remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. This annual remuneration report should form part of, or be annexed to the company's annual report of its directors. It should be the main means through which the company reports to shareholders on remuneration matters. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO).	The RC makes recommendations on an appropriate framework of remuneration taking into account employment conditions within the industry and the Group's performance to ensure that the package is competitive and sufficient to attract, retain and motivate the Directors and key management personnel. On the other hand, the Company avoids paying more than it is necessary for this purpose. Elements of the Group's relative performance and the performance of the individual Directors form part of the Executive Directors' remuneration packages so as to align their interests with those of shareholders and promote long-term success of the Company. The annual remuneration band of each individual Director and key management personnel for FY2017, are set out below:

Name of Director	Fixed salary	Defined contribution plan	Directors' fees	Other benefits	Total remuneration
	%	%	%	%	
Chu Ming Kin	85.5	–	–	14.5	**Band A** (1)
Ian Tan Tee Hiang	–	–	100	–	**100**
Lim Jin Wei	–	–	100	–	**100**
Lim Teck Chai Danny (2)	–	–	100	–	**100**
Yau Woon Foong (3)	–	–	100	–	**100**
Robby	–	–	100	–	**100**

Notes:
(1) Band A: Compensation from S$0 to S$250,000 per annum.
(2) Mr Lim Teck Chai Danny retired as Independent Director of the Company on 26 April 2017.
(3) Mr Yau Woon Foong resigned as Independent Director of the Company on 9 February 2018.

Remuneration of Key Management Personnel

Name of Executive Officer	Fixed Salary	Defined Contribution Plan	Other benefits	Shares	Total remuneration
	(%)	(%)	(%)	(%)	
Yau Woon Soon (2)	92.3	–	7.7	–	**Band A** (1)
Raju Teckchand Nanwani	92.3	–	7.7	–	**Band A**
Ng Pei Eng (3)	91.8	–	8.2	–	**Band A**

Notes:
(1) Band A: Compensation from S$0 to S$250,000 per annum.
(2) Mr Yau Woon Soon was appointed as Financial Controller of the Company on 11 July 2017.
(3) Ms Ng Pei Eng resigned as Chief Financial Officer of the Company on 30 June 2017.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Group
	The Company believes that it is not in the best interest to disclose the precise remuneration of the Directors and key management personnel due to the confidentiality and sensitivity of the matter and the highly competitive market for talents. The Company has, however, disclosed the remuneration of the Directors in bands of S$250,000. The annual aggregate remuneration paid to the top three (3) key management personnel of the Company (who are not Directors or the CEO) for FY2017 is equivalent to approximately S$186,332. There were no terminations, retirement or past employment benefits granted to Directors, the CEO and the top management personnel of the Company. The Board is of the view that the current disclosure information on remuneration matter provides sufficient overview of the remuneration policies of the Group while maintaining the confidentiality of the Directors and staff remuneration matters.
9.2 The company should fully disclose the remuneration of each individual director and the CEO on a named basis. For administrative convenience, the company may round off the disclosed figures to the nearest thousand dollars. There should be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.	Directors and key executives' remuneration packages are a competitive advantage of the Group. The Board is aware of and supports the need for transparency. However, after deliberation and debate, the Board is of the view that full disclosure of the specific remuneration of each individual director and the key management personnel (who are not directors) is not in the best interest of the Company and therefore Shareholders. The Board has taken into account the very sensitive nature of the matter, the relative size of the Group, the competitive business environment the Group operates in and the irrevocable negative impact such disclosure may have on the Group. In view of these, the Company has chosen to make disclosure in relation thereto in bands of S$250,000 with a breakdown in percentage terms of base salary, bonus, director fees and other benefits. The Company is of the view that such disclosures would provide adequate information on the remuneration policies and practice for Directors and key management personnel. The aggregate remuneration paid to the Directors and key management personnel was approximately S$714,529. Please refer to the table on remuneration of Directors on page 29 of this Annual Report.
9.3 The company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.	Please refer to the table on the level of remuneration of key management personnel on page 29 of this Annual Report.

Guidelines of the Code		Corporate Governance Practices of the Group
	In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.	
9.4	For transparency, the annual remuneration report should disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000. The company need only show the applicable bands.	During FY2017, there was no employees whose remuneration exceeded S$50,000 who was related to a Director or CEO of the Company.
9.5	The annual remuneration report should also contain details of employee share schemes to enable their shareholders to assess the benefits and potential cost to the companies. The important terms of the share schemes should be disclosed, including the potential size of grants, methodology of valuing stock options, exercise price of options that were granted as well as outstanding, whether the exercise price was at the market or otherwise on the date of grant, market price on the date of exercise, the vesting schedule, and the justifications for the terms adopted.	In FY2017, there were no grant of awards and options under the 2012 PSP and 2014 ESOS respectively. Further details on the 2014 ESOS and 2012 PSP can be found in the Company's circular dated 9 April 2014 and offer document dated 17 July 2012, respectively.
9.6	For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met.	The remuneration received by the Independent Directors and key management personnel takes into consideration their individual performance and contribution towards the overall performance of the Group for FY2017. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives. The following performance conditions for short-term incentives such as performance bonus were chosen for the Group to remain competitive and to motivate the Executive Director(s) and key management personnel to work in alignment with the goals of all stakeholders: 1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Accountability

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

Guidelines of the Code	Corporate Governance Practices of the Group
10.1 The board's responsibility to provide a balanced and understandable assessment of the company's performance, position and prospects extends to interim and other price sensitive public reports, and reports to regulators (if required).	The Board provides Shareholders with a balanced and understandable assessment of the Group's performance, financial position and prospects through its announcements of half year and full year financial statements, as well as other announcements required under Section B: Rules of Catalist of the Listing Manual of the SGX-ST (the "**Catalist Rules**") via the SGXNET.
10.2 The board should take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange, for instance, by establishing written policies where appropriate.	The Board receives regular updates and briefings on any changes to the laws and regulations to ensure compliance with legislative and regulatory requirements, and observes the obligations of continuing disclosure under the Catalist Rules.
10.3 The management should provide all members of the board with management accounts and such explanation and information on a monthly basis and as the board may require from time to time to enable the board to make a balanced and informed assessment of the company's performance, position and prospects.	The Management provides the Board with management accounts which present a balanced and understandable assessment of the Company's performance, financial position and prospects on a monthly basis.

Risk Management and Internal Controls

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

Guidelines of the Code	Corporate Governance Practices of the Group
11.1 The board should determine the company's levels of risk tolerance and risk policies, and oversee the management in the design, implementation and monitoring of the risk management and internal control systems.	The Board determines the Company's levels of risk tolerance and risk policies, and oversees the Management in the design, implementation and monitoring of the Group's risk management and internal control systems. The Board is responsible for approving the Company's policies on risk oversight and management, and satisfying itself, with the assistance of the ARC that the Management has developed and implemented a sound system of risk management and internal control.

Guidelines of the Code	Corporate Governance Practices of the Group
11.2 The board should, at least annually, review the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.	The Board will, at least annually, review the adequacy and effectiveness of the Company's risk management and internal control system, including financial, operational, compliance and information technology controls. To assist the ARC and Board in reviewing the adequacy and effectiveness of the Company's risk management and internal control systems, the Board has engaged the assistance of its external and internal auditors. During FY2017, the Company's external auditors had conducted their annual review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls as well as risk management policy. The Company's internal auditor had conducted their annual review on Orion Energy Resources Pte. Ltd.'s ("**Orion**")'s controls in Purchases and Trade Payables. The Company's external and internal auditors reported the same to the ARC.
11.3 The board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's annual report. The board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The board should also comment in the company's annual report on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.	The Board received assurance from the Executive Chairman and CEO, and the Financial Controller that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) the Group's risk management and internal control systems in place are effective ("**Assurance**"). Based on the internal controls established and maintained by the Group, work carried out by the external and internal auditors, the Assurance and reviews performed by the Management and the various Board Committees, the Board, with the concurrence of the ARC, are of the opinion that, the Group's internal controls and the risk management system are adequate and effective addressing financial, operational, compliance and information technology and risk management during FY2017.
11.4 The board may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the company's risk management framework and policies.	The ARC assists the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies.

Corporate Governance Report

Audit Committee

Principle 12: The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

Guidelines of the Code	Corporate Governance Practices of the Group
12.1 The ARC should comprise at least three directors, the majority of whom, including the ARC chairman, should be independent. All of the members of the ARC should be non-executive directors. The board should disclose in the company's annual report the names of the members of the ARC and the key terms of reference of the ARC, explaining its role and the authority delegated to it by the board.	As at the date of this report, the ARC comprises entirely Independent Directors and the members of the RC are: Mr Lim Jin Wei — Chairman Mr Ian Tan Tee Hiang — Member Mr Robby — Member The ARC's key terms of reference and duties are set out below.
12.2 The board should ensure that the members of the ARC are appropriately qualified to discharge their responsibilities. At least two members, including the ARC chairman, should have recent and relevant accounting or related financial management expertise or experience, as the board interprets such qualification in its business judgement.	The members of the ARC, collectively, have accounting or related financial management expertise or experience and are qualified to discharge their responsibilities.
12.3 The ARC should have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.	The ARC shall have the authority to initiate, and to oversee, any investigation of matters within its written terms of reference. For this purpose, it shall have full access to and be entitled to full co-operation from the Management, and full discretion to invite and permit any Director, executive, or employee of the Company, or any external consultant or professional advisor to attend its meetings, and to provide information and feedback to the ARC. In the performance of its duties, the ARC is authorised to obtain any information it requires from any employee of the Company. The ARC may commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on our Company's operating results or financial position.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Group
12.4 The duties of the ARC should include: (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance; (b) reviewing and reporting to the board at least annually the adequacy and effectiveness of the company's internal controls including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties); (c) reviewing the effectiveness of the company's internal audit function; (d) reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors; and (e) making recommendations to the board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.	The ARC reviews the scope, results and cost effectiveness of the audit carried out by external auditors. The ARC also reviews the independence and objectivity of the external auditors. The ARC always seeks to balance the maintenance of objectivity of the external auditors and the ability of the external auditors to provide services which are value for money. The ARC reviews any significant financial reporting issues and judgments to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance. The ARC reviews the adequacy of the Company's internal controls through their discussions with Management and the internal auditors. The ARC reviews the effectiveness of the Company's internal audit function. The ARC recommends to the Board the appointment, re-appointment and removal of the external auditor, and approves the remuneration and terms of engagement of the external auditor. In addition, the ARC also performs, *inter alia*, the following duties: • review and discuss with external auditors and internal auditors, any suspected fraud, irregularity, infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the management's response; • review the co-operation given by Management to the external auditors; • review the cash management, controls and procedures of the Group; • review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules; • review the report of the internal audit and to consider and make recommendations to the board whether to continue with such reviews; • review any potential conflicts of interest; • review the adequacy and supervision of the finance and accounting team on an annual basis; and • review the register of all sale and purchase transactions with companies with whom our Group conducts both sale and purchase transactions and its supporting documents, at least on a half-yearly basis, to assess the veracity of such transactions, and shall highlight its findings to the Board and follow up on any actions where necessary.
12.5 The ARC should meet (a) with the external auditors, and (b) with the internal auditors, in each case without the presence of the company's management, at least annually.	The ARC had met with the external auditors, and with the internal auditors, once without the presence of the Management in FY2017.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Group
12.6 The ARC should review the independence of the external auditors annually and should state (a) the aggregate amount of fees paid to the external auditors for that financial year, and (b) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in the company's Annual Report. Where the external auditors also supply a substantial volume of non-audit services to the company, the ARC should keep the nature and extent of such services under review, seeking to maintain objectivity.	The ARC reviews the independence and objectivity of the external auditors annually, taking into consideration the nature and extent of any non-audit services provided to the Company by the external auditors, and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The aggregate amount of audit fees and non-audit fees paid or payable to the auditors, Baker Tilly TFW LLP for FY2017 amounted to S$97,000 and S$4,200, respectively. The ARC recommends to the Board the re-appointment of Baker Tilly TFW LLP as the external auditor of the Company at the forthcoming AGM. Baker Tilly TFW LLP are the auditors of all the Company's Singapore incorporated subsidiaries. The Board and ARC are of the view that the Company has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.
12.7 The ARC should review the policy and arrangements by which staff of the company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The ARC's objective should be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The existence of a whistle-blowing policy should be disclosed in the company's annual report, and procedures for raising such concerns should be publicly disclosed as appropriate.	The Company has in place a whistle blowing policy (the "**Policy**") which encourages and provides a well-defined and accessible channel to employees of the Group to raise concerns about possible improprieties in financial reporting or other matters. The Company will be extending such policy to include external parties such as the Company's business associates in FY2017 and will disclose the procedures for raising concerns accordingly. The objective of the Policy is to encourage the reporting of such matters in good faith while providing the assurance that the employee making such report will be fairly treated, and to ensure independent investigation of such matters and for appropriate follow-up action to be taken by the management and the results reported to the ARC and the Board. The Policy and procedures for raising any concerns is communicated to all employees of the Group during the orientation for new employees and also via the staff handbook.
12.8 The board should disclose a summary of all the ARC's activities in the company's annual report. The board should also disclose in the company's annual report measures taken by the ARC members to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.	The ARC held two (2) meetings in FY2017. Details of members' attendance at the meetings are set out on page 11 of the Annual Report. In accordance with the Catalist Rules, the ARC reviewed the audit plans and audit reports for FY2017 presented by the external auditors. The ARC also reviewed the half-yearly and yearly financial statements and discussed with Management, the financial controller and the external auditors regarding the significant accounting policies, judgment and estimates applied by the Management in preparing the annual financial statements. Following the review and discussions, the ARC then recommended to the Board for further review and approval of the audited annual financial statements. The external auditors provided regular updates and periodic briefings to the ARC on changes or amendments to accounting standards to enable the members of the ARC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Group
12.9 A former partner or director of the company's existing auditing firm or auditing corporation should not act as a member of the company's ARC: (a) within a period of 12 months commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he has any financial interest in the auditing firm or auditing corporation.	None of the members of the ARC is a partner or director of the Company's existing auditing firm or auditing corporation.

Internal Audit

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

Guidelines of the Code	Corporate Governance Practices of the Group
13.1 The internal auditor's primary line of reporting should be to the ARC chairman although the internal auditor would also report administratively to the CEO. The ARC approves the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced. The internal auditor should have unfettered access to all the company's documents, records, properties and personnel, including access to the ARC.	The internal audit function of the Group was outsourced to RT LLP in FY2017. The primary line of reporting of the internal auditors is to the Chairman of the ARC although it would also report administratively to the CEO. The ARC in consultation with Management, approves any hiring, removal, evaluation and compensation of the internal auditors. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the ARC. The internal auditors were invited to attend the ARC meetings.
13.2 The ARC should ensure that the internal audit function is adequately resourced and has appropriate standing within the company. For the avoidance of doubt, the internal audit function can either be in-house, outsourced to a reputable accounting/auditing firm, or performed by a major shareholder, holding company, parent company or controlling enterprise with an internal audit staff.	The Board recognises the importance of maintaining a system of internal controls, procedures and processes for the Group to safeguard shareholders' investments and the Group's assets. As the size of the operations of the Group does not warrant the Group having an in-house internal audit function, the Group has therefore appointed a professional internal audit firm, RT LLP to undertake the functions of its internal audit for FY2017.
13.3 The internal audit function should be staffed with persons with the relevant qualifications and experience.	The ARC has reviewed and assessed, and is satisfied with the qualifications and experience of the appointed internal audit firm's team which undertakes the function of its internal audit within the Group.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Group
13.4 The Internal Auditor should carry out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.	The internal auditors have carried out their function according to the Standards for the Professional Practice for Internal Auditing issued by The Institute of Internal Auditors, which is consistent with the standards set by nationally or internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.
13.5 The ARC should, at least annually, review the adequacy and effectiveness of the internal audit function.	The ARC reviews annually and ensures that the internal audit function is adequate and effective. The audit plan is submitted to the ARC for approval prior to the commencement of the internal audit work. After the internal audit work is completed, the findings of the internal auditors are presented in a report. The report is reviewed by the ARC and the ARC conducts discussions with the internal auditors on areas of internal controls which require improvement. The ARC then monitors the implementation of improvements required on internal control weaknesses identified.

SHAREHOLDER RIGHTS

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

Guidelines of the Code	Corporate Governance Practices of the Group
14.1 Companies should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the company's shares.	In recognition of the importance of Shareholders' rights and treating all Shareholders fairly and equitably, the Company aims to protect and facilitate the exercise of ownership rights by all Shareholders, and continually review and update such governance arrangements. In line with continuous disclosure obligations, the Group is committed to regular and proactive communication with its shareholders. It is the Board's policy that the shareholders be informed of all major developments and events that impact the Group. The Company believes in regular and timely communication with shareholders as part of its organisational development to build systems and procedures. The Company firmly believes in high standards of transparent corporate disclosure, in line with continuous obligations of the Company under the Catalist Rules. The Board is mindful of the obligation to provide shareholders with information on all major developments that affect the Group in accordance with the Catalist Rules and the Singapore Companies Act, Cap 50.
14.2 Companies should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders.	The Company will ensure that all Shareholders have equal opportunity to participate effectively in and vote at general meetings. The Company's general meetings are held in Singapore to provide Shareholders with an opportunity to meet the Directors and the Management and vote at such general meetings. Shareholders are also informed of the voting procedures prior to the commencement of voting by poll.

Guidelines of the Code	Corporate Governance Practices of the Group
14.3 Companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.	The Constitution of the Company allow the Shareholders to appoint proxies to attend and vote in their stead at general meetings. The maximum number of proxies that may be appointed by any shareholder is two. A relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

COMMUNICATION OF SHAREHOLDERS

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

Guidelines of the Code	Corporate Governance Practices of the Group
15.1 Companies should devise an effective investor relations policy to regularly convey pertinent information to shareholders. In disclosing information, companies should be as descriptive, detailed and forthcoming as possible, and avoid boilerplate disclosures.	In compliance with continuous disclosure obligations under the Catalist Rules, the Company releases pertinent and other material information to Shareholders in a timely manner through announcements via the SGXNET system, annual reports and press releases. Notices of the annual general meeting and all extraordinary general meetings are advertised in newspapers as well as on SGXNET within the prescribed deadlines prior to the relevant meetings.
15.2 Companies should disclose information on a timely basis through SGXNET and other information channels, including a well maintained and updated corporate website. Where there is inadvertent disclosure made to a select group, companies should make the same disclosure publicly to all others as promptly as possible.	In line with the continuous disclosure obligations under the relevant rules, the Board informs shareholders promptly of all major developments that may have a material impact on the Group in a timely manner. Half-year and full year results and other major developments of the Company are announced on SGXNET, as required by the Catalist Rules. The Company ensures that price-sensitive information is publicly released, and is announced within the mandatory period. Apart from the SGXNET announcements and its annual report, the Company may release press releases or organise media/analyst briefings to keep shareholders informed of corporate developments.
15.3 The board should establish and maintain regular dialogue with shareholders, to gather views or inputs, and address shareholders' concerns.	The Board welcomes Shareholders to attend all general meetings of the Company, which represent the principal forum for dialogue and interaction between the Board, Management and the Company, and for Shareholders to share their concerns and views.
15.4 The board should state in the company's annual report the steps it has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or investors' day briefings.	General meetings are the principal forum for dialogue and interaction with shareholders. During these meetings, shareholders are given opportunities to voice their views and seek clarification to the Board on any matters relating to the Group's business and operations.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Group
15.5 Companies are encouraged to have a policy on payment of dividends and should communicate it to shareholders. Where dividends are not paid, companies should disclose their reasons.	The Company does not have a dividend policy. The dividend that the Directors may recommend or declare in respect of any particular financial year or periods will be subject to, *inter alia*, the factors outlined below: (a) level of cash and retained earnings; (b) actual and projected financial performance; (c) projected levels of capital expenditure and other investment plans; and (d) restrictions on payment of dividends imposed on the Company by its financing arrangements, if any. Any final dividends paid by the Company shall be approved by an ordinary resolution of the Shareholders at a general meeting. The Board may, without the approval of Shareholders, also declare an interim dividend. No dividend has been declared or recommended for FY2017.

CONDUCT OF SHAREHOLDER MEETINGS

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

Guidelines of the Code	Corporate Governance Practices of the Group
16.1 Shareholders should have the opportunity to participate effectively in and to vote at general meetings of shareholders. Companies should make the appropriate provisions in their articles of association (or other constitutive documents) to allow for absentia voting at general meetings of shareholders.	Shareholders of the Company are informed of the general meetings through notices contained in the annual reports or circulars which are sent to all Shareholders. These notices are also issued via SGXNET and advertised in a newspaper in Singapore. Pursuant to the Company's Constitution, a Shareholder may appoint not more than two (2) proxies to attend and vote at the same general meeting on his behalf through proxy forms deposited 48 hours before the meeting. The Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the Shareholders' identities through the web is not compromised.
16.2 There should be separate resolutions at general meetings on each substantially separate issue. Companies should avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.	Resolutions are as far as possible, structured separately and may be voted upon independently. All the resolutions that are put to the vote at general meetings would be voted by way of poll. The Company will make an announcement of the detailed results showing the numbers of votes cast for and against each resolution and the respective percentages to the public via SGXNET.

Guidelines of the Code	Corporate Governance Practices of the Group
16.3 All directors should attend general meetings of shareholders. In particular, the chairman of the Board and the respective chairman of the ARC, NC and RC should be present and available to address shareholders' queries at these meetings. The external auditors should also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.	The chairpersons of the ARC, NC and RC are present and available to address any questions from the Shareholders at general meetings. The Company's external auditors are also invited to attend general meetings and are present to address Shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.
16.4 Companies should prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the board and management, and to make these minutes available to shareholders upon their request.	All minutes of general meetings that include substantial and relevant comments or queries from the shareholders and responses from the Board and the Management are made available to the Shareholders upon their request.
16.5 Companies should put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. Companies are encouraged to employ electronic polling.	In line with Catalist Rule 730A, all resolutions will be voted by way of poll. The Company will announce the detailed results showing the number of votes cast for and against each resolution and the respective percentages to the Shareholders and the public.

DEALING IN SECURITIES

The Company has adopted policies in line with Rule 1204(19) of the Catalist Rules on dealings in the Company's securities.

The Company has an internal compliance code to provide guidance to its officers with regard to dealing by the Company and its officers in securities of the Company. Officers of the Company are discouraged from dealing with the Company's securities on short-term considerations and in circumstances where they are in possession of unpublished price-sensitive information of the Group.

They are also advised to be mindful of the law on insider trading. The Company and its officers are prohibited from dealing in the Company's securities during the period commencing one month before the announcement of the Company's half year and full year financial statements.

MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interest of any Director or controlling Shareholder, either still subsisting at the end of the financial year ended 31 December 2017 or if not then subsisting, entered into since the end of the financial year ended 31 December 2016.

Corporate Governance Report

INTERESTED PERSON TRANSACTIONS

The Company has established internal control procedures to ensure the transactions with interested persons are properly reviewed and approved by the ARC and conducted at arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The Company does not have a general mandate on interested person transactions.

There were no interested person transactions with a value of S$100,000 or more during FY2017.

USE OF PROCEEDS FROM THE RIGHTS ISSUE

The net proceeds arising from the allotment and issuance of the rights shares on 11 April 2017 pursuant to the rights issue by the Company was approximately S$3.709 million, which has been utilised as follows:

Intended purposes	**Amount allocated**	**Amount utilised as at the date of this report**	**Balance as at the date of this report**
	(S$'000)	(S$'000)	(S$'000)
For expansion/growth of the mining and resource trading of the Group	2,596	(2,596)	–
For working capital	1,113	(860)	253
Total	**3,709**	**3,456**	**253**

The above utilisations are in accordance with its intended uses.

NON-SPONSOR FEES

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company is Stamford Corporate Services Pte. Ltd. (the "**Sponsor**").

In compliance with Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to the Sponsor by the Company during FY2017.

CORPORATE SOCIAL RESPONSIBILITY

The Company acknowledges that it is important to have sustainability and to implement appropriate policies and programmes in line with the requirements of SGX-ST and good practice. The Company will conduct a materiality assessment to determine current material issues affecting its new business areas and will issue its sustainability report on or before December 2018 and upload the sustainability report on SGXNET.

Directors' statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Sincap Group Limited (the "Company") and its subsidiary corporations (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company as set out on pages 50 to 100 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore; and

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

Directors

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

Chu Ming Kin	
Ian Tan Tee Hiang	
Lim Jin Wei	
Robby	(Appointed on 4 April 2017)
Teng Wai Leung Wilson	(Appointed on 2 April 2018)

Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

	Number of ordinary shares Shareholding registered in their own names		
Name of directors	**At 1.1.2017**	**At 31.12.2017**	**At 21.1.2018**
The Company			
Chu Ming Kin	16,878,500	69,406,200	69,406,200

Directors' statement

Share options

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit and Risk Committee

The members of the Audit and Risk Committee at the date of this report are as follows:

Lim Jin Wei	(Chairman of Audit and Risk Committee and Lead Independent Director)
Robby	(Independent Director)
Ian Tan Tee Hiang	(Independent Director)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act and performed the following functions:

(a) reviewed with the independent external auditor their audit plan;

(b) reviewed with the independent external auditor their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them;

(c) reviewed with the internal auditors the scope and results of the internal audit procedures (including those relating financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditors;

(d) reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

(e) reviewed the interested person transactions (as defined in Chapter 9 of the Catalist Rules).

Other functions performed by the Audit and Risk Committee are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how independent auditor objectivity and independence is safeguard where the independent auditor provide non-audit services.

The Audit and Risk Committee is satisfied with the independence and objective of the independent auditor and has recommended to the Board of Directors that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Directors' statement

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Chu Ming Kin Director	Lim Jin Wei Director

5 April 2018

Independent Auditor's Report

To the members of Sincap Group Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Sincap Group Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 50 to 100, which comprise the statements of financial position of the Group and of the Company as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Qualified Opinion

Opening balances

Our independent auditor's report dated 3 April 2017 expressed a qualified opinion on the financial statements for the financial year ended 31 December 2016 in respect of the letters received from the management and the employees' union of Shandong Luneng Taishan Mining Co., Ltd. ("Shandong Luneng"), requesting from the Company, the amounts of RMB31,000,000 for the completion of mine refilling project and RMB26,690,000 for settlement of outstanding employees' social security insurance respectively as at 31 December 2016. The Company was unable to determine the merits of the claims. Consequently, these claims had not been provided for in the financial statements for the financial year ended 31 December 2016. We were unable to obtain sufficient appropriate audit evidence and explanation nor perform any procedures to ascertain the impact of the above claims, if any, on the financial statements of the Company and of the Group. As such, we were unable to determine whether any adjustments were needed for these claims.

The holding company of Shandong Luneng is Beijing Raffles Investment Advisory Co., Ltd ("Beijing Raffles"). On 12 October 2017, the Company completed the disposal of Beijing Raffles and its subsidiaries (collectively "Disposed Group"). Since the opening balances as at 1 January 2017 enter into determination of the financial performance for the financial year ended 31 December 2017, we are unable to determine whether any adjustments might have been found necessary in respect of the net assets of the Disposed Group as disclosed in Note 8 to the financial statements and the corresponding impact on consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity for the financial year ended 31 December 2017.

Our opinion on the current financial year's financial statements is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

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

Independent Auditor's Report

To the members of Sincap Group Limited

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined the matters described below to the key audit matters to be communicated in our report.

Impairment of goodwill

Description of key audit matter:

As disclosed in Note 15 to the financial statements, the Group's goodwill of RMB13,434,000 (2016: RMB13,434,000), accounted for more than 5.8% (2016: 8.6%) of the Group's total assets as at 31 December 2017. The goodwill arose from the Group's acquisition of Orion Energy Resources Pte. Ltd. in 2015.

The goodwill is required to be tested for impairment annually. Impairment assessment of goodwill is considered a key audit matter due to the significant management estimation involved in the estimation of the value-in-use ("VIU") of the cash generating unit ("CGU"). Cash flow projection used for determining VIU involved significant management estimation and is based on assumptions of the future results of the CGU that are affected by expected future market and economic conditions and the discount rate applied for future cash forecasts.

Our procedures to address the key audit matter:

We obtained an understanding of management's impairment assessment process.

Our audit procedures focused on the assessment of key assumptions in forming the CGUs' VIU calculation, including the cash flow projection and discount rate.

We obtained management's assumptions used in the cash flow projection which the outcome of the impairment test is most sensitive to, and evaluated the reasonableness of these assumptions by comparing the cash flow projection against recent performances and trends. This include obtaining an understanding of management's revenue growth strategies and cost initiatives and the review of secured contracts. Furthermore, we evaluated management's budgeting process by comparing actual results to historical cash flow projections. We performed sensitivity analysis on forecast revenue growth rate, gross profit margin and discount rate assumptions to the cash flow projection. We have also enlisted our firm's internal valuation team to evaluate the reasonableness of the weighted average cost of capital used.

We also considered the adequacy of disclosures in the financial statements in describing the inherent degree of subjectivity and assumptions in the estimates.

Independent Auditor's Report

To the members of Sincap Group Limited

Report on the Audit of the Financial Statements (cont'd)

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate evidence on the opening balances and whether any adjustments are necessary in respect for current financial year as reported in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity for the financial year ended 31 December 2017. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and Directors for the Financial Statements

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

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Independent Auditor's Report

To the members of Sincap Group Limited

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ong Kian Guan.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

5 April 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2017

		Group	
			(Restated)
		2017	2016
	Note	**RMB'000**	RMB'000
			(Note 8)
Continuing operations			
Revenue	4	**306,737**	219,212
Cost of sales		**(266,578)**	(197,578)
Gross profit		**40,159**	21,634
Other income	5	**2,325**	2,683
Administrative expenses		**(9,551)**	(8,332)
Finance costs	6	**(40)**	(2,001)
Other expenses		**(9,892)**	(2,635)
Profit before tax		**23,001**	11,349
Tax expense	7	**(5,575)**	(2,492)
Profit from continuing operations, net of tax		**17,426**	8,857
Discontinued operations			
Profit/(loss) from discontinued operations, net of tax	8	**10,198**	(8,270)
Profit for the financial year	9	**27,624**	587
Other comprehensive (loss)/income:			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**(7,872)**	6,535
Reclassification of currency translation reserve upon disposal of subsidiaries		**229**	–
Other comprehensive (loss)/income for the financial year, net of tax		**(7,643)**	6,535
Total comprehensive income for the financial year		**19,981**	7,122
Profit/(loss) attributable to:			
Equity holders of the Company		**13,747**	(6,819)
Non-controlling interests		**13,877**	7,406
Profit for the financial year		**27,624**	587

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2017

	Note	Group 2017 RMB'000	(Restated) 2016 RMB'000
Profit/(loss) attributable to equity holders of the Company relates to:			
Profit from continuing operations		**3,549**	1,451
Profit/(loss) from discontinued operations		**10,198**	(8,270)
		13,747	(6,819)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**9,001**	(910)
Non-controlling interests		**10,980**	8,032
		19,981	7,122
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company (cents per share)			
Basic and diluted			
- continuing operations	11	**0.45**	0.29
- discontinued operations	11	**1.28**	(1.66)
		1.73	(1.37)

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

Statements of Financial Position

At 31 December 2017

		Group		Company	
		2017	2016	**2017**	2016
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Non-current assets					
Property, plant and equipment	12	**761**	25,030	**761**	1,013
Intangible assets	13	**–**	6,965	**–**	–
Land use rights	14	**–**	366	**–**	–
Goodwill	15	**13,434**	13,434	**–**	–
Investments in subsidiaries	16	**–**	–	**76,093**	42,559
Deferred tax assets	17	**–**	145	**–**	–
		14,195	45,940	**76,854**	43,572
Current assets					
Inventories	18	**–**	2,389	**–**	–
Trade and other receivables	19	**193,933**	90,161	**48,554**	45,622
Bank and cash balances		**22,855**	17,979	**18,701**	467
		216,788	110,529	**67,255**	46,089
Total assets		**230,983**	156,469	**144,109**	89,661
Non-current liabilities					
Deferred tax liabilities	17	**–**	1,600	**–**	–
Borrowings	20	**669**	839	**669**	839
		669	2,439	**669**	839
Current liabilities					
Trade and other payables	21	**16,198**	9,318	**21,649**	18,199
Provision	22	**–**	227	**–**	–
Borrowings	20	**501**	5,976	**501**	486
Income tax payable		**5,334**	5,315	**68**	67
		22,033	20,836	**22,218**	18,752
Total liabilities		**22,702**	23,275	**22,887**	19,591
Net assets		**208,281**	133,194	**121,222**	70,070
Equity					
Share capital	23	**151,560**	133,252	**151,560**	133,252
Accumulated losses		**6,661**	(24,745)	**(31,065)**	(66,279)
Statutory reserve	24	**–**	17,659	**–**	–
Currency translation reserve	25	**(9,867)**	(5,121)	**727**	3,097
Equity attributable to equity holders of the Company, total		**148,354**	121,045	**121,222**	70,070
Non-controlling interests		**59,927**	12,149	**–**	–
Total equity		**208,281**	133,194	**121,222**	70,070

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2017

	Note	Share capital RMB'000	Accumulated profits/ (losses) RMB'000	Statutory reserve RMB'000	Currency translation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		← Attributable to equity holders of the Company →						
Group								
Balance at 1 January 2016		122,417	(17,788)	17,521	(11,030)	111,120	4,117	115,237
Loss for the financial year		–	(6,819)	–	–	(6,819)	7,406	587
Other comprehensive income								
Currency translation differences arising on consolidation		–	–	–	5,909	5,909	626	6,535
Total comprehensive (loss)/income for the financial year		–	(6,819)	–	5,909	(910)	8,032	7,122
Issue of shares	23	10,864	–	–	–	10,864	–	10,864
Share issue expenses	23	(29)	–	–	–	(29)	–	(29)
Transfer to statutory reserve fund		–	(138)	138	–	–	–	–
Balance at 31 December 2016		133,252	(24,745)	17,659	(5,121)	121,045	12,149	133,194
Profit for the financial year		–	13,747	–	–	13,747	13,877	27,624
Other comprehensive (loss)/income								
Currency translation differences arising on consolidation		–	–	–	(4,975)	(4,975)	(2,897)	(7,872)
Reclassification of currency translation reserve upon disposal of subsidiaries		–	–	–	229	229	–	229
Total comprehensive income/(loss) for the financial year		–	13,747	–	(4,746)	9,001	10,980	19,981
Issue of shares	23	18,747	–	–	–	18,747	–	18,747
Share issue expenses	23	(439)	–	–	–	(439)	–	(439)
Disposal of subsidiaries		–	17,659	(17,659)	–	–	(811)	(811)
Capital contribution by non-controlling interests		–	–	–	–	–	37,609	37,609
Balance at 31 December 2017		**151,560**	**6,661**	**–**	**(9,867)**	**148,354**	**59,927**	**208,281**

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

Statement of Changes in Equity

For the financial year ended 31 December 2017

	Note	Share capital RMB'000	Accumulated losses RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
Company					
Balance at 1 January 2016		122,417	(48,680)	–	73,737
Net loss for the financial year		–	(17,599)	–	(17,599)
Other comprehensive income					
Currency translation differences arising from translation into the presentation currency		–	–	3,097	3,097
Total comprehensive (loss)/income for the financial year		–	(17,599)	3,097	(14,502)
Issue of share capital	23	10,864	–	–	10,864
Share issue expenses	23	(29)	–	–	(29)
Balance at 31 December 2016		133,252	(66,279)	3,097	70,070
Net profit for the financial year		–	35,214	–	35,214
Other comprehensive income					
Currency translation differences arising from translation into the presentation currency		–	–	(2,370)	(2,370)
Total comprehensive income/(loss) for the financial year		–	35,214	(2,370)	32,844
Issue of share capital	23	18,747	–	–	18,747
Share issue expenses	23	(439)	–	–	(439)
Balance at 31 December 2017		**151,560**	**(31,065)**	**727**	**121,222**

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2017

	Note	Group 2017 RMB'000	Group 2016 RMB'000
Cash flows from operating activities			
Profit before tax from continuing operations		**23,001**	11,349
Profit/(loss) before tax from discontinued operations		**10,359**	(6,573)
Profit before tax, total		**33,360**	4,776
Adjustments for:			
Allowance for doubtful receivables		**9,679**	–
Amortisation of intangible assets and land use rights		**140**	171
Depreciation of property, plant and equipment		**4,752**	4,152
Gain on disposal of property, plant and equipment		**–**	(1)
Gain on disposal of subsidiaries		**(17,358)**	–
Impairment loss on development property		**–**	495
Impairment loss on intangible assets		**–**	2,848
Interest expense		**40**	2,041
Interest income		**(2,411)**	(2,530)
Property, plant and equipment written off		**195**	–
Provision for safety expenses		**(61)**	(162)
Unrealised foreign exchange gains		**–**	(67)
Operating cash flows before working capital changes		**28,336**	11,723
Development property		**–**	44,518
Inventories		**603**	32
Receivables		**(133,055)**	(8,082)
Payables		**22,052**	(43,010)
Currency translation adjustments		**253**	(1,671)
Cash (used in)/generated from operations		**(81,811)**	3,510
Income tax paid		**(3,739)**	(2,559)
Net cash (used in)/generated from operating activities		**(85,550)**	951
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,861)**	(2,135)
Purchase of intangible assets		**–**	(96)
Proceeds from disposal of property, plant and equipment		**–**	190
Interest received		**93**	147
Net cash inflow on disposal of subsidiaries	8	**37,695**	–
Net cash generated from/(used in) investing activities		**35,927**	(1,894)
Cash flows from financing activities			
Interest paid		**(40)**	(2,041)
Finance lease repayment		**(101)**	(46)
Repayment to shareholder		**–**	(7,322)
Capital contribution by non-controlling interests		**37,609**	–
Repayment of term loan		**–**	(34,931)
Repayment of related party loan		**–**	(933)
Proceeds from issuance of new shares, net of issuance expenses		**18,308**	10,835
Net cash generated from/(used in) financing activities		**55,776**	(34,438)
Net increase/(decrease) in cash and cash equivalents		**6,153**	(35,381)
Cash and cash equivalents at beginning of financial year		**17,979**	52,673
Effects of exchange rate changes on cash and cash equivalents		**(1,277)**	687
Cash and cash equivalents at end of financial year		**22,855**	17,979

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

Notes to the Financial Statements

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate information

Sincap Group Limited (the "Company") (Registration No. 201005161G) is domiciled and incorporated in Singapore and listed on Catalist of Singapore Exchange Securities Trading Limited. The Company's registered address is at 6 Mohamed Sultan Road, #03-01, Singapore 238956.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Companies Act and Financial Reporting Standards in Singapore ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Chinese Renminbi ("RMB") and all financial information presented in RMB are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The preparation of financial statements in conformity with FRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3 to the financial statements.

The carrying amounts of bank and cash balances, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2. Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards

In the current financial year, the Group and the Company adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. Changes to the Group's and the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

From 1 January 2017, as a result of the amendments to FRS 7 Statement of Cash Flows (Disclosure Initiative), the Group has provided additional disclosure in relation to changes in liabilities from financing activities for the current financial year (Note 20).

The adoption of these new and revised FRSs and INT FRSs did not have any material effect on the financial results or financial position of the Group and the Company.

At the end of the reporting period, the following FRSs and INT FRSs were issued, revised or amended but not effective and which the Group has not early adopted:

FRS 109: Financial Instruments
FRS 115: Revenue from Contracts with Customers
FRS 116: Leases
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers
Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions
Amendments to FRS 40: Transfers of Investment Property
Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts
Amendments to FRS 109: Prepayment Features with Negative Compensation
Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures
Improvements to FRSs (December 2016)
INT FRS 122: Foreign Currency Transactions and Advance Consideration
INT FRS 123: Uncertainty over Income Tax Treatments

The Group anticipates that the adoption of these FRSs and INT FRSs (where applicable) in future periods will have no material impact on the financial statements of the Company and the consolidated financial statements of the Group, except as disclosed below:

Convergence with International Financial Reporting Standards (IFRS)

The Accounting Standards Council ("ASC") announced that Singapore incorporated companies listed on the Singapore Exchange ("SGX") or are in the process of issuing equity or debt instruments for trading on SGX, will apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS Convergence), known as Singapore Financial Reporting Standards (International) ("SFRS(I)"), with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I) issued by ASC. These financial statements will be the last set of financial statements prepared under the current FRS in Singapore.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). In addition to the adoption of the new framework, the Group will be adopting other new SFRS(I), amendments to standards and interpretations of SFRS(I) which are effective from the same date.

The Group does not expect the application of the new standards, amendments to standards and interpretations, and the IFRS Convergence to have significant impact on the financial statements.

2. Summary of significant accounting policies (cont'd)

(a) **Basis of preparation (cont'd)**

New and revised standards (cont'd)

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. SFRS(I) 15 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group plans to adopt SFRS(I) 15 in its financial statements for the financial year ending 31 December 2018 using the full retrospective approach. As a result, the Group will apply the changes in accounting policies retrospectively to each reporting year presented.

Management has performed a preliminary impact assessment of applying the new standard on the Group's financial statements and does not expect the impact from the initial adoption of SFRS(I) 15 to be material.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 which replaces IAS 39, includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace IAS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 at the date of initial application in the opening retained earnings and reserves as at 1 January 2018.

(i) Classification and measurement

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9. Loans and receivables that are currently accounted for at amortised cost are expected to continue to be measured at amortised cost.

2. Summary of significant accounting policies (cont'd)

(a) **Basis of preparation (cont'd)**

New and revised standards (cont'd)

SFRS(I) 9 Financial Instruments (cont'd)

(ii) Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables.

The Group will adopt SFRS(I) 9 when it becomes effective in financial year ending 31 December 2018. The Group does not expect the impact from the initial adoption of SFRS(I) 9 to have a material impact on its financial statements.

SFRS(I) 16

SFRS(I) 16 replaces the existing IAS 17: Leases. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB513,000 (Note 26). The Group anticipates that the adoption of SFRS(I) 16 in the future may potentially have a material impact on the amounts reported and disclosures made in the financial statements. It is not practicable to provide a reasonable estimate of the impact of SFRS(I) 16 until the Group performs a detailed assessment. The Group is in the process of performing a detailed assessment of the impact and plans to adopt the standard on the required effective date.

(b) **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and rendering of services, net of sales related taxes, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and related cost can be reliably measured.

Sale of goods

Revenue from sale of goods is recognised when a Group entity has delivered the products to customer and significant risks and rewards of ownership of the goods have been passed to the customer.

Commission income

Commission income is recognised during the financial year in which the services are rendered.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. Summary of significant accounting policies (cont'd)

(b) **Revenue recognition (cont'd)**

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income

Dividend income is recognised as income when the right to receive payment is established.

Development properties and land sales

Revenue is recognised for strata titled apartment sales on settlement of the contract of sales, when the risk and rewards of ownership are transferred.

(c) **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(d) **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policies stated in Note 2(e). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

2. Summary of significant accounting policies (cont'd)

(d) **Basis of consolidation (cont'd)**

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this result in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Consolidation of the subsidiary in the PRC is based on the subsidiary's financial statements prepared in accordance with FRS. Profits reflected in the financial statements prepared in accordance with FRS may differ from those reflected in the PRC statutory financial statements of the subsidiary, prepared for PRC reporting purposes. In accordance with the relevant laws and regulations, profits available for distribution by the PRC subsidiary is based on the amounts stated in the PRC statutory financial statements.

(e) **Goodwill**

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. **Summary of significant accounting policies (cont'd)**

(f) **Government grants**

Government grants are recognised at their fair values where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

(g) **Employee benefits**

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. The Group participates in the national pension scheme as defined by the laws of the countries in which it has operations. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

(h) **Borrowing costs**

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

(i) **Income taxes**

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

2. Summary of significant accounting policies (cont'd)

(i) Income taxes (cont'd)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the end of the reporting period to recover or settle the carrying amounts of its assets and liabilities.

(j) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value. The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight-line basis to write off the depreciated value of property, plant and equipment, less any estimated residual value over their estimated useful lives. The estimated useful lives are as follows:

	Years
Leasehold buildings	20
Plant and machinery	3 to 15
Office equipment	3 to 10
Motor vehicles	4 to 10

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Properties in the course of construction for production, or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss until construction or development is completed. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. Summary of significant accounting policies (cont'd)

(k) Land use rights

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights are initially measured at cost and subsequently carried at cost less accumulated amortisation and any impairment in value. The land use rights are amortised on a straight-line basis over the lease term of 30 to 45 years.

(l) Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The estimated useful lives are as follows:

	Years
Software	5
Mining rights	60

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

(m) Exploration and evaluation assets

General exploration and evaluation expenditure incurred prior to acquiring the legal right to explore are charged to profit or loss when they are incurred.

Exploration and evaluation expenditure incurred subsequent to acquisition of the legal right to explore including license and property acquisition costs, geological and geophysical expenditure, costs of drilling and directly attributable overheads including salaries and employee benefits, are initially capitalised as exploration and evaluation assets.

Exploration and evaluation assets are not depreciated and are classified as intangible assets when they are determined to meet certain technical feasibility and commercial viability thresholds as determined by management upon transfer to intangible assets, exploration and evaluation are assessed for impairment in addition to regular impairment reviews to ensure they are not carried at amounts above their estimated recoverable values.

2. Summary of significant accounting policies (cont'd)

(m) **Exploration and evaluation assets (cont'd)**

Exploration and evaluation assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an exploration and evaluation assets with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gain or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(n) **Impairment of non-financial assets excluding goodwill and indefinite life intangible assets**

At the end of each reporting period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for the asset other than goodwill or indefinite life intangible asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

(o) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of inventories comprises cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

(p) **Cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise on demand deposits and highly liquid debt instruments purchased with an original maturity of three months or less, and bank and cash balances less cash subject to restriction that form an integral part of the Group's cash management.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. Summary of significant accounting policies (cont'd)

(q) Financial assets

Classification

The Group's only financial assets are loans and receivables. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are presented as "trade and other receivables" (excluding prepayment and advance to suppliers) and "bank and cash balances" on the statements of financial position.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss.

Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Interest income on financial assets are recognised separately in profit or loss.

Impairment

The Group assesses at the end of each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the assets does not exceed the amortised cost at the reversed date.

2. Summary of significant accounting policies (cont'd)

(r) Financial liabilities

Financial liabilities include trade and other payables (excluding advances from customer) and borrowings. Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(s) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

(t) Leases

When the Group entity is the lessee:

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(u) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. Summary of significant accounting policies (cont'd)

(v) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates ('the functional currency').

With effect from 1 July 2016, the Company changed its functional currency from Chinese Renminbi ("RMB") to United States Dollar ("USD") due to changes in funding and financing arrangement which changes the currency in which the funds are generated.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company are presented in RMB.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are recognised in other comprehensive income and accumulated in currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;
(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the date of the transactions); and
(iii) All resulting exchange differences are recognised in the foreign currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

2. Summary of significant accounting policies (cont'd)

(w) **Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

(x) **Dividends**

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

(y) **Discontinued operations**

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

(a) represents a separate major line of business or geographical area of operations; or
(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

3. Critical accounting judgements and key sources of estimation uncertainty

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgement that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below):

Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed these factors in determining the functional currency of each entity within the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2017

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at the end of each reporting period. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired.

Significant management's judgement is involved in the determination as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management assesses as to whether an impairment loss should be recorded as an expense in profit or loss. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

The carrying amounts of the Group's and the Company's loans and receivables at the end of the reporting period are disclosed in Note 28. If the present value of estimated future cash flows differ from management's estimates, the allowance for impairment for loans and receivables and the loans and receivables balance at the end of the reporting period will be affected accordingly.

Impairment of goodwill

Goodwill is tested for impairment annually and at other times when there are any indicators of impairment. An impairment exists when the carrying value of the cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill is disclosed in note 15.

Income taxes

The Group has exposure to income taxes in Singapore, PRC and Australia. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables and deferred tax at the end of the reporting period is as disclosed on the statement of financial position and Note 17 respectively.

4. Revenue

	Group	
		(Restated)
	2017	2016
	RMB'000	RMB'000
Sale of coal	**303,573**	163,791
Sale of development property	**–**	45,706
Commission income	**3,164**	9,715
	306,737	219,212

5. Other income

	Group	
		(Restated)
	2017	2016
	RMB'000	RMB'000
Interest income		
- Other receivable	**2,318**	2,383
- Others	**1**	5
Government grant	**5**	16
Others	**1**	279
	2,325	2,683

6. Finance costs

	Group					
	Continuing operations		Discontinued operations		Total	
	2017	2016	**2017**	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Interest expense - bank	**40**	1,924	**–**	–	**40**	1,924
Interest expense - term loans	**–**	77	**–**	40	**–**	117
Bank charges	**–**	–	**–**	72	**–**	72
	40	2,001	**–**	112	**40**	2,113

Notes to the Financial Statements

For the financial year ended 31 December 2017

7. Tax expense

	Group	
	2017	2016
	RMB'000	RMB'000
Tax expense attributable to profits is made up of:		
<u>From continuing operations</u>		
Income tax:		
- Current year	**5,400**	2,752
- Under/(over) provision in prior years	**175**	(260)
	5,575	2,492
<u>From discontinued operations</u>		
Income tax:		
- Current year	**161**	877
- Under provision in prior years	**–**	55
Deferred income tax (Note 17)		
- Reversal of deferred tax assets	**–**	757
Withholding tax	**–**	8
	161	1,697
	5,736	4,189

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax due to the following factors:

	Group	
	2017	2016
	RMB'000	RMB'000
Profit/(loss) before tax from:		
Continuing operations	**23,001**	11,349
Discontinued operations	**10,359**	(6,573)
	33,360	4,776
Tax calculated at tax rate of 17% (2016: 17%)	**5,671**	812
Effect of different tax rates in other countries	**(97)**	(348)
Income not subject to tax	**(1,733)**	(360)
Expenses not deductible for tax purposes	**2,094**	3,773
Effect of tax incentive	**(374)**	(248)
Reversal of deferred tax assets	**–**	757
Under/(over) provision of income tax in prior years	**175**	(205)
Withholding tax	**–**	8
	5,736	4,189

The statutory income tax rate applicable to the Company is 17% (2016: 17%). Pursuant to the relevant laws and regulations in PRC, the subsidiaries of the Group which were incorporated in PRC are required to pay PRC enterprise income tax of 25% from 2008 onwards.

8. Discontinued operations

On 12 October 2017, the Company completed the disposal of Beijing Raffles Investment Advisory Co., Ltd and its subsidiaries (which previously contributed to the gypsum ore and powder and alumina products segment). The results from the subsidiaries are presented separately on the statement of profit or loss and other comprehensive income as "profit/(loss) from discontinued operations, net of tax" and comparative figures have been restated.

The assets and liabilities of the disposed subsidiaries as at 12 October 2017 are as follows:

	Group RMB'000
Assets:	
Property, plant and equipment	21,121
Intangible assets	6,847
Land use rights	344
Deferred tax assets	145
Inventories	1,786
Trade and other receivables	14,183
Cash and cash equivalents	11,721
Assets of disposed group	56,147
Liabilities:	
Trade and other payables	(14,570)
Deferred tax liabilities	(1,600)
Provision	(166)
Borrowings	(5,490)
Income tax payable	(1,681)
Liabilities of disposed group	(23,507)
Net assets of disposed group	32,640
Realisation of currency translation reserve upon disposal of subsidiaries	229
Non-controlling interest	(811)
Gain on disposal of subsidiaries	17,358
Total cash consideration	49,416
Less: Cash and cash equivalents in subsidiaries disposed of	(11,721)
Net cash inflows on disposal of subsidiaries	37,695

The result of discontinued operations is as follows:

	Group	
	2017 RMB'000	2016 RMB'000
Revenue	**29,770**	85,387
Expenses	**(30,973)**	(91,960)
Loss before tax from discontinued operations	**(1,203)**	(6,573)
Tax	**(161)**	(1,697)
Loss from discontinued operations, net of tax	**(1,364)**	(8,270)
Gain on disposal of subsidiaries	**17,358**	–
Amount due from subsidaries written off	**(5,796)**	–
Total profit/(loss) from discontinued operations	**10,198**	(8,270)

Notes to the Financial Statements

For the financial year ended 31 December 2017

8. Discontinued operations (cont'd)

The impact of the discontinued operations on the cash flows of the Group are as follows:

	Group	
	2017	2016
	RMB'000	RMB'000
Operating cash flows	**5,993**	(24,336)
Investing cash flows	**(1,622)**	(1,863)
Financing cash flows	**(230)**	(7,575)
Net cash inflows/(outflows)	**4,141**	(33,774)

9 Profit for the financial year

	Group					
	Continuing operations		Discontinued operations		Total	
	2017	2016	**2017**	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Profit for the financial year is arrived at after charging:						
Audit fees paid to:						
- auditor of the Company	**476**	448	**–**	–	**476**	448
- other auditors	**–**	–	**120**	160	**120**	160
Non-audit fees paid to:						
- auditor of the Company	**–**	13	**–**	–	**–**	13
- other auditors*	**53**	76	**–**	–	**53**	76
Allowance for doubtful receivables (Note 19)	**9,679**	–	**–**	–	**9,679**	–
Amortisation of intangible assets (Note 13)	**–**	–	**118**	143	**118**	143
Amortisation of land use right	**–**	–	**22**	28	**22**	28
Depreciation of property, plant and equipment (Note 12)	**190**	192	**4,562**	3,960	**4,752**	4,152
Directors' fees	**870**	746	**–**	–	**870**	746
Foreign exchange loss, net	**213**	2,157	**–**	159	**213**	2,316
Impairment loss on intangible assets (Note 13)	**–**	–	**–**	2,848	**–**	2,848
Impairment loss on development property	**–**	495	**–**	–	**–**	495
Operating lease expenses	**220**	197	**85**	293	**305**	490
Property, plant and equipment written off	**2**	–	**193**	–	**195**	–
Staff costs (Note 10)	**2,732**	1,937	**15,130**	26,893	**17,862**	28,830
and crediting:						
Gain on disposal of property, plant and equipment	**–**	–	**–**	1	**–**	1
Gain on disposal of subsidiaries	**–**	–	**17,358**	–	**17,358**	–
Interest income	**2,319**	2,388	**92**	142	**2,411**	2,530

* Includes independent member firms of the Baker Tilly International network.

10 Staff costs

	Group					
	Continuing operations		Discontinued operations		Total	
	2017	2016	**2017**	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Salaries and related costs	**2,685**	1,837	**11,521**	22,036	**14,206**	23,873
CPF	**47**	100	**3,609**	4,857	**3,656**	4,957
	2,732	1,937	**15,130**	26,893	**17,862**	28,830

11 Earnings/(loss) per share

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	Continuing operations		Discontinued operations		Total	
	2017	2016	**2017**	2016	**2017**	2016
Net profit/(loss) attributable to equity holders of the Company (RMB'000)	**3,549**	1,451	**10,198**	(8,270)	**13,747**	(6,819)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	**796,437**	498,269	**796,437**	498,269	**796,437**	498,269
Basic and diluted earnings/(loss) per share (cents per share)	**0.45**	0.29	**1.28**	(1.66)	**1.73**	(1.37)

Notes to the Financial Statements

For the financial year ended 31 December 2017

12. Property, plant and equipment

	Construction in progress RMB'000	Leasehold buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Group						
Cost						
At 1 January 2016	–	68,704	31,798	1,475	5,803	107,780
Additions	1,179	–	212	244	500	2,135
Disposals	–	–	–	(208)	(436)	(644)
Reclassification	(1,179)	1,179	–	–	–	–
Translation differences	–	–	–	3	74	77
At 31 December 2016	–	69,883	32,010	1,514	5,941	109,348
Additions	50	1,230	308	13	260	1,861
Write-off	–	–	(1,100)	(22)	–	(1,122)
Disposal of subsidiaries	(50)	(71,113)	(31,218)	(1,427)	(4,524)	(108,332)
Translation differences	–	–	–	(5)	(102)	(107)
At 31 December 2017	**–**	**–**	**–**	**73**	**1,575**	**1,648**
Accumulated depreciation						
At 1 January 2016	–	50,549	25,003	1,186	3,853	80,591
Charge for the year	–	2,882	490	69	711	4,152
Disposals	–	–	–	(180)	(275)	(455)
Translation differences	–	–	–	–	30	30
At 31 December 2016	–	53,431	25,493	1,075	4,319	84,318
Charge for the year	–	2,534	1,525	49	644	4,752
Write-off	–	–	(906)	(21)	–	(927)
Disposal of subsidiaries	–	(55,965)	(26,112)	(1,044)	(4,090)	(87,211)
Translation differences	–	–	–	(1)	(44)	(45)
At 31 December 2017	**–**	**–**	**–**	**58**	**829**	**887**
Net carrying value						
At 31 December 2017	**–**	**–**	**–**	**15**	**746**	**761**
At 31 December 2016	–	16,452	6,517	439	1,622	25,030

12. Property, plant and equipment (cont'd)

	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Company			
Cost			
At 1 January 2016	40	1,605	1,645
Additions	35	–	35
Translation differences	3	72	75
As at 31 December 2016	78	1,677	1,755
Translation differences	(5)	(102)	(107)
At 31 December 2017	**73**	**1,575**	**1,648**
Accumulated depreciation			
At 1 January 2016	29	491	520
Charge for the year	14	178	192
Translation differences	–	30	30
At 31 December 2016	43	699	742
Charge for the year	16	174	190
Translation differences	(1)	(44)	(45)
At 31 December 2017	**58**	**829**	**887**
Net carrying value			
At 31 December 2017	**15**	**746**	**761**
At 31 December 2016	35	978	1,013

(i) In 2016, leasehold buildings held by the Group were located at Shandong Province Tai'an City, People's Republic of China and had lease periods of between 40 and 50 years (from year of 1999 and year of 2001).

(ii) At the end of the reporting period, the net carrying value of property, plant and equipment of the Group and the Company acquired under finance lease agreements amounted to RMB746,000 (2016: RMB978,000).

Notes to the Financial Statements

For the financial year ended 31 December 2017

13. Intangible assets

	Definite life		Indefinite life	
	Software RMB'000	Mining rights RMB'000	Exploration and evaluation assets RMB'000	Total RMB'000
Group				
Cost				
At 1 January 2016	96	7,725	2,752	10,573
Additions	–	–	96	96
At 31 December 2016	96	7,725	2,848	10,669
Disposal of subsidiaries	(96)	(7,725)	(2,848)	(10,669)
At 31 December 2017	**–**	**–**	**–**	**–**
Accumulated amortisation and impairment loss				
At 1 January 2016	70	643	–	713
Charge for the year	14	129	–	143
Impairment loss for the year	–	–	2,848	2,848
At 31 December 2016	84	772	2,848	3,704
Charge for the year	12	106	–	118
Disposal of subsidiaries	(96)	(878)	(2,848)	(3,822)
At 31 December 2017	**–**	**–**	**–**	**–**
Net carrying value				
At 31 December 2017	**–**	**–**	**–**	**–**
At 31 December 2016	12	6,953	–	6,965

The indefinite life exploration and evaluation assets was tested for impairment at the end of the reporting period. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of the asset has been measured based on the fair value less costs of disposal method or the value in use method as appropriate for the asset.

In 2016, an impairment loss was recognised to write down the carrying amount of the exploration and evaluation assets as the outlook for gypsum segment will continue to be soft and increase in operation costs to comply with new PRC environmental laws and standards. The impairment loss of RMB2,848,000 had been recognised in profit or loss under the line item "profit/(loss) from discontinued operations, net of tax".

14. Land use rights

	Group	
	2017	2016
	RMB'000	RMB'000
Cost		
At 1 January	**1,412**	1,412
Disposal of subsidiaries	**(1,412)**	–
At 31 December	**–**	1,412
Accumulated amortisation		
At 1 January	**1,046**	1,018
Amortisation for the year	**22**	28
Disposal of subsidiaries	**(1,068)**	–
At 31 December	**–**	1,046
Net carrying value		
At 31 December	**–**	366

The land use rights were acquired for the lease of the land from the authorities in the People's Republic of China. The factory building and production lines of the Company's subsidiary, Shandong Luneng Taishan Mining Co., Ltd, are located on the said land. The land use rights have remaining tenure of 12 to 30 years.

15. Goodwill

	Group	
	2017	2016
	RMB'000	RMB'000
Carrying amount	**13,434**	13,434

Impairment testing of goodwill

Goodwill acquired in a business combination is allocated to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	Group	
	2017	2016
	RMB'000	RMB'000
Coal trading	**13,434**	13,434

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15. **Goodwill (cont'd)**

The recoverable amounts for the above CGUs has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a 5-year period. The pre-tax discount rate applied to the cash flow projections are as follows:

	Coal trading	
	2017	2016
	%	%
Pre-tax discount rates	**30**	28

The calculations of value in use for the above CGU are most sensitive to the following assumptions:

Forecast gross margins **-** Gross margins are based on the company's performance, current market and economic condition as at the time of preparation and reporting date. If there is any adverse change in the assumption and other unforeseen factors such as new entrance in market, political, economic, social, technological, environmental and legal then it may result in impairment loss;

Forecast revenue **-** Revenue is computed based on the order book and the potential contract with available information; and

Pre-tax discount rates **-** Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the financial structure of the Group, the industry environment and the economic conditions within which the Group operates and is derived from its weighted average cost of capital (WACC) which takes into account both debt and cost of equity. The cost of debt is based on the average Singapore's bank prime lending rate. The cost of equity is derived from the minimum acceptable return on investment required by shareholders. The risk factors are considered in the computation of beta.

During the financial year ended 31 December 2017 and 2016, no impairment charge was recognised.

Sensitivity to changes in assumptions

With regards to the assessment of value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the CGU to exceed its recoverable amount.

16. Investments in subsidiaries

	Company	
	2017	2016
	RMB'000	RMB'000
Unquoted equity shares at cost		
At 1 January	**83,797**	80,123
Additions	**38,763**	–
Disposals	**(5,229)**	–
Translation differences	**–**	3,674
	117,331	83,797
Less: Allowance for impairment in value	**(41,238)**	(41,238)
At 31 December	**76,093**	42,559

16. Investments in subsidiaries (cont'd)

Movement in allowance for impairment in value:

	Company	
	2017	2016
	RMB'000	RMB'000
Balance at beginning of financial year	**41,238**	24,807
Allowance made	**–**	14,893
Translation differences	**–**	1,538
Balance at end of financial year	**41,238**	41,238

(a) The subsidiaries as at 31 December 2017 are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest 2017 %	2016 %
Subsidiaries held by the Company				
Sincap Australia Pte. Ltd. [1]	Singapore	Investment holding	**100**	100
Sincap Properties Pte. Ltd. [1]	Singapore	Investment holding and real estate activities	**100**	–
Orion Energy Resources Pte. Ltd. ("Orion") [1]	Singapore	Mineral trading and logistic management	**51**	51
Beijing Raffles Investment Advisory Co., Ltd. [3]	People's Republic of China	Investment holding	**–**	100
Subsidiaries held by Beijing Raffles Investment Advisory Co., Ltd.				
Beijing Sino-Lonther International Trading Co., Ltd. [3]	People's Republic of China	Sale of alumina	**–**	100
Shandong Luneng Taishan Mining Co., Ltd. [2]	People's Republic of China	Mining and sale of gypsum and gypsum related products	**–**	98.69
Shandong Sincap International Trading Co., Ltd. [2]	People's Republic of China	Dormant	**–**	100

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16. Investments in subsidiaries (cont'd)

(a) The subsidiaries as at 31 December 2017 are as follows: (cont'd)

Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest 2017 %	2016 %
Subsidiaries held by Sincap Australia Pte Ltd.				
Sincap Land (Aus) Pty Ltd [3]	Australia	Dormant	**100**	100
SCL Murray Pty Ltd [3]	Australia	Dormant	**100**	100

1 Audited by Baker Tilly TFW LLP
2 Audited by independent member firms of Baker Tilly International
3 Not required to be audited under the law of incorporation, audited by Baker Tilly TFW LLP for the purpose of preparation of the consolidated financial statements

In May 2017, the Company further subscribed shares in Orion at consideration of US$5,662,000 (equivalent to RMB38,714,000) by way of capitalising the amount due from subsidiary.

In 2017, the Company incorporated Sincap Properties Pte. Ltd. with a cash consideration of S$10,000 (equivalent to RMB49,000).

(b) Summarised financial information of subsidiary with material non-controlling interests ("NCI")

The Group has the following subsidiary that has NCI that is considered by management to be material to the Group:

Name of subsidiary	Principal place of business	Ownership interests held by NCI
31 December 2017 and 31 December 2016		
Orion Energy Resources Pte. Ltd. ("Orion")	Singapore	49%

The following are the summarised financial information of the Group's subsidiary with NCI that are considered by management to be material to the Group. These financial information include consolidation adjustments but before inter-company eliminations.

Summarised statement of financial position

	Orion 2017 RMB'000	Orion 2016 RMB'000
Current assets	**185,754**	66,414
Current liabilities	**(63,885)**	(43,270)
Net assets	**121,869**	23,144
Net assets attributable to NCI	**59,927**	11,341

16. Investments in subsidiaries (cont'd)

(b) Summarised financial information of subsidiary with material non-controlling interests ('NCI") (cont'd)

Summarised statement of comprehensive income

	Orion	
	2017	2016
	RMB'000	RMB'000
Revenue	**306,737**	173,506
Profit before tax	**33,889**	17,561
Income tax expense	**(5,575)**	(2,483)
Profit after tax	**28,314**	15,078
Other comprehensive income	**(5,912)**	1,154
Total comprehensive income	**22,402**	16,232
Profit allocated to NCI	**13,874**	7,388

Summarised cash flows

	Orion	
	2017	2016
	RMB'000	RMB'000
Cash flows for operating activities	**(90,347)**	(6,446)
Cash flows from financing activities	**85,074**	15,543
Net (decrease)/increase in cash and cash equivalents	**(5,273)**	9,097

(c) Impairment review of investments in subsidiaries

In 2016, an impairment loss of RMB14,893,000 was recognised to write down the subsidiary to its recoverable amount of RMB18,774,000. The recoverable amount of the investment was determined by management based on the forecast cash flows from the sale of the subsidiary's major asset net of settlement its liabilities. No impairment charge is recognised during the financial year because the carrying amount of the asset was lower than its recoverable amount.

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17. Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in deferred tax account are as follows:

	Group	
	2017	2016
	RMB'000	RMB'000
At 1 January	**(1,455)**	(698)
Tax charge to profit or loss	**–**	(757)
Disposal of subsidiaries	**1,455**	–
At 31 December	**–**	(1,455)
Representing:		
Non-current		
Deferred tax assets	**–**	145
Deferred tax liabilities	**–**	(1,600)
	–	(1,455)

The following are the major deferred tax assets/(liabilities) recognised by the Group and the movements thereon, during the current and prior reporting periods.

	Provision for safety expenses	Accrual for mineral resources tax	Accrual for price adjustment fund	Distributable earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
At 1 January 2017	97	48	–	(1,600)	(1,455)
Disposal of subsidiaries	(97)	(48)	–	1,600	1,455
At 31 December 2017	**–**	**–**	**–**	**–**	**–**
At 1 January 2016	97	423	382	(1,600)	(698)
Charge to profit or loss (Note 7)	–	(375)	(382)	–	(757)
At 31 December 2016	97	48	–	(1,600)	(1,455)

The PRC subsidiaries' distributable earnings generated from 1 January 2008 are subjected to withholding tax when the subsidiary declares dividend to its foreign investor. The Group recognised deferred tax liabilities based on the expected PRC subsidiaries' earnings that are expected to be distributed to the Company in the foreseeable future, based on the forecasted cash flow requirements of the Company.

18. Inventories

	Group	
	2017	2016
	RMB'000	RMB'000
Gypsum ore and powder, at cost	**–**	1,306
Ancillary materials, spare parts and small tools	**–**	1,083
Total	**–**	2,389

The amount of inventories included in cost of sales from continuing operations and discontinued operations are RMB266,578,000 (2016: RMB197,578,000) and RMB22,583,000 (2016: RMB74,206,000), respectively.

19. Trade and other receivables

	Group		Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables:				
Third parties	**38,636**	14,137	**–**	–
Bills receivables	**–**	3,660	**–**	–
	38,636	17,797	**–**	–
Other receivables	**21,555**	20,894	**–**	–
Subsidiaries (non-trade)	**–**	–	**48,496**	45,477
Advance to suppliers	**143,363**	51,325	**–**	–
Prepayment	**–**	108	**–**	108
Deposits	**58**	37	**58**	37
	164,976	72,364	**48,554**	45,622
Less: Allowance for doubtful receivables	**(9,679)**	–	**–**	–
	155,297	72,364	**48,554**	45,622
	193,933	90,161	**48,554**	45,622

Movement in allowance for doubtful receivables during the financial year are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Allowance made and recognised in profit or loss and balance at 31 December	**9,679**	–	**–**	–

Included in other receivables is a loan of RMB21,555,000 (2016: RMB19,035,000) to Richardson 1 Pty Ltd ("Richardson loan") extended by a subsidiary, SCL Murray Pty Ltd. The loan is unsecured, bears interest of 17.5% (2016: 17.5%) per annum and was due for payment by 1 September 2017. The Group is still in the process of finalising the revised settlement agreements and has received AUD500,000 (equivalent to RMB2,545,000) subsequent to the financial year ended 31 December 2017. The Company has provided 50% of impairment loss on Richardson loan amounting to RMB9,679,000.

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19. Trade and other receivables (cont'd)

Non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand. Included is amount due to a subsidiary amounting to RMB47,813,000 (2016: RMB39,348,000) bears interest at 7% (2016: 5%) per annum and repayable on demand.

In 2016, the Group endorsed certain bills receivables in the PRC (the "Derecognised Bills") with a carrying amount in aggregate of RMB3,002,000 to certain of its suppliers in order to settle the trade payables due to such suppliers. The Derecognised Bills have a maturity period of one to twelve months at the end of the reporting period. In accordance with the laws in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default. In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, the Group has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the continuing involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's continuing involvement in the Derecognised Bills are not significant.

20. Borrowings

	Group		Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current				
Finance lease liabilities (Note 20(a))	**669**	839	**669**	839
Current				
Finance lease liabilities (Note 20(a))	**183**	173	**183**	173
Amount owing to a shareholder (Note 20(b))	**–**	5,490	**–**	–
Term loan (Note 20(c))	**318**	313	**318**	313
	501	5,976	**501**	486
	1,170	6,815	**1,170**	1,325

(a) Finance lease liabilities

	Group and Company			
	2017		2016	
	Minimum lease payments	**Present value**	Minimum lease payments	Present value
	RMB'000	**RMB'000**	RMB'000	RMB'000
Not later than one financial year	**216**	**183**	212	173
Later than one financial year but not later than five financial years	**718**	**669**	850	769
Later than five financial years	**–**		70	70
Total minimum lease payments	**934**		1,132	
Less future finance charges	**(82)**		(120)	
Present value of lease payments	**852**	**852**	1,012	1,012
Representing lease liabilities:				
Current	**183**		173	
Non-current	**669**		839	
	852		1,012	
Effective interest rate (%)	**4.25**		4.25	

The average lease term is 8 years. The net carrying value of motor vehicles acquired under finance lease terms is disclosed in Note 12.

20. Borrowings (cont'd)

(b) Amount owing to a shareholder

Pursuant to a revised agreement in August 2016, repayment terms have been amended to be at the Company sole discretion when the following conditions are met:

(i) Beijing Raffles Investment Advisory Co., Ltd ("Beijing Raffles"), wholly-owned subsidiary of the Company has sufficient distributable profits;
(ii) Aggregate annual repayment sum are not allowed to be higher than dividend paid by Beijing Raffles to the Company; and
(iii) Approval of audit committee.

In 2016, a letter of demand was received by the Company claiming immediate payment of RMB6,815,000 owing by the Company to shareholder. The directors of the Company are of the view that no additional liabilities are required to be recognised in the financial statements for the financial year ended 31 December 2016 and 2017 in respect of the above claim.

(c) Term loan

The short-term loan is unsecured, interest-free and repayable on demand.

(d) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Term loan RMB'000	Finance lease liabilities RMB'000	Amount owing to a shareholder RMB'000	Total RMB'000
Balance at 1 January 2017	313	1,012	5,490	6,815
Charges from financing cash flows:				
- Repayment	–	(101)	–	(101)
- Interest paid	–	(40)	–	(40)
Non-cash changes:				
- Interest expense	–	40	–	40
- Disposal of subsidiaries	–	–	(5,490)	(5,490)
- Translation differences	5	(59)	–	(54)
Balance at 31 December 2017	318	852	–	1,170

21. Trade and other payables

	Group		Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**10,644**	2,737	**–**	–
Accrued operating expenses	**4,801**	5,871	**4,501**	1,785
Due to a subsidiary	**–**	–	**16,446**	16,414
Advances from customers	**51**	710	**–**	–
Due to a director	**702**	–	**702**	–
	16,198	9,318	**21,649**	18,199

Amount due to a subsidiary and director are non-trade in nature, unsecured, interest-free and payable on demand.

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22. Provision

	Group	
	2017	2016
	RMB'000	RMB'000
Provision for safety expenses	**–**	227
Movement in provision for safety expenses:		
Balance at beginning of the year	**227**	389
Provision for the year	**1,278**	1,748
Utilisation during the year	**(1,339)**	(1,910)
Disposal of subsidiaries	**(166)**	–
Balance at end of the year	**–**	227

In 2016, under the PRC regulations, a subsidiary is required to provide the safety expenses which is made at a rate of RMB 4 per tonne of gypsum extracted. The provision of safety expenses is to be used to improve the safety of the working environment.

23. Share capital

	Group and Company			
	2017		2016	
	Number of issued shares	**Issued share capital**	Number of issued shares	Issued share capital
	'000	**RMB'000**	'000	RMB'000
At 1 January	**520,670**	**133,252**	484,004	122,417
Issuance of ordinary shares	**379,830**	**18,747**	36,666	10,864
Share issue expenses	**–**	**(439)**	–	(29)
	900,500	**151,560**	520,670	133,252

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions.

On 12 August 2016, the Company issued 36,666,000 ordinary share of $0.06 (equivalent to RMB0.296) per share for cash to period fund for the expansion of the Group's operations.

On 11 April 2017, the Company issued 379,830,000 ordinary shares of S$0.01 (equivalent to RMB0.049) per share for cash to provide fund for the expansion of the Group's operations.

The newly issued shares rank pari passu in all respects with the previously issued shares.

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24. Statutory reserve

The non-distributable statutory reserve represent amounts set aside in compliance with the local laws in the PRC where the subsidiaries operate. The subsidiaries are considered a foreign investment enterprise and the percentage of appropriation from the net profit after tax to the various reserve funds are determined by the Board of Directors of the subsidiaries.

Under the PRC regulations, the subsidiaries in the PRC are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations should be allocated to the SRF until the cumulative total of SRF reached 50% of the registered capital of the respective subsidiaries.

The statutory reserve may be used to offset accumulated losses or increase the registered capital of the company, subject to approval from relevant PRC authorities and are not available for dividend distribution to the shareholders. PRC enterprises are prohibited from distributing dividends unless the losses (if any) of prior years have been made good.

25. Currency translation reserve

Currency translation reserve arises from the translation of the financial statements of entities within the Group whose functional currencies are different from the Group's presentation currency.

26. Operating lease commitments

Operating lease payments are for rentals payable for the office premises. The leases from the owner are for two years. The lease rental terms are negotiated for an average term of two years and rentals are fixed. No restrictions are impaired on dividends or future leasing.

Commitments in relation to non-cancellable operating leases contracted for at the end of the reporting period, but not recognised as liabilities, are payable as follows:

	Group	
	2017	2016
	RMB'000	RMB'000
Not later than one year	**235**	300
Later than one year but not later than five years	**278**	–
	513	300

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27. Related party transactions

Key management personnel compensation is analysed as follows:

	Group 2017 RMB'000	Group 2016 RMB'000
Directors of the Company:		
- remuneration of directors	**1,719**	955
- directors' fees	**870**	746
	2,589	1,701
Other key management personnel:		
- short-term employee benefits	**881**	1,623
- defined contribution benefits	**33**	65
	914	1,688
	3,503	3,389

28. Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Bank and cash balances	**22,855**	17,979	**18,701**	467
Trade and other receivables	**50,570**	38,728	**48,554**	45,514
Loan and receivables	**73,425**	56,707	**67,255**	45,981
Financial liabilities				
Borrowings	**1,170**	6,815	**1,170**	1,325
Trade and other payables	**16,147**	8,608	**21,649**	18,199
At amortised cost	**17,317**	15,423	**22,819**	19,524

(b) Financial risk management

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity and cash flow risk. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's financial performance. The policies for managing each of these risks are summarised below. The directors review and agree policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures financial risk.

28. Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Foreign currency risk

The Group has currency exposure arising from transactions, assets and liabilities that are denominated in currencies other than respective functional currencies of entities in the Group. The foreign currencies in which the Group's currency risk arises over mainly Singapore dollar ("SGD"), Australia dollar ("AUD") and United States dollar ("USD").

At the end of the reporting period, the Group and the Company have the following financial assets and liabilities denominated in foreign currencies based on information provided to key management.

	2017			2016		
	SGD RMB'000	**AUD RMB'000**	**USD RMB'000**	SGD RMB'000	AUD RMB'000	USD RMB'000
Group						
Cash and cash equivalents	**18,874**	**62**	**76**	331	61	79
Trade and other receivables	**204**	**–**	**–**	5,533	673	–
Borrowings	**(1,170)**	**–**	**–**	(1,325)	–	–
Trade and other payables (including intra-group balances)	**(19,311)**	**–**	**–**	(23,384)	–	–
Net financial (liabilities)/assets denominated in foreign currencies	**(1,403)**	**62**	**76**	(18,845)	734	79
Company						
Cash and cash equivalents	**18,696**	**–**	**–**	193	–	–
Trade and other receivable	**163**	**–**	**–**	5,493	673	–
Borrowings	**(1,170)**	**–**	**–**	(1,325)	–	–
Trade and other payables	**(19,199)**	**–**	**–**	(18,199)	–	–
Net financial (liabilities)/assets denominated in foreign currencies	**(1,510)**	**–**	**–**	(13,838)	673	–

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28. Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Foreign currency risk (cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in the RMB exchange rates against the respective functional currencies of the Group and the Company's entities, with all other variables held constant, of the Group and the Company's profit/(loss) after tax:

	Group		Company	
	Increase/(decrease) in profit/(loss) after tax		Increase/(decrease) in loss after tax	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
SGD/RMB				
- strengthened 10% (2016: 10%)	**(116)**	(1,564)	**(125)**	1,149
- weakened 10% (2016: 10%)	**116**	1,564	**125**	(1,149)
AUD/RMB				
- strengthened 10% (2016: 10%)	**5**	61	**–**	(56)
- weakened 10% (2016: 10%)	**(5)**	(61)	**–**	56
USD/RMB				
- strengthened 10% (2016: 10%)	**6**	7	**–**	–
- weakened 10% (2016: 10%)	**(6)**	(7)	**–**	–

Interest rate risk

The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings and interest-bearing loans to related parties. Borrowings and loans to related parties at variable rates expose the Group and the Company to cash flow interest rate risk (ie. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). Borrowings at fixed rates expose the Group and Company to fair value interest rate risk (ie. the risk that the value of a financial instrument will fluctuate due to changes in market rates) (Note 20).

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The sensitivity analysis for interest rate risk is not disclosed as the effect on the profit or loss is considered not significant.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposures to credit risk arises primarily from trade and other receivables. For other financial assets including cash and cash equivalents, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

28. Financial instruments (cont'd)

(b) **Financial risk management (cont'd)**

Credit risk (cont'd)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. For customers who wish to trade on credit terms, the Group will take into account the quantity of the customer order, background and creditworthiness of the customer, level of risk involved, payment history of the customer and relationship with the customer. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy receivables with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

Trade receivables are non-interest bearing and have no fixed credit terms. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions.

Trade receivables that are individually determined to be impaired at the end of the reporting period and those relating to receivables that are in significant financial difficulties, have defaulted on payments, or are disputing the amount due will be provided for doubtful receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2017	2016
	RMB'000	RMB'000
Trade receivables past due:		
Less than 90 days	**27,082**	12,408

At the end of the reporting period there were no amount that were impaired.

The Group's trade receivables comprise 1 (2016: 1) debtor that individually represented 100% (2016: 88%) of the trade receivables. In addition, the Richardson loan as disclosed in Note 19 is a significant portion of other receivables of the Group.

The Company has significant concentration of credit risk exposure arising on amounts due from subsidiaries (Note 19). Non-trade balances due from subsidiaries are general repayable on demand and are not past due as at the end of the reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2017

28. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Liquidity risk

Liquidity and cash flow risks are the risks that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and Company maintains sufficient cash and bank balances and internally generated cash flows to finance its activities.

The Group and the Company adopt prudent liquidity risk management by maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments:

	Within 1 year RMB'000	Within 2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Group				
2017				
Borrowings	**318**	**–**	**–**	**318**
Finance lease liabilities	**216**	**718**	**–**	**934**
Trade and other payables	**16,147**	**–**	**–**	**16,147**
	16,681	**718**	**–**	**17,399**
2016				
Borrowings	5,803	–	–	5,803
Finance lease liabilities	212	850	70	1,132
Trade and other payables	8,608	–	–	8,608
	14,623	850	70	15,543
Company				
2017				
Borrowings	**318**	**–**	**–**	**318**
Finance lease liabilities	**216**	**718**	**–**	**934**
Trade and other payables	**21,649**	**–**	**–**	**21,649**
	22,183	**718**	**–**	**22,901**
2016				
Borrowings	313	–	–	313
Finance lease liabilities	212	850	70	1,132
Trade and other payables	18,199	–	–	18,199
	18,724	850	70	19,644

29. Fair values of financial instruments

(a) Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie, as prices) or indirectly (ie, derived from prices); and

(iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities recorded in the financial statements of the Group and the Company approximate their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period or that there are no significant changes in the interest borrowing rates available to the Group at the end of the reporting period.

30. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares and sell assets to reduce debts. Adjusted capital comprises all components of equity (that is, share capital and reserves).

As disclosed in Note 24, the Group's subsidiaries in the People's Republic of China are required to contribute to and maintain a non-distributable statutory fund.

There were no changes in the objectives, policies or processes during the financial years ended 31 December 2017 and 31 December 2016.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group	
	2017	2016
	RMB'000	RMB'000
Trade and other payables	**16,198**	9,318
Borrowings	**1,170**	6,815
Less: Cash and cash equivalents	**(22,855)**	(17,979)
Net cash	**(5,487)**	(1,846)
Equity attributable to the equity holders of the Company	**148,354**	121,045
Less: Statutory reserve (Note 24)	**–**	(17,659)
	148,354	103,386
Total capital	**142,867**	101,540
Gearing ratio	**–**	–

The Group is currently in a net cash position. The Group will continue to be guided by prudent policies of which gearing is monitored.

Notes to the Financial Statements

For the financial year ended 31 December 2017

31. Segment information

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the reporting entity.

For management purposes the reporting entity is organised into the following major strategic operating segments: gypsum ore and powder, alumina products, coal products and property. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

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

(i) Gypsum ore and powder segment comprises the mining of gypsum ore and powder, which involves the process of exploration and sale of gypsum ore and powder.

(ii) Alumina products segment represents the business of trading and sale of alumina.

(iii) Coal products segment represents the business of trading and sale of coal and commission income.

(iv) Property segment represents property development and property investment.

The continuing operations comprise of coal products and property segments and discontinued operations comprise of gypsum ore and powder, alumina and coal products segments. The geographical information for discontinued operations is China.

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

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

31. Segment information (cont'd)

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

Profit or loss from continuing operations and reconciliations

	Coal products RMB'000	**Property RMB'000**	**Unallocated RMB'000**	**Total RMB'000**
2017				
Revenue by Segment	306,737	–	–	**306,737**
Total revenue	306,737	–	–	**306,737**
Recurring EBITDA	33,889	2,206	–	**36,095**
Depreciation and amortisation	–	–	(190)	**(190)**
Allowance for doubtful receivables	–	(9,679)	–	**(9,679)**
Property, plant and equipment written off	–	–	(2)	**(2)**
ORBIT	33,889	(7,473)	(192)	**26,224**
Interest income	–	2,318	1	**2,319**
Finance costs	–	–	(40)	**(40)**
Unallocated corporate expenses				**(5,502)**
Profit before tax				**23,001**
Tax expense				**(5,575)**
Profit for the year				**17,426**
(Restated)				
2016				
Revenue by Segment	173,506	45,706	–	219,212
Total revenue	173,506	45,706	–	219,212
Recurring EBITDA	19,818	(354)	–	19,464
Depreciation and amortization	–	–	(192)	(192)
Development property written down	–	(495)	–	(495)
ORBIT	19,818	(849)	(192)	18,777
Interest income	–	2,383	5	2,388
Finance costs	–	(1,838)	(163)	(2,001)
Unallocated corporate expenses				(7,815)
Profit before tax				11,349
Tax expense				(2,492)
Profit for the year				8,857

Notes to the Financial Statements

For the financial year ended 31 December 2017

31. Segment information (cont'd)

Assets and reconciliation

	Discontinued operations			Continuing operations		
	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Coal products RMB'000	Property RMB'000	Total RMB'000
2017						
Total assets for reportable segment	–	–	–	199,188	12,031	**211,219**
Unallocated						
Property, plant and equipment						**761**
Other receivables						**58**
Cash and cash equivalents						**18,945**
Total group assets						**230,983**
(Restated)						
2016						
Total assets for reportable segment	48,312	251	6,625	79,848	19,326	154,362
Unallocated						
Property, plant and equipment						1,015
Deferred tax asset						145
Other receivables						190
Cash and cash equivalents						757
Total group assets						156,469

Liabilities and reconciliation

	Discontinued operations			Continuing operations		
	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Coal products RMB'000	Property RMB'000	Total RMB'000
2017						
Total liabilities for reportable segment	–	–	–	10,806	75	**10,881**
Unallocated						
Income tax payables						**5,334**
Trade and other payables						**5,317**
Borrowings						**1,170**
Total group liabilities						**22,702**

31. Segment information (cont'd)

Liabilities and reconciliation (cont'd)

	← Discontinued operations		→	← Continuing operations		→
	Gypsum ore and powder RMB'000	**Alumina products RMB'000**	**Coal products RMB'000**	**Coal products RMB'000**	**Property RMB'000**	**Total RMB'000**
(Restated)						
2016						
Total liabilities for reportable segment	7,344	50	17	134	48	7,593
Unallocated						
Deferred tax liabilities						1,600
Income tax payables						5,315
Trade and other payables						1,953
Borrowings						6,814
Total group liabilities						23,275

Geographical information

Revenue and non-current assets (which exclude any financial instruments and deferred tax assets) information based on the entity's country of domicile are as follows:

	Revenue		**Non-current assets**	
	2017 RMB'000	2016 RMB'000	**2017 RMB'000**	2016 RMB'000
Continuing operations				
Singapore	**306,737**	173,506	**14,195**	14,448
Australia	**–**	45,706	**–**	–
	306,737	219,212	**14,195**	14,448
Discontinuing operations				
China	**29,770**	85,387	**–**	31,347
	336,507	304,599	**14,195**	45,795

Information about major customer

Revenue of approximately RMB303,909,000 (2016: RMB171,886,000) are derived from 1 (2016: 1) external customer that individually contributes to more than 10% of the Group revenue and are attributable to the coal products segment.

Notes to the Financial Statements

For the financial year ended 31 December 2017

32. Subsequent event

On 30 August 2017, the Company announced the proposed placement of up to 450,250,000 new ordinary shares ("Placement Issue") which shall not be less than S$0.018 per Placement Share. The net proceeds arising from the proposed Placement Issue, after deducting estimated costs and expenses of S$100,000 relating to the Placement Issue, is approximately S$8.0 million (equivalent to RMB39.0 million).

On 8 February 2018, the Company further announced to extend the Placement Issue until 31 May 2018.

33. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors dated 5 April 2018.

Shareholders' Information

As at 19 March 2018

STATISTICS OF SHAREHOLDINGS

SHARE CAPITAL

Issued and fully paid	:	SGD32,142,712.10
Number of shares	:	900,500,410
Class of shares	:	Ordinary shares fully paid
Voting rights	:	One vote for each ordinary share
Treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1	0.11	10	0.00
100 - 1,000	50	5.60	16,125	0.00
1,001 - 10,000	42	4.71	289,600	0.03
10,001 - 1,000,000	715	80.16	183,515,000	20.38
1,000,001 AND ABOVE	84	9.42	716,679,675	79.59
TOTAL	**892**	**100.00**	**900,500,410**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	KGI SECURITIES (SINGAPORE) PTE. LTD.	157,373,000	17.48
2	CHU MING KIN	52,527,700	5.83
3	DBS NOMINEES (PRIVATE) LIMITED	39,331,500	4.37
4	UOB KAY HIAN PRIVATE LIMITED	30,895,875	3.43
5	HO BENG SIANG	25,680,000	2.85
6	LIM CHYE HAI (LIN CAIHAI)	24,090,700	2.68
7	OCBC SECURITIES PRIVATE LIMITED	23,793,900	2.64
8	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	21,690,000	2.41
9	WONG SZE PONG	18,333,000	2.04
10	XU JINJI	18,333,000	2.04
11	IP MIU HING	17,500,000	1.94
12	JERRY TAN SIANG HUP	17,000,000	1.89
13	WEI FANGYANG	15,960,000	1.77
14	FONG KIM CHIT	14,690,000	1.63
15	RAFFLES NOMINEES (PTE) LIMITED	13,195,800	1.47
16	VSTL INVESTMENT LTD	13,000,000	1.44
17	CHUA CHIONG BOON	12,500,000	1.39
18	CHUA EE WEE (CAI YIWEI)	12,500,000	1.39
19	WANG LINGLING	12,500,000	1.39
20	MAYBANK KIM ENG SECURITIES PTE. LTD.	11,913,900	1.32
	TOTAL	**552,808,375**	**61.40**

Shareholders' Information

As at 19 March 2018

SUBSTANTIAL SHAREHOLDERS

(As registered in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Substantial Shareholders	**No. of shares**	**%**	**No. of shares**	**%**
Chu Ming Kin[(1)]	69,406,200	7.71	–	–
Wang, Xiaoling[(2)]	157,373,000	17.48	–	–

The percentage of shareholding above is computed based on the total issued shares of 900,500,410 excluding treasury shares of the Company.

Notes:

(1) Chu Ming Kin has direct interest of 16,878,500 shares held through UOB Kay Hian Pte. Ltd.

(2) Wang, Xiaoling has direct interest of 157,373,000 shares held through KGI Securities (Singapore) Pte. Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

The percentage of shareholdings of the Company (excluding preference shares, convertible equity securities and treasury shares) held in the hands of the public is approximately 74.81%. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sincap Group Limited (the "**Company**") will be held at 60 Benoi Road, #03-02 EMS Building, Boardroom, Singapore 629906 on Friday, 27 April 2018 at 9.30 a.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Teng Wai Leung Wilson, a Director retiring pursuant to Regulation 81 of the Constitution of the Company. **[See Explanatory Note 1]** **(Resolution 2)**

3. To note the retirement of Mr Ian Tan Tee Hiang pursuant to Regulation 99 of the Constitution of the Company.

4. To approve the payment of Directors' fees of S$177,500 for the financial year ended 31 December 2017. (2016: S$155,000). **(Resolution 3)**

5. To re-appoint Messrs Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

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

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to allot and issue shares**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Constitution of the Company and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

Notice of Annual General Meeting

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

(b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.
[See Explanatory Note 2] **(Resolution 5)**

8. **Authority to issue shares under the Sincap Group Employee Share Option Scheme 2014**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant options under the Sincap Group Employee Share Option Scheme 2014 (the "**Scheme**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note 3] **(Resolution 6)**

By Order of the Board

Leow Siew Yon
Company Secretary

Singapore, 12 April 2018

Notice of Annual General Meeting

Explanatory Notes on Resolutions to be passed:

1. Mr Teng Wai Leung Wilson will, upon re-election as a Director of the Company, remain as the Independent Director.

2. The Ordinary Resolution 5 proposed in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a *pro rata* basis to shareholders.

   For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

3. The Ordinary Resolution 6 proposed in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of the options under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting ("**AGM**") is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company.

2. A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies and where two proxies are appointed, shall specify the proportion of shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.

3. A member who is a relevant intermediary is entitled to appoint more than two proxies and where such member's proxy form appoints more than one proxy, the number of and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Each proxy must be appointed to exercise the rights attached to the different share or shares held by such member.

4. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be either under its common seal or under the hand of any duly authorised officer or attorney duly authorised. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company), if required by law, be duly stamped and be deposited at the registered office of the Company, 6 Mohamed Sultan Road #03-01, Singapore 238956 not less than forty-eight (48) hours before the time appointed for the AGM, failing which the instrument may be treated as invalid.

5. The instrument appointing a proxy must be deposited at the registered office of the Company, 6 Mohamed Sultan Road #03-01, Singapore 238956 not less than forty-eight (48) hours before the time of the AGM.

6. A depositor's name must appear in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) maintained by The Central Depository (Pte) Limited not later than seventy-two (72) hours before the time set for the AGM in order for the depositor to be entitled to attend and vote at the AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representative appointed for the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representatives to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representatives for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representatives for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Notice of Annual General Meeting

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

The contact person for the Sponsor is Mr. Bernard Lui, Telephone: +65 63893000, Email: bernard.lui@morganlewis.com.

SINCAP GROUP LIMITED
(Company Registration No. 201005161G)
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. SRS Investors who are unable to attend the Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM
(Please see notes overleaf before completing this Form)

I/We, ______________________________ (Name) ______________________ (NRIC/Passport No.)

of ____ (Address)

being a member/ members of **SINCAP GROUP LIMITED** (the "**Company**") hereby appoint:

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

and/or (delete as appropriate)

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

or failing *him/her/them, the Chairman of the meeting as *my/our proxy/proxies to vote for *me/us on *my/our behalf, at the Annual General Meeting (the "**AGM**") of the Company to be held at 60 Benoi Road, #03-02 EMS Building, Boardroom, Singapore 629906 on 27 April 2018 at 9.30 a.m. and at any adjournment thereof. *I/We direct *my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/ proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM.

No.	Ordinary Resolutions relating to:	For*	Against*
Ordinary Business			
1.	Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017 together with Auditors' Report thereon		
2.	Re-election of Mr Teng Wai Leung Wilson as a Director		
3.	Approval of Directors' fees of S$177,500 for the financial year ended 31 December 2017		
4.	Re-appointment of Messrs Baker Tilly TFW LLP as Auditors and to authorise the Directors to fix their remuneration		
Special Business			
5.	Authority to issue shares		
6.	Authority to issue shares under the Sincap Group Employee Share Option Scheme 2014		

* Please indicate your vote "For" or "Against" with a tick (√) within the box provided.

Dated this __________ day of _______________ 2018.

Total Number of Shares in:	No. of Shares
CDP Register	
Register of Members	

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

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in the relevant sections of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at the Annual General Meeting ("**AGM**") of the Company is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies and where two proxies are appointed, shall specify the proportion of shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.

4. A member who is a relevant intermediary is entitled to appoint more than two proxies and where such member's proxy form appoints more than one proxy, the number of and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Each proxy must be appointed to exercise the rights attached to the different share or shares held by such member.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 6 Mohamed Sultan Road #03-01, Singapore 238956, not less than forty-eight (48) hours before the time appointed for the AGM.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

7. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof shall, if required by law, be duly stamped and be deposited at the registered office of the Company at 6 Mohamed Sultan Road #03-01, Singapore 238956, not less than forty-eight (48) hours before the time appointed for the AGM, failing which the instrument may be treated as invalid.

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

9. Subject to note 10 below, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

10. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.

11. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2018.

General:

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

SINCAP GROUP LIMITED

(Incorporated in the Republic of Singapore on 10 March 2010)
(Company Registration No.: 201005161G)

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