

**SINCAP GROUP LIMITED**

(Incorporated in the Republic of Singapore)

Co. Reg. No.201005161G

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

*This announcement has been prepared by Sincap Group Limited (“Company”) and its contents have been reviewed by the Company’s sponsor, Canaccord Genuity Singapore Pte. Ltd. (“Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”). Canaccord Genuity Singapore Pte. Ltd. has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Ms Karen Soh, Managing Director, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.*

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (“FY”) 2013**

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

**COMBINED STATEMENTS OF COMPREHENSIVE INCOME**

(RMB'000)	← Group →		% Change Increase/ (Decrease)
	Unaudited FY2013	Audited FY2012	
<b>Revenue</b>	801,426	677,945	18.2
Cost of sales	(768,777)	(652,069)	17.9
<b>Gross profit</b>	32,649	25,876	26.2
<b><u>Other items of income</u></b>			
Interest income	182	103	76.7
Other credits	375	990	(62.1)
<b><u>Other items of expenses</u></b>			
Distribution costs	(5,064)	(5,081)	(0.3)
Administrative expenses	(20,487)	(24,918)	(17.8)
Finance costs	(1,388)	(1,198)	15.9
Other charges	(1,793)	(3,777)	(52.5)
<b>Profit / (loss) before income tax</b>	4,474	(8,005)	NM
Income tax expense	(4,436)	(3,149)	40.9
<b>Profit / (loss), net of tax and total comprehensive (loss)/ income</b>	38	(11,154)	NM
Loss attributable to owners of the parent, net of tax	(47)	(11,217)	(99.6)
Profit attributable to non-controlling interests, net of tax	85	63	34.9
<b>Profit / (loss), net of tax</b>	38	(11,154)	NM
Total comprehensive loss attributable to owners of the parent	(47)	(11,217)	(99.6)
Total comprehensive income attributable to non-controlling interests	85	63	34.9
<b>Total comprehensive income / (loss)</b>	38	(11,154)	NM

NM: denotes not meaningful

**1(a)(ii) Profit after taxation is arrived at:**

(RMB'000)	← Group →		% Change Increase/ (Decrease)
	Unaudited FY2013	Audited FY2012	
After (charging)/ crediting:			
Depreciation and amortisation	(5,142)	(4,951)	3.9
Finance costs - interest on borrowings	(1,388)	(1,198)	15.9
Foreign exchange gain	-	768	NM
Foreign exchange loss	(1,743)	(281)	520.3
(Under) / overprovision of tax in respect of prior years	(76)	36	NM
Loss on disposal of plant and equipment	-	(29)	NM
Gain on disposal of investment properties	90	-	NM
Sundry income	285	222	28.4
Write-off of prepayment and other receivables	(50)	(3,467)	(98.6)

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

**STATEMENTS OF FINANCIAL POSITION**

(RMB'000)	← Group →		← Company →	
	Unaudited 31.12.2013	Audited 31.12.2012	Unaudited 31.12.2013	Audited 31.12.2012
<b>ASSETS</b>				
<b><u>Non-current assets</u></b>				
Property, plant and equipment	31,650	32,848	1,953	582
Investment property	-	4,526	-	-
Intangible assets	9,244	8,998	-	-
Deferred tax assets	947	677	-	-
Other assets	447	474	-	-
Investment in subsidiary	-	-	5,000	5,000
<b>Total non-current assets</b>	<b>42,288</b>	<b>47,523</b>	<b>6,953</b>	<b>5,582</b>
<b><u>Current assets</u></b>				
Inventories	2,761	3,147	-	-
Trade and other receivables	21,365	15,215	5,951	7,648
Other assets	23,183	33,770	49	55
Cash and cash equivalents	25,417	11,314	8,594	8,627
<b>Total current assets</b>	<b>72,726</b>	<b>63,446</b>	<b>14,594</b>	<b>16,330</b>
<b>Total assets</b>	<b>115,014</b>	<b>110,969</b>	<b>21,547</b>	<b>21,912</b>
<b>EQUITY AND LIABILITIES</b>				
<b><u>Equity</u></b>				
Share capital	27,754	27,754	27,754	27,754
Retained earnings/ (accumulated losses)	4,631	5,832	(10,467)	(17,143)
Statutory reserve	14,157	13,003	-	-
<b>Equity, attributable to owners of the parents</b>	<b>46,542</b>	<b>46,589</b>	<b>17,287</b>	<b>10,611</b>
Non-controlling interests	738	653	-	-
<b>Total equity</b>	<b>47,280</b>	<b>47,242</b>	<b>17,287</b>	<b>10,611</b>
<b><u>Non-current liabilities</u></b>				
Deferred tax liabilities	459	729	-	128
Other financial liabilities	16,903	15,059	1,693	473
<b>Total non-current liabilities</b>	<b>17,362</b>	<b>15,788</b>	<b>1,693</b>	<b>601</b>
<b><u>Current liabilities</u></b>				
Provision	1,020	1,564	-	-
Income tax payable	1,012	2,221	-	-
Trade and other payables	20,909	14,396	2,334	5,253
Other financial liabilities	425	8,939	233	5,447
Other liabilities	27,006	20,819	-	-
<b>Total current liabilities</b>	<b>50,372</b>	<b>47,939</b>	<b>2,567</b>	<b>10,700</b>
<b>Total liabilities</b>	<b>67,734</b>	<b>63,727</b>	<b>4,260</b>	<b>11,301</b>
<b>Total equity and liabilities</b>	<b>115,014</b>	<b>110,969</b>	<b>21,547</b>	<b>21,912</b>

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

(RMB'000)	← Group →	
	Unaudited 31.12.2013	Audited 31.12.2012
<b>Payable in one (1) year or less, or on demand</b>		
Secured		
Obligation under finance leases (a)	233	84
Bank loan	-	3,300
Unsecured – related party loan	192	5,555
	425	8,939
<b>Payable after one (1) year</b>		
Secured - obligation under finance lease (a)	1,693	473
Unsecured – related party loans	15,210	14,586
	16,903	15,059
<b>TOTAL</b>	17,328	23,998

**Details of any collateral**

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

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

(RMB'000)	← Group →	
	Unaudited FY2013	Audited FY2012
<b><u>Cash flows from operating activities</u></b>		
Profit / (loss) before tax	4,474	(8,005)
Adjustments for:		
Interest income	(182)	(103)
Interest expense	1,388	1,198
Depreciation of property, plant and equipment	4,967	4,794
Loss on disposal of plant and equipment	-	29
Gain on disposal of investment property	(90)	-
Amortisation of other intangible assets and land use rights	175	157
Write-off of prepayment and other receivable	50	3,467
Operating cash flows before changes in working capital	10,782	1,537
Inventories	386	(1,505)
Trade and other receivables	(6,200)	(2,881)
Other assets	6,969	5,419
Trade and other payables	7,254	(11,728)
Other liabilities	6,187	(4,931)
Net cash flows generated from / (used in) operations before tax	25,378	(14,089)
Income tax paid	(6,185)	(5,492)
Net cash flows generated from / (used in) operating activities	19,193	(19,581)
<b><u>Cash flows from investing activities</u></b>		
Purchase of property, plant and equipment	(1,948)	(1,935)
Purchase of intangible assets	(394)	(578)
Proceeds from disposal of investment property	4,400	-
Interest received	182	103
Net cash flows generated from / (used in) investing activities	2,240	(2,410)
<b><u>Cash flows from financing activities</u></b>		
Interest paid	(551)	(411)
Finance lease repayment	(236)	(49)
Repayment of advances to related parties	(5,651)	(9,973)
Advances received from related parties	2,621	3,873
Proceeds from bank borrowings	-	3,300
Repayment of bank borrowings	(3,300)	(4,851)
Repayment of related party loan	(213)	(194)
Cash restricted in use	-	811
Proceeds from issuance of new shares pursuant to the Placement	-	25,544
Share issuance expenses	-	(2,790)
Net cash flows (used in) / generated from financing activities	(7,330)	15,260
<b>Net increase / (decrease) in cash and cash equivalents</b>	14,103	(6,731)
Cash and cash equivalents, beginning balance	11,314	18,045
<b>Cash and cash equivalents, ending balance (see note below)</b>	25,417	11,314

**Cash and cash equivalents comprise:**

(RMB'000)	Group	
	Unaudited 31.12.2013	Audited 31.12.2012
Bank and cash balances	25,417	11,314
Cash restricted in use	-	-
Cash and cash equivalents, ending balance	25,417	11,314

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

(RMB'000)	Total equity	Attributable to parent	Share capital	Retained earnings	Statutory reserve	Non-controlling interests
<b>Group</b>						
<b>As at 1 January 2013</b>	47,242	46,589	27,754	5,832	13,003	653
<b>Movement in equity:</b>						
Total comprehensive income for the financial year	38	(47)	-	(47)	-	85
Appropriation for the year	-	-	-	(1,154)	1,154	-
<b>As at 31 December 2013</b>	<b>47,280</b>	<b>46,542</b>	<b>27,754</b>	<b>4,631</b>	<b>14,157</b>	<b>738</b>
<b>As at 1 January 2012</b>	35,642	35,052	5,000	17,999	12,053	590
<b>Movement in equity:</b>						
Issue of new shares pursuant to the placement	25,544	25,544	25,544	-	-	-
Share issuance expenses	(2,790)	(2,790)	(2,790)	-	-	-
Total comprehensive loss for the financial year	(11,154)	(11,217)	-	(11,217)	-	63
Appropriation for the year	-	-	-	(950)	950	-
<b>As at 31 December 2012</b>	<b>47,242</b>	<b>46,589</b>	<b>27,754</b>	<b>5,832</b>	<b>13,003</b>	<b>653</b>

<b>Company</b>	Total equity	Share capital	Accumulated losses
<b>As at 1 January 2013</b>	10,611	27,754	(17,143)
<b>Movement in equity:</b>			
Total comprehensive income for the financial year	6,676	-	6,676
<b>As at 31 December 2013</b>	<b>17,287</b>	<b>27,754</b>	<b>(10,467)</b>
<b>As at 1 January 2012</b>	(1,310)	5,000	(6,310)
<b>Movement in equity:</b>			
Issue of new shares pursuant to the placement	25,544	25,544	-
Share issuance expenses	(2,790)	(2,790)	-
Total comprehensive loss for the financial year	(10,833)	-	(10,833)
<b>As at 31 December 2012</b>	<b>10,611</b>	<b>27,754</b>	<b>(17,143)</b>

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

	Number of shares	Share capital (S\$)	Share capital (RMB)
As at 31 December 2013	175,500,000	5,542,962	27,753,879

There was no movement in the issued and paid-up capital of the Company since 31 December 2012. There were no outstanding convertibles as at 31 December 2013 (2012: Nil).

The Company did not hold any treasury shares as at 31 December 2013 (2012: Nil).

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

	← Company → 31.12.2013	31.12.2012
Number of ordinary shares in issue	175,500,000	175,500,000

The Company does not have any treasury shares.

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

Not applicable as the Company does not have any treasury shares.

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

The figures have neither been audited nor reviewed by the Company's auditors.

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

Not applicable.

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

Other than the adoption of the new and revised Financial Reporting Standards (FRS) which came into effect for the accounting periods beginning on or after 1 January 2013, there were no changes in the accounting policies and methods of computation adopted in financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2012. The adoption of the new FRS has no material impact on the financial statements of the Group.

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

Please refer to item 4 above.

**6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year Group**

	← Group →	
	Unaudited FY2013	Audited FY2012
Loss per share (“EPS”) (RMB cents)		
on weighted average number of ordinary shares	(0.03)	(6.96)
on fully diluted basis	(0.03)	(6.96)
Net loss attributable to shareholders (RMB'000)		
on basic EPS	(47)	(11,217)
on diluted EPS	(47)	(11,217)
Weighted average number of ordinary shares in issue		
for basic EPS	175,500,000	161,178,082
for diluted EPS	175,500,000	161,178,082

The Company has no dilutive equity instruments as at 31 December 2013.

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

	← Group →		← Company →	
	Unaudited 31.12.2013	Audited 31.12.2012	Unaudited 31.12.2013	Audited 31.12.2012
Net asset value per ordinary share based on existing issued share capital as at the end of year (RMB cents)	26.52	26.55	9.85	6.05
Net asset value as at the end of the year (RMB'000)	46,542	46,589	17,287	10,611
Number of ordinary shares in issue at the end of the year	175,500,000	175,500,000	175,500,000	175,500,000

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

#### **8(a). REVIEW OF STATEMENTS OF COMPREHENSIVE INCOME**

##### **Revenue**

The Group's revenue increased by RMB123.5 million or 18.2%, from RMB677.9 million in FY2012 to RMB801.4 million in FY2013. This was due to an increase in revenue from the sale of alumina of RMB123.0 million and an increase in revenue from sale of gypsum of RMB1.7 million which were partially offset by a decrease in revenue from the sale of coal of RMB1.3 million.

Revenue from sale of alumina increased by RMB123.0 million or 19.7%, from RMB624.4 million in FY2012 to RMB747.4 million in FY2013. The increase was attributable to an increase in sales volume of approximately 71,600 tonnes or 26.0% from 275,240 tonnes in FY2012 to 346,868 tonnes in FY2013, partly offset by a decrease in average selling price of RMB114 per tonne or 5.0%, from approximately RMB2,269 per tonne in FY2012 to approximately RMB2,155 per tonne in FY2013. The increase in sales volume of alumina was mainly attributable to sales of approximately 56,900 tonnes to new customers in FY2013, and a net increase in sales volume of 14,700 tonnes of alumina to existing customers, as a result of more intensive marketing efforts. The decrease in average selling price was mainly due to a decrease in the reference price of the three-month aluminium futures contract quoted on the Shanghai Futures Exchange as a result of reduced demand for alumina on the back of the general slowdown in the PRC's economy as well as uncertainties in the global economy.

There was no sale of coal in FY2013, as compared to revenue from the sale of coal of RMB1.3 million in FY2012. The Group's coal trading business had remained inactive in FY2013, mainly due to a weaker coal trading domestic market in the PRC.

Revenue from the sale of gypsum increased by RMB1.7 million or 3.3%, from RMB52.3 million in FY2012 to RMB54.0 million in FY2013. The increase was attributable to an increase in average selling price of RMB4 per tonne or 4.1%, from approximately RMB98 per tonne in FY2012 to RMB102 per tonne in FY2013, partly offset by a decline in sales volume of gypsum of 6,414 tonnes or 1.2%, from 535,778 tonnes in FY2012 to approximately 529,364 tonnes in FY2013. The increase in average selling price was mainly attributable to an increased sales volume of the top grade gypsum which was able to fetch a relatively much higher selling price as compared to normal grade gypsum. The decrease in overall sales volume of gypsum was mainly attributable to reduced demand for gypsum in view of the PRC authorities' implementation of new cooling measures on China's domestic property market as well as the general slowdown in the PRC's economy.

##### **Gross profit and gross profit margin**

The Group's gross profit increased by RMB6.7 million or 26.2%, from RMB25.9 million in FY2012 to RMB32.6 million in FY2013. This was mainly attributable to the increase in gross profit from the sale of alumina and gypsum of RMB3.6 million and RMB3.4 million respectively, which were partially offset by a decrease in gross profit from the sale of coal of RMB0.3 million.

The Group's overall gross profit margin improved from 3.8% in FY2012 to 4.1% in FY2013, mainly attributable to the increase in gross margins for sales of alumina and gypsum.

Gross profit margin from sale of alumina increased from 1.6% in FY2012 to 1.9% in FY2013, mainly attributable to a relatively higher gross profit margin of 3.7% achieved from the sale of alumina to a new major customer who contributed approximately 30% of the gross profit of alumina trading business in FY2013.

Gross profit margin from the sale of gypsum improved from 29.3% in FY2012 to 34.7% in FY2013. This was contributed by the higher average selling price of gypsum in FY2013, achieved by an increase in sales of the top grade gypsum in FY2013 which generated higher gross profit margin, while the unit cost of gypsum remained relatively stable.



## **Other items of income**

Other items of income decreased by RMB0.5 million or 49.0%, from RMB1.1 million in FY2012 to RMB 0.6 million in FY2013, mainly attributable to a one-off foreign exchange gain of RMB0.8 million in FY2012, partly offset by increase of RMB0.1 million in interest income, increase of RMB0.1 million in gain on disposal of investment properties and increase of RMB39,000 in government grant.

## **Other items of expenses**

Distribution costs decreased by RMB0.02 million or 0.3%, from RMB5.08 million in FY2012 to RMB5.06 million in FY2013. This was mainly due to a decrease of RMB1.67 million in distribution costs in relation to the coal trading business as there were no sales of coal in FY2013, partly offset by an increase of RMB1.33 million in distribution costs in relation to the alumina trading business (as a result of higher sales volume of alumina in FY2013) and RMB0.32 million in distribution costs in relation to the gypsum business (as a result of higher transportation charges).

Administrative expenses decreased by RMB4.4 million or 17.8%, from RMB24.9 million in FY2012 to RMB20.5 million in FY2013. This was mainly due to the non-recurrence of RMB6.1 million of IPO expenses and a decrease of RMB0.3 million in entertainment expenses, partly offset by (i) an increase of RMB0.4 million in travelling expenses, (ii) an increase of RMB0.8 million in employee benefits expenses, (iii) an increase of RMB0.6 million in professional fees and (iv) an increase of RMB0.2 million in continuing sponsorship fees.

Finance costs increased by RMB0.2 million or 15.9%, from RMB1.2 million in FY2012 to RMB1.4 million in FY2013, mainly due to higher interest cost arising from a bank loan which carries a higher effective interest rate in FY2013.

Other charges decreased by RMB2.0 million from RMB3.8 million in FY2012 to RMB1.8 million in FY2013. This was mainly due to decrease of RMB3.4 million in impairment of prepayment and other receivables, partly offset by an increase of RMB1.4 million foreign exchange loss in FY2013 as a result of depreciation of Singapore dollar (in which the Group has a net asset position) against Chinese Renminbi.

## **Income tax**

The Group incurred income tax expenses of RMB4.4 million in FY2013 as compared to RMB3.1 million in FY2012, mainly due to higher profits generated from its operating subsidiaries in the PRC.

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

The Group recorded positive working capital of RMB22.4 million as at 31 December 2013, as compared to RMB15.5 million as at 31 December 2012. The Group's equity increased by RMB0.04 million, from RMB47.24 million as at 31 December 2012 to RMB47.28 million as at 31 December 2013. The increase was mainly due to total comprehensive income of RMB0.04 million generated in FY2013.

### **Non-current assets**

Non-current assets decreased by RMB5.2 million, from RMB47.5 million as at 31 December 2012 to RMB42.3 million as at 31 December 2013. This was mainly due to (i) a decrease of RMB1.2 million in property, plant and equipment which resulted from a depreciation charge of RMB4.8 million, partly offset by additions of RMB3.6 million in plant and equipment and (ii) a decrease of RMB4.5 million in investment property as it was disposed of in FY2013, partly offset by (iii) an increase of RMB0.2 million in intangible assets which resulted from additions of RMB0.4 million in exploration and evaluation rights partly offset by amortisation of RMB0.2 million, and (iv) an increase of RMB0.3 million in deferred tax assets.

### **Current assets**

Current assets increased by RMB9.3 million from RMB63.4 million as at 31 December 2012 to RMB72.7 million as at 31 December 2013. Inventories decreased by RMB0.4 million, from RMB3.1 million as at 31 December 2012 to RMB2.8 million as at 31 December 2013. Trade and other receivables increased by RMB6.2 million, from RMB15.2 million as at 31 December 2012 to RMB21.4 million as at 31 December 2013, due to an increase of RMB3.8 million in bills receivable as more

customers prefers to pay through banking facilities, i.e. bills receivable and an increase of RMB2.8 million in other receivables. Other assets decreased by RMB10.6 million, from RMB33.8 million as at 31 December 2012 to RMB23.2 million as at 31 December 2013 as a result of lower deposits placed with suppliers due to timing difference as of the cut-off date notwithstanding higher sales in FY2013.

### **Non-current liabilities**

Non-current liabilities increased by RMB1.6 million, from RMB15.8 million as at 31 December 2012 to RMB17.4 million as at 31 December 2013. Other financial liabilities increased by RMB1.8 million, from RMB15.1 million as at 31 December 2012 to RMB16.9 million as at 31 December 2013, mainly due to a new obligation under finance lease of RMB1.2 million (non-current portion) for purchase of a motor vehicle and an increase of RMB0.8 million in imputed interest owing to a related party, partly offset by repayment of RMB0.2 million of a related party loan. Deferred tax liabilities decreased by RMB0.2 million from RMB0.7 million as at 31 December 2012 to RMB0.5 million as at 31 December 2013, mainly due to repayment of withholding tax of RMB0.1 million in FY2013 in relation to the dividend declared by a subsidiary and a decrease of RMB0.1 million in deferred tax liabilities in relation to a related party loan as a result of income tax savings of RMB0.1 million from the imputed interest on the related party loan.

### **Current liabilities**

Current liabilities increased by RMB2.5 million, from RMB47.9 million as at 31 December 2012 to RMB50.4 million as at 31 December 2013. The increase was mainly due to (i) an increase of RMB6.5 million in trade and other payables, (ii) an increase of RMB6.2 million in other liabilities, partly offset by (iii) a decrease of RMB8.5 million in other financial liabilities, (iv) a decrease of RMB0.5 million in provision for safety expenses due to utilisation in FY2013 and (v) a decrease of RMB1.2 million in income tax payable. The increase of RMB6.5 million in trade and other payables was mainly due to (a) an increase of RMB2.3 million in trade payables and accrued operating expenses, (b) an increase of RMB5.5 million in other payables to other parties, (c) an increase of RMB1.2 million in other payables to directors, partly offset by (d) a decrease of RMB2.5 million in other payables to related parties as a result of repayment. The increase of RMB6.2 million in other liabilities was mainly due to higher sales in FY2013. The decrease of RMB8.5 million in other financial liabilities was mainly due to (a) repayment of RMB3.3 million of term loan and (b) repayment of RMB5.4 million of amount owing to related parties, partly offset by a new obligation under finance lease of RMB0.2 million (current portion) for purchase of a motor vehicle.

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

In FY2013, the Group generated net cash from operating activities before changes in working capital of RMB10.8 million. Net cash generated from working capital was RMB14.6 million. This was mainly due to (i) a decrease of RMB0.4 million in inventories, (ii) an increase of RMB6.2 million in trade and other receivables, (iii) a decrease of RMB7.0 million in other assets, (iv) an increase of RMB7.2 million in trade and other payables and (v) an increase of RMB6.2 million in other liabilities. The Group paid income tax of RMB6.2 million. This resulted in net cash generated from operating activities of RMB19.2 million.

In FY2013, the Group generated net cash of RMB2.2 million from investing activities, mainly due to proceeds of RMB4.4 million from disposal of investment property and interest received of RMB 0.1 million, partly offset by purchase of plant and equipment of RMB1.9 million and purchase of intangible assets, exploration and evaluation rights of RMB0.4 million.

In FY2013, the Group used net cash of RMB7.3 million from financing activities, mainly due to (i) payment of interest of RMB0.5 million, (ii) repayment of RMB0.2 million for finance lease, (iii) repayment of RMB5.7 million to related parties, (iv) repayment of related party loan of RMB0.2 million and (v) repayment of bank borrowings of RMB3.3 million, partly offset by advances received from related parties of RMB2.6 million.

As a result of the above, cash and cash equivalents stood at RMB25.4 million as at 31 December 2013.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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

Sales of Grade 4 gypsum, which is the lowest grade among our gypsum products and represented approximately 26.9% of revenue from sales of gypsum products in FY2013, has been slow as some of our gypsum customers are substituting Grade 4 gypsum with synthetic gypsum and hence have stopped purchasing Grade 4 gypsum from us. Therefore the Group expects revenue and profit from sales of gypsum in the next 12 months to be adversely affected.

The commodities trading market in China has generally been soft on the back of a slowdown in the domestic economic environment and uncertainties in the global economy. The Group's alumina and coal trading businesses are expected to be directly affected by this. The Group expects an increase in its general cost of operations mainly as a result of higher labour costs.

**11. Dividend**

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

Nil

**(b) Corresponding Period of the Immediately Preceding Financial Year Any dividend declared for the corresponding period of the immediately preceding financial year?**

Nil

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared or recommended for FY2013.

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

The Group has not obtained a general mandate from shareholders in respect of any interested person transactions.

	<b>Aggregated value of all interested person transactions during the financial period under review (excluding transactions conducted under share holders' mandate pursuant to Rule 920)</b>	<b>Aggregated value of all interested person transactions conducted under share holders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)</b>
	FY2013	FY2013
	RMB'000	RMB'000
Advances received from Fu Hao and his associates	2,591	-
Repayment of advances owing to Fu Hao and his associates	8,914	-
Repayment of loan extended by Wang Liming	213	-

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

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

<b>Group</b>	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Unallocated RMB'000	Total RMB'000
FY2013					
Revenue by segment	53,972	747,454	-	-	801,426
Total revenue	53,972	747,454	-	-	801,426
<b>Recurring EBITDA</b>	13,375	6,167	(931)	-	18,611
Depreciation and amortisation	(4,580)	(96)	(16)	(450)	(5,142)
<b>ORBIT</b>	8,795	6,071	(947)	(450)	13,469
Interest income	51	125	-	6	182
Financial costs	(194)	-	-	(1,194)	(1,388)
Unallocated corporate expenses:				(7,789)	(7,789)
Profit before income tax					4,474
Income tax expense					(4,436)
Net profit attributable to shareholders					38
<b>Assets and Reconciliation</b>					
Total assets for reportable segment	60,246	42,627	42	-	102,915
Unallocated:					
Property, plant and equipment				1,953	1,953
Deferred tax assets				947	947
Trade and other receivables				14	14
Other assets				49	49
Cash and cash equivalents				9,136	9,136
Total group assets					115,014
<b>Liabilities and Reconciliation</b>					
Total liabilities for reportable segment	14,310	31,721	7	-	46,038
Unallocated:					
Deferred tax liabilities				459	459
Income tax payables				1,012	1,012
Trade and other payables				2,897	2,897
Other financial liabilities				17,328	17,328
Total group liabilities					67,734

<b>Group</b>	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Unallocated RMB'000	Total RMB'000
FY2012					
Revenue by segment	52,261	624,405	1,279	-	677,945
Total revenue	52,261	624,405	1,279	-	677,945
<b>Recurring EBITA</b>	10,500	6,287	(4,537)	-	12,250
Depreciation and amortisation	(4,330)	(183)	(16)	(422)	(4,951)
<b>ORBIT</b>	6,170	6,104	(4,553)	(422)	7,299
Interest income	11	40	51	1	103
Finance costs	(23)	-	-	(1,175)	(1,198)
Unallocated corporate expenses				(14,209)	(14,209)
Profit before income tax					(8,005)
Income tax expense					(3,149)
Profit, net of tax					(11,154)
<b>Assets and Reconciliation</b>					
Total assets for reportable segment	58,645	37,229	424	-	96,298
Unallocated:					
Property, plant and equipment				582	582
Investment property				4,526	4,526
Deferred tax assets				677	677
Trade and other receivables				50	50
Other assets, current				55	55
Cash and cash equivalents				8,781	8,781
Total group assets					110,969
<b>Liabilities and Reconciliation</b>					
Total liabilities for reportable segment	12,655	19,634	3,408	-	35,697
Unallocated:					
Deferred tax liabilities				729	729
Income tax payables				2,221	2,221
Trade and other payables				4,382	4,382
Other financial liabilities				20,698	20,698
Total group liabilities					63,727

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

Please refer to review of actual performance as disclosed in paragraph 8 of this announcement.

**16. A breakdown of sales**

	Group		% increase/ (decrease)
	6 months ended 30 June 2013	6 months ended 30 June 2012	
	RMB'000	RMB'000	
(a) Revenue	399,488	355,297	12.4
(b) Operating profit / (loss) after tax before deducting minority interests	2,850	(2,127)	NM

	Group		% increase/ (decrease)
	6 months ended 31 December 2013	6 months ended 31 December 2012	
	RMB'000	RMB'000	
(c) Revenue	401,938	322,648	24.6
(d) Operating loss after tax before deducting minority interests	(2,812)	(9,027)	(68.8)

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

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

Not applicable.

**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Zhang Xiaogang	62	Uncle of Fu Hao	Manager, Yuanping Representative office of Sino-Lonther	4 June 2013
Cui Ying	57	Uncle-in-law of Fu Hao	Director of Shandong Luneng Taishan Mining Co., Ltd. ("Luneng Taishan Mining")	Nil
Fu Jingbo	41	Cousin of Fu Hao	Head of security for Luneng Taishan Mining	Nil
Wang Changji	31	Brother-in-law of Fu Hao	Assistant to general manager of Luneng Taishan Mining	Nil
Wang Xianming	33	Brother-in-law of Fu Hao	Assistant general manager of Sino-Lonther	4 June 2013
Zong Zhigang	51	Brother-in-law of Fu Hao	Vice president of Beijing Raffles Investment Advisory Co., Ltd.	Nil

## 19. Use of proceeds from the Initial Public Offering

As at the date of this announcement, the IPO proceeds has been fully utilised as follows:

	<b>Amount allocated (S\$'000)</b>	<b>Amount utilised (S\$'000)</b>	<b>Balance (S\$'000)</b>
<b>Use of net proceeds</b>			
General working capital for the Group	1,300	1,300	-
Working capital for the alumina trading business	1,000	1,000	-
<b>Total</b>	<b>2,300</b>	<b>2,300</b>	<b>-</b>

### BY ORDER OF THE BOARD

**Fu Hao**  
Chairman  
28 February 2014

**Ng Hong Whee**  
Chief Executive Officer