SINCAP GROUP

SINCAP GROUP LIMITED

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

2018

Annual Report

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.

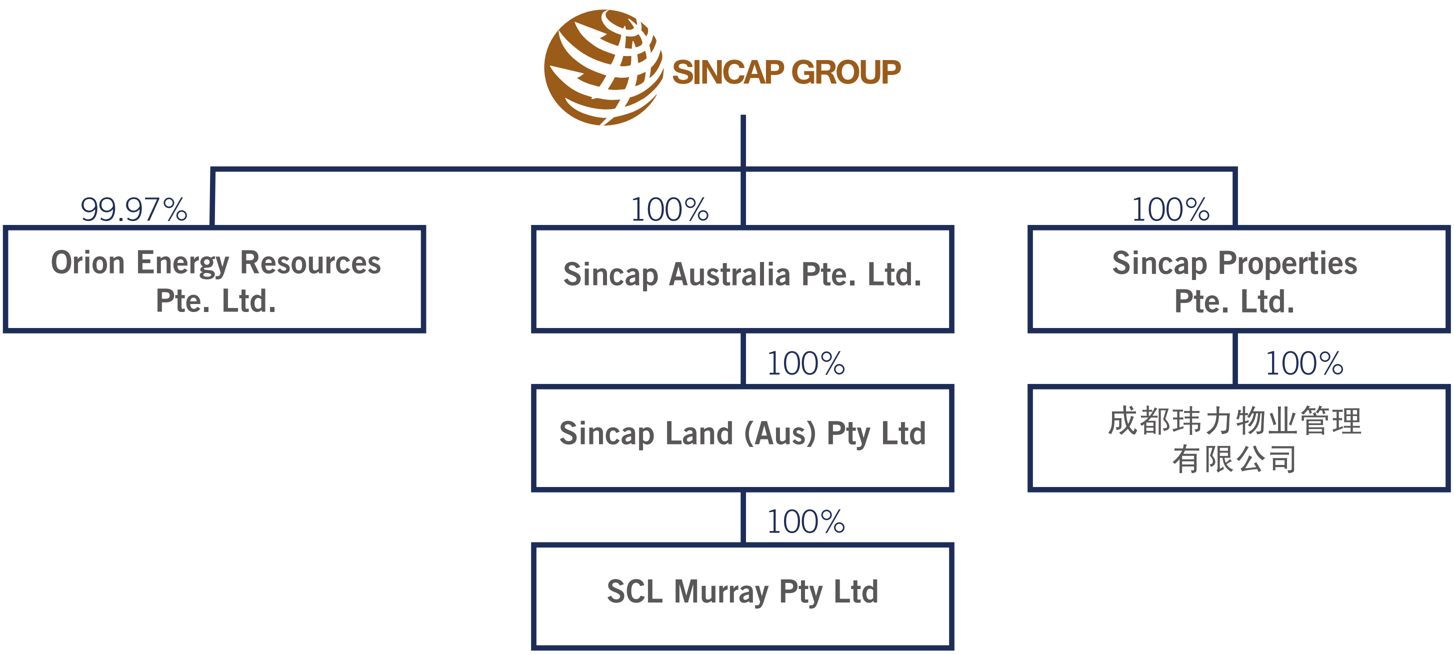
The contact person for the Sponsor is Mr. Bernard Lui, Telephone: +65 6389 3000, Email: bernard.lui@morganlewis.com.

CORPORATE PROFILE

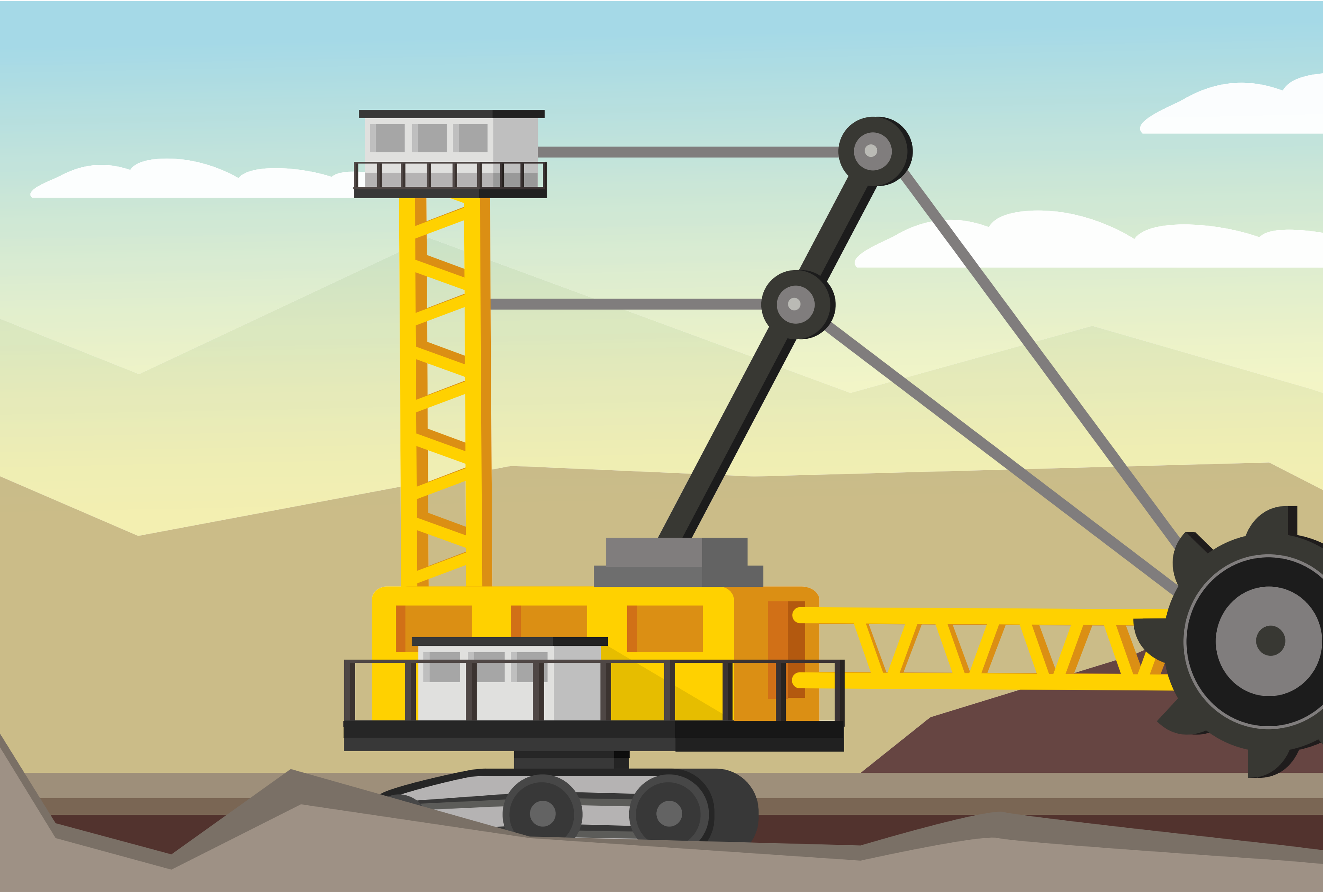
In FY2018, the Group focused on harnessing its strengths to stay competitive in the challenging environment, while continuing to pursue earnings accretive opportunities.

The Group began its core operations in gypsum mining in 1999. In 2005, the Group expanded 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 PRC for these commodities and was listed on the Catalist Board of Singapore Exchange Limited in 2012. In 2015, the Group had acquired a 51% stake in Orion Resources Energy Pte. Ltd. ("Orion"), 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. In 2018, the Group acquired an additional 48.97% stake in Orion to enhance shareholder value.

CORPORATE STRUCTURE



CHAIRMAN'S MESSAGE



Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you Sincap Group Limited's ("Sincap", and together with its subsidiaries, collectively the "Group") annual report for the financial year ended 31 December 2018 ("FY 2018").

FY2018 has been a challenging year for the Group as coal prices underwent a period of volatility in 2018. Despite market uncertainty, the Group has managed to focus on strengthening our business operations, enhancing our capabilities in profitable operations and acquiring additional stakes in one of our subsidiaries, Orion Energy Resources Pte. Ltd. ("Orion") at opportune times. Following completion of the acquisition of additional shares in Orion, the Group's stake in Orion has increased from 51% to 99.97% and the Group expects Orion to provide consistent returns to the equity holders of the Group and the Company.

Orion has contributed to the Group's revenue and profit after tax of RMB267.4 million and RMB7.2 million respectively in FY2018. Orion procures coal at competitive prices from coal mines that may not have access to commodity traders and coal end-customers due to their lack of scale, and on-sells such coal to commodity traders and coal end-customers with whom we have strong business relationships. The outlook for the coal trading industry remains positive for the foreseeable future, supported by the energy requirements of developing countries in Asia.

Financial Review

The Group's revenue from continuing operations decreased by RMB39.3 million or 13%, from RMB306.7 million in FY2017 to RMB267.4 million in FY2018. The revenue from sales of coal amounts to 100% of the Group's total revenue in FY2018.

CHAIRMAN'S MESSAGE

The Group's overall gross profit margin from continuing operations decreased from 13% in FY2017 to 5% in FY2018, mainly attributable to increased thermal cost purchase price from suppliers. Higher profit margins achieved in FY2017 were mainly due to long term contracts signed with suppliers in early 2017 when the market price for coal was still low, locking the purchase price for the whole year, even when the market price became volatile eventually and on an increasing trend. For FY2018, most of contracts year to date are on spot basis which is closer to market price.

The Group's other income from continuing operations in FY2018 is mainly derived from foreign exchange difference.

Administrative expenses from continuing operations increased by RMB0.4 million or 4%, from RMB9.5 million in FY2017 to RMB9.9 million in FY2018. This was mainly due to an increase in professional fees incurred in relation to corporate actions and consultation.

Finance costs from continuing operations in FY2018 are mainly contributed by finance lease interest, which is fairly consistent with FY2017.

The Group incurred income tax expenses of RMB1.4 million in FY2018 as compared to RMB5.6 million in FY2017, mainly due to lower profits from its operating subsidiary, Orion.

Consequently, the Group posted a profit after tax of RMB2.8 million, compared to a profit after tax of RMB17.4 million in FY2017.

The Group recorded positive working capital of RMB261.2 million as at 31 December 2018, as compared to RMB194.8 million as at 31 December 2017.

The Group's equity attributable to shareholders of the Company increased by RMB66.0 million, from RMB148.3 million as at 31 December 2017 to RMB214.3 million as at 31 December 2018. The increase was mainly due to issuance of new shares of RMB29.8 million and RMB22.6 million on 22 May 2018 and 16 November 2018 respectively pursuant to issuance of placement shares.

Operation Review

During the first half of 2018, supply concerns helped push prices higher, but the price uptick did not last long, with coal trending downward after August. The fall in prices was largely driven by policies in China restricting imports of seaborne thermal coal, especially in November and December 2018. This has contributed to the decrease in sales volume in Orion from 1,196,000 metric tonne ("MT") in FY2017 to 897,000 MT in FY2018.

The import restrictions have since eased in 2019, as reported by increased trading activity across key Asian thermal markets. Orion has managed to negotiate long term contracts with its Chinese customers in order to mitigate the risks that will affect Orion's future revenue in 2019.

At the same time, Orion needs to secure a stable supply of coal to meet customers' demands. Consequently, in December 2018, Orion has entered into offtake agreements with Indonesian miners by paying up front deposits to secure a stable source of supply of coal at preferential prices. This decision taken by the Board was to enhance profitability margin amidst tight competition in the market.

CHAIRMAN'S MESSAGE

Outlook and strategy

The current coal prices have since recovered in 2019. Also, the thermal coal demand looks set to rise and will remain stable for the next 5 years, as declines in Europe and North America are offset by strong growth in India and Southeast Asia. Coal demand is set to grow across much of Asia due to its affordability and availability. However, The Board remains attentive to the difficult macroeconomic conditions facing the broader coal sector and financial markets. With the coal prices improved and barring any unforeseen circumstances, the Group will continue to focus on sustainable growth in the years ahead.

Sincap Group is in a stable financial position with positive revenue generation outlooks for FY2019. With a strong balance sheet and solid cash generation, the Group has always been on an active lookout for accretive acquisitions, and seek partners to improve its operations.

One of the projects that is in the pipeline now would be to review if there is any potential collaboration, joint venture, investment and/or acquisition in relation to Techcomm Technology Limited and its wholly-owned subsidiary, Xiamen Xinya Science and Technology Ltd ("Target Group"). The Target Group is a technology company that is developing and rolling out a revolutionary "new retail ecosystem" – a full spectrum of products which enables the digitalisation of businesses in order to improve all aspects of business management from front- to back-end across both online and offline retail channels. Please refer to the announcements dated 20 March 2019.

Changes to the Board

As you would expect, Board composition continues to be a topic of discussion during my meetings with shareholders. Investors – like the Board – believe that regular refreshment is important, but they are also aware of the value that corporate memory brings to a Board.

During the year 2018, we announced the appointment of Mr Lee Chong Yang and Mr Charles Chew Yeow Bian to the Board. Both Mr Lee and Mr Chew bring with them extensive experience in technology and finance respectively.

In addition, Mr Lim Jin Wei has decided to retire from the Board after the 2018 AGM. On behalf of all shareholders, I thank Mr Lim for his wise counsel and valuable contributions to the Board and the Group during his tenure and wish him all the best for the future. Under the leadership of the new board, we are confident of propelling the Group's business to new heights.

Acknowledgements

I am extremely grateful to have the support and guidance of our Board and the management team whose relentless efforts have yielded exceptional results. I would also like to express my gratitude to our supportive shareholders, employees, and the communities in which we operate for their continued support and commitment towards the future of Sincap Group. We have entered this year with great optimism and I look forward to reporting on a number of important developments across the business in due course.

CHU MING KIN
Executive Chairman and Chief Executive Officer

BOARD OF DIRECTORS

CHU MING KIN
Executive Chairman & CEO

Mr Chu Ming Kin, aged 54, 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 is responsible for devising business strategy and direction, and overseeing the Group's operations, including the coal trading and the property businesses. Leveraging on more than 20 years of experiences in trading and overall plantation of agricultural tapioca chips in Thailand, Vietnam and Indonesia, Mr Chu has accumulated skills to maintain the best purchasing, logistic and operating systems, handle shipments, and strong understanding in procurement. Mr Chu established strong logistics 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 achievements in Thailand, Mr Chu was also appointed to the Committee of the Thai Tapioca Trade Association. Following the listing of the tapioca company, Mr Chu 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 understands the Indonesian local culture and people well, allowing him to build a solid team and strong relations with suppliers. Mr Chu'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.

ROBBY
Executive Director

Mr Robby was initially appointed as our Independent Director on 4 April 2017 and was re-designated to become the Executive Director with effect from 5 July 2018. He is also appointed as Chief Operating Officer of Orion Energy Resources Pte. Ltd. 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.

TENG WAI LEUNG WILSON
Lead Independent Director

Mr Teng Wai Leung Wilson was appointed to the Board on 2 April 2018 as an Independent Director, and designated as Lead Independent Director on 18 September 2018. He previously served as 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 (currently 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 on the New York Stock Exchange as DLR) and TInet (currently GTT Communications).

LEE CHONG YANG
Independent Director

Mr Lee Chong Yang was appointed as an Independent Director of the Company on 12 June 2018. Mr Lee is the co-founder of MoovPay Global Pte. Ltd., a licensed acquirer payment platform that processes card payments for business-to-business (B2B) and business-to-consumer (B2C) transactions. He was Vice President of ICH-Gemini Pte. Ltd. where, as a fund manager, he helped various companies to develop their full potential by providing access to international capital markets, offering optimal solutions to capital structure and finding strategic partners to maximize returns. Prior to that he was a successful private banker with UBS AG Singapore and Standard Chartered Private Bank, winning multiple awards. Mr Lee graduated from Nanyang Technological University with a Bachelor of Mechanical and Production Engineering (Honours) and has a Certificate in Private Banking from the Wealth Management Institute, as well as a Private Banking and Wealth Management Diploma from UBS AG.

Mr Lee is due for re-election as Director at the forthcoming AGM.

CHARLES CHEW YEOW BIAN
Independent Director

Mr Charles Chew Yeow Bian ("Mr Chew") was appointed to the Board as an Independent Director on 6 September 2018. Mr Chew has extensive experience in the investment banking and capital markets sector. He has spent over 17 years at various reputable companies, including Ernst & Young where he provided transaction advisory services and Fosun International, where he was responsible for the entire investment process. He is currently an Executive Director of SooChow CSSD Capital Markets (Asia) Pte. Ltd., a boutique investment bank based in Singapore and fully licensed by the Monetary Authority of Singapore (MAS). In this role, he originates and executes significant transactions, including private equity, mezzanine financing, mergers and acquisitions and public market transactions such as initial public offerings (IPOs) and reverse takeovers (RTOs). Mr Chew graduated from Monash University (Melbourne, Australia) with a Bachelor of Business, majoring in Accounting and Finance.

Mr Chew is due for re-election as Director at the forthcoming AGM.

KEY MANAGEMENT

YAU WOON SOON
Chief Financial Officer

Mr. Yau Woon Soon joined the Company as Financial Controller on 11 July 2017 and was subsequently appointed as the Chief Financial Officer with effect from 12 June 2018. 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 & Risk 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.

Andhika Pratama Nurdin
Financial Controller

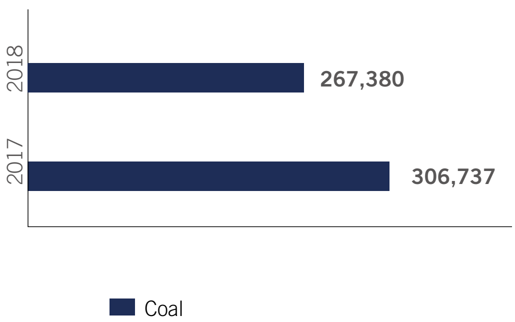
Mr. Andhika Pratama Nurdin joined the Company as Financial Controller on 12 June 2018, and is responsible for all finance matters of the Company. Prior to joining the Company, he had several years of experience as a financial auditor and was previously an Assistant Manager at KAP Siddharta Widjaja, a member firm of KPMG. He graduated from Tarumanagara University with a Bachelor's degree in Accountancy majoring in Taxation in 2009, and also completed a Financial Accounting course in 2013. He is a member of the Institute of Indonesia Chartered Accountants since 2013.

GROUP FINANCIAL HIGHLIGHTS

FOR THE YEAR (RMB'000)	FY2018	FY2017
Revenue	**267,380**	306,737
Earning before interest expenses, tax, depreciation and amortisation (EBITDA)	8,442	36,095
Profit before tax	**4,190**	23,001
Net (loss) / profit attributable to equity holders of the Company	**(731)**	13,747
At year end (RMB'000)		
Total Assets	**282,356**	230,983
Net tangible assets	**200,866**	134,920
Total shareholders' equity	**214,300**	148,354
Total liabilities	**68,015**	22,702
Bank and cash balances	**13,000**	22,855
Per share (RMB cents)		
(Losses) / Earnings		
- basic and fully diluted	**(0.06)**	1.73
No of shares as at 31 December	**1,701,000,410**	900,500,410
Net assets value	**12.6**	16.5
Net tangible assets	**11.8**	15.0

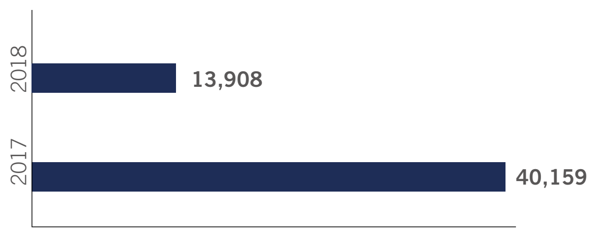
REVENUE

RMB'000



GROSS PROFIT

RMB'000



CORPORATE INFORMATION

BOARD OF DRIECTORS
Chu Ming Kin (Executive Chairman and Chief Executive Officer)
Robby (Executive Director)
Teng Wai Leung Wilson (Lead Independent Director)
Lee Chong Yang (Independent Director)
Charles Chew Yeow Bian (Independent Director)

COMPANY SECRETARY
Quah Tzy Ming Andrew

REGISTERED OFFICE
6 Mohamed Sultan Road
#03-01 Singapore 238956
Tel: +65 6570 1788
Fax: +65 6570 1488

PRINCIPAL PLACE OF BUSINESS
Orion Energy Resources Pte Ltd
6 Mohamed Sultan Road
#03-01 Singapore 238956

Sincap Properties Pte Ltd
6 Mohamed Sultan Road
#03-01 Singapore 238956

SCL Murray Pty Ltd
Level 11, 12-14 The Esplanade
Perth, Western Australia 6000

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

SPONSOR
Stamford Corporate Services Pte. Ltd.
10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315

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)
(Since the financial year ended 31 December 2015)

SUSTAINABILITY REPORT

BOARD'S STATEMENT

Dear valued stakeholders,

This report marks our second year of sustainability reporting on the key sustainability topics of interest to our stakeholders.

The outlook for the coal industry remains positive for the foreseeable future and with China's regulations in fighting pollution, we recognise that sustainability plays an important role in our business while we pursue our objectives. We are constantly looking out for opportunities to work with our suppliers, customers and employees to integrate sustainability practices in all aspects of our business.

A PATH TO SUSTAINABILITY GROWTH

In December 2018, the Group acquired a further 48.97% stake in our coal trading subsidiary, Orion Energy Resources Pte. Ltd. ("Orion"), bringing our total shareholding in Orion to approximately 99.97%.

With the completion of the acquisition, the Group is well positioned to exercise better control over Orion's resources and business direction, which includes furthering the Group's mission of introducing sustainable eco-coal to other regions within China and the rest of the world.

The Group has delivered another year of positive development in FY2018, due to favourable operating environment during the financial year, particularly in the coal trading segment. Orion has contributed to the Group's revenue and profit after tax in the amounts of RMB267.4 million and RMB7.2 million respectively.

LOOKING TO THE FUTURE

Going 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. The Group is looking to expand its existing core businesses to include the marine and shipping logistics business ("Logistics Business") and investments in the technology sector ("Technology Business").

In line with the Singapore Exchange Securities Trading Limited ("SGX-ST") Sustainability Reporting Guide, the Board has taken up the responsibility for overseeing the Group's ESG initiatives. The Board has considered the sustainability topics and determined the material ESG factors that are crucial to the Group. This Sustainability Report plays an imperative role in helping us increase transparency, accountability and progress towards sustainable growth. As we proceed to venture into new markets, we remain vigilant in conducting our business and engage with our stakeholders to meet their concerns and needs actively. The success of our sustainability journey requires continual effort and we are confident that together with our stakeholders, we are able to achieve greater sustainability in our operations.

ACKNOWLEGDEMENTS

We would like to also take this opportunity to express our gratitude to our directors, employees and business partners for their unwavering commitment and dedication this past year. We look forward to crossing new challenges and scaling greater heights together in the year ahead.

Mr Chu Ming Kin
Executive Chairman & Chief Executive Officer
Sincap Group Limited

SUSTAINABILITY REPORT

ABOUT US

OUR BUSINESS

Sincap Group Limited ("Sincap" and together with its subsidiaries, collectively, the "Group") (SGX:5UN) is one of the forerunners in thermal coal trading. We oversee the whole process from the sourcing of coal in Indonesia to the delivery of such coal to end customers, thus offering convenience for our customers. Our core strategy in the commodities trading market is to have strong relations with our suppliers and customers.

Our most valuable asset is therefore our network of suppliers and customers, of whom we have established good business relationships with. The Group possesses profound knowledge of Indonesian coal suppliers and buyers from China, giving the Group a competitive advantage over other coal producers and traders.

OUR MISSION

To be a leading example for the region on sustainable coal trading.

OUR VISION

To power each and every household of the world, one at a time, with the use of sustainable eco-coal.

ABOUT THIS REPORT

Sincap Group Limited ("Sincap" or the "Group") is listed on the Catalist of the SGX-ST. This Sustainability Report provides an annual update on important non-financial topics within the Group's global operations and majority owned subsidiaries for the financial year ending 31 December 2018.

The scope of this report covers the financial year from January 2018 to December 2018. As the Global Reporting Initiative ("GRI") standards is the global standard for sustainability reporting, our sustainability report has been prepared in accordance with the GRI standards, Core option. Unless otherwise stated, the report covers the ESG performance of the Group across its core operations in Indonesia, China and Singapore.

This report serves multiple communication functions. It enhances our internal efforts towards transparency and disclosure and supports communication with many of our external stakeholders. As part of our continued efforts to improve our reporting, we welcome stakeholders to submit their feedback to info@sincapgroup.com.sg.

STAKEHOLDER ENGAGEMENT

At Sincap, we recognize the importance of engaging our stakeholders to foster relationships, as well as to identify and address the key feedback and issues of importance to them. We have established several platforms of communications across the Group's stakeholders which include our employees, investors and media, government/ national agencies, the community and customers.

Stakeholder	Engagement Platforms	Key Feedback/ Issue	Commitments to Sustainability
Employees	▪ Annual performance appraisal ▪ Staff training ▪ Email communication	▪ Employee safety and welfare ▪ Staff training and development opportunities ▪ Work-life balance ▪ Remuneration and benefits ▪ Fair and competitive employment practices	▪ Provide fair and equal opportunities to all employees ▪ Rewarding performance ▪ Create a safe and cohesive working environment
Investors and Media	▪ Annual extraordinary/ general meetings ▪ Financial result announcements ▪ SGX announcements, media release and interviews ▪ Annual report, sustainability report ▪ Company website	▪ Return on investment ▪ Business growth ▪ Business strategy and outlook ▪ Risk management ▪ Corporate governance ▪ Compliance to listing requirements ▪ Sustainability performance and reporting standards ▪ Timely and transparent reporting	▪ Strive to generate sustainable long-term returns on investment ▪ Adhere to timely and transparent dissemination of accurate and relevant information to the market
Government/ National Agencies	▪ Sustainability report ▪ Meetings, briefings and regular reporting	▪ Stakeholder programs to advocate greener operator behavior ▪ Provide training and skills upgrading	▪ Strict compliance with relevant laws and regulations ▪ Encouraging life-long learning for mid-career change and skills-upgrading
The Community	▪ Sustainability report	▪ Advocating sustainable practices	▪ Management of impacts on the community
Customers	▪ Quality assurance inspections	▪ Ensuring consistency in quality of coal sold to customers	▪ Generating long-term sustainable returns through customer confidence for Group's high standards of products

SUSTAINABILITY REPORT

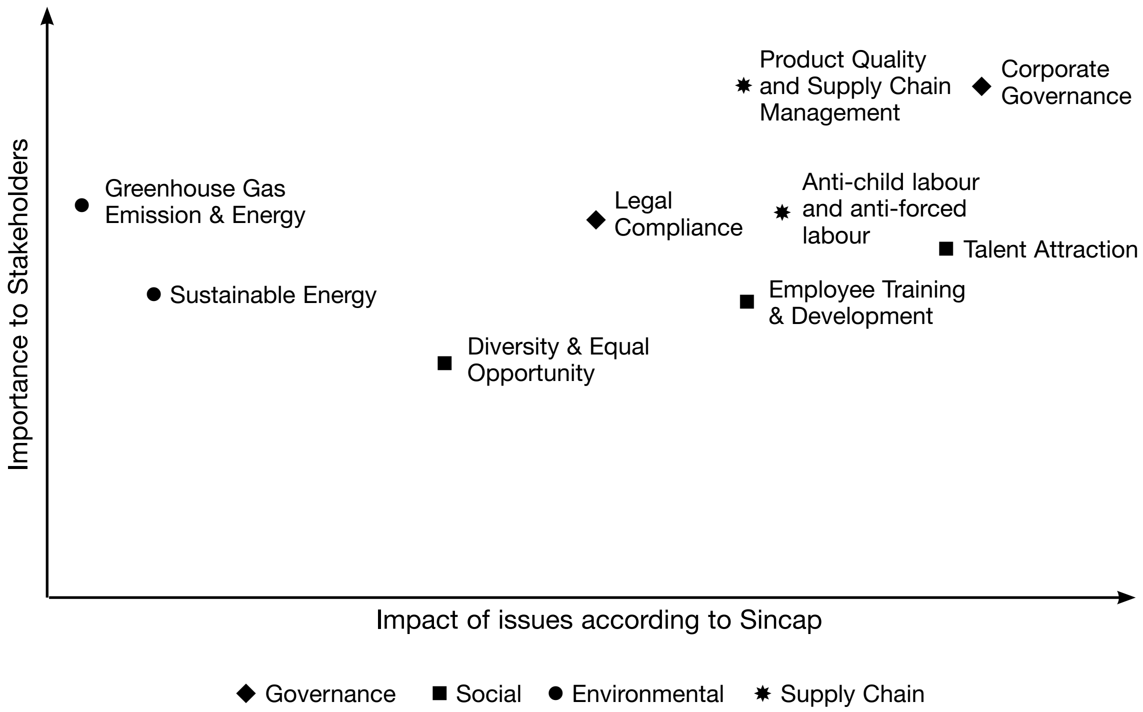
MATERIALITY ASSESSMENT

We have performed materiality analysis to identify sustainability issues that are of importance to our business and stakeholders. This assessment helps us bring focus to key areas that we seek to improve on as we make progress in achieving the long-term sustainability of our business.

The materiality review considered under the Global Reporting Initiative (GRI) guidelines and the topics are prioritised using a materiality matrix. The matrix presents the potential impact of each topic on our business and its significance to stakeholders. In the conduct of the assessment, inputs from stakeholders and independent sustainability consultant were considered.

Our review focuses on 4 key aspects with 9 identified material topics. For each material topic, we report on the relevance of it to our business and stakeholders, and the measures in place to address it.

2018 Stainability Materiality Assessment



2020 TARGETS

ENVIRONMENTAL

2020 TARGET	FY 2018 ACHIEVEMENTS
Reduce energy consumption by 10% per headcount from 2017 levels	Electricity consumption has decreased by 38% per headcount from the previous year, from 1,028 kWh to 634 kWh. Similarly, water consumption has decreased 64% per headcount from the previous year, from 5.2 m^3 to 1.9 m^3
Introduce eco-coal to other parts of China and rest of the world	We are currently exploring the option of expanding into other parts of the world which are still dependent on fossil fuel. We plan to venture out to new areas once we have established business networks overseas.

SOCIAL

2020 TARGET	FY 2018 ACHIEVEMENTS
Having equal mix of gender, age and nationalities	17% of female employees make up our total headcount.
5% annual attrition rate	We have managed to retain our employees with turnover rate of 0% in 2018.

GOVERNANCE

2020 TARGET	FY 2018 ACHIEVEMENTS
Zero litigation incidents	We have achieved zero litigation incidents in 2018.
Maintain zero corruption and fraud incident across Sincap's operations	In 2018, there were no corruption and fraud incidents reported across our operations.

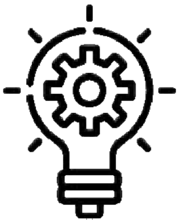
SUPPLY CHAIN

2020 TARGET	FY 2018 ACHIEVEMENTS
To be involved in supplier's mining activities including having higher intensity of supplier engagement and helping suppliers to be more environmentally friendly	In 2018, we have not received any reports on workplace incidents from our suppliers. We will continue to monitor the performance of our suppliers to ensure a safe working environment.

SUSTAINABILITY REPORT

ENVIRONMENTAL

Sustainable Energy

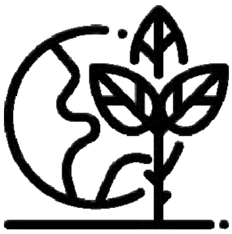


The Group is committed to reducing our environmental footprint and recognises the importance of making our operations more energy-efficient.

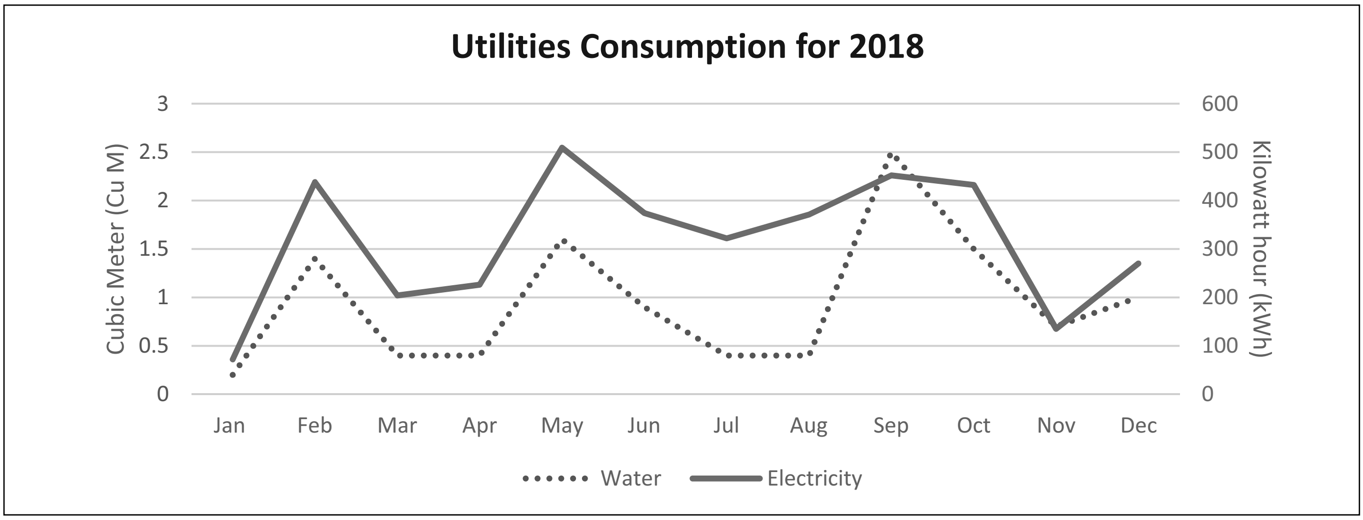
Ash and sulphur compounds are the main resultant pollutants of coal burning, which causes potential atmospheric and land pollution. As such, the Group aims to encourage the use of eco-coal to its customers. As compared to 2017, the percentage of eco-coal as a percentage of total sales has increased 41%, comprising 80% of total sales.

Thermal coal, as compared to sub-bituminous coal, has a higher calorific value, producing approximately 18.8 to 29.3 mega joules of energy per kilogram, and 8.3 to 25 mega joules of energy per kilogram respectively. Thermal coal also has lower sulphur content and ash content relative to the energy output; hence it is less harmful to the environment.

Greenhouse Gas Emission and Energy



Employees are reminded to make eco-friendly decisions like repurposing and recycling, especially for usage of office paper printing. We are conscious about our energy consumption at the Singapore office and employees are aware of controlling the wastage of energy, water and other resources. The Singapore office is retrofitted with LED lighting for more efficient use of energy in the long run.

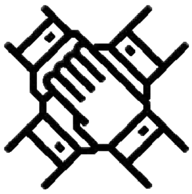


SUSTAINABILITY REPORT

SOCIAL

At Sincap, we value the contribution of our staff to the future growth of our business. Our Group is committed to nurturing and developing our employees. We recognize the importance of creating a positive work environment that motivates and retains our people.

Promoting Employee Diversity and Equality



Sincap believes in fair hiring regardless of gender, race, age, nationality and ethnicity and providing equal opportunities for all employees. Employees of different background can make significant contributions to the Group based on their expertise and experience. Sincap's workforce has a proportion of males and females, at a ratio of 5:1. Furthermore, we have a diversified workforce across different age groups, with approximately 83% of employees in the 30-50 years age group.

Talent Attraction and Retention

The Group recognizes that comprehensive and competitive remuneration packages attract and retain talents which enables the business growth. All employees at Sincap are covered under a fair remuneration scheme which comprises basic salary, annual bonus and allowances, regardless of age, race, ethnicity, nationality and gender. We constantly review the employee benefits to ensure that they remain competitive and adequate for our employees.

In line with the Group's commitment to meritocracy, compensation policies are based on employees' performance. All full-time employees are subjected to annual performance review which allow employees to receive performance reviews and at the same time, provide a platform for open communication between employees and their direct supervisors to identify areas for improvement and developmental needs.

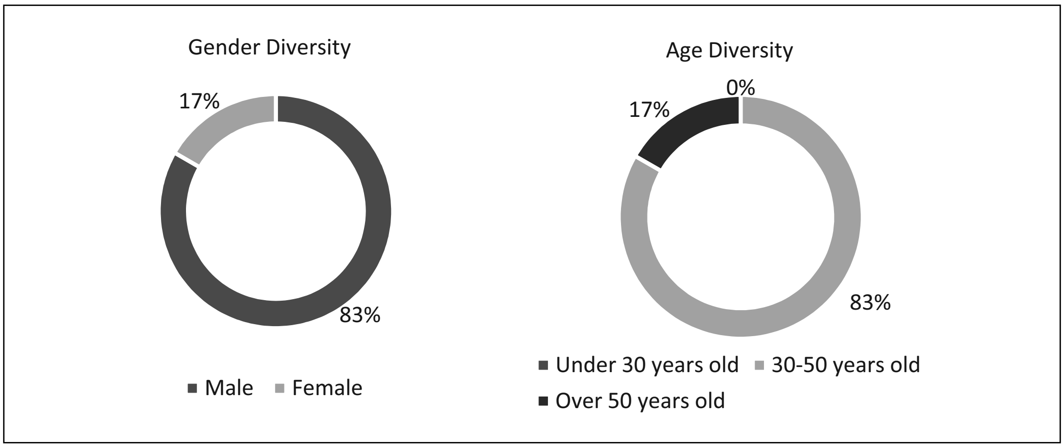
Fair and competitive remuneration has led to the Group's success in retaining its employees. In 2018, there was zero staff turnover across our business operations.

SUSTAINABILITY REPORT

Learning and Development

The Group recognizes the importance for our employees to keep themselves abreast of the latest industry changes. Investing in employee learning and development enables employees to contribute effectively to the Group's future growth and success. We conduct internal training and development programs to equip our employees with necessary skills. Employee's training needs are assessed annually to ensure that adequate trainings are provided to enhance their competencies and knowledge.

Furthermore, we have put in place on-boarding programs to ensure seamless integration of new hires into our organizational culture.



Employee Benefits, Safety and Well-Being

We offer comprehensive benefit schemes to our employees which includes but is not limited to medical benefits for our full-time employees. All employees are entitled to claim full medical expenses incurred due to general illness.

At Sincap, we align our welfare practices with the Singapore Government's pro-family leave scheme. Mothers and fathers whose children are Singapore Citizens at birth are entitled to 16 weeks of maternity leave and 2 weeks of paternity leave respectively. We also provide eligible employees with childcare leave and extended childcare leave. In addition, male employees are entitled to shared parental leave where they are able to share four weeks of the 16 weeks of Government-Paid Maternity Leave, subjected to their wife's agreement.

The Group also offers employees with flexible working arrangements where employees are given the choice to work from home should they require to spend more time with their families.

In Singapore, the Central Provident Fund ("CPF") is a comprehensive social security system that allows working Singapore Citizens and Permanent Residents to fund their retirement, healthcare and housing needs. Under the CPF scheme, the Group makes timely monthly contributions to each employee's CPF account based on the prevailing rates set by the CPF Board.

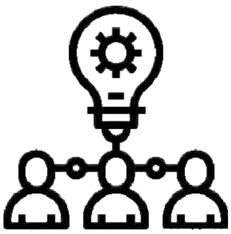
SUSTAINABILITY REPORT

GOVERNANCE

Corporate Governance

Sincap is committed to attaining the highest standards of corporate governance to safeguard the interests of the Company's stakeholders. The Board of Directors of the Group aligns the Group's governance framework based on the corporate governance practices, principles and guidelines contained in the Code of Corporate Governance 2012. For more information regarding the Group's governance framework, please refer to Sincap Annual Report 2018, pages 24 to 55.

Board independence and diversity



All Board committee are chaired by independent non-executive Directors. The Audit & Risk Committee (ARC), Nominating Committee (NC) and Remuneration Committee (RC) comprise only independent non-executive Directors.

The current Board has diversity of skills and acknowledge, experience and educational background that will enhance the decision-making process of the Board.

For further details, please refer to our Corporate Governance Report in our Annual Report 2018 pages 24 to 55.

Anti-Bribery and Corruption

The Group strictly adheres to its zero-tolerance policy against fraud, corruption and unethical actions. Moreover, we have put in place clear guidelines and procedures for the giving and receiving of corporate gifts.

The Group has implemented a whistle-blowing policy which encourages and provides a well-defined and accessible channel to the stakeholders (i.e. both internal and external) of the Group to raise concerns about possible improprieties in financial reporting or other matters. For more information regarding the whistle-blowing policy, please refer to Sincap Annual Report 2018, page 48.

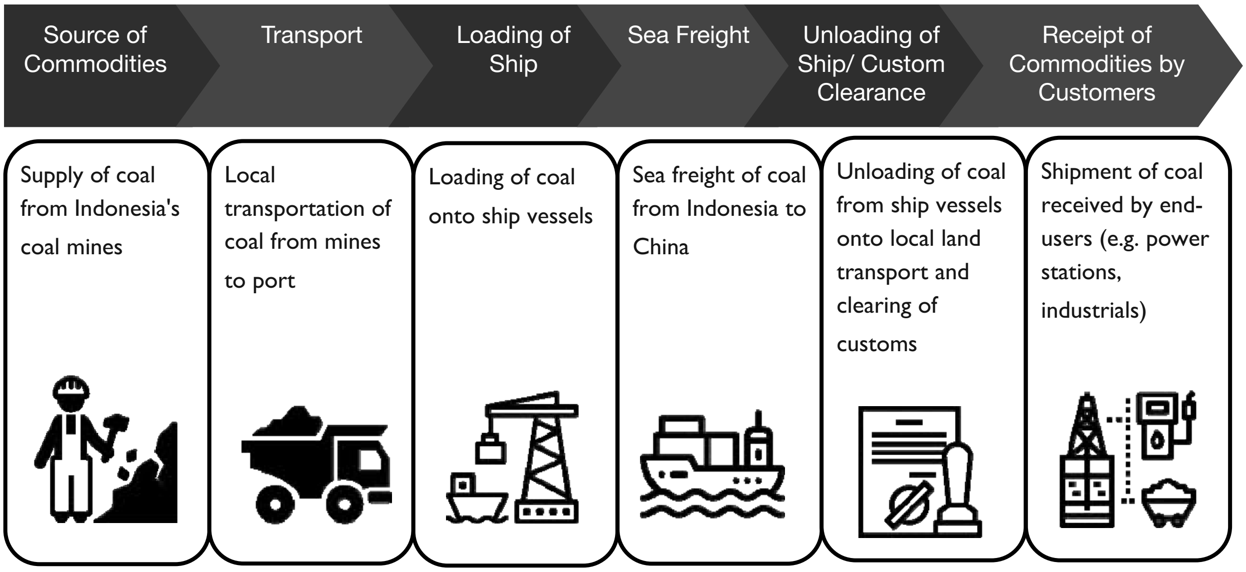
In 2018, there was no unethical behavior or offences uncovered across Sincap's business operations.

Legal Compliance

The Group adheres to all rules and regulations regardless of the different jurisdictions we operate in. Abiding by the respective rules and regulations, the Group has not been fined for any non-compliance. Our Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Group General Manager are experienced with regulatory compliances of the various judiciaries that the Group operates in and are actively monitoring any regulatory changes and performing their due diligence in meeting all regulatory requirements.

SUSTAINABILITY REPORT

SUPPLY CHAIN



An overview of the Group's supply chain is shown as below:

Product Quality and Supply Chain Management

Being a responsible corporation, we seek to comply with all environmental regulations implemented in the jurisdictions that we operate in. The management has zero tolerance towards their Indonesian coal suppliers who do not comply with Indonesia's Energy Law and Environmental Law. The staff based in Indonesia mainly liaise with the suppliers and the operations in Indonesia, and there have been no reported incidents and non-compliances that have impacted the Group's operations. All suppliers are licenced under the Indonesia jurisdiction.

To comply with the American Society for Testing and Materials (ASTM) standards and the International Organization for Standardization (ISO standards), and to ensure that the product quality of meets the expectation of our customers, we have engaged a third-party testing agency, PT. Jasa Inspeksi Dan Sertifikasi Indonesia, to conduct batch testing on coal from our suppliers. As we have established cordial relationships with our suppliers, we do not foresee that we will face difficulties in providing quality goods and services to our customers.

The Group makes use of joint shipment to maximise the efficiency of the trips made by shipping vessels. Besides joint shipment, we plan to expand the business to provide logistics and transportation solutions with the intent to reduce our impact on our environment. Starting from the countries that we currently operate in, Indonesia and China, this would complement our current coal trading business and we hope to generate synergies by enhancing the planning of our logistics.

Anti-child and Anti-forced Labour

We will not tolerate any forms of child exploitation and forced labour in any of our operations and facilities or within our supply chain. We are committed to prevent and eliminate child labour and forced labour wherever it occurs in our supply chain. Wherever we operate, we firmly believe that the human rights of all people must be respected and exercised. We do not deal with supply chain partners who do not share our views on zero tolerance for child labour and forced labour.

GRI CONTENT INDEX

GRI STANDARDS	Disclosure Number	Disclosure Title	Page Reference	Page
General Standards Disclosure				
GRI 102: General Disclosures 2016	**Organisational Profile**			
	102-1	Name of the organization	AR- Corporate Profile	1
	102-2	Activities, brands, products, and services	AR- Corporate Profile Company's Website	1
	102-3	Location of headquarters	AR- Corporate Information Company's Website - Contact us	8
	102-4	Location of operations	AR- Corporate Profile Company's Website - Global Presence	I
	102-5	Ownership and legal form	AR- Corporate Structure	1
	102-6	Markets served	AR- Corporate Profile Company's Website - Business Activities AR- Notes to FS (segment information)	1 110-113
	102-7	Scale of the organization	AR- Financial and Operation Review Company's Website - Investor Relations	2
	102-8	Information on employees and other workers	SR- Social	15
	102-9	Supply chain	SR- Supply Chain	18
	102-10	Significant changes to the organization and its supply chain	AR- Financial and Operation Review	2
	102-11	Precautionary Principle or approach	SR- Governance	17
	Strategy			
	102-14	Statement from senior decision-maker	SR- Board Statement	9
	102-15	Key impacts, risks, and opportunities	SR- Materiality Assessment	12
	Ethics and Integrity			
	102-16	Values, principles, standards, and norms of behavior	SR- Governance SR- Social SR- Environmental SR- Supply Chain	17 15 14 18
	Governance			
	102-18	Governance structure	AR- Board of directors, Key Management AR- Corporate Governance Report SR- Governance	5-6 24 17

SUSTAINABILITY REPORT

GRI STANDARDS	Disclosure Number	Disclosure Title	Page Reference	Page
GRI 102: General Disclosures 2016	Governance			
	102-20	Executive-level responsibility for economic, environmental, and social topics	Chief Financial Officer (CFO)	-
	102-21	Consulting stakeholders on economic, environmental, and social topics	SR- Stakeholder Engagement	11
	102-22	Composition of the highest governance body and its committees	AR- Board of Directors AR- Corporate Governance Report	5 25
	102-23	Chair of the highest governance body	AR- Board of Directors	5
	102-24	Nominating and selecting the highest governance body	AR- Board of Directors AR- Corporate Governance Report-Nominating Committee	5 25
	102-25	Conflicts of interest	AR- Corporate Governance Report	24, 27-29
	102-26	Role of highest governance body in setting purpose, values, and strategy	AR- Board of Directors	5
	102-27	Collective knowledge of highest governance body	AR- Corporate Governance Report	26
	102-28	Evaluating the highest governance body's performance	AR- Corporate Governance Report- Training Board Performance	 26 36
	102-29	Identifying and managing economic, environmental, and social impacts	AR- Corporate Governance Report-Audit and risk committee	46-49
	102-30	Effectiveness of risk management processes	AR- Corporate Governance Report-Audit and risk committee	46-49
	102-31	Review of economic, environmental, and social topics	AR- Corporate Governance Report-Audit and risk committee	46-49
	102-32	Highest governance body's role in sustainability reporting	AR- Board of Directors	5
	102-35	Remuneration policies	AR- Corporate Governance Report- Remuneration matters Level and mix of remuneration Disclosure on remuneration	 38-39 39-40 40-43
	102-36	Process for determining remuneration	AR- Corporate Governance Report- Remuneration matters Level and mix of remuneration Disclosure on remuneration	 38-39 39-40 40-43
	102-37	Stakeholders' involvement in remuneration	AR- Corporate Governance Report- Remuneration matters Level and mix of remuneration Disclosure on remuneration	 38-39 39-40 40-43

GRI STANDARDS	Disclosure Number	Disclosure Title	Page Reference	Page
GRI 102: General Disclosures 2016	**Stakeholder Engagement**			
	102-42	Identifying and selecting stakeholders	SR- Stakeholder Engagement	11
	102-43	Approach to stakeholder engagement	SR- Stakeholder Engagement	11
	102-44	Key topics and concerns raised	SR- Stakeholder Engagement	11
	Reporting Practice			
	102-45	Entities included in the consolidated financial statements	AR- Notes to FS: Investments in subsidiaries	94
	102-46	Defining report content and topic Boundaries	SR- About this Report SR- Materiality Assessment	10 12
	102-47	List of material topics	SR- Materiality Assessment	12
	102-48	Restatements of information	None. First-time implementing Sustainability Reporting	-
	102-49	Changes in reporting	None. First-time implementing Sustainability Reporting	-
	102-50	Reporting period	SR- About this Report	10
	102-51	Date of most recent report	None. First-time implementing Sustainability Reporting	-
	102-52	Reporting cycle	Annual	-
	102-53	Contact point for questions regarding the report	SR- About this Report	10
	102-54	Claims of reporting in accordance with the GRI Standards	SR- About this Report	10
	102-55	GRI content index	SR- GRI content Index	19-22
	102-56	External assurance	No external assurance	-
Topic-specific disclosures				
GRI201: Economic Performance	201-1	Direct economic value generated and distributed	AR- Financial and Operation Review AR- Consolidated income statement, Consolidated statement of cash flows	2 65, 70
GRI 205: Anti-Corruption	205-1	Operations assessed for risks related to corruption	SR- Governance	17
	205-3	Confirmed incidents of corruption and actions taken	SR- Governance	17
GRI 302: Energy	302-3	Energy intensity	SR- Environment	14
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	The Group has not identified any non-compliance with environmental laws and/or regulations during the reporting period	-
GRI 401: Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR- Social	15

SUSTAINABILITY REPORT

GRI STANDARDS	Disclosure Number	Disclosure Title	Page Reference	Page
GRI 404: Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	SR- Social	15
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	No reported incidents of discriminations during the reporting period	-
GRI 408: Child Labour	408-1	Operations and suppliers at significant risk for incidents of child labour	No indication of occurrence during the reporting period	-
GRI 409: Forced or Compulsory Labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	No indication of occurrence during the reporting period	-
GRI 416: Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No indication of occurrence during the reporting period	-
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No indication of occurrence during the reporting period	-
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	SR- Governance	17

FINANCIAL CONTENTS

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 within the Group safeguard the interests of all its stakeholders.

This report outlines the Group's corporate governance practices during the financial year ended 31 December 2018 ("**FY2018**") with specific reference made to the principles and guidelines of the Singapore Code of Corporate Governance 2012 (the "**Code**"), which is applicable to the Company for its 2018 Annual Report, as well as 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

<u>The Board's Conduct of its Affairs</u>

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 FY2018 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	2	2	N/A	1	N/A	1	N/A
Robby (1)	Executive Director	3	3	2	2	1	1	1	1
Teng Wai Leung Wilson (2)	Lead Independent Director	3	1	2	1	1	N/A	1	N/A
Lee Chong Yang (3)	Independent Director	3	1	2	1	1	N/A	1	N/A
Charles Chew Yeow Bian (4)	Independent Director	3	N/A	2	N/A	1	N/A	1	N/A
Past Directors									
Lim Jin Wei (5)	Lead Independent Director	3	3	2	2	1	1	1	1
Ian Tan Tee Hiang (6)	Independent Director	3	1	2	1	1	N/A	1	1
Yau Woon Foong (7)	Independent Director	3	1	2	N/A	1	N/A	1	N/A

N/A – Not Applicable

1. Mr Robby was previously an Independent Director of the Company and was re-designated as Executive Director on 5 July 2018.
2. Mr Teng Wai Leung Wilson was appointed as Independent Director on 2 April 2018 and designated as Lead Independent Director on 18 September 2018.
3. Mr Lee Chong Yang was appointed as Independent Director on 12 June 2018.
4. Mr Charles Chew Yeow Bian was appointed as Independent Director on 6 September 2018.
5. Mr Lim Jin Wei was appointed as Independent Director on 14 November 2016 and resigned as Lead Independent Director on 31 August 2018.
6. Mr Ian Tan Tee Hiang was appointed as Independent Director on 7 July 2015 and retired on 27 April 2018.
7. Mr Yau Woon Foong was appointed as Independent Director on 4 April 2018 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 relevant 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 the date of this report, the Board comprised the following Directors: **Executive Chairman and Chief Executive Officer** Chu Ming Kin **Executive Director** Robby **Independent Directors** Teng Wai Leung Wilson (Lead) Lee Chong Yang Charles Chew Yeow Bian
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. Currently, Independent Directors form the majority of the Board.
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 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.

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.

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.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guidelines of the Code</th><th>Corporate Governance Practices of the Group</th></tr>
<tr><td>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;

(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.</td><td>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.</td></tr>
</table>

Guidelines of the Code	Corporate Governance Practices of the Group
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.	
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.

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
2.6 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 directors 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 FY2018, 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.

<u>**Chairman and Chief Executive Officer**</u>

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.

Guidelines of the Code	Corporate Governance Practices of the Group
3.2 The chairman should: (i) lead the board to ensure its effectiveness on all aspects of its role; (ii) set its agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues; (iii) promote a culture of openness and debate at the board; (iv) ensure that the directors receive complete, adequate and, timely information; (v) ensure effective communication with shareholders; (vi) encourage constructive relations within the board and between the board and management; (vii) facilitate the effective contribution of non-executive directors in particular; and (viii) 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 coal trading and property management businesses, and potential diversification of the Group's business.
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 Company has ensured that there is a lead independent director on the Board. Following the resignation of Mr Lim Jin Wei as Lead Independent Director on 31 August 2018, the Board appointed Mr Teng Wai Leung Wilson as the Lead Independent Director with effect from 18 September 2018. 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 Teng Wai Leung Wilson 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.

CORPORATE GOVERNANCE REPORT

Board Membership

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

<table>
<tr><th>Guidelines of the Code</th><th>Corporate Governance Practices of the Group</th></tr>
<tr><td>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.</td><td>As at the date of this report, the NC comprises the following members, all of whom are Independent Directors:

Mr Lee Chong Yang — Chairman
Mr Teng Wai Leung Wilson — Member
Mr Charles Chew Yeow Bian — Member

The NC is established for the purposes of ensuring that there is a formal and transparent process for all Board appointments.</td></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 include 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 recommendations 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 recommendations 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.</td></tr>
</table>

Guidelines of the Code	Corporate Governance Practices of the Group
	The NC has recommended the re-election of Mr Lee Chong Yang and Mr Charles Chew Yeow Bian who are retiring at the forthcoming AGM pursuant to Regulation 81 of the Constitution of the Company, as well as Mr Chu Ming Kin who is retiring as at the forthcoming AGM pursuant to Regulation 99(4) of the Constitution of the Company. The Board has accepted the recommendation and Mr Chu Ming Kin, Mr Lee Chong Yang and Mr Charles Chew Yeow Bian will be offering themselves for re-election.
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 Director. The NC has assessed the independence of Mr Teng Wai Leung Wilson, Mr Lee Chong Yang and Mr Charles Chew Yeow Bian 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. For the financial year under review, no Director has exceeded the maximum number of listed company board representations stipulated by the NC. 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.

<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>Robby</td><td>Executive Director</td><td>4 April 2017</td><td>26 April 2017</td></tr>
<tr><td>Teng Wai Leung Wilson</td><td>Lead Independent Director</td><td>2 April 2018</td><td>27 April 2018</td></tr>
<tr><td>Lee Chong Yang</td><td>Independent Director</td><td>12 June 2018</td><td>Not applicable</td></tr>
<tr><td>Charles Chew Yeow Bian</td><td>Independent Director</td><td>6 September 2018</td><td>Not applicable</td></tr>
</table>

The directors who will be retiring and submitting themselves for re-election at the forthcoming AGM are Chu Ming Kin, Lee Chong Yang, and Charles Chew Yeow Bian. There is no change to the responses to the Appendix 7F Declarations as announced in the respective appointment announcements of Mr Lee, dated 12 June 2018, and Mr Chew, dated 6 September 2018 ("Initial Appointment Announcements"), except as disclosed below:

• In addition to the list of present directorships disclosed in Mr Chew's appointment announcement, Mr Chew is currently also a director of Primary Resources Pte. Ltd.

The Initial Appointment Announcements referred to above will be made available to Shareholders upon request.

As for Mr Chu, the information required in accordance with Appendix 7F of Section B: Rules of Catalist of the Listing Manual of the SGX-ST ("Catalist Rules") is provided in the Notice of Annual General Meeting.

The list of directorships held by the Directors 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>Robby</td><td>Nil</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Teng Wai Leung Wilson</td><td>Nil</td><td>1. Datapulse Technology Limited
2. Cassia Mining Resources Limited, Hong Kong (Dissolved in 2016)</td><td>Business Consulting</td></tr>
<tr><td>Lee Chong Yang</td><td>AA Group Holdings Ltd</td><td>Nil</td><td>Co-Founder and Head of Regional Business Development, MoovPay Global Pte Ltd</td></tr>
<tr><td>Charles Chew Yeow Bian</td><td>Nil</td><td>AA Group Holdings Ltd (September 2015 – June 2016)</td><td>Executive Director, SooChow CSSD Capital Markets (Asia) Pte. Ltd.</td></tr>
</table>
</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

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.	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.
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 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.
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, for the financial year under review, that the Directors are able to continue contributing effectively and the results of the assessment has been communicated to and accepted by the Board. Based on the individual evaluation of the Directors for FY2018 conducted by the NC, the Chairman does not propose that any changes be made to the current Board composition. 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 keeps 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.
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 his 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 flow 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.

CORPORATE GOVERNANCE REPORT

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 the date of this report, the RC comprises the following members, all of whom are Independent Directors: Mr Teng Wai Leung Wilson — Chairman Mr Charles Chew Yeow Bian — Member Mr Lee Chong Yang — Member 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 personnel7. 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.

Guidelines of the Code	Corporate Governance Practices of the Group
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 FY2018.
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, taking into account the risk policies of the Company. The Company had entered into a service agreement with Mr Chu Ming Kin which commenced on 7 July 2015, for an initial period of 3 years to be renewed thereafter. Upon the recommendation of the RC, the Company has entered into a renewed service agreement with Mr Chu Ming Kin, commencing 1 July 2018, for a further period of 3 years to be renewed thereafter as may be agreed between the Company and Mr Chu Ming Kin.

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. For the financial year under review, no shares were awarded to the Company's Executive Director or key management personnel under the 2014 ESOS. Further details on the 2014 ESOS 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 remuneration 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 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 FY2018, are set out below:

Name of Director	Fixed salary	Defined contribution plan	Directors' fees	Other benefits	Total remuneration
	%	%	%	%	
Chu Ming Kin	87.7	–	–	12.3	**Band B** (1)
Ian Tan Tee Hiang(2)	–	–	100	–	**Band A** (2)
Lim Jin Wei(3)	–	–	100	–	**Band A**
Yau Woon Foong(4)	–	–	100	–	**Band A**
Robby(5)	68.1	–	31.9	–	**Band A**
Teng Wai Leung Wilson(6)	–	–	100	–	**Band A**
Lee Chong Yang(7)	–	–	100	–	**Band A**
Charles Chew Yeow Bian(8)	–	–	100	–	**Band A**

Notes:
(1) Band B: Compensation from S$250,000 to S$500,000 per annum.
(2) Band A: Compensation from S$0 to S$250,000 per annum.
(3) Mr Ian Tan Tee Hiang retired as Independent Director on 27 April 2018.
(4) Mr Lim Jin Wei resigned as Independent Director of the Company on 31 August 2018.
(5) Mr Yau Woon Foong resigned as Independent Director of the Company on 9 February 2018.
(6) Mr Robby was previously an Independent Director of the Company and was re-designated as Executive Director on 5 July 2018.
(7) Mr Teng Wai Leung Wilson was appointed as Independent Director of the Company on 2 April 2018.
(8) Mr Lee Chong Yang was appointed as Independent Director of the Company on 12 June 2018.
(9) Mr Charles Chew Yeow Bian was appointed as Independent Director of the Company on 6 September 2018.

Remuneration of Key Management Personnel

Name of Executive Officer	Fixed Salary	Defined Contribution Plan	Other benefits	Shares	Total remuneration
	(%)	(%)	(%)	(%)	
Yau Woon Soon (2)	86.9	5.8	7.3	–	**Band A** (1)
Andhika Pratama Nurdin (3)	100	–	100	–	**Band A** (1)

Notes:
(1) Band A: Compensation from S$0 to S$250,000 per annum.
(2) Mr Yau Woon Soon was appointed as Financial Officer of the Company on 11 July 2017 and promoted to Chief Financial Officer on 12 June 2018.
(3) Mr Andhika Pratama Nurdin was appointed as Financial Controller of the Company on 12 June 2018.

CORPORATE GOVERNANCE REPORT

Guidelines of the Code	Corporate Governance Practices of the Group
	The Company believes that it is not in its best interests 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 talent. The Company has, however, disclosed the remuneration of the Directors and key management personnel in bands of S$250,000. The annual aggregate remuneration paid to the top two (2) key management personnel of the Company (who are not Directors or the CEO) for FY2018 is equivalent to approximately S$154,000. 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 interests 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 for FY2018 was approximately S$692,000. Please refer to the table on remuneration of Directors on page 41 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. 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.	Please refer to the table on the level of remuneration of key management personnel on page 41 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Guidelines of the Code	Corporate Governance Practices of the Group
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 FY2018, there was no employee 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 FY2018, there was no grant of awards and options under the 2014 ESOS. Further details on the 2014 ESOS can be found in the Company's circular dated 9 April 2014.
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 Executive Directors and key management personnel takes into consideration their individual performance and contribution towards the overall performance of the Group for FY2018. 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 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.

CORPORATE GOVERNANCE REPORT

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 FY2018, 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. ("**Orion**") in relation to interested person transactions, sales and account receivables and a follow-up of the prior year's findings. 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 Chief Financial Officer 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 FY2018.
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 Charles Chew Yeow Bian — Chairman Mr Teng Wai Leung Wilson — Member Mr Lee Chong Yang — 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.

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 FY2018.

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 FY2018 amounted to S$70,000 and S$14,000, 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 FY2018 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 FY2018. Details of members' attendance at the meetings are set out on page 25 of the Annual Report. In accordance with the Catalist Rules, the ARC reviewed the audit plans and audit reports for FY2018 presented by the external auditors. The ARC also reviewed the half-yearly and yearly financial statements and discussed with Management, the Chief Financial Officer 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.

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 Crowe Horwath First Trust Risk Advisory Pte Ltd for FY2018. 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, Crowe Horwath First Trust Risk Advisory Pte Ltd to undertake the functions of its internal audit for FY2018.
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.
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.

CORPORATE GOVERNANCE REPORT

Guidelines of the Code	Corporate Governance Practices of the Group
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. For the financial year under review, the ARC is of the opinion that the internal audit function is independent, effective and adequately resourced. 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.
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 allows 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.
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 FY2018, as the Board deems it appropriate to retain the cash for the Group's working capital expenditure and for the Group's future growth.

CORPORATE GOVERNANCE REPORT

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.
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.

CORPORATE GOVERNANCE REPORT

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 2018 or if not then subsisting, entered into since the end of the financial year ended 31 December 2017.

INTERESTED PERSON TRANSACTIONS ("IPTs")

The Company had, at an Extraordinary General Meeting on 27 April 2018 (the "**EGM**"), sought and obtained the approval of the Shareholders (other than Shareholders required to abstain from voting under Rule 920(1)(b)(viii) of the Catalist Rules) for adopting a general mandate permitting an "entity at risk" (including Orion) to enter into transactions of a revenue and trading nature in respect of and relating to the sale of coal ("**Mandated Transactions**") to Artwell (the "**interested person**") in the future, provided that the transactions are on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders (the "**IPT General Mandate**"). The Company has adhered to the guidelines and review procedures established to ensure that Mandated Transactions are carried out on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and on terms generally not more favourable than those extended to unrelated third parties and will not be prejudicial to the interests of the Company and its minority Shareholders.

The particulars of IPTs for the period 27 April 2018 to 31 December 2018 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) RMB'000
Sales:		
Artwell Minerals Resources Company Limited	Nil	92,441

The Company intends to seek Shareholders' approval for the renewal of the IPT General Mandate at the upcoming AGM. More details in relation to the proposed renewal of the IPT General Mandate can be found at page 118 of this Annual Report.

The Company has established internal control procedures to ensure the transactions with interested persons (other than the Mandated Transactions) are also 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.

CORPORATE GOVERNANCE REPORT

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 have 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	(1,113)	–
Total	**3,709**	**(3,709)**	**–**

The above utilisations are in accordance with its intended uses.

USE OF PROCEEDS FROM THE PLACEMENT ISSUE

(a) The net proceeds arising from the allotment and issuance of the Placement Shares on 22 May 2018 was approximately S$6.226 million (after deducting expenses of approximately S$78,000), which have been fully utilised as follows:

Use of proceeds from the placement	Allocated (S$'000)	Amount utilised as at the date of this report (S$'000)	Balance as at the date of this report (S$'000)
(i) To support current businesses as carried out by the Company's subsidiaries (Orion Energy Resources Pte. Ltd. and Sincap Properties Pte. Ltd.), and (ii) For business development and to provide liquidity for business expansion through acquisitions, joint ventures and collaborations	5,604	(5,604)	–
General working capital purposes	622	(622)	–
Total	**6,226**	**(6,226)**	**–**

(b) The net proceeds arising from the allotment and issuance of the Placement Shares on 16 November 2018 was approximately S$4.454 million (after deducting expenses of approximately S$48,010), which, as at the date of this report, have been fully utilised as follows:

Use of proceeds from the placement	Allocated (S$'000)	Amount utilised as at 31 December 2018 (S$'000)	Balance as at 31 December 2018 (S$'000)
Business developments through potential investments, acquisitions, joint ventures and collaborations and expanding the current business as carried out by the Company's subsidiary, Orion Energy Resources Pte. Ltd.	4,009	(4,009)	–
General working capital purposes	445	(445)	–
Total	**4,454**	**(4,454)**	–

CORPORATE GOVERNANCE REPORT

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 FY2018.

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 2018.

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 65 to 113 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 2018 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 Singapore Financial Reporting Standards (International) ("SFRS(I)"); 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	
Robby	
Teng Wai Leung Wilson	(Appointed on 2 April 2018)
Lee Chong Yang	(Appointed on 12 June 2018)
Charles Chew Yeow Bian	(Appointed on 6 September 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 director	**At 1.1.2018**	**At 31.12.2018**	**At 21.1.2019**
The Company			
Chu Ming Kin	69,406,200	156,968,700	156,968,700

DIRECTORS' STATEMENT

Share options

The Company's employee share option scheme is administered by the Remuneration Committee, the members of which are Mr Teng Wai Leung Wilson (Chairman), Mr Charles Chew Yeow Bian and Mr Lee Chong Yang.

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:

Teng Wai Leung Wilson	(Lead Independent Director)
Charles Chew Yeow Bian	(Independent Director and Chairman of Audit and Risk Committee)
Lee Chong Yang	(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 safeguarded where the independent auditor provide non-audit services.

The Audit and Risk Committee is satisfied with the independence and objectivity 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	Charles Chew Yeow Bian Director

11 April 2019

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 65 to 113, which comprise the statements of financial position of the Group and of the Company as at 31 December 2018, 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 Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2018 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

1 *Trade receivables*

As disclosed in Note 15 to the financial statements, trade receivables amounted to RMB169,741,000 as at 31 December 2018. During the financial year, the total trade balance due from a former customer accumulated to RMB222,260,000 (equivalent to US$32,310,000) was acquired by the existing customer. The amounts of RMB52,519,000 (equivalent to US$7,635,000) and RMB104,010,000 (equivalent to US$15,120,000) were respectively received during and subsequent to the end of the financial year. The balance of RMB65,731,000 (equivalent to US$9,555,000) remained outstanding as at the date of these financial statements. The directors of the Company are of the view that no allowance for impairment on the trade receivables is necessary. We are, however, unable to obtain sufficient appropriate audit evidence, nor perform any procedures to satisfy ourselves as to whether any impairment loss is required with respect to the trade receivables balance amounting to RMB65,731,000.

2 *Valuation of Bond*

As disclosed in Note 16 to the financial statements, the Group and Company recorded a bond ("Bond") amounting to RMB60,483,000 on the statements of financial position as at 31 December 2018. The Bond may be redeemed at the Company's option through cash payment and/or issuance of new fully paid issued ordinary shares of the Company based on the terms of the Bond agreement as disclosed in Note 16. The Group and Company had measured and recorded the Bond as at 31 December 2018 based on its issue amount of S$12,000,000 which is the equivalent of RMB60,483,000. Having considered the Company's option with respect to the redemption of the Bond, we are not able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the valuation and carrying value of the Bond at initial recognition and as at 31 December 2018.

INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

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

Basis for Qualified Opinion (cont'd)

3 Corresponding figures

Our independent auditor's report dated 5 April 2018 expressed a qualified opinion on the financial statements for the financial year ended 31 December 2017 as we were unable to obtain certain information, explanation and supporting documents that we consider necessary for the purpose of our audit 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 were 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 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.

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. We are unable to conclude whether or not the other information is materially misstated with respect to the matters described in the *Basis for Qualified Opinion* section.

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 matters described in the *Basis for Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Impairment of Goodwill

   Description of key audit matter:

   As disclosed in Note 13 to the financial statements, the Group's goodwill of RMB13,434,000 (2016: RMB13,434,000) accounted for approximately 4.8% (2017: 5.8%) of the Group's total assets as at 31 December 2018. The goodwill arose from the Group's acquisition of Orion Energy Resources Pte. Ltd..

   As disclosed in Note 3, 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 estimations and assumptions 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 the VIU calculation, including the cash flow projection and discount rate.

   We evaluated the reasonableness of management's assumptions used in the cash flow projection which the outcome of the impairment test is most sensitive to 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 gross profit margin and discount rate 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.

INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

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

Key Audit Matters (cont'd)

2. Other receivables

Description of key audit matter:

As disclosed in Note 15 to the financial statements, the Group has other receivables amounting to RMB17,246,000 as at 31 December 2018 which collectively accounted for approximately 6.1% of the Group's total assets as at 31 December 2018.

As described in Note 3 to the financial statements, the impairment losses have been determined in accordance with SFRS(I) 9 *Financial Instruments*.

The expected credit losses ("ECL") assessment of the other receivables is considered a key audit matter as the balance forms a material portion of the Group's assets and the ECL assessment requires management to exercise judgement and make estimates with respect to the credit risk of the counterparties, the probability of default and loss given default. The assessment also involves considering forward looking information such as forecasts of future economic conditions.

Our procedures to address the key audit matter:

We have obtained an understanding of management's credit loss assessment of its other receivables. We assessed the reasonableness of management's judgement and assumptions applied in its credit loss assessment. We have also evaluated the adequacy and appropriateness of the disclosures made in the financial statements.

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 SFRS(I), 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.

INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

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

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.

- 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.

INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

Report on Other Legal and Regulatory Requirements

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section, 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

11 April 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	Group	
		2018	2017
		RMB'000	RMB'000
Continuing operations			
Revenue	4	**267,380**	306,737
Cost of sales		**(253,472)**	(266,578)
Gross profit		**13,908**	40,159
Other income	5	**223**	2,325
Administrative expenses		**(9,908)**	(9,551)
Finance costs	6	**(33)**	(40)
Other expenses		**–**	(9,892)
Profit before tax		**4,190**	23,001
Tax expense	7	**(1,389)**	(5,575)
Profit from continuing operations, net of tax		**2,801**	17,426
Discontinued operations			
Profit from discontinued operations, net of tax	8	**–**	10,198
Profit for the financial year	9	**2,801**	27,624
Other comprehensive income/(loss):			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**11,546**	(7,872)
Reclassification of currency translation reserve upon disposal of subsidiaries		**–**	229
Other comprehensive income/(loss) for the financial year, net of tax		**11,546**	(7,643)
Total comprehensive income for the financial year		**14,347**	19,981
Profit/(loss) attributable to:			
Equity holders of the Company		**(731)**	13,747
Non-controlling interests		**3,532**	13,877
Profit for the financial year		**2,801**	27,624

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 2018

		Group	
		2018	2017
	Note	**RMB'000**	RMB'000
(Loss)/profit attributable to equity holders of the Company relates to:			
(Loss)/profit from continuing operations		**(731)**	3,549
Profit from discontinued operations		**–**	10,198
		(731)	13,747
Total comprehensive income attributable to:			
Equity holders of the Company		**7,393**	9,001
Non-controlling interests		**6,954**	10,980
		14,347	19,981
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company (cents per share)			
Basic and diluted			
- continuing operations	11	**(0.06)**	0.45
- discontinued operations	11	**–**	1.28
		(0.06)	1.73

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

STATEMENTS OF FINANCIAL POSITION

At 31 December 2018

		Group			Company		
		31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
	Note	**RMB'000**	RMB'000	RMB'000	**RMB'000**	RMB'000	RMB'000
Non-current assets							
Property, plant and equipment	12	**659**	761	25,030	**659**	761	1,013
Intangible assets		**–**	–	6,965	–	–	–
Land use rights		**–**	–	366	–	–	–
Goodwill	13	**13,434**	13,434	13,434	–	–	–
Investments in subsidiaries	14	–	–	–	**136,750**	76,093	42,559
Deferred tax assets		**–**	–	145	–	–	–
		14,093	14,195	45,940	**137,409**	76,854	43,572
Current assets							
Inventories		**–**	–	2,389	**–**	–	–
Trade and other receivables	15	**255,263**	193,933	90,161	**121,133**	48,554	45,622
Bank and cash balances		**13,000**	22,855	17,979	**1,234**	18,701	467
		268,263	216,788	110,529	**122,367**	67,255	46,089
Total assets		**282,356**	230,983	156,469	**259,776**	144,109	89,661
Non-current liabilities							
Deferred tax liabilities		**–**	–	1,600	**–**	–	–
Borrowings	16	**60,977**	669	839	**60,977**	669	839
		60,977	669	2,439	**60,977**	669	839
Current liabilities							
Trade and other payables	17	**5,206**	16,198	9,318	**24,508**	21,649	18,199
Provision		**–**	–	227	**–**	–	–
Borrowings	16	**526**	501	5,976	**526**	501	486
Income tax payable		**1,306**	5,334	5,315	**71**	68	67
		7,038	22,033	20,836	**25,105**	22,218	18,752
Total liabilities		**68,015**	22,702	23,275	**86,082**	22,887	19,591
Net assets		**214,341**	208,281	133,194	**173,694**	121,222	70,070
Equity							
Share capital	18	**203,930**	151,560	133,252	**203,930**	151,560	133,252
Accumulated losses		**12,113**	6,661	(24,745)	**(35,284)**	(31,065)	(66,279)
Statutory reserve		**–**	–	17,659	**–**	–	–
Currency translation reserve	19	**(1,743)**	(9,867)	(5,121)	**5,048**	727	3,097
Equity attributable to equity holders of the Company, total		**214,300**	148,354	121,045	**173,694**	121,222	70,070
Non-controlling interests		**41**	59,927	12,149	–	–	–
Total equity		**214,341**	208,281	133,194	**173,694**	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 2018

		Attributable to equity holders of the Company						
	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
Group								
Balance at 1 January 2017		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	18	18,747	–	–	–	18,747	–	18,747
Share issue expenses	18	(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
Profit for the financial year		–	(731)	–	–	(731)	3,532	2,801
Other comprehensive income								
Currency translation differences arising on consolidation		–	–	–	8,124	8,124	3,422	11,546
Total comprehensive income/(loss) for the financial year		–	(731)	–	8,124	7,393	6,954	14,347
Issue of shares	18	52,988	–	–	–	52,988	–	52,988
Share issue expenses	18	(618)	–	–	–	(618)	–	(618)
Changes in ownership interest in existing subsidiary that do not result in change of control	14(b)	–	6,183	–	–	6,183	(66,840)	(60,657)
Balance at 31 December 2018		**203,930**	**12,113**	–	**(1,743)**	**214,300**	**41**	**214,341**

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Note	Share capital RMB'000	Accumulated losses RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
Company					
Balance at 1 January 2017		133,252	(66,279)	3,097	70,070
Net profit for the financial year		–	35,214	–	35,214
Other comprehensive loss					
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	18	18,747	–	–	18,747
Share issue expenses	18	(439)	–	–	(439)
Balance at 31 December 2017		151,560	(31,065)	727	121,222
Net loss for the financial year		–	(4,219)	–	(4,219)
Other comprehensive income					
Currency translation differences arising from translation into the presentation currency		–	–	4,321	4,321
Total comprehensive income/(loss) for the financial year		–	(4,219)	4,321	102
Issue of share capital	18	52,988	–	–	52,988
Share issue expenses	18	(618)	–	–	(618)
Balance at 31 December 2018		**203,930**	**(35,284)**	**5,048**	**173,694**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

		Group	
		2018	2017
	Note	**RMB'000**	RMB'000
Cash flows from operating activities			
Profit before tax from continuing operations		**4,190**	23,001
Profit before tax from discontinued operations		–	10,359
Profit before tax, total		**4,190**	33,360
Adjustments for:			
Impairment loss on other receivables		–	9,679
Amortisation of intangible assets and land use rights		–	140
Depreciation of property, plant and equipment		**226**	4,752
Gain on disposal of subsidiaries		–	(17,358)
Interest expense		**33**	40
Interest income		**(1)**	(2,411)
Property, plant and equipment written off		–	195
Provision for safety expenses		–	(61)
Operating cash flows before working capital changes		**4,448**	28,336
Inventories		–	603
Receivables		**(50,060)**	(133,055)
Payables		**(11,439)**	22,052
Currency translation adjustments		**56**	253
Cash used in operations		**(56,995)**	(81,811)
Income tax paid		**(5,761)**	(3,739)
Net cash used in operating activities		**(62,756)**	(85,550)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(78)**	(1,861)
Interest received		**1**	93
Net cash inflow on disposal of subsidiaries	8	–	37,695
Net cash (used in)/generated from investing activities		**(77)**	35,927
Cash flows from financing activities			
Interest paid		**(33)**	(40)
Finance lease repayment		**(201)**	(101)
Capital contribution by non-controlling interests		–	37,609
Proceeds from issuance of new shares, net of issuance expenses		**52,370**	18,308
Net cash generated from financing activities		**52,136**	55,776
Net (decrease)/increase in cash and cash equivalents		**(10,697)**	6,153
Cash and cash equivalents at beginning of financial year		**22,855**	17,979
Effects of exchange rate changes on cash and cash equivalents		**842**	(1,277)
Cash and cash equivalents at end of financial year		**13,000**	22,855

Cash and cash equivalents comprise the bank and cash balances in the statement of financial position.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

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 14 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 Singapore Financial Reporting Standards (International) ("SFRS(I)"). 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 SFRS(I) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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

(a) Basis of preparation (cont'd)

New and revised standards

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises the standards and interpretations that are identical to the International Financial Reporting Standards. As required by the listing requirements of Singapore Exchange ("SGX"), the Group has adopted SFRS(I) on 1 January 2018.

These financial statements for the year ended 31 December 2018 are the first set of financial statements of the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of* SFRS(I).

Under SFRS(I), these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group has also presented statement of financial position as at 1 January 2017, which is the date of transition to SFRS(I).

In addition to the adoption of the new framework, the Group also concurrently applied all new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT do not have a material effect on the financial statements, except for SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 *Financial Instruments*.

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. The application of SFRS(I) did not have any significant impact on the financial statements.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 replaces Financial Reporting Standards ("FRS") 18 'Revenue', FRS 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 entity is required to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model; to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted SFRS(I) 15 using the full retrospective approach. The Group has elected the practical expedient to apply the standard to contracts that are not completed at the date of initial application.

At the date of initial application and 31 December 2018, the Group has assessed that the adoption of SFRS(I) 15 does not have any material impact to the financial position and results of the Group.

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

SFRS(I) 9 replaces FRS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. It 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 expected credit loss model and replace FRS 39 incurred loss model.

The Group and the Company applied SFRS(I) 9 using a modified retrospective approach, with date of initial application on 1 January 2018. The Group and the Company have not restated the comparative information, which continues to be reported under FRS 39. At the date of initial application and 31 December 2018, the Group has assessed that the adoption of SFRS(I) 9 does not have any material impact to the financial position and results of the Group.

The impact upon adoption of SFRS(I) 9 as at 1 January 2018 was as follows:

Classification and measurement

Under SFRS(I) 9, the Group and the Company classify its financial assets based on entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Group's and the Company's business model was made as of the date of initial application on 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised principal and interest were made based on the facts and circumstances as at the initial recognition of the assets.

Loans and receivables (including cash and bank balances) as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

At the date of initial application and 31 December 2018, the Group and the Company has assessed that the adoption of SFRS(I) 9 does not have any material impact to the financial position and results of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2018 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

SFRS(I) 16

SFRS(I) 16 replaces the existing FRS 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 16 (cont'd)

The Group plans to adopt the new standard on the required effective date using the modified retrospective approach and recognises any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 16 at the date of initial application in the opening retained earnings as at 1 January 2019. Right-of-use assets are recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group does not expect the adoption of SFRS(I) 16 to have significant impact on its financial position and financial results of the Group and the Company for the financial year ending 31 December 2019.

(b) Revenue recognition

Sale of goods

Revenue is recognised when control over a product is transferred to the customer at the port of departure. Revenue is recognised based on the price satisfied in the contract. The credit term of 30 days is consistent with market practice and therefore, no element of financing is deemed present. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Commission income

The Group acts as an agent to provide a service of arranging another party to transfer goods or services to a customer. The Group recognises a commission fee, being the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

Interest income

Interest income is recognised using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the Company and the amount of dividend can be reliably measured.

(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.

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

(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.

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.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to equity holders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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

(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.

(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.

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

(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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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

(j) Property, plant and equipment (cont'd)

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.

(k) Impairment of non-financial assets excluding goodwill

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.

(l) 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.

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

(m) Financial assets

The accounting policy for financial assets before 1 January 2018 are as follows:

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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

(m) **Financial assets (cont'd)**

The accounting policy for financial assets before 1 January 2018 are as follows (cont'd) :

Impairment (cont'd)

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.

The accounting policy for financial assets from 1 January 2018 are as follows:

Recognition and derecognition

Regular way 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.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the measurement categories:

- Amortised cost

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets. The Group reclassifies financial assets when and only when its business model for managing those assets changes. The Group's only financial assets are loan and receivables.

Subsequent measurement

Debt instruments include cash and cash equivalents and trade and other receivables (excluding advance to suppliers) on the statement of financial position. The financial assets, depending on the Group's business model for managing the asset and cash flow characteristics of the asset, are subsequently measured at amortised cost.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(m) Financial assets (cont'd)

The accounting policy for financial assets from 1 January 2018 are as follows (cont'd) :

Subsequent measurement (cont'd)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

(n) 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.

Bond issued by the Company includes an option by the Company to settle the bond by cash or by delivering the Company's shares at a fixed issued price per share.

The bond is initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. The bond is extinguished on conversion or redemption.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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

(o) **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.

(p) **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.

(q) **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.

(r) **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.

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

(r) **Foreign currencies (cont'd)**

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.

(s) **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.

(t) **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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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

(u) **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.

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:

Calculation of loss allowance for financial assets at amortised cost

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

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

Key sources of estimation uncertainty (cont'd)

As the calculation of loss allowance on receivables and loans is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of receivables and loans. Details of ECL measurement and carrying values of trade receivables, other receivables and loans at reporting date are disclosed in Note 22.

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 amount of the goodwill and details of impairment assessment are disclosed in Note 13.

Income taxes

The Group has exposure to income taxes in Singapore 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 at the end of the reporting period is as disclosed on the statement of financial position.

4. Revenue

Revenue comprises the sale of coal and commission income. All sales are recognised at a point in time.

	Group	
	2018	2017
	RMB'000	RMB'000
Sale of coal	**267,380**	303,573
Commission income	**–**	3,164
	267,380	306,737

5. Other income

	Group	
	2018	2017
	RMB'000	RMB'000
Interest income		
- Other receivable	**–**	2,318
- Banks	**1**	1
Government grant	**–**	5
Foreign exchange gain	**222**	–
Others	**–**	1
	223	2,325

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

6. Finance costs

	Group	
	2018	2017
	RMB'000	RMB'000
Interest expense - bank	**33**	40

7. Tax expense

	Group	
	2018	2017
	RMB'000	RMB'000
Tax expense attributable to profits is made up of:		
<u>From continuing operations</u>		
Income tax:		
- Current year	**1,187**	5,400
- Underprovision in prior years	**202**	175
	1,389	5,575
<u>From discontinued operations</u>		
Income tax:		
- Current year	–	161
	1,389	5,736

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	
	2018	2017
	RMB'000	RMB'000
Profit before tax from:		
Continuing operations	**4,190**	23,001
Discontinued operations	**–**	10,359
	4,190	33,360
Tax calculated at tax rate of 17% (2017: 17%)	**712**	5,671
Effect of different tax rates in other countries	**(20)**	(97)
Income not subject to tax	**–**	(1,733)
Expenses not deductible for tax purposes	**392**	2,094
Effect of tax incentive	**(176)**	(374)
Underprovision of income tax in prior years	**202**	175
Deferred tax assets not recognised	**279**	–
	1,389	5,736

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

7. Tax expense (cont'd)

At the end of the reporting period, the statutory income tax rate applicable for companies incorporated in the following countries are as follows:

Country of incorporation	Statutory income tax rate	
	2018	2017
Singapore	**17%**	17%
Australia	**30%**	30%

As at 31 December 2018, the Group has unutilised tax losses of approximately RMB6,003,000 (2017: RMB4,299,000) available for carry-forward to offset against future taxable income, subject to agreement of the tax authority and compliance with the certain provisions of the tax legislation of the respective countries in which the companies operate. Deferred tax assets in respect of tax losses carried forward have not been recognised in the financial statements as it is not probable that future taxable profits will be sufficient to allow the unabsorbed tax losses to be realised in the foreseeable future.

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 from discontinued operations, net of tax".

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

8. Discontinued operations (cont'd)

The result of discontinued operations is as follows:

	Group 2017 RMB'000
Revenue	29,770
Expenses	(30,973)
Loss before tax from discontinued operations	(1,203)
Tax	(161)
Loss from discontinued operations, net of tax	(1,364)
Gain on disposal of subsidiaries	17,358
Amount due from former subsidiaries written off	(5,796)
Total profit from discontinued operations	10,198

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

	Group 2017 RMB'000
Operating cash flows	5,993
Investing cash flows	(1,622)
Financing cash flows	(230)
Net cash inflows	4,141

9 Profit for the financial year

	Group					
	Continuing operations		Discontinued operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	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	**344**	476	**–**	–	**344**	476
- other auditors	**–**	–	**–**	120	**–**	120
Non-audit fees paid to:			**–**			
- auditor of the Company	**69**	21	**–**	–	**25**	21
- other auditors*	**106**	53	**–**	–	**106**	53
Impairment loss on financial assets (Note 15)	**–**	9,679	**–**	–	**–**	9,679
Amortisation of intangible assets			**–**			
	–	–		118	**–**	118
Amortisation of land use right	**–**	–	**–**	22	**–**	22
Amount due from former subsidiaries written off	**–**	–	**–**	5,796	**–**	5,796
Depreciation of property, plant and equipment (Note 12)	**226**	190	**–**	4,562	**226**	4,752
Directors' fees	**730**	870	**–**	–	**730**	870
Foreign exchange loss, net	**–**	213	**–**	–	**–**	213
Operating lease expenses	**224**	220	**–**	85	**224**	305
Property, plant and equipment written off	**–**	2	**–**	193	**–**	195
Staff costs (Note 10)	**3,396**	2,732	**–**	15,130	**3,396**	17,862
and crediting:						
Gain on disposal of subsidiaries	**–**	–	**–**	17,358	**–**	17,358
Interest income	**1**	2,319	**–**	92	**1**	2,411

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

10 Staff costs

	Group					
	Continuing operations		Discontinued operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Salaries and related costs	**3,326**	2,685	–	11,521	**3,326**	14,206
CPF	**70**	47	–	3,609	**70**	3,656
	3,396	2,732	–	15,130	**3,396**	17,862

11 (Loss)/earnings per share

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

	Continuing operations		Discontinued operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Net (loss)/profit attributable to equity holders of the Company (RMB'000)	**(731)**	3,549	–	10,198	**(731)**	13,747
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	**1,172,192**	796,437	–	796,437	**1,172,192**	796,437
Basic and diluted (loss)/earnings per share (cents per share)	**(0.06)**	0.45	–	1.28	**(0.06)**	1.73

Basic loss per share and diluted loss per share are the same for financial year ended 31 December 2018 as the Group incurred a loss and the Bond is anti-dilutive.

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 2017	–	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
Additions	–	–	–	78	–	78
Translation differences	–	–	–	8	87	95
At 31 December 2018	**–**	**–**	**–**	**159**	**1,662**	**1,821**
Accumulated depreciation						
At 1 January 2017	–	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
Charge for the year	–	–	–	39	187	226
Translation differences	–	–	–	3	46	49
At 31 December 2018	**–**	**–**	**–**	**100**	**1,062**	**1,162**
Net carrying value						
At 31 December 2018	**–**	**–**	**–**	**59**	**600**	**659**
At 31 December 2017	–	–	–	15	746	761

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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

	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Company			
Cost			
At 1 January 2017	78	1,677	1,755
Translation differences	(5)	(102)	(107)
As at 31 December 2017	73	1,575	1,648
Additions	78	–	78
Translation differences	9	86	95
At 31 December 2018	**160**	**1,662**	**1,821**
Accumulated depreciation			
At 1 January 2017	43	699	742
Charge for the year	16	174	190
Translation differences	(1)	(44)	(45)
At 31 December 2017	58	829	887
Charge for the year	39	187	226
Translation differences	3	46	49
At 31 December 2018	**100**	**1,062**	**1,162**
Net carrying value			
At 31 December 2018	**60**	**600**	**659**
At 31 December 2017	15	746	761

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 RMB599,000 (2017: RMB746,000).

13. Goodwill

	Group 2018 RMB'000	Group 2017 RMB'000
Carrying amount	**13,434**	13,434

13. Goodwill (cont'd)

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	
	2018	2017
	RMB'000	RMB'000
Coal trading	**13,434**	13,434

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	
	2018	2017
	%	%
Pre-tax discount rates	**17**	21

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.

The terminal growth rate used in the value-in-use calculation is 1.21% (2017: 0%).

As at 31 December 2018 the estimated recoverable amount is higher than its carrying amount. A decrease in the gross margin from 4.9% to 4.4% or a increase in the discount rate from 17% to 20% would result in the recoverable amount being equal to its carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

14. Investments in subsidiaries

	Company	
	2018	2017
	RMB'000	RMB'000
Unquoted equity shares at cost		
At 1 January	**117,331**	83,797
Additions	**60,657**	38,763
Disposals	**–**	(5,229)
	177,988	117,331
Less: Allowance for impairment in value	**(41,238)**	(41,238)
At 31 December	**136,750**	76,093

Movement in allowance for impairment in value:

	Company	
	2018	2017
	RMB'000	RMB'000
Balance at beginning and end of financial year	**41,238**	41,238

(a) The subsidiaries as at 31 December 2018 are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest 2018 %	2017 %
Subsidiaries held by the Company				
Sincap Australia Pte. Ltd. [1]	Singapore	Investment holding	**100.0**	100.0
Sincap Properties Pte. Ltd. [1]	Singapore	Investment holding and real estate activities	**100.0**	100.0
Orion Energy Resources Pte. Ltd. ("Orion") [1]	Singapore	Mineral trading and logistic management	**99.9**	51.0
Subsidiaries held by Sincap Australia Pte Ltd.				
Sincap Land (Aus) Pty Ltd [2]	Australia	Dormant	**100.0**	100.0
SCL Murray Pty Ltd [2]	Australia	Dormant	**100.0**	100.0
Subsidiary held by Sincap Properties Pte. Ltd.				
Chengdu Weili Assets Management Co., Ltd. [2]	People's Republic of China	Dormant	**100.0**	–

[1] Audited by Baker Tilly TFW LLP

[2] 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

14. Investments in subsidiaries (cont'd)

In 2017, the Company further subscribed shares in Orion at a consideration of US$5,662,000 (equivalent to RMB38,714,000) by way of capitalising the amount due from subsidiary and incorporated Sincap Properties Pte. Ltd. with a cash consideration of S$10,000 (equivalent to RMB49,000).

In 2018, the Company's wholly owned subsidiary, Sincap Properties Pte. Ltd. incorporated Chengdu Weili Assets Management Co., Ltd in the People's Republic of China. As at 31 December 2018, the Group has not contributed charter capital yet.

(b) Changes in ownership interest in existing subsidiaries that do not result in change of control

In December 2018, the Company acquired 7,595,000 ordinary shares in Orion from the non-controlling interests ("Vendor") at a consideration of RMB60,657,000 (S$12,000,000). The total consideration is satisfied by issuance of bond (Note 16(c)) with maturity period of 3 years. As a result, the Company's ownership interest in Orion increased from 51.0% to 99.9%. The difference between the consideration and the carrying value of the identified net assets acquired of RMB66,840,000 has been recognised within equity.

15. Trade and other receivables

	Group		Company	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables (a)	**169,741**	38,636	**–**	–
Other receivables (b)	**17,246**	21,555	**–**	–
Subsidiaries (non-trade)	**–**	–	**121,070**	48,496
Advance to suppliers	**77,281**	143,363	**–**	–
Deposits	**63**	58	**63**	58
	94,590	164,976	**121,133**	48,554
Less: Allowance for doubtful receivables	**(9,068)**	(9,679)	**–**	–
	85,522	155,297	**121,133**	48,554
	255,263	193,933	**121,133**	48,554

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

	Group		Company	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
At beginning of the year	**9,679**	–	–	–
Allowance made	**–**	9,679	–	–
Translation differences	**(611)**	–	–	–
At end of the year	**9,068**	9,679	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

15. Trade and other receivables (cont'd)

(a) During the financial year, the total trade balance due from a former customer accumulated to RMB222,260,000 (equivalent to US$32,310,000) was acquired by the existing customer. The amounts of RMB52,519,000 (equivalent to US$7,635,000) and RMB104,010,000 (equivalent to US$15,120,000) were respectively received during and subsequent to the end of the financial years. The balance of RMB65,731,000 (equivalent to US$9,555,000) remained outstanding at the date of these financial statements.

Subsequent to the end of the financial year, the Group utilised RMB114,742,000 (equivalent to US$16,680,000) of the amounts received from the customer to pay for deposits under offtake agreement entered into by the Group as disclosed in Note 26.

(b) Included in other receivables is a loan of RMB17,165,000 (2017: RMB21,555,000) to Richardson 1 Pty Ltd ("Richardson loan") extended by a subsidiary, SCL Murray Pty Ltd. The loan is unsecured, bears interest of 17.5% per annum and was due for payment by 1 September 2017. The Group made an impairment loss on Richardson loan amounting to RMB9,679,000 (Note 22(b)).

During the financial year, the amount of AUD700,000 (equivalent to RMB3,455,000) was received. In January 2019, the Group has entered into a revised settlement agreement where an upfront payment of AUD220,000 was received, and thereafter a monthly payment of AUD60,000 from March 2019 until the loan is fully settled and bear interest of 7% per annum.

Non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand, except for an amount of RMB72,534,344 (2017: RMB47,813,000), which bears interest at 7% (2017: 7%) per annum and repayable on demand.

16. Borrowings

	Group		Company	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current				
Finance lease liabilities (Note 16(a))	**494**	669	**494**	669
Bond (Note 16(c))	**60,483**	–	**60,483**	–
	60,977	669	**60,977**	669
Current				
Finance lease liabilities (Note 16(a))	**197**	183	**197**	183
Term loan (Note 16(b))	**329**	318	**329**	318
	526	501	**526**	501
	61,503	1,170	**61,503**	1,170

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

16. Borrowings (cont'd)

(a) Finance lease liabilities

	Group and Company			
	2018		2017	
	Minimum lease payments	**Present value**	Minimum lease payments	Present value
	RMB'000	**RMB'000**	RMB'000	RMB'000
Not later than one financial year	**223**	**197**	216	183
Later than one financial year but not later than five financial years	**519**	**494**	718	669
Total minimum lease payments	**742**		934	
Less future finance charges	**(51)**		(82)	
Present value of lease payments	**691**	**691**	852	852
Representing lease liabilities:				
Current	**197**		183	
Non-current	**494**		669	
	691		852	
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.

(b) Term loan

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

(c) Bond

On 19 December 2018, the Company issued bonds ("Bond") denominated in Singapore Dollar with a principal amount of S$12,000,000 as consideration for the acquisition of additional interest in Orion as disclosed in Note 14. The Bond bear interest at 5% per annum and mature on 19 December 2021, but may be redeemed before maturity at the Company's option through cash payment and/or issuance of new fully-paid ordinary shares of the Company based on a fixed issue price of S$0.012 per new share ("Redemption Shares"). In deciding the method of redemption, the Company will monitor its shareholdings and ensure that Redemption Shares will not be issued to the Vendor such that:

(a) the Vendor and/or any person who may have an interest in such Redemption Shares through the Vendor will become a Controlling Shareholder of the Company, as defined under the Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited;

(b) a mandatory offer is triggered in accordance with the Singapore Code on Take-overs and Mergers.

In determining whether any issuance of Redemption Shares may result in a change of controlling interest or trigger a mandatory offer, the Company shall take into consideration the existing share interests, if any, of the Vendor and/or any person who, through the Vendor, may have an interest in the Redemption Shares to be issued.

As at 31 December 2018, the Bond is classified as non-current liabilities. The directors have confirmed in a resolution that the Company has no intention to redeem the Bond through the issuance of ordinary shares in the capital of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

16. Borrowings (cont'd)

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

	Term loan RMB'000	Finance lease liabilities RMB'000	Bond RMB'000	Total RMB'000
Balance at 1 January 2018	318	852	–	1,170
Charges from financing cash flows:				
- Repayment	–	(201)	–	(201)
- Interest paid	–	(33)	–	(33)
Non-cash changes:				
- Acquisition of non-controlling interests	–	–	60,657	60,657
- Interest expense	–	33	–	33
- Translation differences	11	40	(174)	(123)
Balance at 31 December 2018	**329**	**691**	**60,483**	**61,503**

	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

17. Trade and other payables

	Group		Company	
	2018 RMB'000	2017 RMB'000	**2018 RMB'000**	2017 RMB'000
Trade payables	–	10,644	–	–
Accrued operating expenses	**5,021**	4,801	**4,648**	4,501
Due to a subsidiary	–	–	**19,729**	16,446
Advances from customers	**54**	51	–	–
Due to a director	**131**	702	**131**	702
	5,206	16,198	**24,508**	21,649

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

18. Share capital

	Group and Company			
	2018		2017	
	Number of issued shares	**Issued share capital**	Number of issued shares	Issued share capital
	'000	**RMB'000**	'000	RMB'000
At 1 January	**900,500**	**151,560**	520,670	133,252
Issuance of ordinary shares	**800,500**	**52,988**	379,830	18,747
Share issue expenses	**–**	**(618)**	–	(439)
	1,701,000	**203,930**	900,500	151,560

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 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.

On 22 May 2018, the Company issued 350,250,000 ordinary share of S$0.018 (equivalent to RMB0.0884) per share for cash to period fund for the expansion of the Group's operations.

On 16 November 2018, the Company issued 450,250,000 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.

19. 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.

20. 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 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	
	2018	2017
	RMB'000	RMB'000
Not later than one year	**254**	235
Later than one year but not later than five years	**21**	278
	275	513

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

21. Related party transactions

(a) Other than as disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned.

	Group	
	2018	2017
	RMB'000	RMB'000
Sales to a related party	**92,441**	–

(b) Key management personnel compensation is analysed as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
Directors of the Company:		
- remuneration of directors	**1,916**	1,719
- directors' fees	**730**	870
	2,646	2,589
Other key management personnel:		
- short-term employee benefits	**723**	881
- defined contribution benefits	**32**	33
	755	914
	3,401	3,503

22. 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	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**–**	73,425	**–**	67,255
Financial assets at amortised cost	**190,982**	–	**122,368**	–
	190,982	73,425	**122,368**	67,255
Financial liabilities				
Financial liabilities at amortised cost	**66,655**	17,317	**86,011**	22,819

(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.

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"), Australian 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

22. Financial instruments (cont'd)

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

Foreign currency risk (cont'd)

	2018			2017		
	SGD	**AUD**	**USD**	SGD	AUD	USD
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Group						
Cash and cash equivalents	**1,428**	**59**	**82**	18,874	62	76
Trade and other receivables	**145**	**–**	**–**	204	–	–
Borrowings	**(61,503)**	**–**	**–**	(1,170)	–	–
Trade and other payables (including intra-group balances)	**(19,268)**	**–**	**–**	(19,311)	–	–
Net financial (liabilities)/ assets denominated in foreign currencies	**(79,198)**	**59**	**82**	(1,403)	62	76
Company						
Cash and cash equivalents	**1,230**	**–**	**–**	18,696	–	–
Trade and other receivable	**63**	**–**	**–**	163	–	–
Borrowings	**(61,503)**	**–**	**–**	(1,170)	–	–
Trade and other payables	**(19,069)**	**–**	**–**	(19,199)	–	–
Net financial (liabilities)/ assets denominated in foreign currencies	**(79,279)**	**–**	**–**	(1,510)	–	–

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**	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
SGD/RMB				
- strengthened 10% (2017: 10%)	**(6,573)**	(116)	**(6,580)**	(125)
- weakened 10% (2017: 10%)	**6,573**	116	**6,580**	125
AUD/RMB				
- strengthened 10% (2017: 10%)	**5**	5	**–**	–
- weakened 10% (2017: 10%)	**(5)**	(5)	**–**	–
USD/RMB				
- strengthened 10% (2017: 10%)	**7**	6	**–**	–
- weakened 10% (2017: 10%)	**(7)**	(6)	**–**	–

22. Financial instruments (cont'd)

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

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 16).

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.

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.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopt the policy of dealing only with high credit quality counterparties.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses (ECL):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been significant increase in credit risk since initial recognition	Lifetime ECL- not-credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL-credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.	Write-off

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

22. Financial instruments (cont'd)

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

Credit risk (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results / key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

22. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

The Group's trade receivables comprise 1 (2017: 1) debtor that individually represented 100% (2017: 100%) of the trade receivables. In addition, the Richardson loan as disclosed in Note 15 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 15). Non-trade balances due from subsidiaries are general repayable on demand and are not past due as at the end of the reporting period.

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

The credit loss for cash and cash equivalents and other receivables are immaterial as at 31 December 2018

Trade receivables

The Group has only 1 customer and applied the simplified approach to measure the lifetime expected credit loss allowance for trade receivables. The Group estimates the expected credit loss rates based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

There has been no change in the estimation techniques or significant assumptions made during the current financial year. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

The Group assesses the concentration of risk with respect to trade receivables as high, as there is only one customer at the end of the reporting period. Based on a simplified approach for determining credit loss allowance for trade receivables as at 31 December 2018, the Group assesses that the expected credit loss is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

22. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Other financial assets at amortised cost

Other financial assets at amortised costs include loans to subsidiaries, other receivables and cash and cash equivalents.

The table below details the credit quality of the Group's and the Company's financial assets (other than trade receivables):

	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
		RMB'000	RMB'000	RMB'000
Group				
Trade receivables	Lifetime ECL	169,741	–	169,741
Deposits	N.A. Exposure Limited	63	–	63
Other receivables	Lifetime ECL	17,246	(9,068)	8,178
Cash and cash equivalents	N.A. Exposure Limited	13,000	–	13,000
Company				
Deposits	N.A. Exposure Limited	63	–	63
Subsidiaries	12-month ECL	121,071	–	121,071
Cash and cash equivalents	N.A. Exposure Limited	1,234	–	1,234

Loan to Richardson 1 Pty Ltd ("Richardson loan")

The Group provided a loan to Richardson 1 Pty Ltd ("Richardson loan") extended by a subsidiary, SCL Murray Pty Ltd.. The impairment loss allowance is measured using lifetime ECL by taking into consideration the probability of default and loss given default based on historical experience and forward-looking information available to the Group. Accordingly, the Group measured the impairment loss allowance using lifetime ECL and made an impairment loss of the Richardson loan.

Previous accounting policy for impairment of financial assets

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.

22. **Financial instruments (cont'd)**

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

Credit risk (cont'd)

Previous accounting policy for impairment of financial assets (cont'd)

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
	RMB'000
Trade receivables past due:	
Less than 90 days	27,082

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

22. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Liquidity risk (cont'd)

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				
2018				
Borrowings	**329**	**73,184**	–	**73,513**
Finance lease liabilities	**223**	**519**	–	**742**
Trade and other payables	**5,152**	–	–	**5,152**
	5,704	**73,703**	–	**79,407**
2017				
Borrowings	318	–	–	318
Finance lease liabilities	216	718	–	934
Trade and other payables	16,147	–	–	16,147
	16,681	718	–	17,399

	Within 1 year RMB'000	Within 2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Company				
2018				
Borrowings	**329**	**73,184**	–	**73,513**
Finance lease liabilities	**223**	**519**	–	**742**
Trade and other payables	**24,508**	–	–	**24,508**
	25,060	**73,703**	–	**98,763**
2017				
Borrowings	318	–	–	318
Finance lease liabilities	216	718	–	934
Trade and other payables	21,649	–	–	21,649
	22,183	718	–	22,901

23. 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.

24. 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).

There were no changes in the objectives, policies or processes during the financial years ended 31 December 2018 and 31 December 2017.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

24. Capital management (cont'd)

	Group	
	2018	2017
	RMB'000	RMB'000
Trade and other payables	**5,206**	16,198
Borrowings	**61,503**	1,170
Less: Cash and cash equivalents	**(13,000)**	(22,855)
Net debt/(cash)	**53,709**	(5,487)
Equity attributable to the equity holders of the Company	**214,300**	148,354
Total capital	**268,009**	142,867
Gearing ratio	20%	N.A*

* The gearing ratio of the Group at the end of the reporting period is not presented as the Group was in a net cash position. The Group will continue to be guided by prudent policies of which gearing is monitored.

25. Segment information

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 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: 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) Coal products segment represents the business of trading and sale of coal and commission income.

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

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").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

25. 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
2018				
Revenue by Segment	267,380	–	–	**267,380**
Total revenue	267,380	–	–	**267,380**
Recurring EBITDA	8,598	(156)	–	**8,442**
Depreciation and amortisation	–	–	(226)	**(226)**
ORBIT	8,598	(156)	(226)	**8,216**
Interest income	–	–	1	**1**
Finance costs	–	–	(33)	**(33)**
Unallocated corporate expenses				**(3,994)**
Profit before tax				**4,190**
Tax expense				**(1,389)**
Profit for the year				**2,801**

	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)
Impairment loss on other 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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

25. Segment information (cont'd)

Assets and reconciliation

	Coal products RMB'000	Property RMB'000	Total RMB'000
2018			
Total assets for reportable segment	272,003	8,152	**280,155**
Unallocated			
Property, plant and equipment			**659**
Other receivables			**63**
Cash and cash equivalents			**1,479**
Total group assets			**282,356**
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

Liabilities and reconciliation

	Coal products RMB'000	Property RMB'000	Total RMB'000
2018			
Total liabilities for reportable segment	253	62	**315**
Unallocated			
Income tax payables			**1,306**
Trade and other payables			**4,891**
Borrowings			**61,503**
Total group liabilities			**68,015**
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

25. Segment information (cont'd)

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**	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
Singapore	**267,380**	306,737	**14,093**	14,195

Information about major customer

Revenue of approximately RMB267,380,000 (2017: RMB303,909,000) are derived from 2 (2017: 1) external customers that individually contributes to more than 10% of the Group revenue and are attributable to the coal products segment.

26. Subsequent event

Subsequent to the end of the financial year, the Group entered into offtake agreements pursuant which the Group is required to pay deposits totalling RMB171,975,000 (equivalent to US$25,000,000) to procure coals from certain mines in Indonesia.

As disclosed in Note 15, the Group utilised RMB114,742,000 (equivalent to US$16,680,000) of the amounts received from a customer to pay for the deposits.

27. 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 2018 were authorised for issue in accordance with a resolution of the directors dated 11 April 2019.

SHAREHOLDERS' INFORMATION

As at 22 March 2019

STATISTICS OF SHAREHOLDINGS

SHARE CAPITAL

Issued and fully paid	:	SGD42,949,712.10
Number of shares	:	1,701,000,410
Class of shares	:	Ordinary shares fully paid
Voting rights	:	One vote for each ordinary share
Treasury shares	:	Nil

The Company does not hold any subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	49	6.00	18,335	0.00
1,001 - 10,000	38	4.65	271,100	0.02
10,001 - 1,000,000	642	78.58	163,295,900	9.60
1,000,001 AND ABOVE	88	10.77	1,537,415,075	90.38
TOTAL	**817**	**100.00**	**1,701,000,410**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	510,234,700	30.00
2	KGI SECURITIES (SINGAPORE) PTE. LTD.	421,130,500	24.76
3	CHU MING KIN	140,090,200	8.24
4	UOB KAY HIAN PRIVATE LIMITED	32,307,375	1.90
5	OCBC SECURITIES PRIVATE LIMITED	29,083,900	1.71
6	LIM CHYE HAI (LIN CAIHAI)	24,700,000	1.45
7	CITIBANK NOMINEES SINGAPORE PTE LTD	20,914,500	1.23
8	RHB SECURITIES SINGAPORE PTE. LTD.	19,990,000	1.18
9	WONG SZE PONG	18,333,000	1.08
10	XU JINJI	18,333,000	1.08
11	FONG KIM CHIT	17,690,000	1.04
12	IP MIU HING	17,500,000	1.03
13	JERRY TAN SIANG HUP	17,000,000	1.00
14	WEI FANGYANG	15,960,000	0.94
15	VSTL INVESTMENT LTD	13,000,000	0.76
16	CHUA CHIONG BOON	12,500,000	0.73
17	CHUA EE WEE (CAI YIWEI)	12,500,000	0.73
18	ZHU SHIYAN	10,500,000	0.62
19	RAFFLES NOMINEES (PTE.) LIMITED	8,066,600	0.47
20	THONG MING CHANG	7,000,000	0.41
	TOTAL	**1,366,833,775**	**80.36**

SHAREHOLDERS' INFORMATION

As at 22 March 2019

SUBSTANTIAL SHAREHOLDERS

(As registered in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Substantial Shareholders	**No. of shares**	**%**	**No. of shares**	**%**
Wang Xiaoling [(1)]	157,373,000	9.25	–	–
Chu Ming Kin [(2)]	156,968,700	9.23	–	–
Sze Wai Bun Raymond [(3)]	87,562,500	5.15	–	–
Huang Qingquan [(4)]	87,562,500	5.15	–	–
Chen, Jianming [(5)]	87,562,500	5.15	–	–

The percentage of shareholding above is computed based on the total issued shares of 1,701,000,410 excluding treasury shares of the Company.

Notes:

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

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

(3) Sze Wai Bun Raymond has direct interest of 87,562,500 shares held through KGI Securities (Singapore) Pte. Ltd.

(4) Huang Qingquan has direct interest of 87,562,500 shares held through KGI Securities (Singapore) Pte. Ltd.

(5) Chen, Jianming has direct interest of 87,562,500 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 66.08%. 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 Tuesday, 30 April 2019 at 10:00 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 2018 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Chu Ming Kin, a director who is retiring pursuant to Regulation 99 of the Constitution of the Company. **[See Explanatory Note 1]** **(Resolution 2)**

3. To re-elect Mr Lee Chong Yang, a Director retiring pursuant to Regulation 81 of the Constitution of the Company. **[See Explanatory Note 2]** **(Resolution 3)**

4. To re-elect Mr Charles Chew Yeow Bian, a Director retiring pursuant to Regulation 81 of the Constitution of the Company. **[See Explanatory Note 3]** **(Resolution 4)**

5. To approve the payment of Directors' fees of S$148,600 for the financial year ended 31 December 2018 (2017: S$177,500). **(Resolution 5)**

6. To re-appoint Messrs Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. 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 as Ordinary Resolutions, with or without any modifications:

8. **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 Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**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);

(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

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 4] **(Resolution 7)**

9. **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 5] **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

10. **Renewal of the General Mandate for Interested Person Transactions**

    That pursuant to Chapter 9 of the Catalist Rules, approval be and is hereby given for the Company, it subsidiaries and its associated companies which are entities at risk as defined under Chapter 9 of the Catalist Rules, to enter into transactions falling within the types of interested person transactions described in section 1.3 of the Appendix to this Notice ("**Appendix**"), with any person who falls within the classes of interested persons described in section 1.3 of the Appendix, provided that such transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders, and are in accordance with the review procedures for interested person transactions as set out in sections 1.5 and 1.6 of the Appendix, and that such mandate 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 Appendix to this Notice] **(Resolution 9)**

11. **Option to issue shares at the Issue Price (as defined in section 2.4 of the Appendix) for the partial redemption of the S$12,000,000 in aggregate principal amount of 5% per annum fixed rate non-tradable redeemable bond issued by the Company to Magnigrow Capital Pte. Ltd.**

    That the Directors of the Company be and are hereby authorised to exercise its option to issue shares at the Issue Price (as defined in section 2.4 of the Appendix) for the partial redemption of the S$12,000,000 in aggregate principal amount of 5% per annum fixed rate non-tradable redeemable bond issued by the Company on 19 December 2018 to Magnigrow Capital Pte. Ltd. ("**Bond**"), provided that (a) the Issue Price is not more than 10% discount to the weighted average price for trades done on the SGX-ST on the date on which this Resolution 10, if carried, is passed, (b) the issuance of shares do not result in a transfer of controlling interest in the Company, and (c) the issuance of shares do not trigger a mandatory offer under the Singapore Code on Take-overs and Mergers.
    [See Appendix to this Notice] **(Resolution 10)**

By Order of the Board

Andrew Quah
Company Secretary

Singapore, 15 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Resolutions to be passed:

1. Mr Chu Ming Kin will, upon re-election, remain as the Executive Chairman and Chief Executive Officer of the Company. The information required in accordance with Rule 720(5) of the Catalist Rules is as follows:

Name	:	Chu Ming Kin
Age	:	54
Country of Principal Residence	:	China
Date of Appointment	:	30 April 2019
Date of last re-appointment	:	26 April 2016
The Board's comments on this appointment	:	The Board, having considered the recommendation of the Nominating Committee and assessed Mr Chu Ming King's qualifications, experience and contribution to the Board and the Company since his appointment, is satisfied that Mr Chu Ming Kin has the requisite experience and capabilities to continue in his role as Executive Chairman and Chief Executive Officer of the Company.
Whether appointment is executive, and if so, the area of responsibility	:	The appointment is executive. Mr Chu is responsible for devising business strategy and direction, and overseeing the Group's operations, including the Group's trading and property businesses.
Working experience and occupation(s) during the past 10 years	:	2009 to 2011: Asia Cassava Resources Holdings Ltd 2010 to 2015: Quan Zhou Xing Quan 2011 to 2015: PT. Aw Mineral Resources 2014 to 2015: Kingwell (Hong Kong) Investment Co., Limited 2015 to present: Sincap Group Limited
Shareholding interest in the Company and its subsidiaries	:	Yes, Mr Chu Ming Kin holds 156, 968,700 ordinary shares in the Company, amounting to approximately 9.23% of the Company's entire issued and paid-up share capital.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	:	No
Conflicts of interest (including any competing business	:	No
Whether the undertaking in accordance with Rule 720(1) of the Catalist Rules has been submitted to the listed issuer	:	Yes

NOTICE OF ANNUAL GENERAL MEETING

Other Principal Commitments including Directorships	:	Past: - Asia Cassava Resources Holdings Ltd - Quan Zhou Xing Quan - PT. Aw Mineral Resources - Kingwell (Hong Kong) Investment Co., Limited Present: - Sincap Group Limited
Any prior experience as a director of an issuer listed on the Exchange?	:	Mr Chu Ming Kin has been a Director of Sincap Group Limited since 6 April 2015.

Other information required:

(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?		No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?		No
(c)	Whether there is any unsatisfied judgment against him?		No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?		No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?		No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?		No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?		No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?		No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?		No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-		
	(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No

NOTICE OF ANNUAL GENERAL MEETING

	(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
	(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
	(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?		No

2. Mr Lee Chong Yang will, upon re-election as a Director of the Company, remain as an Independent Director.

3. Mr Charles Chew Yeow Bian will, upon re-election as a Director of the Company, remain as an Independent Director.

4. The Ordinary Resolution 7 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, 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 Special 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 Special Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

5. The Ordinary Resolution 8 proposed in item 9 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 shall be attached to the instrument of proxy.

NOTICE OF ANNUAL GENERAL MEETING

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.

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

This notice has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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.

APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

SINCAP GROUP LIMITED

(Company Registration Number: 201005161G)
(Incorporated in the Republic of Singapore)
(the "Company")

15 April 2019

To the Shareholders of Sincap Group Limited (the "**Shareholders**")

Dear Sir / Madam

(1) **RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**

(2) **OPTION TO ISSUE SHARES AT THE ISSUE PRICE (AS DEFINED IN SECTION 2.4 BELOW) FOR PARTIAL REDEMPTION OF THE S$12,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF 5% PER ANNUM FIXED RATE NON-TRADABLE REDEEMABLE BOND ISSUED BY THE COMPANY TO MAGNIGROW CAPITAL PTE. LTD.**

We refer to the notice of Annual General Meeting ("**AGM**") of the Company dated 15 April 2019 convening the AGM to be held on 30 April 2019 at 10:00 a.m. at 60 Benoi Road, #03-02 EMS Building, Boardroom, Singapore 629906, and in particular:

(i) the ordinary resolution number 9 ("Resolution 9") under the heading "As Special Business", in relation to the proposed renewal of the Company's general mandate for interested person transactions (the "**IPT General Mandate**") under Chapter 9 of the Rules of Catalist of the Listing Manual (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and

(ii) the ordinary resolution number 10 ("**Resolution 10**") under the heading "As Special Business", in relation to the proposed authorization of the Company to exercise its option to issue ordinary shares in the Company ("**Shares**") at the Issue Price (as defined in section 2.4 of this Appendix) for the partial redemption of the S$12,000,000 in aggregate principal amount of 5% per annum fixed rate non-tradable redeemable bond issued by the Company on 19 December 2018 to Magnigrow Capital Pte. Ltd. (the "Bond"), provided that (a) the Issue Price is not more than 10% discount to the weighted average price for trades done on the SGX-ST on the date on which this Resolution 10, if carried, is passed, (b) the issuance of Shares do not result in a transfer of controlling interest in the Company, and (c) the issuance of Shares do not trigger a mandatory offer under the Singapore Code on Take-overs and Mergers (the "**Take-over Code**"),

(collectively, the "**Proposals**").

The purpose of this Appendix is to provide Shareholders with relevant information relating to and explaining the rationale for the Proposals, and seek Shareholders' approval for the Proposals at the AGM to be held on 30 April 2019 at 10:00 a.m. at 60 Benoi Road, #03-02 EMS Building, Boardroom, Singapore 629906 (the "**2019 AGM**").

Shareholders should note that passing each resolution is <u>not</u> inter-conditional on passing any other resolution.

The Sponsor and the SGX-ST assume no responsibility for the contents of this Appendix including the correctness of any of the statements made or opinions expressed or reports contained in this Appendix. If a Shareholder is in any doubt as to the action he/she should take, he/she should consult his/her legal, financial, tax or other professional adviser(s) immediately.

1. RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

1.1. **Background**

At the Extraordinary General Meeting of the Company held on 27 April 2018 (the "**EGM**"), the Company had sought and obtained Shareholders' approval for the IPT General Mandate. The IPT Mandate is subject to annual renewal. The

APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

IPT General Mandate approved at the EGM was expressed to continue in force until the next annual general meeting of the Company, being the 2019 AGM. Accordingly, it is proposed that the IPT General Mandate be renewed at the 2019 AGM, to take effect until the conclusion of the following AGM of the Company.

1.2. **Chapter 9 of the Catalist Rules**

Under Chapter 9 of the Catalist Rules, if a listed company or any of its subsidiaries or associated companies defined as an "entity at risk" proposes to enter into a transaction with an "interested person", an immediate announcement or an immediate announcement and shareholders' approval are required for that transaction if its value is equal to, or more than, certain financial thresholds.

In particular, an immediate announcement is required where:

(a) the transaction is of a value equal to, or more than, 3.0% of the group's latest audited net tangible assets ("**NTA**"); or

(b) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3.0% or more of the group's latest audited NTA.

Further, shareholders' approval (in addition to an immediate announcement) is required where:

(a) the transaction is of a value equal to, or more than, 5.0% of the group's latest audited NTA; or

(b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, 5.0% of the group's latest audited NTA.

The above requirements for immediate announcement and/or for shareholders' approval do not apply to any transaction below S$100,000, and certain transactions that, by reason of the nature of the transactions, are not considered to put the listed company at risk and hence excluded from the ambit of Chapter 9 of the Catalist Rules.

For the purpose of Chapter 9 of the Catalist Rules:

an "**entity at risk**" means:

(a) the listed company;

(b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(c) an associated company of the listed group that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;

an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Catalist Rules;

an "**interested person transaction**" means a transaction between an entity at risk and an interested person; and

a "**transaction**" includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly.

APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

Rule 920 of the Catalist Rules permits a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons. A general mandate is subject to annual renewal.

In relation to the Company, an "entity at risk" refers to the Company and its subsidiaries (collectively, the "**Group**"), in particular, Orion Energy Resources Pte. Ltd. ("**Orion**").

For illustration purposes, based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2018, the audited NTA of the Group was approximately RMB200,866,000. Accordingly, in relation to the Group and for the purposes of Chapter 9 of the Catalist Rules for the current financial year, Shareholders' approval is required where:

(a) the interested person transaction is of a value equal to, or more than, approximately RMB10,043,300, being 5% of the latest audited NTA value of the Group; or

(b) the interested person transaction, when aggregated with other transactions entered into with the same interested person or interested persons of the same group during the same financial year, is of a value equal to, or more than, approximately RMB10,043,300.

1.3. **Existing IPT General Mandate**

Pursuant to the IPT General Mandate, an "entity at risk" (including Orion) was approved to enter into transactions of a revenue and trading nature in respect of and relating to the sale of coal ("**Mandated Transactions**") with Artwell Minerals Resources Company Limited ("**Artwell**") (the "interested person"), provided that the transactions are on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

As at the latest practicable date prior to the printing of this Appendix (the "**Latest Practicable Date**", being 1 April 2019), Mr. Chu Ming Kin, the Executive Chairman and Chief Executive Officer of the Company, owns approximately 9.23% of the ordinary shares in the Company ("**Shares**"). Accordingly, Mr. Chu Ming Kin and his immediate family members, or any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more ("**Associates**") are "interested persons" within the meaning of Chapter 9 of the Catalist Rules.

Mr. Chu Min Fang, the brother of Mr. Chu Ming Kin, owns the entire shareholding in Artwell, a company incorporated in Hong Kong that is principally engaged in the business of coal trading and acting as agent for certain coal purchasers. Accordingly, Artwell is an interested person of the Group.

Since the approval of the IPT General Mandate at the EGM, there have been recurrent transactions of a revenue and trading nature between the Group and Artwell. Particulars of the transactions conducted pursuant to the IPT General Mandate during the financial year ended 31 December 2018 ("**FY2018**") can be found at page 53 of the Company's 2018 Annual Report.

For the avoidance of doubt, the scope of the IPT General Mandate does not include sale or purchase of any assets (other than coal), undertakings or businesses. The IPT General Mandate also does not cover any transaction with Artwell below S$100,000 in value under the threshold and aggregation requirements of Chapter 9 of the Catalist Rules, which would not apply to such transactions.

Transactions with Artwell that do not fall within the ambit of the IPT General Mandate will be subject to Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

1.4. **Rationale for, and Benefits of, Renewal of the IPT General Mandate**

Orion is the only company in the Group carrying on the coal trading business. The coal trading transactions with Artwell entail Artwell making a deposit payment of 90% of the shipment value in advance, with the balance 10% payment made at the time loading of the coal onto the vessel is completed. These terms are favourable to the Group as the risks relating to shipment will be borne by Artwell instead of the Group. Other buyers of coal from the Group are

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usually only willing to make payment after the coal have arrived at the discharging port, and after the discharge and sampling of the coal. In the meantime, the Group has to pay their suppliers first, which poses risks to the Group. Such favourable payment terms in trading with Artwell allows the Group to negotiate for lower prices from their suppliers, as the Group can pay their suppliers sooner upon receiving the deposit payment from Artwell. With better cashflow, the Group can complete more shipments, thus carrying out more transactions annually and generating more revenue.

In view of the time-sensitive and recurrent nature of these commercial transactions, and the need for smooth and efficient conduct of business, it would be advantageous for the Group to renew the IPT General Mandate to continue to enter into transactions of a revenue or trading nature with Artwell in the ordinary course of business without the need to convene a general meeting to seek Shareholders' approval each time potential transactions arise provided that they are on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. It is anticipated that there will continue to be recurrent transactions between the Group and Artwell that are of a revenue and trading nature in respect of and related to the trading of coal. Renewal of the IPT General Mandate will substantially reduce the time and expenses associated with convening general meetings, improve administrative efficacy, and allow resources and time to be focused towards other corporate and business opportunities.

Therefore, the Company is seeking Shareholders' approval for the renewal of the existing IPT General Mandate as described in section 1.3.

1.5. **Guidelines and Review Procedures for the Mandated Transactions under the IPT General Mandate**

The Group has followed these procedures, established at the EGM, to ensure that the Mandated Transactions are carried out on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and on terms generally not less favourable than those offered by unrelated third parties and will not be prejudicial to the interests of the Company and its minority Shareholders.

(a) Guidelines and review procedures for the Mandated Transactions

The transaction prices for coal are negotiated between the Group and Artwell on an arm's length basis, with reference to the relevant coal price index, in particular the Indonesian Coal Index. The transaction prices are at the relevant index price, or a margin over the relevant index. In the event that the specifications of the coal sold and delivered to or on behalf of Artwell deviate from the specified tolerance levels stated in the contract or agreement with Artwell, the transaction prices will be adjusted according to the price adjustment mechanism stated in the relevant contract or agreement. The relevant head of business for Orion (who is independent of the interested persons and who has no direct or indirect interest in the Mandated Transactions), will compare the quotation offered to Artwell with at least two (2) contracts or agreements recently entered into by the Group with unrelated third parties to determine whether the margin, price adjustment mechanism and terms offered to Artwell are in accordance with the Group's usual business practices and policies and not more favourable to Artwell than those extended to unrelated third parties taking into consideration factors such as, but not limited to, product quantity, delivery schedule, customer requirements and specifications, duration of contract and credit terms. The quotation as determined by the head of business for Orion shall be approved by the Group Chief Financial Officer or Financial Controller (each of whom is independent of the interested persons and who has no direct or indirect interest in the Mandated Transactions) prior to entry and subject to the audit and risk committee's review on a half-yearly basis.

Where it is impossible or impractical to obtain the terms of other similar transactions with unrelated third parties or where the prevailing market prices are not available, the pricing of the coal is to be determined in accordance with the Group's usual business practices and pricing policies, consistent with the usual margin and price adjustment mechanism to be obtained for substantially similar type of contracts with unrelated third parties taking into consideration factors such as, but not limited to, product quantity, delivery schedule, customer requirements and specifications, duration of contract and credit terms.

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1.6. **Additional Guidelines and Review Procedures**

In addition to the guidelines and review procedures set out above, the Company has implemented and will continue to implement the following supplementary procedures to ensure that the Mandated Transactions are undertaken on an arm's length basis and on normal commercial terms.

(a) Maintain register of Mandated Transactions

The Group's finance department maintains and updates a register of all transactions carried out with Artwell, including those of value below S$100,000. The register records the basis for the Mandated Transactions including but not limited to, the size of each Mandated Transaction, the pricing and terms of two other transactions of a similar nature with non-interested persons used for comparison.

The Group's finance department will, on a half-yearly basis, submit a report to the audit and risk committee on all the Mandated Transactions and the basis of such transactions entered into by the Group with Artwell.

(b) Review by Audit and Risk Committee

The Company's audit and risk committee conducts regular periodic reviews of all Mandated Transactions on a half-yearly basis to ensure that the established Guidelines and Review Procedures for the Mandated Transactions have been complied with and the relevant approvals have been obtained.

The audit and risk committee also reviews the established Guidelines and Review Procedures for Mandated Transactions and determines if they continue to be adequate and/or are commercially practicable in ensuring that the Mandated Transactions are conducted on normal commercial terms and not prejudicial to the interests of the Company and the minority Shareholders. If the audit and risk committee is of the view that the Guidelines and Review Procedures have become inappropriate or insufficient to meet such objectives, the Company will seek a fresh mandate from Shareholders based on new guidelines and review procedures for the Mandated Transactions. During the period prior to obtaining a fresh mandate from Shareholders, all Mandated Transactions will be subject to prior review and approval by the audit and risk committee. In the event that a member of the audit and risk committee has a conflict of interest in relation to the Mandated Transaction, he will abstain from reviewing and/or approving that particular transaction.

(c) Review by Internal Auditors

The Group incorporates a half-yearly review of all Mandated Transactions in its internal audit plan. The internal auditors will review the Mandated Transactions to check that the relevant approvals have been obtained and the Guidelines and Review Procedures for the Mandated Transactions have been adhered to. The internal auditors will forward its review reports to the audit and risk committee.

(d) Review by External Auditors

The Group's external auditors reviews the Mandated Transactions on a sampling basis as part of the Group's annual audit. The external auditors report to the audit and risk committee any non-compliance issues noted from the reviews.

(e) Review by Directors

The Company's board of directors will ensure that all disclosure, approval and other requirements on the Mandated Transactions, including those required by prevailing legislation, the Catalist Rules and accounting standards, are complied with.

APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

1.7. **Audit and Risk Committee's confirmation**

The audit and risk committee of the Company confirms that:

(a) the methods or procedures for determining the transaction prices under the IPT General Mandate have not been changed since the EGM; and

(b) the methods or procedures referred to in (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

For the purpose of the IPT General Mandate, the audit and risk committee as at the Latest Practicable Date comprises Mr Charles Chew Yeow Bian, Mr Teng Wai Leung Wilson and Mr Lee Chong Yang.

1.8. **Validity Period of the Renewed IPT General Mandate**

The IPT General Mandate, if renewed, will take effect from the 2019 AGM until the conclusion of the following AGM of the Company. Approval from the Shareholders will be sought for the renewal of the IPT General Mandate at the next AGM and each such subsequent AGM, subject to satisfactory review by the audit and risk committee of the continued requirement of the IPT General Mandate and the continued sufficiency of the review procedures to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

1.9. **Abstention from voting**

Mr Chu Ming Kin is not considered independent for the purposes of the IPT General Mandate and has not made any voting recommendation to Shareholders regarding Resolution 9. Mr Chu Ming Kin will abstain from voting and has undertaken to ensure that his Associates will abstain from voting on Resolution 9 in relation to the IPT General Mandate.

Furthermore, Mr Chu Ming Kin and his Associates will not accept nominations to act as proxy, corporate representative or attorney in respect of Resolution 9 unless specific instructions as to voting have been given by the Shareholder appointing Mr Chu Ming Kin and his Associates as proxy.

1.10. **Non-Interested Directors' Recommendation**

The directors who are considered independent for the purpose of the renewal of the IPT General Mandate are Mr Robby, Mr Charles Chew Yeow Bian, Mr Teng Wai Leung Wilson and Mr Lee Chong Yang (the "**Non-Interested Directors**").

Having considered, *inter alia*, the terms, rationale and benefits of the IPT General Mandate as set out in this Appendix, the Non-Interested Directors are of the opinion that the renewal of the IPT General Mandate is in the best interests of the Company. Accordingly, the Non-Interested Directors recommend that the Shareholders vote in favour of Resolution 9 relating to the renewal of the IPT General Mandate at the forthcoming AGM.

1.11. **Disclosure under Catalist Rules**

In accordance with Rule 920 of the Catalist Rules, the Company will disclose the IPT General Mandate in the annual report, giving details of the aggregate value of the transactions conducted pursuant to the IPT General Mandate during the financial year. Particulars of the transactions conducted pursuant to the IPT General Mandate during FY2018 can be found at page 53 of the Company's 2018 Annual Report.

The Company will announce the aggregate value of transactions conducted with Artwell pursuant to the IPT General Mandate for the relevant financial periods on which the Company is required to report pursuant to Rule 705 of the Catalist Rules and within the time required for the announcement of such reports.

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2. OPTION TO ISSUE SHARES AT THE ISSUE PRICE (AS DEFINED BELOW) FOR THE PARTIAL REDEMPTION OF THE S$12,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF 5% PER ANNUM FIXED RATE NON-TRADABLE REDEEMABLE BOND ISSUED BY THE COMPANY TO MAGNIGROW CAPITAL PTE. LTD.

2.1. **Introduction**

In an announcement released on 27 November 2018 (the "**Announcement**"), the Company had announced its entry on the same day into a conditional sale and purchase agreement (the "**Agreement**") with Magnigrow Capital Pte. Ltd. (the "**Vendor**" or "**Bondholder**") to acquire 7,595,000 ordinary shares in Orion, which represents approximately 48.97% of the issued and paid-up share capital of Orion, on the terms and conditions of the Agreement (the "**Acquisition**"), for an aggregate consideration of S$12,000,000 (the "**Consideration**"). The Acquisition was completed and announced by the Company on 19 December 2018. The Consideration was satisfied by the Company through the issue of a S$12,000,000 in aggregate principal amount of 5% per annum fixed rate non-tradable redeemable bond (the "**Bond**") upon completion of Acquisition.

2.2. **Clarification of the Announcement**

In the Announcement, the Company had inaccurately referred to the Bond as a "convertible bond". The Company would like to clarify that the Bond is not a convertible bond as there is no option for the Bondholder to convert the whole or any part of the Bond into Shares in the Company.

The Company had also stated that issuance of Redemption Shares (as defined below) (if any) would most likely be pursuant to a general mandate from Shareholders to issue Shares. However, the Company is now seeking, through Resolution 10, specific shareholder approval for the issue of Redemption Shares (if any), in accordance with the restrictions set out in section 2.5 of this Appendix.

2.3. **Information on the Bondholder**

The Bondholder is a private company incorporated in Singapore with limited liability and is principally an investment holding company. The directors of the Vendor are Ip Miu Hing and Chen Xin Yi. Ip Miu Hing is also the sole shareholder of the Vendor.

The Company confirms that:

(a) the Bondholder is not a person to whom the Company is prohibited from issuing Shares, as provided by Rule 812(1) of the Catalist Rules; and

(b) to the best of the Company's knowledge, none of its Directors or substantial shareholders have any connection (including business relationship) with the Bondholder, its directors or shareholder.

As at 27 November 2018, being the date of the Agreement, Ip Miu Hing (the sole shareholder of the Bondholder) holds 17,500,000 Shares in the Company (approximately 1.03% of the entire issued and paid-up share capital of the Company). As at the date of this Appendix, there have been no changes to Ip Miu Hing's shareholdings in the Company, or the shareholdings of the Bondholder or its officers.

2.4. **Principal Terms of the Bond**

The Bond is a 3-year non-listed, non-tradable, redeemable bond with an aggregate principal amount of S$12,000,000. The Bond carries an interest of 5% per annum payable annually. The Bond will mature on 19 December 2021 (i.e. the date falling on the third (3rd) anniversary of its issue) (the "**Maturity Date**") but the Company is entitled at its discretion to redeem the Bond in whole or in part any time before maturity.

The Bond may be redeemed, at the Company's option ("**Option**"), through cash payment and/or through issuance of new ordinary shares in the capital of the Company ("**Redemption Shares**") at the issue price of S$0.012 per Redemption Share ("**Issue Price**"). The Issue Price represents a premium of:

(a) approximately 9.09% to the weighted average price of S$0.011 per ordinary share in the capital of the Company for trades done on the SGX-ST on 27 November 2018, being the full market day on which the Agreement was signed; and

APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

(b) approximately 50% to the weighted average price of S$0.008 per ordinary share in the capital of the Company for trades done on the SGX-ST on the Latest Practicable Date (i.e. 1 April 2019).

There will be no adjustments to the Issue Price save for any share consolidation or share split.

The Company will announce the expiry of the Bonds, and will send a notice of the Maturity Date to the Bondholder at least one (1) month before the Maturity Date, if the Bond has not been fully redeemed by such time. Any part of the Bond which is redeemed or converted will forthwith be cancelled by the Company and may not be reissued and sold.

The Redemption Shares, when issued and delivered, shall rank pari passu with and shall carry all rights similar to the existing Shares except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the issuance of the Redemption Shares. The Bondholder has no right to participate in any distributions and/or offers of securities made by the Company, unless such distributions and/or offers are in relation to Shares, including Redemption Shares, the record date for which falls after the completion of the issuance of the Redemption Shares

As at the date of this Notice, there has been no redemption of the Bond, whether through cash or through the issuance of Redemption Shares.

Should the Company exercise its Option to redeem the Bond through the issuance of Redemption Shares, the Company will, though its sponsor, Stamford Corporate Services Pte. Ltd., make an application to the SGX-ST for the listing and quotation of the Redemption Shares on the Catalist Board of the SGX-ST. The Company will make the necessary announcement once the requisite approval issued by the SGX-ST for the listing and quotation of the Redemption Shares has been obtained. The SGX-ST's approval for the listing and quotation of the Redemption Shares is not to be taken as an indication of the merits of the Option, the Redemption Shares, the Company, its subsidiaries and their securities. The Sponsor and the SGX-ST assume no responsibility for the correctness of the statements made or reports contained or opinions expressed in this Appendix.

The Company will seek Shareholders' approval if there is any material alteration to the terms of the Bond.

2.5. **Restrictions on the Company in Issuance of Redemption Shares**

Should the Company opt to redeem the Bond through the issuance of Redemption Shares, the Company will adhere to the following restrictions in such issuance of Redemption Shares (if any).

2.5.1 <u>Share Price</u>

The Company will not exercise its option to issue Redemption Shares in the event that the Issue Price is more than 10% discount to the weighted average price for trades done on the SGX-ST on 30 April 2019, being the date on which this Resolution 10, if carried, is passed.

2.5.2 <u>Shareholding</u>

The Company will not exercise its option to issue Redemption Shares such that:

(a) the Bondholder and/or any person who may have an interest in such Redemption Shares through the Bondholder (the Bondholder and/or any such person, a "**Bondholder Party**" or "**Bondholder Parties**", as the case may be) will become a controlling shareholder of the Company (i.e. a person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company, as defined under the Catalist Rules) ("**Controlling Interest Restriction**"); or

(b) a mandatory offer is triggered in accordance with the Take-over Code. Under the Take-over Code, a mandatory offer is triggered where any person acquires shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company.

In determining whether any issuance of Redemption Shares may result in a change of controlling interest or trigger a mandatory offer, the Company shall take into consideration the existing share interests (if any) of all Bondholder Parties. The Company will seek Shareholders' approval in the future should it wish to issue any Redemption Shares to transfer a controlling interest in the Company.

Illustration of the Controlling Interest Restriction

Assuming that no Bondholder Party holds any shares in the Company, the maximum number of Redemption Shares that the Company may issue is 299,942,000, representing 17.63% of the Company's existing share capital of 1,701,000,410 Shares ("**Existing Share Capital**") and 14.99% of the Company's enlarged share capital of 2,000,942,410 Shares. A table setting out pro forma effects of the shareholdings of the Company is set out below:

Shareholder	**Existing Share Capital**	**Percentage of Shares prior to Redemption**	**Enlarged Share Capital**	**Percentage of Shares held upon Redemption**
Existing Shareholders	1,701,000,410	100%	2,000,942,410	85.01%*

* On the assumption that no Bondholder Party is an existing shareholder.

However, as of the Latest Practicable Date the sole shareholder of the Bondholder is Ip Miu Hing ("**Ms Ip**"), who currently holds 17,500,000 Shares in the Company (approximately 1.03% of the Existing Share Capital of the Company). Assuming that there are no changes to the shareholding of the Company, the maximum number of Redemption Shares that the Company may issue is 279,355,000, representing 16.42% of the Company's Existing Share Capital and 14.11% of the Company's enlarged share capital of 1,980,355,410 Shares, so that the Redemption Shares, when taken together with Ms Ip's current shareholding of 17,500,000 shares in the Company, may constitute up to 14.99% of the Company's enlarged share capital. A table setting out pro forma effects of the shareholdings of the Company is set out below:

Shareholder	**Number of Shares held prior to Redemption**	**Percentage of Shares prior to Redemption**	**Number of Shares held upon Redemption**	**Percentage of Shares held (directly or indirectly) upon Redemption**
Existing Shareholders other than Ms Ip	1,683,500,410	98.97%	1,683,500,410	85.01%
Bondholder Parties	17,500,000	1.03%	296,855,000	14.99%

2.6. **Financial Effects**

2.6.1 Assumptions

The *pro forma* financial effects of the issuance and allotment of the Redemption Shares on the NTA per share and earnings per share ("**EPS**") in this section are based on the audited consolidated accounts of the Group for the financial year ended 31 December 2018 ("**FY2018**") and are purely for illustration purposes only and do not reflect the actual future results and financial position of the Group after the allotment and issuance of the Redemption Shares.

The tables below have also been prepared on the assumption that no Bondholder Party directly or indirectly owns any Shares in the Company.

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2.6.2 NTA

For illustrative purposes and assuming the Redemption Shares had been allotted and issued on 31 December 2018 at the Issue Price, the NTA as at 31 December 2018 is set out below:

	Before the issuance of Redemption Shares	After the issuance of Redemption Shares
NTA (RMB'000)	200,866	200,866
Number of shares	1,701,000,410	2,000,942,410
NTA per Share (RMB cents)	11.8	10.0

2.6.3 EPS

For illustrative purposes and assuming the Redemption Shares had been allotted and issued on 1 January 2018 at the Issue Price, the EPS of the Group for FY2018 is set out below:

	Before the issuance of Redemption Shares	After the issuance of Redemption Shares
Loss attributable to shareholders after tax (RMB'000)	(731)	(731)
Number of weighted average shares ('000)	1,172,192[1]	1,472,134
Loss per share (RMB cents)	(0.06)	(0.05)

Note:

(1) In FY2018, the Company had completed two (2) placement exercises pursuant to which a total of 800,500,000 Shares in the Company had been allotted and issued. For illustrative purposes, the number of Shares before the issuance of Redemption Shares includes the 800,500,000 Shares issued in the two (2) placement exercises.

2.7. **Rationale and Use of Proceeds**

As mentioned above in section 2.1 of this Appendix, the proceeds of the Bond will be used to pay the Vendor the Consideration for the Acquisition. The Directors are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet is present requirements. Nevertheless, the Company's view is that paying the Consideration through issuance of the Bond, which may be redeemed at the Company's Option through cash payment and/or through issuance of Redemption Shares is in the Company's best interests. As the Option is exercisable at the Company's sole discretion, it provides the Company with flexibility in determining the best repayment option, depending on the Company's cash requirements over the three-year period until the Maturity Date of the Bond.

2.8. **Directors' Recommendation**

Having considered and reviewed, amongst others, the terms of the Agreement, the rationale for and the financial effects of the issuance of Redemption Shares, and all other relevant facts set out in section 2 of this Appendix, the Directors are of the opinion that the Option to issue Redemption Shares, subject to the restrictions set out in section 2.5 of this Appendix, is in the best interests of the Company and accordingly, the Directors recommend that Shareholders vote in favour of this Resolution 10.

In giving the above recommendations, the Directors have not had regard to the general or specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the directors and substantial Shareholders of the Company in the issued share capital of the Company can be found on page 115 of the Company's Annual Report 2018.

4. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders unable to attend the AGM and who wish to appoint a proxy to attend and vote at the AGM on their behalf must complete and sign the attached proxy form in accordance with the instructions printed thereon and return it to the Company's registered office at 6 Mohamed Sultan Road, #03-01, Singapore 238956 not less than 48 hours before the time fixed for the holding of the AGM. The completion and return of the proxy form by a Shareholder will not preclude him from attending the EGM and voting in person in place of his proxy should he subsequently wish to do so. A Depositor will not be regarded as a Shareholder of the Company entitled to attend, speak and vote at the EGM unless his name appears on the Depository Register maintained by the CDP at least 72 hours before the EGM.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Company's directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable inquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposals, the Company and its subsidiaries, and the directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

6. DOCUMENTS FOR INSPECTION

A copy of each of the following documents will be made available for inspection by Shareholders at the registered office of the Company during normal business hours from the date of the Notice of AGM up to and including the date of the 2019 AGM:

(a) the constitution of the Company;

(b) annual report of the Company for FY2018; and

(c) the Agreement.

Yours faithfully

for and on behalf of the Board of Directors of
Sincap Group Limited

Chu Ming Kin
Executive Chairman and Chief Executive Officer

15 April 2019

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SINCAP GROUP LIMITED

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

PROXY FORM

(Please see notes overleaf before completing this Form)

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.

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 30 April 2019 at 10:00 a.m. and at any adjournment thereof. *I/We direct *my/our proxy/proxies to vote for or against the 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.	Resolutions relating to:	For*	Against*
Ordinary Business			
1.	Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018 together with Auditors' Report thereon		
2.	Re-election of Mr Chu Ming Kin as a Director		
3.	Re-election of Mr Lee Chong Yang as a Director		
4.	Re-election of Mr Charles Chew Yeow Bian as a Director		
5.	Approval of Directors' fees of S$148,600 for the financial year ended 31 December 2018		
6.	Re-appointment of Messrs Baker Tilly TFW LLP as Auditors and to authorise the Directors to fix their remuneration		
Special Business			
7.	Authority to allot and issue shares		
8.	Authority to issue shares under the Sincap Group Employee Share Option Scheme 2014		
9.	Renewal of the General Mandate for Interested Person Transactions		
10.	Option to issue shares for the partial redemption of the S$12,000,000 in aggregate principal amount of 5% per annum fixed rate non-tradable redeemable bond issued by the Company to Magnigrow Capital Pte. Ltd.		

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

Dated this ____________ day of __________________ 2019.

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 15 April 2019.

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

SINCAP GROUP LIMITED

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

6 Mohamed Sultan Road, #03-01

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