SINCAP GROUP

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

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SINCAP GROUP

Annual Report 2014

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

OUR STRENGTHS

- Long-standing and stable customer and supplier relationships
- One of the leading gypsum producers in Shandong Province
- Possesses mining and exploration rights to the largest reserves in Shandong Province, the largest gypsum province in the PRC

CONTENTS

CORPORATE
PROFILE

Sincap Group Limited is principally engaged in the trading of alumina and thermal coal, as well as the mining and sale of gypsum, in the PRC.

The Group began its core operations in gypsum mining in 1999, and has since grown into one of the leading players in the PRC gypsum industry. It possesses mining and exploration rights to some of the largest gypsum reserves in the Dawenkou Gypsum District in Shandong Province.

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.

Subsequent to the shareholders' approval for the Group's business diversification, the Group has diversified its business into property development and property investment since July 2014.

CORPORATE
STRUCTURE

SINCAP GROUP LIMITED

- 100% **Beijing Raffles Investment Advisory Co., Ltd.**
  - 98.69% **Shandong Luneng Taishan Mining Co., Ltd.** Mining, processing and supply of gypsum
  - 100% **Beijing Sino-Lonther International Trading Co., Ltd.** Trading of alumina, aluminium products and bauxite
  - 100% **Shandong Sincap International Trading Co., Ltd.** Trading of thermal coal
- 100% **Sincap Australia Pte. Ltd.**
  - 100% **Sincap Land (Aus) Pty Ltd**
    - 100% **SCL Murray Pty Ltd**

CHAIRMAN'S MESSAGE

Dear Shareholders,

The financial year ended 31 December 2014 ("FY2014") was another challenging year for Sincap Group Limited (the "Company", and together with its subsidiaries, the "Group"). As a major player for alumina, gypsum and coal in the People's Republic of China ("PRC"), our traditional business segments have been hit hard by the economic downturn. We had to deal with falling demand and softer prices across all business segments. Despite our best efforts, the difficult business conditions have caused the Company to dip into a slight loss in FY2014.

In the face of the challenges, the Group has made a deliberate decision to venture into property development and property investment business. We believe that the diversification will provide the Group with an additional source of earnings that is not co-related to our traditional alumina, gypsum, and coal business. This should help shield the Company from overdependence on the health of a single economy, specifically the PRC.

FINANCIAL REVIEW

Despite the soft demand environment in 2014, the Group's revenue rose 11.3% to RMB892.2 million in FY2014, from RMB801.4 million in the previous year ("FY2013"). Revenue from alumina trading grew 13.1% to RMB845.1 million FY2014 from RMB747.4 million FY2013, on the back of volume growth as the Group stepped up efforts to enlarge its pool of customers. Average selling price increased 0.9% in FY2014 which has also helped revenue growth.

However, revenue from the sale of gypsum fell 12.8% to RMB47.1 million in FY2014, from RMB54.0 million in FY2013, negatively affected by both sales volume and price. Sales volume of gypsum decreased 7.6% in FY2014 which was compounded by a 5.7% drop in average selling price.

There was no sale of coal in both FY2014 and FY2013, mainly due to a weak coal trading domestic market in the PRC.

The Group's gross profit margin decreased to 3.3% in FY2014, from 4.1% in FY2013. The alumina trading division managed to hold its gross profit margin at 1.9% in FY2014, unchanged from the previous year. However, the overall gross profit margin was dragged down by the margin pressure we experienced at the gypsum division. The gross profit margin of the gypsum division fell to 28.6% in FY2014 from 34.7% in FY2013, due to the lower average selling price even as the unit cost of gypsum remained stable.

Our other expenses increased, largely due to administrative costs arising from upfront expenses incurred from our newly incorporated property-related subsidiaries and higher professional fees incurred for corporate actions of the Company in FY2014.

We recorded a RMB7.7 million foreign exchange translation loss from the newly incorporated subsidiaries, following the depreciation of the Australian dollar against the Renminbi between the time of business incorporation and the close of 2014.

Taking all these factors into consideration, we posted a total comprehensive loss of RMB8.0 million, compared to a total comprehensive income of RMB38,000 in FY2013.

Despite the difficult environment, our balance sheet has been strengthened through a successful placement of new shares completed in June 2014 that raised net proceeds of RMB59.2 million. Our total equity base now stands at RMB98.4 million as at 31 December 2014, compared to RMB47.3 million in the previous year.

OPERATIONS REVIEW

The effect of PRC's austerity drive over the last two years has been acutely felt across the economy. In particular, the infrastructure-related industries have borne the brunt of this economic deceleration. The PRC government's massive over-investment in industrial capacity after the 2009 global financial crisis is expected to have a long term detrimental effects for years to come. The competition remains intense, with all the industry players battling for a piece of the shrinking market.

Gypsum is a key component in the manufacture of cement generally used in construction sector, particularly in the property business. This business segment continued to face extreme difficulties due to the PRC government's incessant clampdown on the domestic property market. Despite the closure and consolidation among cement factories, the dire oversupply situation continued to depress selling prices. Compounding the difficulties, we also faced competition from cheaper substitute, known as synthetic gypsum, which are priced as low as 25% of the price of natural gypsum.

Following our shareholders' approval for the Company to diversify into property development and property investment business, we have successfully acquired two adjoining plots of freehold land with a 2-storey office building located along Murray Street, one kilometer from the central business district of Perth, Australia. This property will form part of the Group's investment property portfolio going forward.

CHAIRMAN'S MESSAGE

OUTLOOK & STRATEGY

With the exception of our recent foray into property development and property investment business, the Group's resources and operations remain heavily exposed and reliant on the well-being of the PRC economy. However, the PRC government's recent monetary easing measures, including reserve ratio requirement and interest rate cuts in the last months of 2014, should prevent a further deceleration in economic activities.

For gypsum business, soft demand and strong competition both within the natural gypsum space and from synthetic substitutes are likely to continue to depress sales volume and pricing. At the same time, rising labour and material costs associated with gypsum mining and extraction will continue to exert pressure on operating margins. We will continue to explore opportunities to expand our participation along the gypsum value chain to include the provision of mining support services in the broader Asia-Pacific region.

We will also continue to seek opportunities to expand and develop our property development and property investment business.

CHANGES TO THE BOARD AND MANAGEMENT

As the Company embarked on another chapter of its growth, there came a need to reconstitute the Board in preparation for the new challenges ahead. As alluded to in the Chairman's Message in the Company annual report FY2013, Mr Fu Hao who was the previous Chairman of the Company, has stepped down from his position as Executive Chairman during the last annual general meeting ("AGM") of the Company in April 2014. I have since taken on the role of the Executive Chairman concurrently with my existing position as the Group's Chief Executive Officer. As part of the Group's responsible and long-term succession plan, I will be stepping down as Executive Chairman of Sincap Group Limited on 30 April 2015 and will remain as Executive Director and Chief Executive Officer of the Group. It is with much deliberation and good judgement that I will pass the chairman baton to Mr Chu Ming Kin, who is newly appointed as Non-Executive Director.

During the year, three directors, namely Mr Fu Hao, Mr Yap Kian Peng and Mr Sha Zhenquan resigned from the Board. I would like to place on record, our appreciation for their contribution to the Group during their tenure as directors of the Company. In particular, I would like to take this opportunity to thank Mr Fu Hao for his leadership and guidance of the Group. Five new directors, Mr Yong Chor Ken, Mr Tay Wee Kwang, Mr Tan Seow Kheng, Mr Chu Ming Kin and Mr Bay Cheow Guan David, have since been appointed to the Board. Both Mr Tay and Mr Tan bring with them extensive experience in the field of property development and property investment and I am confident that collectively, our current Board has the requisites on top of the capabilities to help the Group embark on its next phase of growth.

ACKNOWLEDGEMENTS

I would like to thank the Board for its wise counsel in helping the Group navigate through a challenging FY2014.

I would also like to express my heartfelt appreciation to our management team and staff for their diligence and dedication in every undertaking. To our customers, suppliers, business partners and shareholders, thank you too, for your belief and support for the Group.

Ng Hong Whee
Executive Chairman & CEO

BOARD OF DIRECTORS

NG HONG WHEE
Executive Chairman and Chief Executive Officer

Mr Ng Hong Whee joined the Company on 8 July 2011, as Executive Director and President of Business Development. Mr Ng is responsible for the Group's general business development through identifying new business opportunities, as well as overseeing the integration of any new businesses into the Group. He was appointed Chief Executive Officer of the Company on 13 May 2013. Mr Ng took over the role of executive chairman on 25 April 2014. He is currently the legal representative of our subsidiaries in the PRC, and was appointed a director of Lu Kuang Group Pte. Ltd. on 2 March 2011.

Ng Hong Whee is a non-executive and non-independent director of Communication Design International Limited, a company listed on Catalist. Ng Hong Whee is also an independent director of Spackman Entertainment Group Limited, a company listed on Catalist.

Since 2007, Mr Ng has been actively involved in the provision of financial consulting services to small and medium enterprises in diversified industries in Singapore. From 2004 to 2011, Mr Ng was the business development and financial director of Southern Angels Pte. Ltd., a manufacturer of fish paste in Indonesia. From October 1999, he worked with Tan Kian Tin & Co. (a Certified Public Accounting firm) as an audit supervisor and was promoted to an audit manager in 2001, a position he held until February 2012, before continuing to serve as the firm's consultant till April 2012. Mr Ng joined Ng, Lee & Associates (a Certified Public Accounting firm) as audit trainee in May 1992 and was gradually promoted to audit senior, which he held until October 1999. Mr Ng began his career as an accounts clerk with Japan Travel Bureau Pte Ltd in 1991.

YONG CHOR KEN (ALEX YONG)
Lead Independent Director

Mr Alex Yong was appointed to the Board as Lead Independent Director on 23 May 2014, and serves as the Chairman of the Audit and Risk Committee.

Alex Yong is in the field of corporate advisory, restructuring and recovery as well as forensic accounting and litigation support services. His past experience includes the formulating and implementing a restructuring plan of a company listed on the Singapore Exchange in his role as an executive director to bring the company back to a profitable entity. He has been a director of various other listed companies and he brings along operational experience in turnaround working within the companies.

Alex Yong holds a degree in Bachelor of Accountancy from National University of Singapore and a Degree of Master of Business Administration from Nanyang Technological University. He is an approved liquidator registered with the Accounting and Corporate Regulatory Authority (ACRA) in Singapore and a Fellow Chartered Accountant of Singapore, non-practising member of the Institute of Singapore Chartered Accountants (ISCA).

LIN SONG
Independent Director

Mr Lin Song was appointed to the Board on 8 May 2012, and serves as the Chairman of the Remuneration Committee.

Mr Lin is a lawyer by profession and has been mainly involved in the PRC-related cross-border transactions, such as M&As, foreign investments into the PRC, and Chinese companies' overseas fund-raising activities. Mr Lin is currently a consultant of RHTLaw Taylor Wessing LLP. Prior to joining RHTLaw Taylor Wessing LLP in 2011, he was a Partner and the Co Head of the firm's International China Practice of KhattarWong, a Singapore law firm. In 2004, he was a foreign lawyer at Stamford Law Corporation.

Mr Lin was a senior officer (China Operations) at International Enterprise Singapore Board (formerly known as the Trade Development Board of Singapore) from 2002 to 2004, where he assisted Singapore companies or Singapore-based multinational companies in venturing into the PRC market. From 1997 to 2000, he was an assistant general manager at King Fortune International Trade Co., Ltd., and was an account manager for Industrial Bank Co., Ltd. for corporate banking from 1995 to 1997.

Mr Lin holds a Bachelor of Law degree from Xiamen University in 1995. As an Asia-Pacific Economic Cooperation scholar, Mr Lin attended and graduated from the Nanyang Technological University, Singapore, with a Master of Business Administration in 2001.

TAY WEE KWANG
Independent Director

Mr Tay was appointed to the Board as Independent Director on 23 May 2014, and serves as the Chairman of the Nominating Committee.

My Tay has more than 20 years of experience in construction, engineering, manufacturing, power generation and infrastructure. Apart from his engineering experience, he has expertise in naturing start-up, investments and business development. Mr Tay has served on various boards of companies listed on the main board of SGX-ST and on Catalist. He is currently an independent director of Sino Techfibre Limited, a SGX main-board listed company.

Mr Tay graduated with BSc in Electronic & Electrical Engineering and an MBA in General Management from the UK. He also completed various post graduate studies at NUS for Building Science and Knowledge Engineering. His professional affiliation are Senior Member of Institute of Engineers of Singapore and Member of the Singapore Institute of Directors.

TAN SEOW KHENG
Non-Executive Director

Mr Tan Seow Kheng was appointed to the Board as Non-Executive Director on 11 July 2014. He is also non-executive director of First Resources Limited, a company listed on the SGX-ST.

Mr Tan is currently the general manager of EWIS Development Pte Ltd, a company focused on the business of property development in Singapore and Indonesia. His other appointment is assistant Vice president of marketing at Uniseraya Group. Uniseraya Group is based in Indonesia with its principal business in timber and oil palm industry.

Mr Tan holds a Bachelor of Business Administration degree from University of Wisconsin–Madison, and has completed an Executive Diploma in Directorship awarded by Singapore Management University. He is a member of Singapore Institute of Directors.

BOARD OF DIRECTORS

CHU MING KIN
Non-Executive Director

Mr Chu Ming Kin was appointed as Non-Executive Director to the Board on 6 April 2015 and will be taking over the role of Non-Executive Chairman from Mr Ng Hong Whee with effect from 30 April 2015.

He is also a director of All High Holdings Limited, Global Property Connection Co., Ltd., and Alush (Thailand) Co., Ltd., each a subsidiary of All High Holdings Limited. Mr Chu Ming Kin joined All High Holdings Limited in 1999 and is currently responsible for the overall monitoring of the daily operations of Alush Thailand, the procurement of cassava and the formulation of pricing policies for procurement of cassava chips in Thailand. Mr Chu Ming Kin has about ten years of experience in cassava procurement and warehouse management. He is currently the resident representative of All High Holdings Limited in Thailand.

BAY CHEOW GUAN DAVID
Independent Director

Mr Bay Cheow Guan David was appointed to the Board as Independent Director on 6 April 2015.

Mr Bay Cheow Guan David is the president and chief executive officer of Communication Design International Limited ("CDI"), a company listed on Catalist. Mr Bay founded CDI in 1995 and is responsible for day-to-day operations and oversees the CDI's strategic direction and acquisition strategies. Mr Bay started his career in 1979 and has accumulated extensive business experience along the way.

KEY MANAGEMENT

WEI XUQING
General Manager, Shandong Luneng Taishan Mining Co., Ltd.

Mr Wei Xuqing joined the Group in 2000 as General Manager of Shandong Luneng Taishan Mining Co., Ltd. ("SLTM"). Mr Wei is responsible for the overall management of SLTM and the technological innovation, production technology, production quality, and research and development of the Group. Mr Wei also holds concurrent positions as Chief Engineer and Senior Operating Manager of the Group, and is responsible for the compliance with national regulations and management of the technical aspects of the Group's businesses.

Mr Wei has more than 22 years of experience in the PRC mining industry. Prior to joining the Group, he was an Engineer at the Xinwen Mining Group Mine Safety Supervision Department.

Mr Wei graduated with a Bachelor of Engineering degree from Jiaozuo Mining Institute in 1991. In 2007, he was certified as a Senior Engineer by Shandong Administration of Human Resource and Social Security, and a Senior Manager by the China Trade Association and the National Senior Management Appointment Committee. He is a member of the Tai'an City People's Representative Consultative Committee, an active member of the Work Safety Expert Group of Tai'an City, Head of the Work Safety Association of Daiyue District, Tai'an City, an Emergency Treatment Expert of Daiyue District and a Technical Expert of Daiyue District.

HAN YONGZHU
Executive Chairman, Beijing Sino-Lonther International Trading Co., Ltd.

Han Yongzhu is the Executive Chairman of Beijing Sino-Lonther International Trading Co., Ltd. ("Sino-Lonther") and has been responsible for the management of Sino-Lonther. Mr Han has over 20 years of experience in the commodity trading business and possesses specialised knowledge in both the trading and business aspects of the metal industry, playing a pivotal role in the Company's business since 2006.

Prior to joining Sino-Lonther, he was an assistant general manager at Guangzhou Xuangyin Gang Engineering Co., Ltd. and Shenzhen Steel Lianhe Co., Ltd from 2002 to 2006. From 1988 to 2002, he was with Shou Gang International Trade Engineering Company, where he last held the position of Assistant General Manager. Mr Han was conferred the title of Senior International Trading Expert by the Beijing City Technical Trades Review Consultative Committee.

Mr Han holds a metallurgical degree from the Beijing University of Technology and completed his postgraduate studies in Economics and Management from Beijing Capital Economics and Trading University in 2003.

WANG HUICHAO
General Manager, Beijing Sino-Lonther International Trading Co., Ltd.

Ms Wang Huichao was promoted to General Manager of Beijing Sino-Lonther International Trading Co., Ltd. ("Sino-Lonther") on 4 June 2013. Ms Wang joined Sino-Lonther in October 2006 and she was the Assistant General Manager of Sino-Lonther prior to her promotion. Ms Wang worked in Beijing Aohua Yimeijia Wooden Industry Co., Ltd. from September 2001 to September 2006, where her last held position was marketing manager.

Ms Wang graduated from Dalian Institute of Light Industry in December 1999 with an Advanced Diploma.

LIU CHENG
Financial Controller

Mr Liu Cheng was appointed as our Financial Controller on 3 June 2011. Based in Singapore, Mr Liu is responsible for the overall financial, accounting, compliance and reporting and internal control functions of our Group. He is also in-charge of liaising with and reporting to our Audit Committee on the Group's accounting and financial matters.

Mr Liu possesses more than seven years of finance and auditing experience. Prior to joining the Group, Mr Liu was an auditor with Ernst & Young LLP and Mazars LLP. Mr Liu graduated from Ngee Ann Polytechnic, Singapore in July 2005 with an Advanced Diploma in International Business. He also holds a Diploma in Business Management from the Management Development Institute of Singapore, and a Diploma in Chemical Technology from the Lanzhou Petrochemical School, the PRC. Mr Liu is currently a Chartered Accountant of the Institute of Singapore Chartered Accountants, and a member of the Association of Chartered Certified Accountants.

LYNN TEE
General Manager, Property Division

Ms Lynn Tee was appointed as our General Manger of the Property Division on 4 November 2014. Based in Singapore, Ms Tee is responsible for managing the Group's property portfolio and representing the Group in dealing with external parties for matters relating to the development or redevelopment of the Group's property portfolio.

Ms Tee possesses more than three years of finance experience, and holds a degree in Bachelor of Commerce from University of Western Australia.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ng Hong Whee (Executive Chairman and CEO)
Chu Ming Kin (Non-Executive Director)
Tan Seow Kheng (Non-Executive Director)
Yong Chor Ken (Lead Independent Director)
Lin Song (Independent Director)
Tay Wee Kwang (Independent Director)
Bay Cheow Guan David (Independent Director)

JOINT COMPANY SECRETARY

Lun Chee Leong
LLB (NUS)

Teo Zhu-En, Joel
LLB (NUS), LLM (UOL), MBA (NUS)

REGISTERED OFFICE

28 Sin Ming Lane,
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PRINCIPAL PLACE OF BUSINESS

Beijing Sino-Lonther International Trading Co., Ltd.
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271041

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AUDITORS

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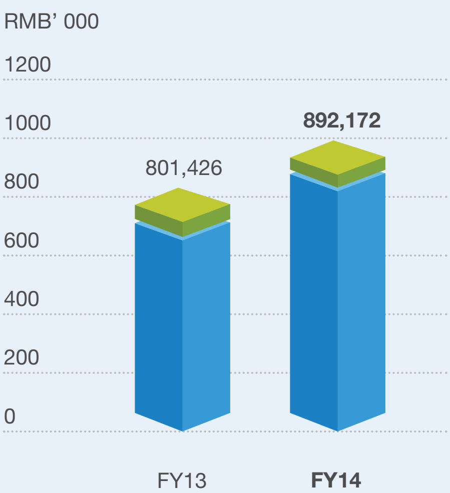
8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095
Partner-in-charge: Ng Thiam Soon
(Certified Public Accountant, a fellow of the Institute of Singapore Chartered Accountants)
(Since the financial year ended 31 December 2010)

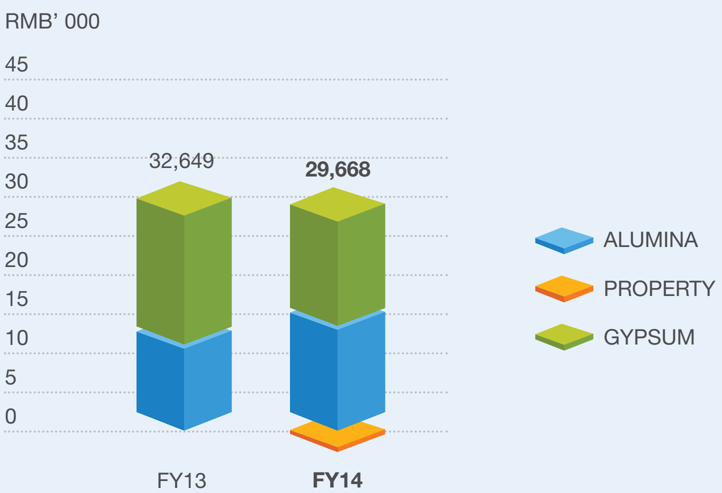
GROUP FINANCIAL HIGHLIGHTS

		FY2014	FY2013
FOR THE YEAR			
Revenue	(RMB'000)	892,172	801,426
Earnings before interest expense, tax, depreciation and amortisation (EBITDA)	(RMB'000)	8,562	10,822
Profit before tax	(RMB'000)	3,236	4,474
Net (loss) after tax and non-controlling interest	(RMB'000)	(432)	(47)
AT YEAR END			
Total assets	(RMB'000)	150,515	115,014
Net tangible assets	(RMB'000)	88,222	37,298
Total shareholders' equity	(RMB'000)	97,623	46,542
Total liabilities	(RMB'000)	52,106	67,734
Cash and cash equivalents	(RMB'000)	18,623	25,417
Debt-to-adjusted capital ratio	(%)	1.8	(17.1)
PER SHARE			
Loss			
- basic	(RMB cents)	(0.16)	(0.03)
- fully diluted	(RMB cents)	(0.16)	(0.03)
Net assets value	(RMB cents)	55.6	26.5
Net tangible assets	(RMB cents)	50.3	21.3
RETURN			
Return to turnover	(%)	(0.043)	0.005
Return on shareholders' equity	(%)	(0.390)	0.080
Return on total assets	(%)	(0.255)	0.033

REVENUE



GROSS PROFIT



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 and sound corporate practices within the Group to promote accountability and transparency.

This report describes the Group's corporate governance processes and structures during the financial year ended 31 December 2014 ("**FY2014**") with specific reference made to the principles and guidelines of the Singapore Code of Corporate Governance 2012 (the "**Code**"). The Board confirms that, for FY2014, the Company has generally adhered to the principles and guidelines set out in the Code. Where there are deviations from the Code, 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.	In addition to the responsibilities under the Code, the Board is also responsible for: • the overall management of the Group; • formulating the Group's long term strategic plans; • setting the values and standards of the Group; • reviewing and approving annual budgets and financial plans; • approving major investments, divestments and fund-raising exercises; • reviewing the Group's financial performance, risk management and corporate governance practices; • approving remuneration policies and guidelines for the Board and senior management; and • ensuring the Group's compliance with all laws and regulations as may be relevant to its businesses.
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 independent judgement when making decisions and are obliged to act honestly and consider the interests of the Company at all times.

CORPORATE GOVERNANCE REPORT

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 Audit and Risk Committee (the "**ARC**"), the Remuneration Committee (the "**RC**") and the Nominating Committee (the "**NC**") (collectively referred to as the "**Board Committees**") were constituted to assist the Board in the discharge of its duties. The Board Committees review and make recommendations to the Board on matters within their defined terms of reference. The Board Committees will review their terms of reference on a regular basis to ensure their continued relevance and compliance with the Code.
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 conducts regular scheduled meetings periodically. Ad-hoc meetings are convened as and when circumstances require. The Articles of Association of the Company provide for telephonic and video-conference meetings. Please refer to Table 2 – Attendance at Board and Board Committee meetings on page 39 of this Annual Report.
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**") that the following matters must be approved by the Board: • 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 for the Group and the Directors' report 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. In particular, in relation to the outstanding amounts owed from by the Group to Mr Fu Hao and/or his associates, the ARC will, *inter alia*, review all payments and consider the cash flow position of the Group before making recommendations to the Board on repayment of such monies.

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.	The Directors are encouraged to attend external programmes on their duties and responsibilities where necessary. 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. During FY2014, various directors have attended training courses, including the following courses:- • Ethical Business Conduct: Tell tale signs of companies in trouble, organized by ISCA; • Audit of Accounts Receivable and Other Receivables, organized by ISCA; and • ISCA Anti-Money Laundering Seminar - New Requirements for Professional Accountants, organized by ISCA. Mr Tan Seow Kheng completed the Executive Diploma in Directorship awarded by Singapore Management University in 2014.
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**") will send a formal letter to the director setting out his duties and responsibilities. A copy of the terms of reference will also be provided to directors who are appointed onto the Board Committees. Three new directors were appointed during FY2014, namely Mr Yong Chor Ken, Mr Tay Wee Kwang and Mr Tan Seow Kheng. The new directors were each issued a formal letter setting out their duties and responsibilities, and a copy of the terms of reference. As additional disclosure, two new directors have been appointed with effect from 6 April 2015, namely Mr Chu Ming Kin and Mr Bay Cheow Guan David, and were each issued a formal letter setting out their duties and responsibilities, and a copy of the terms of reference.

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.***

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

CORPORATE GOVERNANCE REPORT

	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.	During FY2014, the Board comprised five Directors of which three were Independent Directors. With effect from 6 April 2015, the Board comprises seven Directors of which four are Independent Directors. Please refer to Table 1 – Board and Board Committees on page 39 of this Annual Report. The NC is responsible for annually assessing each Director's independence. Each Independent Director is required to complete a declaration form to confirm his independence based on the guidelines as set out in the Code. The Directors must also confirm whether they view themselves as independent even if they do not have any relationship with the Company, its related companies or its officers.
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.	During FY2014, Independent Directors comprised more than half of the Board such that the Board composition is as follows: one Executive Director, one Non-Executive Director and three Independent Directors. As disclosed in the Chairman's Message on page 2 and 3 of the Annual Report, the Board will be led by Mr Chu Ming Kin as the Non-Executive Chairman with effect from 30 April 2015. With effect from 6 April 2015, the Board composition is as follows: one Executive Director, two Non-Executive Directors and four Independent Directors.
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 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 the Independent Directors, namely Mr Yong Chor Ken, Mr Lin Song and Mr Tay Wee Kwang.

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.

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.

Additionally, taking into the account the views of the NC, the Board is satisfied as to the independence of the Independent Director appointed with effect from 6 April 2015, namely Mr Bay Cheow Guan David.

	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.	No Director of the Company has served more than nine years on the Board.
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.	The NC is tasked to review the size of the Board from time to time to ensure that it is adequate to lead and govern the Company effectively. After taking into account the review of the NC and the nature and scope of the Group's business and operations, the Board considered the size of the Board in FY2014 of five Directors to be adequate. Additionally, the Board after due consideration, and taking into account the NC's review of the nature and scope of the Group's business and operations, decided to increase the size of the Board to seven Directors, by appointing Mr Chu Ming Kin and Mr Bay Cheow Guan David.

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.

	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 current Board has a good mix of core competencies including accounting, finance, legal, business and management experience. A brief profile of each Director is set out on pages 4 and 5 of this Annual Report.
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 FY2014, the Non-Executive Directors actively participate and provide their inputs on matters including the Group's financial performance, corporate governance and the performance of the Management.
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 Non-Executive Director and Independent Directors meet without the presence of the Management to discuss any matters.

__Chairman and Chief Executive Officer__

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

	Guidelines of the Code	Corporate Governance Practices of the Group
3.1	The chairman and the CEO should in principle be separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between the Chairman and the CEO should be clearly established, set out in writing and agreed by the board. In addition, the board should disclose the relationship between the chairman and the CEO if they are immediate family members.	During FY2014, Mr Ng Hong Whee was both the CEO and Executive Chairman of the Company. The Company believes that for FY2014, the Non-Executive Director and Independent Directors have demonstrated high commitment in their role as Directors and have ensured that there is a good balance of power and authority. As such, there was no need for the role of the Chairman and CEO to be separated. Furthermore, in view that the Executive Chairman and CEO was the same person during FY2014, Mr Yong Chor Ken was appointed as the Lead Independent Director. During FY2014, shareholders were able to consult the Lead Independent Director to address their concerns for which contact through the normal channels of the Chairman of the Company had failed to resolve or for which such contact was inappropriate. Mr Chu Ming Kin will replace Mr Ng Hong Whee to become the Non-Executive Chairman of the Company with effect from 30 April 2015.

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3.2 The chairman should:

(a) lead the board to ensure its effectiveness on all aspects of its role;

(b) set its agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) promote a culture of openness and debate at the board;

(d) ensure that the directors receive complete, adequate and, timely information;

(e) ensure effective communication with shareholders;

(f) encourage constructive relations within the board and between the board and management;

(g) facilitate the effective contribution of non-executive directors in particular; and

(h) promote high standards of corporate governance.

The responsibilities set out above provide guidance and should not be taken as a comprehensive list of all the duties and responsibilities of a chairman.

In FY2014, in addition to the responsibilities as set out in the Code, Mr Ng Hong Whee, as the Executive Chairman of the Company, played an instrumental role in developing the business of the Group and devising the Group's business direction.

As the CEO, Mr Ng Hong Whee is also responsible for overseeing all project development activities and business operations of the Group.

Mr Chu Ming Kin will replace Mr Ng Hong Whee to become the Non-Executive Chairman of the Company with effect from 30 April 2015.

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.

In FY2014, the Board was led by Mr Ng Hong Whee, who is the CEO of the Company, as the Executive Chairman. He formed part of the management team during FY2014 and was therefore not independent.

The Board has appointed Mr Yong Chor Ken as the Lead Independent Director of the Company. Mr Yong Chor Ken chairs the ARC and is also a member of the NC and RC. He is available to shareholders of the Company ("**Shareholders**") where they have concerns and whereby contact through the normal channels has failed to resolve, or where they have concerns for which such contact is inappropriate.

With effect from 30 April 2015, the Board will be led by Mr Chu Ming Kin, as the Non-Executive Chairman.

	Guidelines of the Code	Corporate Governance Practices of the Group
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.	The Independent Directors of the Company meet regularly, and as and when circumstances required, to discuss any matters they wish to discuss in private without the presence of the Management. During FY2014, the Independent Directors have met unofficially at least once to discuss company matters without the presence of the Management.

Board Membership

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

	Guidelines of the Code	Corporate Governance Practices of the Group
4.1	The board should establish a NC to make recommendations to the board on all board appointments, with written terms of reference which clearly set out its authority and duties. The NC should comprise at least 3 directors, a majority of whom, including the NC chairman, should be independent. The lead independent director, if any, should be a member of the NC. The board should disclose in the company's annual report the names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the board.	The Board has established a NC which, during FY2014, comprised three Independent Directors namely, Mr Yong Chor Ken, Mr Tay Wee Kwang and Mr Lin Song. The Chairman of the NC, Mr Tay Wee Kwang, is not associated in any way with any substantial shareholders of the Company. With effect from 6 April 2015, Mr Bay Cheow Guan David was appointed as a member of the NC, and the NC will comprise four Directors, all of whom are independent. The NC has adopted written terms of reference defining its members, administration and duties. The NC is responsible for making recommendations to the Board on all Board appointments, among other things.
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).	The NC is responsible for making recommendations to the Board on re-nominations of directors who retire by rotation, having regard to each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour). The NC is also responsible for recommending to the Board the process for the evaluation of the performance of the Board, reviewing the succession plans for the Board and for deciding, where a director has other listed company board representations, whether the director is able to and has been adequately carrying out his duties as director of the Company. All Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years. Under the Company's Articles of Association, one-third of the Board is to retire from office by rotation and be subject to re-election at the annual general meeting of the Company. The Articles of Association of the Company also provide 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.

	Guideline	Company's practice
	Important issues to be considered as part of the process for the selection, appointment and re-appointment 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 re-appointment at regular intervals and at least once every three years.	Mr Ng Hong Whee will be retiring by rotation pursuant to Article 99 of the Company's Articles of Association, and will be subject to re-election at the forthcoming annual general meeting to be held on 30 April 2015 ("**Annual General Meeting**"). In addition, Article 100 of the Company's Articles of Association provides that any Director appointed as a result of a vacancy occurring in the Board of Directors shall retire from office at the next following general meeting but shall be eligible for re-election. The following directors will be retiring pursuant to Article 100, and will be subject to re-election at the forthcoming Annual General Meeting: (a) Mr Tan Seow Kheng; (b) Mr Yong Chor Ken; and (c) Mr Tay Wee Kwang. Article 81 of the Company's Articles of Association also provides that any additional Director appointed shall retire from office at the next following general meeting but shall be eligible for re-election. Mr Chu Ming Kin and Mr Bay Cheow Guan David will be retiring pursuant to Article 81, and will be subject to re-election at the forthcoming Annual General Meeting.
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 NC conducts an annual review of the Directors' independence and is of the opinion that the Independent Directors, namely Mr Yong Chor Ken, Mr Tay Wee Kwang and Mr Lin Song are independent. Additionally, the NC is of the view that the Independent Director, Mr Bay Cheow Guan David, appointed with effect from 6 April 2015, is 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.	All Directors are required to declare their board representations. 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 provided in its terms of reference that the maximum number of listed company board representations which any Director may hold at any time shall be six (6) (the "**Cap**"). A Director who proposes to hold any additional appointment on the board of a listed company in excess of the Cap will have to submit an application in writing to the NC which will make recommendation to the Board for its approval. Any Director who makes such application will not participate in deliberation of the NC and Board in considering such application.

CORPORATE GOVERNANCE REPORT

	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 will from time to time, evaluate their performance to ensure that each Director 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. No Director of the Company has exceeded the maximum number of listed company board representations. Although some of the Directors have other board representations, the NC is satisfied that all Directors are able to devote adequate time and attention to the affairs of the Company to fulfill his duties effectively as a Director of the Company.
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.	No alternate director has been appointed onto the Board.
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 NC works with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole as well as its individual members based on attributes of the existing Board and the requirements of the Group. The NC also considers the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance including, if applicable, as an Independent Director as part of the process for selection, appointment and re-appointment of Directors. The search and nomination process for new Directors, if any, will be via contacts and recommendations that go through the normal selection process so as to cast its net as wide as possible for the right candidate. The Company is encouraged to engage executive recruitment agencies to assist in the search process where necessary. The NC will arrange for interviews with the shortlisted candidates for its assessment before arriving at a decision. Upon the NC's review and recommendation to the Board, the new Directors will be appointed by way of a board resolution.

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.

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.	The profiles of the Directors are set out on page 4 and 5 of this Annual Report. The shareholdings of the individual Directors of the Company are set out on page 42 of this Annual Report. Please refer to Table 1 on page 39 of this Annual Report for information on the Board Committees that the Directors serve on (as a member or chairman). Please refer to Table 3 on page 40 of this Annual Report for the date of first appointment as a Director, date of last re-election as a Director, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other major appointments. Please refer to Table 1 for information on which Directors are executive, non-executive or considered by the NC to be independent.

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 and the contribution by individual Directors to the effectiveness of 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. 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 board 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.	Individual Director's performance is evaluated annually by the NC. The criteria taken into consideration by the NC include key performance factors such as the level of participation at board meetings and the contribution of specialised knowledge as well as core competency factors such as the value of contribution to the development of strategy and industry knowledge each Director possesses.
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 NC has assessed the Board's performance to-date and is of the view that the performance of the Board as a whole was satisfactory.
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.	Each member of the Board will, on an annual basis, carry out a performance review to assess the effectiveness of the other Directors.

Access to Information

Principle 6: ***In order to fulfill 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.	All Directors have unrestricted access to the Company's records and information. Where necessary, they are furnished with accurate and detailed information in a timely manner concerning the Group to enable them to be fully cognisant of the decisions and actions of the Group's executive management. Directors are provided with board papers prepared for each meeting in advance to enable them to be properly informed of matters to be discussed and/or approved. However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed.

CORPORATE GOVERNANCE REPORT

	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 Board has separate and independent access to senior management executives of the Group at all times in carrying out its duties.
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.	The Board is provided with copies of disclosure documents and information on budgets, forecasts, financial statements and matters for the decision or information of the Board.
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.	Directors have separate and independent access to, and are provided with the contact details of, the Company Secretary. The role of the Company Secretary is clearly defined. The Company Secretary is responsible for ensuring that proper board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary attends all meetings of the Board and Board Committees.
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 is a matter for consideration for the Board as a whole.
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 Board is encouraged to take independent professional advice when necessary to enable the Board to discharge its responsibilities effectively, and such professional costs will be borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

	Guidelines of the Code	Corporate Governance Practices of the Group
7.1	The Board should establish a RC with written terms of reference which clearly set out its authority and duties. The RC should comprise at least three directors, the majority of whom, including the RC chairman, should be independent. All of the members of the RC should be non-executive directors. This is to minimise the risk of any potential conflict of interest. The board should disclose in the company's annual report the names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the board.	The Board has established a RC which, during FY2014, comprised three Independent Directors namely, Mr Lin Song, Mr Yong Chor Ken and Mr Tay Wee Kwang. Mr Lin Song is the chairman of the RC. With effect from 6 April 2015, Mr Bay Cheow Guan David was appointed as a member of the RC, and the RC will comprise four Directors, all of whom are independent.
7.2	The RC should review and recommend to the board a general framework of remuneration for the board and key management personnel[8]. The RC should also review and recommend to the board the specific remuneration packages for each director as well as for the key management personnel. The RC's recommendations should be submitted for endorsement by the entire board. The RC should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.	The RC is responsible for: • recommending a framework of remuneration to the Board and the specific remuneration packages for each director, CEO, and key management personnel; • covering all aspects of remuneration, including but not limited to, Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards as well as benefits-in-kind; and • reviewing the remuneration of senior management 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 RC is encouraged to engage an external remuneration consultant for the purposes of recommending to the Board a framework of remuneration for the Directors and executive officers and determining the specific remuneration packages for each Executive Director.

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

	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 Company has not engaged any remuneration consultants in FY2014.
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 objective of the RC is to motivate and retain Directors and key executives without being excessive, and that the Company is able to attract and retain the best talent in the market to drive the Group's businesses forward in order to maximise long-term Shareholders' value. The RC also aims to be fair and 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 remuneration of the Executive Directors and key management personnel of the Group are reviewed by the RC to ensure that the interests of the Executive Directors and key management personnel of the Group are aligned with the interests of the Shareholders and to ensure that the remuneration is commensurate with their performance and the performance of the Company. The RC is able to assess the performance of the Executive Directors and key management personnel 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 ("**2014 ESOS**") (which was approved in 2014) is a long-term incentive plan and the mechanism involves deferring incentive compensation over a time horizon to ensure that the Group's employees focus on generating shareholders' value over a longer term. Conditions to entitlement to such long-term incentives include the assessment and recognition of potential progressive performance, and enhancement to asset value and shareholders' value over time, taking into consideration current and future plans of the Company. The 2014 ESOS complies with the relevant rules as set out in Chapter 8 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**") and is administered by the RC. Separately, the Company has an existing Sincap Performance Share Plan which was approved on 10 July 2012 which seeks to reward executive directors and key management personnel for their dedication and performance in the Group.
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.	No Director is involved in deciding his or her own remuneration. The recommendations made by the RC in respect of the Non-Executive Directors' fees are subject to Shareholders' approval at the annual general meeting. Executive Directors do not receive Directors' fees. The RC takes into consideration the level of contribution, effort and time spent, and responsibilities of each Director during its review of the Non-Executive Directors' remuneration.
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.	The Company may explore this in the future.

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).	Please refer to Table 4 – Remuneration on page 41 of this Annual Report.
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.	After due consideration, the Board has decided not to disclose the remuneration of the Directors to the nearest thousand due to the competitive pressures and disadvantages that may result from such disclosure. Please refer to Table 4 on page 41 of this Annual Report for more information.
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.	After due consideration, the Board has decided not to disclose the remuneration of the top five management personnel (in aggregate or otherwise), due to the competitive pressures and disadvantages that may result from such disclosure. Please refer to Table 4 - Remuneration on page 41 of this Annual Report.

	In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.	
9.4	For transparency, the annual remuneration report should disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000. The company need only show the applicable bands.	There was no employee of the Group who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 during the year as disclosed on page 41 of this Annual Report.
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.	Please refer to the Company's Offer Document dated 17 July 2012 for details of the Sincap Performance Share Plan. No awards have been granted under the Sincap Performance Share Plan in FY2014. The 2014 ESOS was approved by the Shareholders at the Annual General Meeting of the Company in April 2014. Details of the 2014 ESOS are set out in Corporate Governance Report of the Group on page 25 of the Annual Report. No awards have been granted under the 2014 ESOS in FY2014.
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.	As the Company continues to grow, it will be looking to provide more information on such remuneration strategies as and when it becomes available.

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, position and prospects through its announcements of half year and full year financial statements, as well as other announcements required under the Catalist Rules.
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, 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.

CORPORATE GOVERNANCE REPORT

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 monitors the Group's risks through the ARC and the, external and internal auditors. The ARC reviews the audit plans of the external and internal auditors at least twice each year, including the results of the external and internal auditors' review and evaluation of the system of internal controls. During FY2014, the Company's external and internal 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 external and internal auditors reported the same to the ARC. On behalf of the Board, the ARC had also reviewed the adequacy and effectiveness of the Group's system of internal controls in light of the key business and financial risks affecting its business.
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 CEO and Financial Controller that 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 regarding the effectiveness of the Group's risk management and internal control systems. The Board also considers the information needed by Shareholders to enable them to make an informed assessment of the Company's risk management framework and internal control systems. Based on the work carried out by the internal auditors, the review undertaken by the external auditors, the existing management controls in place and the assurance received from the CEO and the Financial Controller, the ARC and the Board are of the opinion that, for the financial year under review, the internal controls and the risk management system in place in the Group to mitigate critical and significant risks relating to financial, operational, compliance and information technology matters are adequate and effective.
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.	In line with the recommendation of the Code, the name of the audit committee of the Company was changed to the ARC to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies. The functions previously carried out by the audit committee are now assumed by the ARC. The ARC engaged its internal auditors to document the risk management framework that will enable the Management to address the financial, operational and compliance risks of the key operating units and for the ARC to carry out its responsibilities.

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 AC 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.	During FY2014, the ARC comprised three Independent Directors namely Mr Yong Chor Ken, Mr Lin Song and Mr Tay Wee Kwang. Mr Yong Chor Ken is the chairman of the ARC. With effect from 6 April 2015, Mr Bay Cheow Guan David was appointed as a member of the ARC, and the ARC will comprise four Directors, all of whom are independent.
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 has 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 of the Group to attend its meetings, and reasonable resources to enable it to discharge its functions properly.
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);	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. RSM Chio Lim LLP has been appointed as the external auditors of the Company. RSM China Certified Public Accountants, LLP, a member firm of RSM International of which RSM Chio Lim LLP is a member, has been appointed as the external auditors of the Company's China-incorporated subsidiaries. RSM Bird Cameron Partners, a member firm of RSM International of which RSM Chio Lim LLP is a member, has been appointed as the external auditors of the Company's Australia-incorporated subsidiaries. The Company has complied with Rules 712 and 715 of the Catalist Rules in appointing the auditing firms for the Group.

(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.

In the ARC's opinion, RSM Chio Lim LLP is suitable for re-appointment and it has accordingly recommended to the Board that RSM Chio Lim LLP be nominated for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting. The ARC confirms that RSM Chio Lim LLP is registered with the Accounting and Corporate Regulatory Authority.

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, reappointment 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, without the presence of the Management, at least once each year.
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 of the external auditors annually. In FY2014, the aggregate amount of fees paid or payable to external auditors of the Group amounted to approximately RMB1,029,000 (including audit fees of RMB1,022,000 and non-audit services fees of RMB7,000). The ARC is satisfied that the external auditors are independent after reviewing all non-audit services provided by the external auditors and the fees paid or payable to the external auditors for the services, including audit and non-audit related services, rendered.
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 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 taken by the management and results reported to the ARC and the Board. The Policy and procedures for raising any concerns shall be 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.	Please refer to Table 1 on page 39 of this Annual Report for the names of the members of the ARC. The ARC meets at least twice a year. In FY2014, the ARC had held five meetings to discuss any matters within their terms of reference and changes to accounting standards and issues which could have a direct impact of the Group's financial statements. Where necessary, advice is sought from the external auditors when they attend the ARC meetings half yearly.

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 primary line of reporting of the internal auditors is to the chairman of the ARC. The internal auditors report administratively to the CEO. The ARC approves any hiring, removal, evaluation and compensation of the internal auditors. The internal auditors have unfettered access to all the Company's documents.
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.	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, Deloitte & Touche Enterprise Risk Services Pte Ltd, to undertake the functions of its internal audit.
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.
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. 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.
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 and brief Shareholders on the rules, including voting procedures that govern 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.
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 Articles of Association of the Company allow the Shareholders to appoint proxies to attend and vote in their stead at general meetings. The maximum number of proxies that may be appointed by any shareholder shall be two.

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 a national newspaper in Singapore as well as on SGXNET. The Company aims to provide Shareholders with information as simple and detailed as possible.
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.	All material information on the performance and development of the Group and of the Company is disclosed in a timely, fair and transparent manner through SGXNET. The Company keeps a well-maintained and updated corporate website where information is made available to Shareholders.
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, and 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.	At each annual general meeting, the Board presents the progress and performance of the Group's businesses and invites all Shareholders to participate in the questions and answers session.
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 formal dividend policy. The dividend that the Directors may recommend or declare in respect of any particular financial year of periods will be subject to the factors outlined below as well as any other relevant factors deemed relevant by the Board:- (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. The Company will not be declaring any dividend for the financial year ended 31 December 2014, as it is loss-making in FY2014.

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 Articles of Association, 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 Articles of Association 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.	There are separate resolutions at general meetings on each substantially separate issue.
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 chairpersons of the ARC, NC and RC are present and available to address any questions from the Shareholders at general 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 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 the Code, the Company shall 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.

DEALING IN 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

Save as disclosed below and in the section entitled "General Statutory Information – Material Contracts" of the Offer Document of the Company dated 17 July 2012, 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 2014 or if not then subsisting, entered into since the end of the financial year ended 31 December 2013:-

(i) Ng Hong Whee, who holds 18% shareholding interests in LTN Land Pte. Ltd. ("**LTN**"), was the Executive Chairman[1] and Chief Executive Officer of the Company. The Company has on 13 November 2014 entered a conditional sale and purchase agreement with the vendors of LTN ("**Vendors**") for the proposed acquisition ("**Proposed Acquisition**") by the Company of all issued shares in the capital of LTN from the Vendors, for a consideration of approximately S$38,500,000 ("**Consideration**") to be satisfied by the allotment and issue of an aggregate 260,000,000 new shares ("**Consideration Shares**", and each a "**Consideration Share**") in the capital of the Company at an issue price per Consideration Share of S$0.148. The Company had, on 21 January 2015, entered into a supplemental deed to the Sale and Purchase Agreement with the Vendors, pursuant to which the Consideration was amended from approximately S$38,500,000 to approximately S$24,100,000 in cash. The sale and purchase agreement and its supplemental deed had expired on 31 March 2015, and the Proposed Acquisition had been terminated accordingly.

Note:

(1) Chu Ming Kin will become the Non-Executive Chairman of the Company with effect from 30 April 2015. He replaces Ng Hong Whee who is currently the Executive Chairman and CEO of the Company.

INTERESTED PERSON TRANSACTIONS

The aggregate values of the interested person transactions entered into during FY2014 are as follows:

	Aggregated value of all interested person transactions during the financial period under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregated value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	FY2014	FY2014
	RMB'000	RMB'000
Rental expenses incurred for lease of office premises owned by NHW Pte. Ltd. (which is owned by Ng Hong Whee, Executive Chairman[1] and Chief Executive Officer of the Company), since 1 July 2014	87	–
Interest paid on loan extended by Wang Liming (spouse of Fu Hao) to the Group	50[2]	–

The Group does not have a general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules.

Note:

(1) Chu Ming Kin will become the Non-Executive Chairman of the Company with effect from 30 April 2015. He replaces Ng Hong Whee who is currently the Executive Chairman and CEO of the Company.

(2) Fu Hao had ceased to be an interested person with effect from 1 July 2014 as his shareholding in the Company declined below 15%, pursuant to the Company's placement completed in FY2014. The amount of approximately RMB50,000 represented the interest paid by the Group on loan extended by Wang Liming (spouse of Fu Hao) during the period which Fu Hao remained as an interested person, i.e. from 1 January 2014 to 30 June 2014.

USE OF PROCEEDS FROM THE PLACEMENT ISSUE

The net proceeds from the placement completed on 26 June 2014 was approximately S$11.8 million, which has been fully utilised as follows:

	Amount allocated-initial (S$'000)	Amount allocated-revised (S$'000)	Amount utilised (S$'000)	Balance (S$'000)
Use of net proceeds				
Proposed new business	10,669	11,854	11,854	-
General working capital for the Group	1,185	-	-	-
Total	11,854	11,854	11,854	-

NON-SPONSOR FEES

In compliance with Rule 1204(21) of the Catalist Rules, there were non-sponsor fees of an aggregate of approximately RMB1,728,000 equivalent to approximately S$355,000 paid to the Company's Sponsor, Canaccord Genuity Singapore Pte. Ltd., in FY2014 for its financial advisory services in relation to the Proposed Acquisition of LTN and placement agent commission for the placement completed in June 2014.

TABLE 1 – BOARD AND BOARD COMMITTEES

Name of Director	Board Membership	Board	Audit and Risk Committee	Nominating Committee	Remuneration Committee
Current Directors					
Ng Hong Whee	Executive Director/ Chief Executive Officer	Chairman	–	–	–
Yong Chor Ken (1)	Lead Independent Director	Member	Chairman	Member	Member
Lin Song	Independent Director	Member	Member	Member	Chairman
Tay Wee Kwang (2)	Independent Director	Member	Member	Chairman	Member
Tan Seow Kheng (3)	Non-Executive Director	Member	–	–	–
Bay Cheow Guan David(4)	Independent Director	Member	Member	Member	Member
Chu Ming Kin(5)	Non-Executive Director	Member	–	–	–
Past Directors					
Fu Hao (6)	Executive Director	Member	–	–	–
Sha Zhenquan (7)	Independent Director	Member	Member	Chairman	Member
Yap Kian Peng (8)	Lead Independent Director	Member	Chairman	Member	Member

Notes:

(1) Yong Chor Ken was appointed as a Director on 23 May 2014.
(2) Tay Wee Kwang was appointed as a Director on 23 May 2014.
(3) Tan Seow Kheng was appointed as a Director on 11 July 2014.
(4) Bay Cheow Guan David was appointed as a Director on 6 April 2015.
(5) Chu Ming Kin was appointed as a Director on 6 April 2015.
(6) Fu Hao ceased to be a Director of the Company with effect from 11 July 2014.
(7) Sha Zhenquan ceased to be a Director of the Company with effect from 22 September 2014.
(8) Yap Kian Peng ceased to be a Director of the Company with effect from 31 May 2014.

TABLE 2 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

Name of Director	Board	Audit and Risk Committee	Remuneration Committee	Nominating Committee
Number of meetings held:	5	5	2	4
Number of meetings attended:				
Current Directors				
Ng Hong Whee	5	5*	2*	3*
Yong Chor Ken (1)	4	4	1	3
Lin Song	5	5	2	4
Tay Wee Kwang (2)	4	4	1	3
Tan Seow Kheng (3)	4	4*	1*	1*
Bay Cheow Guan David(4)	-	-	-	-
Chu Ming Kin(5)	-	-	-	-
Past Directors				
Fu Hao (6)	0	0*	0*	0*
Sha Zhenquan (7)	1	2	1	1
Yap Kian Peng (8)	1	1	1	1

*Attendance by invitation of the Board Committees

Notes:

(1) Yong Chor Ken was appointed as a Director on 23 May 2014.
(2) Tay Wee Kwang was appointed as a Director on 23 May 2014.
(3) Tan Seow Kheng was appointed as a Director on 11 July 2014.
(4) Bay Cheow Guan David was appointed as a Director on 6 April 2015.
(5) Chu Ming Kin was appointed as a Director on 6 April 2015.
(6) Fu Hao ceased to be a Director of the Company with effect from 11 July 2014.
(7) Sha Zhenquan ceased to be a Director of the Company with effect from 22 September 2014.
(8) Yap Kian Peng ceased to be a Director of the Company with effect from 31 May 2014.

TABLE 3 – DATE OF DIRECTOR'S INITIAL APPOINTMENT & LAST RE-ELECTION & THEIR DIRECTORSHIPS

Name of Director	Age	Date of initial appointment	Date of last re-election	Present directorships in listed companies in Singapore	Past directorships in listed companies in Singapore
Ng Hong Whee	47	08/07/2011	26/04/2013	- Sincap Group Limited - Communication Design International Limited	-
Yong Chor Ken (1)	50	23/05/2014	NA	- Sincap Group Limited	-
Lin Song	41	08/05/2012	26/04/2013	- Sincap Group Limited - China Environment Ltd.	- Sino Grandness Food Industry Group Limited - Zhonghui Holdings Ltd.
Tay Wee Kwang (2)	58	23/05/2014	NA	- Sincap Group Limited - Sino TechFibre Limited	- YuuZoo Corporation Limited
Tan Seow Kheng (3)	46	11/07/2014	NA	- Sincap Group Limited - First Resources Limited	-
Bay Cheow Guan David (4)	57	06/04/2015	NA	- Sincap Group Limited - Communication Design International Limited	-
Chu Ming Kin (5)	51	06/04/2015	NA	- Sincap Group Limited	-

(1) Yong Chor Ken was appointed as a Director on 23 May 2014.
(2) Tay Wee Kwang was appointed as a Director on 23 May 2014.
(3) Tan Seow Kheng was appointed as a Director on 11 July 2014.
(4) Bay Cheow Guan David was appointed as a Director on 6 April 2015.
(5) Chu Ming Kin was appointed as a Director on 6 April 2015.

TABLE 4 – REMUNERATION

Remuneration of Directors for FY2014

Name of Director	Fixed Salary (%)	Defined Contribution Plan (%)	Director's fees (%)	Variable Bonus (%)	Total Remuneration[(1)]
Ng Hong Whee	80.9	6.7	–	12.4	Band A
Yong Chor Ken [(2)]	–	–	100.0	–	Band A
Lin Song	–	–	100.0	–	Band A
Tay Wee Kwang [(3)]	–	–	100.0	–	Band A
Tan Seow Kheng [(4)]	–	–	100.0	–	Band A
Fu Hao [(5)]	79.7	6.4	–	13.9	Band A
Sha Zhenquan [(6)]	–	–	100.0	–	Band A
Yap Kian Peng [(7)]	–	–	100.0	–	Band A

Notes:

(1) Band A: Compensation from S$0 to S$250,000 per annum
(2) Yong Chor Ken was appointed as a Director on 23 May 2014.
(3) Tay Wee Kwang was appointed as a Director on 23 May 2014.
(4) Tan Seow Kheng was appointed as a Director on 11 July 2014.
(5) Fu Hao ceased to be a Director of the Company with effect from 11 July 2014. Fu Hao's remuneration for the period that he had served as a director was RMB524,000.
(6) Sha Zhenquan ceased to be a Director of the Company with effect from 22 September 2014. Sha Zhenquan's remuneration for the period that he had served as a director was RMB138,000.
(7) Yap Kian Peng ceased to be a Director of the Company with effect from 31 May 2014. Yap Kian Peng's remuneration for the period that he had served as a director was RMB91,000.

Remuneration of Key Executive Officers

Name of Executive Officer	Fixed Salary (%)	Defined Contribution Plan (%)	Variable Bonus (%)	Benefits in kind (%)	Total Remuneration[(1)]
Wang Huichao	37.1	12.9	34.3	15.7	Band A
Wei Xuqing	63.1	23.1	13.8	–	Band A
Han Yongzhu	49.4	6.2	44.4	–	Band A
Liu Cheng	78.0	9.3	12.7	–	Band A
Wei Liguo [(2)]	55.7	40.6	3.7	–	Band A
Lynn Tee	88.2	11.8	–	–	Band A

Notes:

(1) Band A: Compensation from S$0 to S$250,000 per annum.
(2) Wei Liguo ceased to be a key executive officer of the Group with effect from 31 October 2014. Wei Liguo's remuneration for the period that he had served as a key executive officer was RMB 148,000.

Remuneration of employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during the year

There was no employee of the Group who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 in FY2014.

DIRECTORS' REPORT

The directors of the Company are pleased to present their report together with the audited financial statements of the Company and of the Group for the reporting year ended 31 December 2014.

1. Directors at date of report

The directors of the Company in office at the date of this report are:

Ng Hong Whee	
Yong Chor Ken	(Appointed on 23 May 2014)
Tay Wee Kwang	(Appointed on 23 May 2014)
Lin Song	
Tan Seow Kheng	(Appointed on 11 July 2014)
Bay Cheow Guan David	(Appointed on 6 April 2015)
Chu Ming Kin	(Appointed on 6 April 2015)

2. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year had no interests in the share capital of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 (the "Act") except as follows :

	Direct Interest		Deemed Interest	
Name of directors and company in which interest are held	As at 1.1.2014	As at 31.12.2014	As at 1.1.2014	As at 31.12.2014
The Company	**Ordinary shares with no par value**			
Ng Hong Whee	325,000	325,000	–	45,999,900

The directors' interests as at 21 January 2015 were the same as those at the end of the reporting year.

4. Contractual benefits of directors

Since the beginning of the reporting year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Act by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

There were certain transactions (shown in the financial statements under related party transactions) with corporations in which certain directors have an interest.

5. Share options and performance share plan

Share Options

During the reporting year, no option to take up unissued shares of the Company or any subsidiary in the Group was granted and, there were no shares of the Company or any subsidiary in the Group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares of the Company or any subsidiary under option.

Sincap Performance Share Plan

The Group operates a Performance Share Plan (the "Share Plan") which was approved by the members of the Company at an extraordinary general meeting held on 10 July 2012. The Share Plan provides for the grant of ordinary shares of the Company, their equivalent cash value or combinations thereof, to selected employees of the Company and its subsidiaries, including the directors of the Company, and other selected participants. Under the Share Plan, the maximum number of ordinary shares to be awarded to eligible participants shall not exceed 15% of the issued ordinary shares of the Company on the date preceding the grant of the award.

The Share Plan is administered by the Remuneration Committee comprising four independent directors, Mr. Lin Song, Mr. Yong Chor Ken, Mr. Tay Wee Kwang and Mr. Bay Cheow Guan David. Awards may only be vested or released and consequently any Shares comprised in such awards shall only be delivered upon (i) the Committee being satisfied that the participant has achieved the performance targets, subject as provided in the Rules; and/or (ii) due recognition should be given for good work performance and/or significant contribution to our Group.

The Company had, on 12 March 2015, granted awards ("Awards") to eligible employees ("Participants") pursuant to the Share Plan. The aggregate number of shares under the Awards granted shall be 3,604,000 ordinary shares ("Share Awards"). The Award Shares were vested on 12 March 2015.

6. Audit and risk committee

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

Yong Chor Ken	(Chairman of Audit and Risk Committee and Lead Independent Director)
Lin Song	(Independent Director)
Tay Wee Kwang	(Independent Director)
Bay Cheow Guan David	(Independent Director)

The Audit and Risk Committee performs its functions specified by Section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditors their audit plan
- Reviewed with the independent external auditors 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
- Reviewed with the internal auditors the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditors
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption
- Reviewed the interested person transactions (as defined in Chapter 9 of the Catalist Rules)

DIRECTORS' REPORT

6. **Audit and risk committee (cont'd)**

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 auditors provide non-audit services.

The Audit and Risk Committee has recommended to the board of directors that the independent auditors, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the Company.

7. **Independent auditor**

The independent auditor, RSM Chio Lim LLP, has expressed their willingness to accept re-appointment.

8. **Directors' opinion on the adequacy of internal controls**

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the Board and the Board, the Audit and Risk Committee and the Board are of the opinion that Company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2014.

9. **Subsequent developments**

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 27 February 2015, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report, other than disclosed in Note 32.

On behalf of the directors

....
Ng Hong Whee
Director

....
Yong Chor Ken
Director

7 April 2015

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the accompanying consolidated statement of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, consolidated statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results and cash flows of the Group and changes in equity of the Company and of the Group for the reporting year then ended; and

(b) 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.

The board of directors approved and authorised these financial statements for issue.

On behalf of the directors

....
Ng Hong Whee
Director

....
Yong Chor Ken
Director

7 April 2015

INDEPENDENT AUDITOR'S REPORT

To The Members Of Sincap Group Limited

Report on the financial statements

We have audited the accompanying financial statements of Sincap Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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 statement of profit or loss and other comprehensive income and statements of financial position and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

INDEPENDENT AUDITOR'S REPORT

To The Members Of Sincap Group Limited

Report on other legal and regulatory requirements

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

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

7 April 2015

Partner-in-charge of audit: Ng Thiam Soon
Effective from year ended 31 December 2010

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 December 2014

	Note	Group 2014 RMB'000	Group 2013 RMB'000
Revenue	5	892,172	801,426
Cost of sales		(862,504)	(768,777)
Gross profit		29,668	32,649
Other items of income			
Interest income	6	98	182
Other gains	7	143	375
Other items of expense			
Distribution costs		(4,203)	(5,064)
Administrative expenses	10	(21,061)	(20,487)
Finance costs	8	(1,104)	(1,388)
Other losses	7	(305)	(1,793)
Profit before tax from continuing operations		3,236	4,474
Income tax expense	11	(3,620)	(4,436)
(Loss) / profit from continuing operations, net of tax		(384)	38
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(7,658)	–
Other comprehensive loss for the year, net of tax		(7,658)	–
Total comprehensive (loss) / income		(8,042)	38
Loss attributable to owners of the parent, net of tax		(432)	(47)
Profit attributable to non-controlling interests, net of tax		48	85
(Loss) / profit, net of tax		(384)	38
Total comprehensive loss attributable to owners of the parent		(8,090)	(47)
Total comprehensive income attributable to non-controlling interests		48	85
Total comprehensive (loss) / income		(8,042)	38
Loss per share			
Basic and diluted (RMB Cent per share)	12	(0.16)	(0.03)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

		Group		Company	
	Notes	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	29,156	31,650	1,647	1,953
Intangible assets	15	9,401	9,244	–	–
Deferred tax assets	11	1,063	947	–	–
Other assets, non-current	16	420	447	–	–
Investment in subsidiaries	17	–	–	63,474	5,000
Total non-current assets		40,040	42,288	65,121	6,953
Current assets					
Development property	18	53,450	–	–	–
Inventories	19	5,599	2,761	–	–
Trade and other receivables, current	20	17,355	21,365	8,281	5,951
Other assets	16	15,448	23,183	46	49
Cash and cash equivalents	21	18,623	25,417	490	8,594
Total current assets		110,475	72,726	8,817	14,594
Total assets		150,515	115,014	73,938	21,547
EQUITY AND LIABILITIES					
Equity					
Share capital	22	86,925	27,754	86,925	27,754
Retained earnings / (accumulated losses)		3,075	4,631	(18,618)	(10,467)
Statutory reserve	23	15,281	14,157	–	–
Foreign exchange translation reserve	24	(7,658)	–	–	–
Equity, attributable to equity holders of parents, total		97,623	46,542	68,307	17,287
Non-controlling interests		786	738	–	–
Total equity		98,409	47,280	68,307	17,287
Non-current liabilities					
Deferred tax liabilities	11	307	459	–	–
Other financial liabilities, non-current	25	12,247	16,903	1,423	1,693
Total non-current liabilities		12,554	17,362	1,423	1,693
Current liabilities					
Provision	26	576	1,020	–	–
Income tax payable		1,951	1,012	31	–
Trade and other payables, current	27	21,948	20,909	1,288	2,334
Other financial liabilities, current	25	8,128	425	2,889	233
Other liabilities, current	28	6,949	27,006	–	–
Total current liabilities		39,552	50,372	4,208	2,567
Total liabilities		52,106	67,734	5,631	4,260
Total equity and liabilities		150,515	115,014	73,938	21,547

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

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2014

Group	Total Equity RMB'000	Attributable to Parent Sub-Total RMB'000	Share Capital RMB'000	Retained Earnings RMB'000	Statutory Reserve RMB'000	Foreign Exchange Translation Reserve RMB'000	Non-Controlling Interests RMB'000
Current year:							
Opening balance at 1 January 2014	47,280	46,542	27,754	4,631	14,157	–	738
Movement in equity:							
Issue of share capital (Note 22)	61,059	61,059	61,059	–	–	–	–
Share issuance expenses (Note 22)	(1,888)	(1,888)	(1,888)	–	–	–	–
Total comprehensive (loss)/income for the year	(8,042)	(8,090)	–	(432)	–	(7,658)	48
Appropriation for the year (Note 23)	–	–	–	(1,124)	1,124	–	–
Closing balance at 31 December 2014	98,409	97,623	86,925	3,075	15,281	(7,658)	786
Previous year:							
Opening balance at 1 January 2013	47,242	46,589	27,754	5,832	13,003	–	653
Movement in equity:							
Total comprehensive income/(loss) for the year	38	(47)	–	(47)	–	–	85
Appropriation for the year (Note 23)	–	–	–	(1,154)	1,154	–	–
Closing balance at 31 December 2013	47,280	46,542	27,754	4,631	14,157	–	738

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

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2014

Company	Total Equity RMB'000	Share Capital RMB'000	Accumulated Losses RMB'000
Current year:			
Opening balance at 1 January 2014	17,287	27,754	(10,467)
Movement in equity:			
Issue of share capital (Note 22)	61,059	61,059	–
Share issuance expenses (Note 22)	(1,888)	(1,888)	–
Total comprehensive loss for the year	(8,151)	–	(8,151)
Closing balance at 31 December 2014	68,307	86,925	(18,618)
Previous year:			
Opening balance at 1 January 2013	10,611	27,754	(17,143)
Movement in equity:			
Total comprehensive income for the year	6,676	–	6,676
Closing balance at 31 December 2013	17,287	27,754	(10,467)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 31 December 2014

	Group	
	2014	2013
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before tax	3,236	4,474
Adjustments for:		
Interest income	(98)	(182)
Interest expense	1,104	1,388
Depreciation of property, plant and equipment	4,147	4,751
Depreciation of investment properties	–	216
Gain on disposal of plant and equipment	(13)	–
Gain on disposal on investment property	–	(90)
Amortisation of other intangible assets and land use rights	173	175
Write-off of prepayment and other receivables	–	50
Net effect of exchange rate changes in consolidating foreign operations	(7,658)	–
Operating cash flows before changes in working capital	891	10,782
Development property	(53,144)	–
Inventories	(2,838)	386
Trade and other receivables	4,010	(6,200)
Other assets, current	7,735	6,969
Trade and other payables and provisions	1,503	7,254
Other liabilities	(20,057)	6,187
Net cash flows (used in)/from operations before tax	(61,900)	25,378
Income taxes paid	(2,949)	(6,185)
Net cash flows (used in)/from operating activities	(64,849)	19,193
Cash flows from investing activities		
Purchase of plant and equipment	(1,734)	(1,948)
Purchase of intangible assets	(303)	(394)
Proceeds from disposal on investment properties	–	4,400
Proceeds from disposal of plant and equipment	94	–
Interest received	98	182
Net cash flows (used in)/from investing activities	(1,845)	2,240
Cash flows from financing activities		
Interest paid	(214)	(551)
Finance lease repayment	(266)	(236)
Repayment of advances to related parties	–	(5,651)
Repayment to shareholder	(908)	–
Advances received from related parties	–	2,621
Proceeds from term loan	7,039	–
Repayment of bank borrowings	–	(3,300)
Repayment of term loan	(4,693)	–
Repayment of related party loan	(229)	(213)
Proceeds from issuance of new shares, net of issuance expenses	59,171	–
Net cash flows from/(used in) financing activities	59,900	(7,330)
Net (decrease)/increase in cash and cash equivalents	(6,794)	14,103
Cash and cash equivalents, statement of cash flows, beginning balance	25,417	11,314
Cash and cash equivalents, statement of cash flows, ending balance (Note 21)	18,623	25,417

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

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Chinese Renminbi ("RMB") to the nearest thousand. They cover the Company (referred to as "parent") and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement of directors.

The Company is an investment holding company. It is listed on Catalist which is a shares market on Singapore Exchange Securities Trading Ltd.

The principal activities of the subsidiaries are described in Note 17 below.

The registered office address is: 28 Sin Ming Lane, #08-131, Midview City, Singapore 573972. The Company is situated in Singapore.

2. Summary of significant accounting policies

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make 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 reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

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

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Interest is recognised using the effective interest method. Dividends from equity instrument are recognised as income when the entity's right to receive dividend is established. For development properties and land sales, revenue is recognised for strata titled apartment sales on settlement of the contract of sales, when the risks and rewards of ownership are transferred.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the subsidiaries in the PRC have each participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries in the PRC are required to contribute to a certain percentage to the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the Group.

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

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Share Based Compensation

Benefits to employees are also provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is measured by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's shares (or an estimated market price, if the entity's shares are not publicly traded). This fair value amount is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vesting, with the corresponding adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

Foreign currency transactions

The functional currency is the Chinese Renminbi ("RMB") as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

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

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Property, plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold buildings	- 5%
Plant and machinery	- 9% to 25%
Office equipment	- 9% to 100%
Motor vehicles	- 8% to 50%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

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

Development properties

Development properties are properties being constructed or developed for sale. The cost of properties under development comprises specifically identified costs, including land acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development. The cumulative impact of a revision in estimates is recorded in the period such revisions become likely and estimable.

Unsold development properties - Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete development and selling expenses.

The aggregated costs incurred and the profit or loss recognised in each development property that has been sold are compared against progress billings up to the reporting year end. The development properties in progress have operating cycles longer than one year. The management includes in current assets amounts relating to the development properties in progress realisable over a period in excess of one year.

Intangible assets

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

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

Software	– 20%
Mining rights	– 1.67%

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

Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the remaining lease terms. The annual rate of amortisation is 3.33%.

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

Exploration and evaluation assets

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

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

Exploration and evaluation assets are no depleted and are moved into intangible assets when they are determined to meet certain technical feasibility and commercial viability thresholds as determined by management. Upon transfer to intangible assets, exploration and evaluation assets are assessed for impairment in addition to regular impairment reviews to ensure they are not carried at amounts above their estimated recoverable values.

Exploration and evaluation assets are assessed for impairment at the cash-generating unit level when there are indicators of impairment. Management considers the following to be indicators of impairment:

(i) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

(ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

(iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and

(iv) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset.

The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

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

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Business combinations other than those involving entities or business under common control

Business combinations other than those involving entities or business under common control are accounted for by applying the acquisition method. There were none during the year.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

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

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.

4. Available-for-sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

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

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

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

Fair value measurement (cont'd)

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless state otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by setting up the grant as deferred income.

Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, 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. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Useful lives of plant and equipment:
The estimates for the useful lives and related depreciation charges for plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and competitor actions in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) at the end of the reporting year affected by the assumption is RMB10,139,000 (2013: RMB9,879,000).

Allowance for doubtful trade accounts:
An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note on trade and other receivables.

Carrying value of intangible asset:
An assessment is made of the carrying value of identifiable intangible assets annually, or more frequently if events or changes in circumstances indicate that such carrying value may not be recoverable. Factors that trigger an impairment review include underperformance relative to historical or projected future results, significant changes in the manner of the use of the acquired assets or the strategy for the overall business and significant negative industry or economic trends. The most significant variables in determining cash flows are discount rates, terminal values, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows. Amounts estimated could differ materially from what will actually occur in the future. The carrying amount of the specific assets at the end of the reporting year affected by the assumption is RMB9,361,000 (2013: RMB9,187,000).

3. Related party relationships and transactions

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions applies: (i) The entity and the reporting entity are members of the same group. (ii) One entity is an associate or joint venture of the other entity. (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

#3.1 Related companies:

Related companies in these financial statements include the members of the Company's group of companies.

There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any non-current balances and financial guarantees no interest or charge is imposed unless stated otherwise.

Intra-group transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

#3.2. Related parties other than related companies:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any non-current balances and financial guarantees no interest or charge is imposed unless stated otherwise.

Significant related party transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Group Related Parties	
	2014 RMB'000	2013 RMB'000
Interest expenses	50	113

3. **Related party relationships and transactions (cont'd)**

#3.2. Related parties other than related companies: (cont'd)

The related parties are the family members and associates of Fu Hao, a director, and entities controlled by Fu Hao. However Fu Hao had ceased to be a related party with effect from 1 July 2014 as his shareholding in the Company declined below 15%, pursuant to the Company's placement completed in FY2014. The amount of approximately RMB50,000 represented the interest paid by the Group on loan extended by Wang Liming (spouse of Fu Hao) during the period which Fu Hao remained as an interested person, i.e. from 1 January 2014 to 30 June 2014.

	Group Related Parties	
	2014 RMB'000	2013 RMB'000
Rental expenses	87	–

The related party, NHW Pte. Ltd. is a firm controlled by Ng Hong Whee, a director of the Company.

#3.3 Key management compensation:

	2014 RMB'000	2013 RMB'000
Salaries and other short-term employee benefits	4,604	4,201

The above amounts are included under employee benefits expense. Included in the above amounts are following items:

	2014 RMB'000	2013 RMB'000
Remuneration of directors of the Company	1,504	1,599
Fees to directors of the Company	971	643

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The above amounts for key management compensation are for all the directors of the Company and other key management personnel of the Group.

#3.4 Other receivables from and other payables to related parties:

The related parties are the family members and associates of Fu Hao, a director, and entities controlled by Fu Hao. The payables represent funds provided to the Company and its subsidiaries to finance their operations. Fu Hao ceased to be a related party with effect from 1 July 2014 as his shareholding in the Company declined below 15% pursuant to the Company's placement completed in FY 2014.

The trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

3. **Related party relationships and transactions (cont'd)**

#3.4 Other receivables from and other payables to related parties: (cont'd)

The movements in other receivables from and other payables to related parties are as follows:

Group	**Director**	
	2014	**2013**
	RMB'000	**RMB'000**
Other payables:		
Balance at beginning of the year	(1,514)	(330)
Amounts paid in and settlement of liabilities on behalf of the Company	–	(2,351)
Repayments	908	1,167
Reclassification to amount owing to shareholder	606	–
Balance at end of the year (Note 27)	–	(1,514)

Group	**Other Related Parties**	
	2014	**2013**
	RMB'000	**RMB'000**
Other payables:		
Balance at beginning of the year	–	(2,469)
Amounts paid in and settlement of liabilities on behalf of the Company	–	(239)
Repayments	–	2,708
Balance at end of the year (Note 27)	–	–

Company	**Director**	
	2014	**2013**
	RMB'000	**RMB'000**
Other payables:		
Balance at beginning of the year	–	(330)
Amounts paid in and settlement of liabilities on behalf of the Company	–	(837)
Repayments	–	1,167
Balance at end of the year (Note 27)	–	–

Company	**Other Related Parties**	
	2014	**2013**
	RMB'000	**RMB'000**
Other payables:		
Balance at beginning of the year	–	(2,469)
Amounts paid in and settlement of liabilities on behalf of the Company	–	(239)
Repayments	–	2,708
Balance at end of the year (Note 27)	–	–

4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the reporting entity.

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

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

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

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

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

(iv) 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 operations 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").

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

4. Segment information (cont'd)

4B. Profit or loss from operations and reconciliations

	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Property RMB'000	Unallocated RMB'000	Total RMB'000
2014:						
Revenue by Segment	47,064	845,108	–	–	–	892,172
Total revenue	47,064	845,108	–	–	–	892,172
Recurring EBITDA	8,879	9,437	(115)	(227)	–	17,974
Depreciation and amortisation	(3,932)	(67)	(16)	–	(305)	(4,320)
ORBIT	4,947	9,370	(131)	(227)	(305)	13,654
Interest income	55	35	–	–	8	98
Finance costs	(41)	–	–	–	(1,063)	(1,104)
Unallocated corporate expenses					(9,412)	(9,412)
Profit before income tax						3,236
Income tax expenses						(3,620)
Loss, net of tax						(384)

	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Unallocated RMB'000	Total RMB'000
2013:					
Revenue by segment	53,972	747,454	–	–	801,426
Total revenue	53,972	747,454	–	–	801,426
Recurring EBITDA	13,375	6,167	(931)	–	18,611
Depreciation and amortisation	(4,580)	(96)	(16)	(450)	(5,142)
ORBIT	8,795	6,071	(947)	(450)	13,469
Interest income	51	125	–	6	182
Finance costs	(194)	–	–	(1,194)	(1,388)
Unallocated corporate expenses				(7,789)	(7,789)
Profit before income tax					4,474
Income tax expense					(4,436)
Profit, net of tax					38

4. Segment information (cont'd)

4C. Assets and reconciliation

	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Property RMB'000	Unallocated RMB'000	Total RMB'000
2014:						
Total assets for reportable segment	58,626	27,965	106	53,584	–	140,281
Unallocated:						
Property, plant and equipment					1,647	1,647
Deferred tax asset					1,063	1,063
Other assets, current					46	46
Cash and cash equivalents					7,478	7,478
Total group assets	58,626	27,965	106	53,584	10,234	150,515

	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Unallocated RMB'000	Total RMB'000
2013:					
Total assets for reportable segment	60,246	42,627	42	–	102,915
Unallocated:					
Property, plant and equipment				1,953	1,953
Deferred tax assets				947	947
Trade and other receivables				14	14
Other assets, current				49	49
Cash and cash equivalents				9,136	9,136
Total group assets	60,246	42,627	42	12,099	115,014

4. Segment information (cont'd)

4D. Liabilities and reconciliation

	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Property RMB'000	Unallocated RMB'000	Total RMB'000
2014:						
Total liabilities for reportable segment	12,502	13,740	7	1,168	–	27,417
Unallocated:						
Deferred tax liabilities					307	307
Income tax payables					1,951	1,951
Trade and other payables					2,056	2,056
Other financial liabilities					20,375	20,375
Total group liabilities	12,502	13,740	7	1,168	24,689	52,106

	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Unallocated RMB'000	Total RMB'000
2013:					
Total liabilities for reportable segment	14,310	31,721	7	–	46,038
Unallocated:					
Deferred tax liabilities				459	459
Income tax payables				1,012	1,012
Trade and other payables				2,897	2,897
Other financial liabilities				17,328	17,328
Total group liabilities	14,310	31,721	7	21,696	67,734

4. Segment information (cont'd)

4E. Other material items and reconciliations

	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Unallocated RMB'000	Total RMB'000
Prepayment and other receivables written off:					
2014	–	–	–	–	–
2013	–	–	50	–	50
Expenditures for non-current assets:					
2014	1,188	546	–	–	1,734
2013	1,929	19	–	1,605	3,553

4F. Geographical information

	Revenue		Non-current assets	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Singapore	–	–	1,647	1,953
China	892,172	801,426	37,330	39,388
Unallocated	–	–	1,063	947
Subtotal for all foreign countries	892,172	801,426	38,393	40,335
Total continuing operations	892,172	801,426	40,040	42,288

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

4G. Information about major customers

	2014 RMB'000	2013 RMB'000
Top 1 customer in alumina segment	222,129	212,793
Top 2 customers in alumina segment	420,042	324,930
Top 3 customers in alumina segment	537,345	436,730

5. Revenue

	Group	
	2014	2013
	RMB'000	RMB'000
Mining and sale of gypsum ore and powder	47,064	53,972
Sale of alumina	845,108	747,454
	892,172	801,426

6. Interest income

	Group	
	2014	2013
	RMB'000	RMB'000
Interest income	98	182

7. Other gains and (other losses)

	Group	
	2014	2013
	RMB'000	RMB'000
Rental income	–	64
Government grant	13	166
Gain on disposal of investment properties	–	90
Gain on disposal of plant and equipment	13	–
Foreign exchange adjustment losses	(305)	(1,743)
Reversal / (write-off) of prepayment and other receivables	100	(50)
Others	17	55
Net	(162)	(1,418)
Presented in profit or loss as:		
Other gains	143	375
Other losses	(305)	(1,793)
Net	(162)	(1,418)

8. Finance costs

	Group	
	2014	2013
	RMB'000	RMB'000
Imputed interest expense on amounts owing to related parties, non-current	890	837
Bank interest expense	214	551
	1,104	1,388

9. Employee benefits

	Group 2014 RMB'000	Group 2013 RMB'000
Employee benefits expense	24,847	25,986
Contributions to defined contribution plans	3,280	3,106
Total employee benefits expense	28,127	29,092

10. Administrative expenses

	Group 2014 RMB'000	Group 2013 RMB'000
Depreciation and amortisation	610	820
Employee benefits expenses	9,674	9,352
Other administrative expenses	10,777	10,315
	21,061	20,487

11. Income tax

11A. Components of tax expense recognised in profit or loss include:

	Group 2014 RMB'000	Group 2013 RMB'000
Current tax expense:		
Current tax expense	3,656	4,772
Under adjustments to current tax in respect of prior periods	–	76
Subtotal	3,656	4,848
Deferred tax income:		
Deferred tax expenses	227	136
Deferred tax income	(263)	(548)
Subtotal	(36)	(412)
Total income tax expense	3,620	4,436

11. Income tax (cont'd)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2013: 17%) to profit before income tax as a result of the following differences:

	Group	
	2014 RMB'000	2013 RMB'000
Profit before tax	3,236	4,474
Income tax expense at the above rate	550	761
Not deductible items	52	44
Effect of different tax rates in different countries	1,315	3,255
Unrecognised deferred tax asset on tax losses	1,672	300
Withholding tax	31	–
Under adjustments to current tax in respect of prior periods	–	76
Total income tax expense	3,620	4,436

The profits of the Company's subsidiaries in PRC are subject to tax at the PRC statutory corporate income tax rate of 25% from 2008 onwards.

There are no income tax consequences of dividends to owners of the Company.

11B. Deferred tax income recognised in profit or loss include:

	Group	
	2014 RMB'000	2013 RMB'000
Relating to interest free related party loan (Note 25C)	(152)	(142)
Provision for safety expenses	(111)	136
Accrual for mineral resources tax	110	(182)
Accrual for price adjustment fund	117	(224)
Total deferred income tax income recognised in profit or loss	(36)	(412)

11C. Deferred tax balance in the statement of financial position:

	Group	
	2014 RMB'000	2013 RMB'000
From deferred tax assets recognised in profit or loss:		
Provision for safety expenses	144	255
Accrual for mineral resources tax	537	427
Accrual for price adjustment fund	382	265
From deferred tax liabilities directly recognised in equity:		
Relating to interest free related party loan (Note 25C)	(307)	(459)
Net balance	756	488

11. Income tax (cont'd)

Presented in the statement of financial position as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Deferred tax liabilities	(307)	(459)
Deferred tax assets	1,063	947
Net position	756	488

It is impracticable to estimate the amount expected to be settled or used within one year.

At the end of the reporting year, the aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised was approximately RMB1.5 million (2013: RMB754,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Unrecognised deferred tax assets:	Group	
	2014	2013
	RMB'000	RMB'000
Unused tax losses available	1,703	300

No deferred tax assets for the unused tax losses has been recognised in respect of the remaining of the above balance, as the future profit streams are not probable against which the deductible temporary difference can be utilised.

For the Singapore companies, the realisation of the future income tax benefits from tax loss carry forwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

Included in unused tax losses are PRC subsidiaries' tax losses of RMB69,300 (2013: RMB 300,000) that will expired in 2019.

12. Loss per share

The following table illustrates the numerators and denominators used to calculate basic and diluted loss per share of no par value:

	Group 2014	Group 2013
A. Numerators: earnings attributable to equity:		
Continuing operations: attributable to equity holders (RMB'000)	(432)	(47)
B. Denominators: weighted average number of equity shares		
Basic and Diluted ('000)	266,375	175,500

There is no dilution of earnings per share as there are no shares under options. The denominators used are the same as those detailed above for both basic and diluted earnings per share.

The weighted average number of equity shares refers to shares in circulation during the reporting period.

13. Items in the profit or loss

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges:

	Group 2014 RMB'000	Group 2013 RMB'000
External auditors		
Audit fees to external auditor of the Company	503	383
Audit fees to external auditors of the subsidiaries	519	400
Non-audit fees paid to the external auditors of the Company	7	156
	1,029	939
Internal auditors		
Audit fee to internal auditors of the Company	32	263

14. Property, plant and equipment

Group	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
Cost:						
At 1 January 2013	–	66,145	30,550	1,451	4,176	102,322
Additions	–	576	186	68	2,723	3,553
At 31 December 2013	–	66,721	30,736	1,519	6,899	105,875
Additions	33	–	798	46	857	1,734
Disposal	–	–	(120)	(127)	(1,358)	(1,605)
At 31 December 2014	33	66,721	31,414	1,438	6,398	106,004
Accumulated Depreciation						
At 1 January 2013	–	41,587	23,476	1,150	3,261	69,474
Depreciation for the year	–	3,363	605	58	725	4,751
At 31 December 2013	–	44,950	24,081	1,208	3,986	74,225
Depreciation for the year	–	2,787	485	60	815	4,147
Disposal	–	–	(114)	(120)	(1,290)	(1,524)
At 31 December 2014	–	47,737	24,452	1,148	3,511	76,848
Net Book Value						
At 1 January 2013	–	24,558	7,074	301	915	32,848
At 31 December 2013	–	21,771	6,655	311	2,913	31,650
At 31 December 2014	33	18,984	6,962	290	2,887	29,156

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

Company	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost:			
At 1 January 2013	27	728	755
Additions	–	1,605	1,605
At 31 December 2013	27	2,333	2,360
Additions	–	–	–
At 31 December 2014	27	2,333	2,360
Accumulated Depreciation			
At 1 January 2013	11	162	173
Depreciation for the year	9	225	234
At 31 December 2013	20	387	407
Depreciation for the year	6	300	306
At 31 December 2014	26	687	713
Net Book Value			
At 1 January 2013	16	566	582
At 31 December 2013	7	1,946	1,953
At 31 December 2014	1	1,646	1,647

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

(ii) Certain items are under finance lease agreement (see Note 25A).

(iii) The depreciation expense is charged as follows:

	Cost of sales RMB'000	Distribution costs RMB'000	Administrative expenses RMB'000	Total RMB'000
Group:				
2014	3,694	16	437	4,147
2013	4,105	1	645	4,751

15. **Intangible assets**

Group	Definite life		Indefinite life	
			Exploration and evaluation	
	Software	Mining rights	assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At Cost:				
At 1 January 2013	96	7,725	1,453	9,274
Additions	–	–	394	394
At 31 December 2013	96	7,725	1,847	9,668
Additions	–	–	303	303
At 31 December 2014	96	7,725	2,150	9,971
Accumulated Amortisation:				
At 1 January 2013	20	256	–	276
Amortisation for the year	19	129	–	148
At 31 December 2013	39	385	–	424
Amortisation for the year	17	129	–	146
At 31 December 2014	56	514	–	570
Net Book Value:				
At 1 January 2013	76	7,469	1,453	8,998
At 31 December 2013	57	7,340	1,847	9,244
At 31 December 2014	40	7,211	2,150	9,401

The amortisation expense is included under the administrative expenses in profit or loss.

The indefinite life exploration and evaluation assets was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of the asset has been measured based on the fair value less costs of disposal method or the value in use method as appropriate for the asset. No impairment allowance was recognised because the carrying amount of the asset was lower than their recoverable amount.

The value in use was determined by the management. The value in use is a recurring fair value measurement (Level 3). Then quantitative information about the value in use measurement using significant unobservable inputs for the asset is consistent with those used for the measurement last performed.

The impairment test has been carried out using a discounted cash flow model covering a 10-year period (2013: 10 year). Cash flow projects are based on 1 year (2013: 1 year) budget and plans approved by the management. Cash flows projections beyond that 1 year budget have been extrapolated on the basis of 5% (2013: 5%) growth rates. Such growth rates do not exceed the long-term average growth rate of the segment. The pre-tax discount rate applied is 7.65% (2013: 8.05%).

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

No impairment charges were recognised in the reporting year (2013: Nil) because the carrying amount of the asset was lower than their recoverable amount.

16. Other assets

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Land use rights (Note 16A)	420	447	–	–
Current:				
Advances to suppliers *	15,364	23,134	–	–
Prepayment	38	–	–	–
Deposits	46	49	46	49
Subtotal	15,448	23,183	46	49
	15,868	23,630	46	49

* The advances to suppliers relate to the amount paid to suppliers to secure the goods to be purchased in future.

16A. Land use rights

	Group	
	2014	2013
	RMB'000	RMB'000
Land use rights		
Cost:		
At beginning of the year	1,412	1,412
Additions	–	–
At the end of the year	1,412	1,412
Accumulated amortisation:		
At beginning of the year	965	938
Amortisation for the year included under cost of sales	27	27
At the end of the year	992	965
Net book value:		
At beginning of the year	447	474
At end of the year	420	447
Balance to be amortised:		
Not later than one year	27	27
Later than one year and not later than five years	108	108
Later than five years	285	312
	420	447

The land use rights were acquired for the lease of the land from the authorities in the People's Republic of China. The factory building and production lines of the Company's subsidiary, Shandong Luneng Taishan Mining Co., Ltd, are located on the said land.The amortisation expense is included under the administrative expenses in profit or loss.

Detail of the Group's land use rights:

Address	Land Area (Sq m)	Date of Grant	Lease Expiry Date
Tai'an City, Jiao District, Ma Zhuang Town (泰安市郊区马庄镇)	39,833	March 1999	March 2049
Tai'an City, Jiao District, Ma Zhuang Town, Dasi Village (泰安市郊区马庄镇大寺村)	21,817	March 1999	December 2045

17. Investment in a subsidiaries

	Company 2014 RMB'000	Company 2013 RMB'000
Unquoted equity interest at cost	63,474	5,000

The listing of and information on the subsidiaries are given below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities (and Independent Auditors)	Cost of the Investment 2014 RMB'000	Cost of the Investment 2013 RMB'000	Effective Percentage of Equity Held by Group 2014 RMB'000	Effective Percentage of Equity Held by Group 2013 RMB'000
Beijing Raffles Investment Advisory Co., Ltd. People's Republic of China Investment holding company (RSM China Certified Public Accountants, LLP) #a	5,000	5,000	100	100
Sincap Australia Pte. Ltd. Singapore Investment holding company (RSM Chio Lim LLP)	58,474	–	100	–
Held by Beijing Raffles Investment Advisory Co., Ltd.:				
Beijing Sino-Lonther International Trading Co., Ltd. People's Republic of China Sale of alumina (RSM China Certified Public Accountants, LLP) #a	20,000	20,000	100	100
Shandong Luneng Taishan Mining Co., Ltd. People's Republic of China Mining and sale of gypsum and gypsum related products (RSM China Certified Public Accountants, LLP) #a	40,000	40,000	98.69	98.69
Shandong Sincap International Trading Co., Ltd. People's Republic of China Sale of coal (RSM China Certified Public Accountants, LLP) #a	10,000	10,000	100	100
Held by Sincap Australia Pte. Ltd.:				
Sincap Land (Aus) Pty Ltd Australia Investment holding company (RSM Bird Cameron Partners) #a	57,552	–	100	–
SCL Murray Pty Ltd Australia Property development and investment (RSM Bird Cameron Partners) #a	57,552	–	100	–

17. Investment in a subsidiaries (cont'd)

#a Member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member. The statutory financial statements of the subsidiaries were audited by the above named statutory auditors.

18. Development property

	Group 2014 RMB'000	Group 2013 RMB'000
Development properties held for sale in the process of development	53,450	–
Total	53,450	–

	2014	2013
Interest expense capitalised during the reporting year as cost of development properties	305	-

The rate of interest capitalised during the year is at 12% (2013: Nil) per annum.

The listing of and information on the development property is given below:

Project Name, Location	Description	Tenure	Land Area (sqm)	Percentage of Completion at 31 December 2014	Interest Held by the Group	Expected Completion Date
581 Murray Street, Perth, Australia	Real estate property currently comprises two adjoining lots with a two-level office building	Freehold	2,575	–	100%	Unknown

19. Inventories

	Group 2014 RMB'000	Group 2013 RMB'000
Gypsum ore and powder, at cost	1,065	1,737
Alumina in transit	3,495	–
Ancillary materials, spare parts and small tools	1,039	1,024
Total	5,599	2,761
The amount of inventories included in cost of sales	860,321	766,451

There are no inventories pledged as security for liabilities.

20. Trade and other receivables, current

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables:				
Outside parties	3,943	5,913	–	–
Bill receivables	7,008	11,056	–	–
Sub-total	10,951	16,969	–	–
Other receivables:				
Outside parties	6,404	4,396	–	–
Subsidiaries (Note 3)	–	–	8,281	5,951
Sub-total	6,404	4,396	8,281	5,951
Total trade and other receivables	17,355	21,365	8,281	5,951

21. Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Not restricted in use	18,623	25,417	490	8,594
Interest earning balances	18,115	16,837	14	14

The rates of interest for the cash on interest earning balances ranged between 0.35% and 0.36% (2013: 0.35% and 2.60%) per annum.

There were acquisitions of certain assets under property, plant and equipment with a total cost of Nil (2013: RMB 1,605,000) acquired by means of finance lease.

22. Share capital

	Group and Company		
	Number of shares issued	Share capital	Issued share capital RMB'000
		S$'000	Equivalent
Ordinary shares of no par value:			
Balance at 1 January and 31 December 2013	175,500,000	5,543	27,754
Issue of share capital pursuant to a placement	175,500,000	12,285	61,059
Share issuance expenses	–	(380)	(1,888)
Balance at 31 December 2014	351,000,000	17,448	86,925

22. Share capital (cont'd)

The ordinary shares of no par value carry no right to fixed income and are fully paid and with one vote per share. The Company is not subject to any externally imposed capital requirements except the only externally imposed capital requirement is that for the group to maintain its listing on the Singapore Exchange Securities Trading Limited it has to have share capital of at least a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float and it demonstrated continuing compliance with the 10% limit throughout the year.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, and retained earnings).

	Group	
	2014	**2013**
	RMB'000	**RMB'000**
Net debt:		
All current and non-current borrowings	20,375	17,328
Less cash and cash equivalents	(18,623)	(25,417)
Net debt/(cash)	1,752	(8,089)
Adjusted capital:		
Total equity	98,409	47,280
Adjusted capital	98,409	47,280
Debt-to-adjusted capital ratio	1.8%	N.M

N.M: Not Meaningful

23. Statutory reserve

Under the PRC regulations, a company is required to set up a statutory reserve which represents a non-distributable reserve made at a rate of 10% of net profit after tax. Contribution to this reserve is no longer mandatory when the reserve reaches 50% of the registered share capital. The statutory reserve is not available for distribution as cash dividend. The reserve is to be used in accordance to the circumstances as stipulated in the relevant regulations.

24. Foreign currency translation reserve

	Group	
	2014	2013
	RMB'000	RMB'000
At beginning of the year	–	–
Exchange differences on translating foreign operations	(7,658)	–
At end of the year	(7,658)	–

25. Other financial liabilities

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Finance leases (Note 25A)	1,423	1,693	1,423	1,693
Related party loan (Note 25B)	950	1,219	–	–
Amount owing to related parties (Note 25C)	–	13,991	–	–
Amount owing to a shareholder (Note 25D)	9,874	–	–	–
Sub-total	12,247	16,903	1,423	1,693
Current:				
Finance leases (Note 25A)	237	233	237	233
Related party loan (Note 25B)	232	192	–	–
Amount owing to a shareholder (Note 25D)	5,007	–	–	–
Term loan (Note 25E)	2,652	–	2,652	–
Sub-total	8,128	425	2,889	233
	20,375	17,328	4,312	1,926

25. Other financial liabilities (cont'd)

25A. Finance leases

Group and Company 2014	**Minimum payments RMB'000**	**Finance charges RMB'000**	**Present value RMB'000**
Minimum lease payments payable:			
Due within 1 year	300	(63)	237
Due within 2 to 5 years	1,118	(155)	963
Due after 5 years	484	(24)	460
Total	1,902	(242)	1,660
Net book value of plant and equipment under finance leases			1,646

Group and Company 2013	**Minimum payments RMB'000**	**Finance charges RMB'000**	**Present value RMB'000**
Minimum lease payments payable:			
Due within 1 year	307	(74)	233
Due within 2 to 5 years	1,228	(199)	1,029
Due after 5 years	712	(48)	664
Total	2,247	(321)	1,926
Net book value of plant and equipment under finance leases			1,946

There are leases for certain of its plant and equipment under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets. Other details are as follows:

	Group	
	2014	**2013**
Average lease term, in years	8	8
Average effective borrowing rate per year	3.91%	3.91%

25. Other financial liabilities (cont'd)

25B. Related party loan

The related party loan is repayable by monthly instalments over 10 years from March 2009. It is unsecured and bears a floating interest rate at 110% of the prevailing prime lending rate of the People's Bank of China. The effective interest rate for the year is 6.77% (2013: 7.49%) per annum.

25C. Amounts owing to related parties, non-current

These represent amount owing to Beijing Lu Kuang Engineering Advisory Co., Ltd. which is wholly owned by Fu Hao (see Note 3). The gross amount owing to Beijing Lu Kuang Engineering Advisory Co., Ltd. of RMB16,690,000 is interest free and repayable by 2 equal yearly instalments of RMB5,007,000 on the fourth and fifth anniversary of the admission of the Company to the Official List of Catalist on 12 July 2012 and a final instalment of RMB6,676,000 on the sixth anniversary of the admission of the Company to the Official List of Catalist.

The amount owing to Beijing Lu Kuang Engineering Advisory Co., Ltd. is stated at fair value (Level 2) at inception at a deemed interest of 6.9% (2013: 6.9%) per annum based on the market rates. The total difference between the fair value and the amount received at inception of RMB4,324,000 is recognised in retained earnings directly. The corresponding deferred tax liabilities of RMB735,000 were also recognised directly to retained earnings in FY2011. After initial recognition, the amount owing to Beijing Lu Kuang Engineering Advisory Co., Ltd. is measured at amortised cost. The deemed interest computed is recognised in the statement of profit or loss and other comprehensive income as finance expenses over the repayment term using the effective interest rate of 6.9% per annum.

The related party loan as at 31 December 2013 was reclassified to amount owing to shareholder as at 31 December 2014 upon the assignment of the loan by Beijing Lu Kuang Engineering Advisory Co., Ltd. to Fu Hao and due to a reduction in Fu Hao's shareholding in the Company to below 15% (but above 5%) in FY2014, thereby rendering the lender to be classified as a shareholder of the Company and not a related party as at 31 December 2014.

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Movements during the year:				
Balance at beginning of the year	13,991	13,154	–	–
Unwinding of discount	890	837	–	–
Reclassification to amount owing to shareholder, non-current (Note 25D)	(9,874)	–	–	–
Reclassification to amount owing to shareholder, current (Note 25D)	(5,007)	–	–	–
Balance at end of the year	–	13,991	–	–

25. Other financial liabilities (cont'd)

25D. Amounts owing to a shareholder

As mentioned above, the related party loan as at 31 December 2013 was reclassified to amount owing to shareholder as at 31 December 2014 due to a reduction in the relevant lender's shareholding in the Company to below 15% (but above 5%), thereby rendering the lender to be classified as a shareholder of the Company and not a related party as at 31 December 2014.

	Group	
	2014	2013
	RMB'000	RMB'000
Amount owing to a shareholder, non-current		
Movements during the year:		
Balance at beginning of the year	–	–
Reclassification from amounts owing to related parties, non-current (Note 25C)	9,874	–
Balance at end of the year	9,874	–

	Group	
	2014	2013
	RMB'000	RMB'000
Amount owing to a shareholder, current		
Movements during the year:		
Balance at beginning of the year	–	–
Reclassification from amounts owing to related parties, non-current (Note 25C)	5,007	–
Balance at end of the year	5,007	–

25E. Term loan

The short-term term loan is unsecured and bears a fixed interest rate at 12% per annum and repayable on demand.

26. Provision

	Group	
	2014	2013
	RMB'000	RMB'000
Provision for safety expenses	576	1,020
Movement in provision for safety expenses:		
Balance at beginning of the year	1,020	1,564
Provision for the year	1,941	2,107
Utilisation during the year	(2,385)	(2,651)
Balance at end of the year	576	1,020

Under the PRC regulations, a subsidiary is required to provide the safety expenses which is made at a rate of RMB4 per tonne (2013: RMB4 per tonne) of gypsum extracted during the year. The provision of safety expenses is to be used to improve the safety of the working environment.

27. Trade and other payables, current

	Group 2014 RMB'000	Group 2013 RMB'000	Company 2014 RMB'000	Company 2013 RMB'000
Trade payables:				
Outside parties and accrued liabilities	11,275	9,777	1,288	1,334
Sub-total	11,275	9,777	1,288	1,334
Other payables:				
Outside parties	10,067	9,618	–	–
Subsidiaries (Note 3)	–	–	–	1,000
Shareholder (Note 3)	606	–	–	–
Directors (Note 3)	–	1,514	–	–
Sub-total	10,673	11,132	–	1,000
	21,948	20,909	1,288	2,334

28. Other liabilities, current

	Group 2014 RMB'000	Group 2013 RMB'000	Company 2014 RMB'000	Company 2013 RMB'000
Advances from customers	6,949	27,006	–	–

29. Financial instruments: information on financial risks

29A. Classification of financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	Group 2014 RMB'000	Group 2013 RMB'000	Company 2014 RMB'000	Company 2013 RMB'000
Financial assets:				
Cash and cash equivalents	18,623	25,417	490	8,594
Trade and other receivables	17,355	21,365	8,281	5,951
At end of the year	35,978	46,782	8,771	14,545
Financial liabilities:				
Other financial liabilities at amortised cost	20,375	17,328	4,312	1,926
Trade and other payables at amortised cost	21,948	20,909	1,288	2,334
At end of the year	42,323	38,237	5,600	4,260

Further quantitative disclosures are included throughout these financial statements.

There are no significant fair value measurements recognised in the statement of financial position.

29. Financial instruments: information on financial risks (cont'd)

29B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. The management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks. However these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency and market risk for all kinds of transactions.

2. All financial risk management activities are carried out and monitored by senior management staff.

3. All financial risk management activities are carried out following the good market practices.

There have been no changes to the exposure to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

29C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

29D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below.

Note 21 discloses the maturity of the cash and cash equivalents balances.

29. Financial instruments: information on financial risks (cont'd)

29D. Credit risk on financial assets (cont'd)

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 days (2013: 30 days). But some customers take a longer period to settle the amounts.

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group	
	2014	**2013**
	RMB'000	**RMB'000**
Trade receivables:		
Less than 90 days	2,910	5,683
Over 90 days	1,033	230
Total	3,943	5,913

(b) At the end of reporting year there were no amount that were impaired.

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivable customers as at end of reporting year:

	Group	
	2014	**2013**
	RMB'000	**RMB'000**
Group:		
Top 1 customer	1,779	3,008
Top 2 customers	3,148	4,009
Top 3 customers	3,323	4,672

29. Financial instruments: information on financial risks (cont'd)

29E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Less than 1 year RMB'000	2 – 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Group				
Non-derivative financial liabilities:				
2014:				
Gross borrowings commitments	8,249	11,069	–	19,318
Gross finance lease obligations	300	1,118	484	1,902
Trade and other payables	21,948	–	–	21,948
At end of the year	30,497	12,187	484	43,168

	Less than 1 year RMB'000	2 – 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Group				
Non-derivative financial liabilities:				
2013:				
Gross borrowings commitments	295	17,730	503	18,528
Gross finance lease obligations	307	1,228	712	2,247
Trade and other payables	20,909	–	–	20,909
At end of the year	21,511	18,958	1,215	41,684

	Less than 1 year RMB'000	2 – 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Company				
Non-derivative financial liabilities:				
2014:				
Gross borrowings commitments	2,970	–	–	2,970
Gross finance lease obligations	300	1,118	484	1,902
Trade and other payables	1,288	–	–	1,288
At end of the year	4,558	1,118	484	6,160

	Less than 1 year RMB'000	2 – 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Company				
Non-derivative financial liabilities:				
2013:				
Gross borrowings commitments	307	1,228	712	2,247
Trade and other payables	2,334	–	–	2,334
At end of the year	2,641	1,228	712	4,581

29. Financial instruments: information on financial risks (cont'd)

29E. Liquidity risk – financial liabilities maturity analysis(cont'd)

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

The undiscounted amounts on the bank borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2013: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

The Group has no undrawn bank facilities as at end of the reporting year.

29F. Interest rate risk

The interest rate risk exposure is from changes in fixed rate and floating interest rates and it mainly concerns financial liabilities which are both fixed rate and floating rate. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Financial liabilities with interest:				
Fixed rates	4,312	1,926	4,312	1,926
Floating rates	1,182	1,411	–	–
Total at end of the year	5,494	3,337	4,312	1,926
Financial assets with interest:				
Floating rates	18,115	16,837	14	14

The floating rate debt obligations are with interest rates that are re-set regularly intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis: The effect on profit before tax is not significant.

29. Financial instruments: information on financial risks (cont'd)

29G. Foreign currency risks

Analysis of amount denominated in non-functional currencies:

	US dollars RMB'000	Singapore dollars RMB'000	Australia dollars RMB'000	Total RMB'000
Group				
2014:				
Financial assets:				
Cash and cash equivalents	26	511	358	895
Trade and other receivables	–	–	14	14
Total financial assets	26	511	372	909
2014:				
Financial liabilities:				
Borrowings	–	4,312	–	4,312
Trade and other payables	–	1,307	1,217	2,524
Total financial liabilities	–	5,619	1,217	6,836
Net financial assets at end of the year	26	(5,108)	(845)	(5,927)

	US dollars RMB'000	Singapore dollars RMB'000	Total RMB'000
Group			
2013:			
Financial assets:			
Cash and cash equivalents	15	8,585	8,600
Total financial assets	15	8,585	8,600
2013:			
Financial liabilities:			
Borrowings	–	1,926	1,926
Trade and other payables	–	1,334	1,334
Total financial liabilities	–	3,260	3,260
Net financial assets at end of the year	15	5,325	5,340

29. Financial instruments: information on financial risks (cont'd)

29G. Foreign currency risks (cont'd)

	US dollars RMB'000	Singapore dollars RMB'000	Total RMB'000
Company			
2014:			
Financial assets:			
Cash and cash equivalents	14	475	489
Total financial assets	14	475	489
2014:			
Financial liabilities:			
Borrowings	–	4,312	4,312
Trade and other payables	–	1,288	1,288
Total financial liabilities	–	5,600	5,600
Net financial assets at end of the year	14	(5,125)	(5,111)

	US dollars RMB'000	Singapore dollars RMB'000	Total RMB'000
Company			
2013:			
Financial assets:			
Cash and cash equivalents	14	8,580	8,594
Trade and other receivables	–	5,951	5,951
Total financial assets	14	14,531	14,545
2013:			
Financial liabilities:			
Borrowings	–	1,926	1,926
Trade and other payables	–	1,334	1,334
Total financial liabilities	–	3,260	3,260
Net financial assets at end of the year	14	11,271	11,285

There is exposure to foreign currency risk as part of its normal business.

29. Financial instruments: information on financial risks (cont'd)

29G. Foreign currency risks (cont'd)

Sensitivity analysis:

	2014 RMB'000	2013 RMB'000
Group		
A hypothetical 10% strengthening in the exchange rate of the functional currency RMB against Singapore dollars with all other variables held constant would have a favorable/adverse effect on pre-tax profit of	511	(533)

	2014 RMB'000	2013 RMB'000
Company		
A hypothetical 10% strengthening in the exchange rate of the functional currency RMB against Singapore dollars with all other variables held constant would have a favorable/adverse effect on pre-tax profit of	513	(1,127)

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

30. Operating lease payment commitments

At the end of the reporting year, the total of future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Not later than one year	759	343
Later than one year and not later than five years	306	–
Rental expense for the year	689	638

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.

31. Operating lease income commitments

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Not later than one year	–	–
Later than one year and not later than five years	–	–
Rental income for the year	–	34

Operating lease income is for rentals receivable for certain investment properties.

32. Events after the end of the reporting year

The Company had, on 12 March 2015, granted awards to eligible employees pursuant to the Share Plan. The aggregate number of shares under the Awards granted shall be 3,604,000 ordinary shares ("Share Awards"). The Award Shares were vested on 12 March 2015.

33. Changes and adoption of financial reporting standards

For the current reporting year the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 27	Consolidated and Separate Financial Statements (Amendments to)
FRS 27	Separate Financial Statements (Revised)
FRS 28	Investments in Associates and Joint Ventures (Revised) (*)
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) (*)
FRS 39	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting (*)
FRS 110	Consolidated Financial Statements
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112
FRS 111	Joint Arrangements (*)
FRS 112	Disclosure of Interests in Other Entities (*)
INT FRS 121	Levies (*)

(*) Not relevant to the entity.

34. Future changes in financial reporting standards

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 19	Amendments To FRS 19: Defined Benefit Plans: Employee Contributions	1 Jul 2014
	Improvements to FRSs (Issued in January 2014). Relating to FRS 102 Share-based Payment FRS 103 Business Combinations FRS 108 Operating Segments FRS 113 Fair Value Measurement FRS 16 Property, Plant and Equipment FRS 24 Related Party Disclosures FRS 38 Intangible Assets	1 Jul 2014
	Improvements to FRSs (Issued in February 2014). Relating to FRS 103 Business Combinations FRS 113 Fair Value Measurement FRS 40 Investment Property	1 Jul 2014
FRS 1	Amendments to FRS 1: Disclosure Initiative	1 Jan 2016
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
FRS 16, FRS 41	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants (*)	1 Jan 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1 Jan 2016
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (*)	1 Jan 2016
FRS 110, FRS 112, FRS 28	Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 Jan 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations (*)	1 Jan 2016
FRS 114	Regulatory Deferral Accounts (*)	1 Jan 2016
Various	Improvements to FRSs (November 2014)	1 Jan 2016
FRS 115	Revenue from Contracts with Customers	1 Jan 2017
FRS 109	Financial Instruments	1 Jan 2018

(*) Not relevant to the entity.

SHAREHOLDERS' INFORMATION

As at 20 March 2015

STATISTICS OF SHAREHOLDINGS

Issued and fully paid-up capital	:	S$ 17,671,572 (RMB 87,933,458)#
Number of shares	:	354,604,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

(As recorded in the Register of Members and Depository Register)

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	-	-	-	-
100 - 1,000	8	2.31	6,825	0.00
1,001 - 10,000	29	8.36	209,000	0.06
10,001 - 1,000,000	273	78.67	41,186,700	11.62
1,000,001 and above	37	10.66	313,201,475	88.32
TOTAL	**347**	**100.00**	**354,604,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Estelle Success Corp	45,999,900	12.97	-	-
Ng Hong Whee	325,000	0.09	45,999,900(1)	12.97
Ng Han Meng	39,000,000	11.00	-	-
Joseph Yeo Poh Hwee	33,950,100	9.57	-	-
Fu Hao	19,774,500	5.58	-	-

Note:

(1) Ng Hong Whee is deemed to have an interest in the 45,999,900 Shares held by Estelle Success Corp by virtue of Section 7 of the Companies Act (Chapter 50) of Singapore.

SHARES HELD BY PUBLIC

Based on the information provided to the Company as at 20 March 2015, approximately 60.79% of the issued ordinary shares of the Company was held in the hands of the public defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**"). Accordingly, Rule 723 of the Catalist Rules has been complied with.

As per the Company's accounting records as at 20 March 2015

SHAREHOLDERS' INFORMATION

As at 20 March 2015

TWENTY LARGEST SHAREHOLDERS

(As recorded in the Register of Members and Depository Register)

No.	Name	No. of Shares	%
1	RAFFLES NOMINEES (PTE) LIMITED	68,462,400	19.31
2	ESTELLE SUCCESS CORP	45,999,900	12.97
3	JOSEPH YEO POH HWEE	25,000,100	7.05
4	UOB KAY HIAN PRIVATE LIMITED	21,255,375	5.99
5	FU HAO	19,764,500	5.57
6	HONG LEONG FINANCE NOMINEES PTE LTD	14,000,000	3.95
7	OCBC SECURITIES PRIVATE LIMITED	11,967,000	3.37
8	FONG KIM CHIT	9,000,000	2.54
9	BAY CHEOW GUAN DAVID	8,500,000	2.40
10	OR LAY HUAT DANIEL	7,300,000	2.06
11	BANK OF SINGAPORE NOMINEES PTE. LTD.	7,200,000	2.03
12	SHARON GONZAGO	6,110,000	1.72
13	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,948,900	1.68
14	CITIBANK NOMINEES SINGAPORE PTE LTD	5,800,000	1.64
15	SIM SIEW TIN CAROL (SHEN XIUZHEN CAROL)	5,000,000	1.41
16	STF INVESTMENTS LTD	4,989,100	1.41
17	ZHANG JINMING	4,111,000	1.16
18	TENG TIAN LIAN	3,700,000	1.04
19	KWOK CHEN LIN	3,558,000	1.00
20	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,550,000	1.00
	TOTAL	**281,216,275**	**79.30**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of SINCAP GROUP LIMITED (the "**Company**") will be held at Ruby Suite, Social Clubhouse – Level 2, Orchid Country Club, 1 Orchid Club Road, Singapore 769162, on Thursday, 30 April 2015 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Ng Hong Whee as a Director of the Company, who is retiring pursuant to Article 99 of the Company's Articles of Association.
[See Explanatory Note (i)] **(Resolution 2)**

3. To re-elect Mr Tan Seow Kheng as a Director of the Company, who is retiring pursuant to Article 100 of the Company's Articles of Association.
[See Explanatory Note (ii)] **(Resolution 3)**

4. To re-elect Mr Yong Chor Ken as a Director of the Company, who is retiring pursuant to Article 100 of the Company's Articles of Association.
[See Explanatory Note (iii)] **(Resolution 4)**

5. To re-elect Mr Tay Wee Kwang as a Director of the Company, who is retiring pursuant to Article 100 of the Company's Articles of Association.
[See Explanatory Note (iv)] **(Resolution 5)**

6. To re-elect Mr Chu Ming Kin as a Director of the Company, who is retiring pursuant to Article 81 of the Company's Articles of Association.
[See Explanatory Note (v)] **(Resolution 6)**

7. To re-elect Mr Bay Cheow Guan David as a Director of the Company, who is retiring pursuant to Article 81 of the Company's Articles of Association.
[See Explanatory Note (vi)] **(Resolution 7)**

8. To approve the payment of Directors' fees of S$184,639 for the financial year ended 31 December 2014. (2013: S$115,000) **(Resolution 8)**

9. To approve the payment of Directors' fees of up to S$278,620 for the financial year ending 31 December 2015, payable quarterly in arrears. **(Resolution 9)**

10. To re-appoint RSM Chio Lim LLP, as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 10)**

11. To transact any other ordinary business which may properly be transacted at an annual general meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

12. Authority to allot and issue shares

"That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), 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 Ordinary 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 Ordinary 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 Ordinary Resolution) and Instruments to be issued pursuant to this Ordinary Resolution shall not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued (including shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares) 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 (including shares to be issued pursuant to the Instruments) that may be issued under subparagraph (1) above, the percentage of shares that may be issued shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Ordinary Resolution, after adjusting for:

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

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

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

(3) in exercising the authority conferred by this Ordinary 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 SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next Annual General Meeting of the Company or (ii) 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 (vii)] **(Resolution 11)**

13. Authority to allot and issue shares under the Sincap Performance Share Plan

"That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are authorised to grant awards in accordance with the provisions of the Sincap Performance Share Plan (the "**Plan**") and to allot and issue from time to time such number of fully-paid up shares as may be required to be allotted and issued pursuant to the vesting of the awards under the Plan."
[See Explanatory Note (viii)] **(Resolution 12)**

By Order of the Board

Lun Chee Leong
Company Secretary

Singapore, 15 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The key information of Mr Ng Hong Whee can be found in the Annual Report. Mr Ng Hong Whee will, upon re-election, remain as an Executive Director and Chief Executive Officer of the Company. Mr Ng Hong Whee has a direct interest of 0.09% in the capital of the Company, and a deemed interest in 12.97% in the capital of the Company. Mr Ng Hong Whee is deemed interested in the 45,999,900 shares held by Estelle Success Corp by virtue of Section 7 of the Companies Act (Chapter 50) of Singapore. Save for the foregoing, there are no relationships between Mr Ng Hong Whee and the Directors, the Company or its 10% shareholders.

(ii) The key information of Mr Tan Seow Kheng can be found in the Annual Report. Mr Tan Seow Kheng will, upon re-election as a Director of the Company, remain as a Non-Executive Director of the Company. There are no relationships between Mr Tan Seow Kheng and the Directors, the Company or its 10% shareholders.

(iii) The key information of Mr Yong Chor Ken can be found in the Annual Report. Mr Yong Chor Ken will, upon re-election as a Director of the Company, remain as the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee and the Nominating Committee. The Board considers him to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited. There are no relationships between Mr Yong Chor Ken and the Directors, the Company or its 10% shareholders.

(iv) The key information of Mr Tay Wee Kwang can be found in the Annual Report. Mr Tay Wee Kwang will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Remuneration Committee and the Audit and Risk Committee. The Board considers him to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited. There are no relationships between Mr Tay Wee Kwang and the Directors, the Company or its 10% shareholders.

(v) The key information of Mr Chu Ming Kin can be found in the Annual Report. Mr Chu Ming Kin will, upon re-election as a Director of the Company, assume the role of a Non-Executive Chairman of the Company. There are no relationships between Mr Chu Ming Kin and the Directors, the Company or its 10% shareholders.

(vi) The key information of Mr Bay Cheow Guan David can be found in the Annual Report. Mr Bay Cheow Guan David will, upon re-election as a Director of the Company, remain as a member of the Audit and Risk Committee, the Remuneration Committee and the Nominating Committee. The Board consider him to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited. There are no relationships between Mr Bay Cheow Guan David and the Directors, the Company or its 10% shareholders.

(vii) Ordinary Resolution 11 proposed in item 12 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or the date such authority is revoked by the Company in a general meeting, whichever is the earliest, 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 issued shares in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to existing shareholders.

For determining the aggregate number of shares that may be issued, the percentage of shares that may be issued (including shares that are to be issued pursuant to the Instruments) will be calculated based on the issued shares in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of passing of this Ordinary Resolution and any subsequent bonus issue, consolidation or subdivision of shares.

(viii) Ordinary Resolution 12 proposed in item 13 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the date of the next Annual General Meeting, to grant awards pursuant to the Plan and allot and issue fully-paid shares due from such awards granted subject to the maximum number of shares prescribed under the terms and conditions of the Plan. The aggregate number of shares which may be delivered pursuant to awards granted under the Plan and all other shares issued and issuable or delivered and deliverable under any other share-based incentive schemes of the Company for the time being in force, shall not exceed 15% of the total number of issued shares excluding treasury shares in the capital of the Company on the day preceding the relevant date of grant of the awards. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution 11.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. Where a member appoints two proxies, he or she shall specify the proportion of his or her shareholding to be represented by each proxy in the instrument appointing the proxies.

3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 28 Sin Ming Lane #08-131 Midview City, Singapore 573972 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

5. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a shareholder of the Company:

   a. consents to the collection, use and disclosure of the shareholder'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 representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to 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, regulations and/or guidelines (collectively, the "**Purposes**");

   b. warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) 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 representative(s) for the Purposes (the "**Warranty**"); and

   c. agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of Warranty.

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

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

The contact person for the Sponsor is Ms Karen Soh, Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 68546160.

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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)

I/We, ____

of ____

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 the person, or either or both of the persons, referred to above, 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 "Meeting") of the Company to be held at Ruby Suite, Social Clubhouse – Level 2, Orchid Country Club, 1 Orchid Club Road, Singapore 769162, on Thursday, 30 April 2015 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Audited Accounts for the financial year ended 31 December 2014 together with the Auditors' Report		
2.	Re-election of Mr Ng Hong Whee as a Director of the Company		
3.	Re-election of Mr Tan Seow Kheng as a Director of the Company		
4.	Re-election of Mr Yong Chor Ken as a Director of the Company		
5.	Re-election of Mr Tay Wee Kwang as a Director of the Company		
6.	Re-election of Mr Chu Ming Kin as a Director		
7.	Re-election of Mr Bay Cheow Guan David as a Director		
8.	Payment of Directors' fees of S$184,639 for the financial year ended 31 December 2014		
9.	Payment of Directors' fees of up to S$278,620 for the financial year ending 31 December 2015, payable quarterly in arrears		
10.	Re-appointment of RSM Chio Lim LLP as auditors of the Company, and authorize the Directors to fix their remuneration		
11.	Authority to allot and issue shares		
12.	Authority to allot and issue shares under the Sincap Performance Share Plan		

Dated this __________________ day of _____________2015

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

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

*Delete where inapplicable

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 Section 130A of the Companies Act, Chapter 50 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 a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting 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 Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 28 Sin Ming Lane #08-131 Midview City, Singapore 573972 not less than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of 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. 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 must be lodged with the instrument.

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

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representatives(s) to attend, speak and vote at the Annual General Meeting /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) for the purpose of the processing and administration by the Company (or its agents) of proxies representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing 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 representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) 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 results of the member's breach of warranty.