东方集团

ORIENTAL GROUP

Co. Reg. No: 200401998C

ANNUAL REPORT 2015

CONTENTS

CORPORATE **PROFILE**

Oriental Group Ltd. (the "Company" and together with its subsidiaries, the "Group"), stock code: 5FI.SG, is a public listed company on SGX since 19 November 2004 (currently listed on the SGX-ST Catalist Board). The Company is principally engaged in the procurement, supply, and provision of value added services of metal products such as mild steel round bars, high tensile deformed bars, angle bars and flat bars used in the industrial and construction industries in the People's Republic of China ("PRC") and the South-East Asia region. The Group's production facilities, namely Jiangyin Chengsheng Machinery Manufacturing Co., Ltd ("JYCS") and Xinghua Rongcheng Precision Manufacturing Co., Ltd ("XHRC"), are located in both Jiangyin City and Xinghua City, Jiangsu Province, the PRC.

JYCS operates a bar rolling mill which processes billets into steel bars that are used in the production of machinery parts and construction of elevator shaft guide rail.

XHRC's existing Phase I production facilities uses scrap metal to produce steel billet, an industrial material sold to angle bar manufacturers. The Phase II plant extension for XHRC to incorporate the rolling mill capabilities to produce angle bars which are supplied to electrical transmission tower manufacturers. XHRC's production facilities and Phase II expansion plans are currently suspended pending the resolution of the issues currently faced by the Group.

In October 2015, the Company completed its acquisition of Wan Dormitory Pte. Ltd. which is in the business of lodging and boarding houses. Following the completion, the Group's business has expanded to property management which provides the Group with a stable income and alternative cash flow stream.

LETTER TO **SHAREHOLDERS**

Our valued shareholders,

The Board of Directors ("Board") of the Company would like to extend its appreciation to all our shareholders for your patience in view of the extraordinary situation we have been facing. Without a doubt, it has been one of the toughest and most challenging periods for management and shareholders alike.

Continued downward pressures on global steel prices due to oversupply of steel, particularly from China, and the general slowdown in PRC's economic growth – these factors have created a 'perfect storm' of elements. Coupled with an unprecedented decline in the PRC domestic demand for steel, softened prices of steel bars and increased competition, the Group's sales volume and profit margin for the financial year ended 31 December 2015 ("FY2015") have invariably been impacted.

For FY2015, we recorded total revenue of RMB169.7 million compared to RMB376.7 million for the same period a year ago, while PRC Domestic Sales dropped by 82.1% or RMB256.4 million. This resulted in a full-year loss of RMB88.8 million and a negative operating cash flow of RMB12.7 million for FY2015.

A YEAR OF CHANGE

On a management level, we have also experienced major shakeups and significant movement within our senior team in the recent months.

On 19 January 2016, the Board discovered two unauthorised transactions involving our two wholly owned subsidiaries in the PRC. As we were of the view that these issues would have a major impact on our financials and our subsidiaries, we have taken immediate steps to address the issues at hand.

Subsequently, there was a discovery of other irregularities in the PRC and Singapore operations.

We have been working closely with our appointed independent reviewer and special auditor who are carrying out a review into the above irregularities; as well as our special advisor, BC Neo Business Advisory Pte Ltd, who is providing general advisory services in relation to the restructuring of the Group.

The Audit Committee and the Board will conduct a review of its internal controls and risk management systems following the completion of the review by the independent reviewer and the special auditor.

We remain fully committed to maintaining transparent communications with our shareholders through regular filings on the Singapore Exchange to update shareholders on any material developments.

LOOKING AHEAD

With the ongoing business and process review in progress, and in view of the challenging steel market conditions, we are taking this opportunity to also look at viable ways to restructure and optimise our businesses.

As we embark on this exercise, the Board and management team will study the areas where we can potentially cut business losses and streamline unprofitable businesses. At the same time, we will selectively explore new business opportunities to grow. Given the current climate in the steel industry, we feel that it is crucial to diversify our business segments.

Pending the restructuring and diversification, we will continue with the operations in our steel manufacturing and property management divisions. The company has ceased its steel trading business in the South-East-Asia since July 2016.

NEW APPOINTMENT & APPRECIATION

On 11 May 2016, we welcomed our new Chief Executive Officer, Mr Lim Kok Hui to the helm. With his requisite qualifications and experience, the Board has every confidence in his ability to lead the Group forward.

To our staff, and our professional consultants who have worked tirelessly through this challenging period: thank you for your hard work, professionalism, dedication and valued contribution.

We would also like to express our deepest appreciation to our shareholders, investors, partners, customers, and vendors who continue to believe in us and stand by the Group. We look forward to seeing you at our upcoming Annual General Meeting.

The Board of Oriental Group Ltd.
15 September 2016

FINANCIAL AND **OPERATIONS REVIEW**

Market forces, particularly in the PRC, had an impact on our performance this financial year. We derive our sales revenue chiefly from PRC Domestic Sales and Overseas Sales. PRC Domestic Sales represents the sales of steel bars and billets manufactured by the Company's subsidiaries in PRC, whereas Overseas Sales comprises trading of steel-related products in South East Asia countries ("SEA").

PRC Domestic Sales, which accounted for 32.8% of Group's total revenue, slumped by RMB256.4million to RMB55.7 million in FY2015 or 82.1% from FY2014, mainly due to the reasons as follows:

(a) halt of XHRC steel billets production and sales in FY2015. Total revenue contributed by XHRC steel billets production in FY2014 was RMB154.7 million;

(b) drop in average selling price of steel bars in FY2015; the average selling price per tonne of steel bars dropped by approximately 29% in FY2015 as compared to FY2014; and

(c) drop in sales volume of steel bars in FY2015 as a result of the softened market demand and stiff competition in the PRC market. The sales volume for steel bars has dropped by approximately 53% in FY2015 as compared to FY2014.

Our Overseas Sales unit saw improved sales performance this year, accounting for 64.0% of the Group's total revenue. Overall revenue increased 125.4% to RMB108.7 million in FY2015, RMB60.5 million higher compared to the same period a year ago. This was due mainly to the higher sales orders received from Singapore, Malaysia and Indonesia following the Group's marketing networks extension to SEA market after the establishment of its Steel Trading Division in Singapore.

The Group recorded a gross loss of RMB3.0 million in FY2015 as compared to a gross profit of RMB25.5 million in FY2014 mainly due to the factors as follows:

(a) gross loss of RMB2.9 million recorded by JYCS in FY2015. This was mainly due to higher fixed production cost as a result of the under-utilisation of JYCS's production facilities against the backdrop of lower sales and production volume in FY2015. In FY2014, JYCS recorded a gross profit of RMB11.5 million; and

(b) no revenue was generated by XHRC due to the halt of XHRC steel billets production, while continuing to incur fixed overheads during the on-going halt of production. Total gross profit contributed by XHRC in FY2014 amounted to RMB12.6 million.

Administrative expenses increased by RMB48.1 million from RMB23.0 million in FY2014 to RMB71.1 million in FY2015, representing a 209.6% rise. This was mainly due to RMB26.3 million impairment loss for receivables and RMB14.0 million impairment loss for property, plant and equipment after assessment of fair value measurement of its property, plant and equipment in use. In addition, professional fees were incurred for corporate exercises conducted in FY2015, and staff costs were incurred for additional staff strength required in setting up our Overseas Sales unit.

As a result of the above-mentioned factors, the Group recorded a higher net loss of RMB88.8 million in FY2015 as compared to the net loss of RMB6.3 million in the previous year. The Group's basic and diluted loss per share was RMB20.9 cents.

As at 31 December 2015, the Group's non-current assets increased by RMB109.2 million from RMB240.7 million in FY2014 to RMB349.9 million in FY2015. The increase was mainly due to the acquisition of the investment property of light industrial building located at Woodlands totaling RMB133.2 million. Following the delivery of machinery to site, prepayment for machinery has been re-classified from other non-current assets to property, plant and equipment. This resulted in an increase in property, plant and equipment and a decrease in other non-current assets for the year. The increase in non-current assets was partially offset by depreciation and amortisation expenses of RMB11.6 million and RMB0.6 million respectively incurred in FY2015.

Current assets decreased from RMB65.6 million in FY2014 to RMB63.8 million in FY2015. This was mainly due to lower levels of inventory maintained by the Group in FY2015 in view of the weak market demand for steel products and lower average costs of inventory arising from a general decline in raw material prices. As a result, inventory decreased by RMB13.0 million in FY2015.

Current liabilities increased from RMB147.0 million in FY2014 to RMB196.1 million in FY2015, mainly due to the RMB31.2 million increase in trade and other payables and RMB17.2 million increase in borrowings in FY2015. The increase in trade and other payables was mainly due to the delay in the payments to the creditors.

Borrowings under non-current liabilities increased from nil in FY2014 to RMB72.1 million in FY2015. This was due to the increase in bank borrowings of RMB52.0 million and the non-current convertible loan notes of SGD4.8 million issued on 24 February 2015 for the Company's working capital purposes.

The increase of RMB91.1 million in bank borrowings under current and non-current liabilities were mainly due to draw-down of additional bank loan of RMB12.0 million for working capital purposes in PRC, as well as an increase in term loan of RMB79.1 million for the acquisition of the light industrial building investment property.

The Group's cash and cash equivalents (less bank deposits pledged) as at 31 December 2015 stood at RMB9.4 million compared to RMB3.4 million in the previous financial year. Net cash used in operating activities and provided by financing activities were RMB12.7 million and RMB17.8 million respectively.

As at 31 December 2015, the Group's net asset value ("NAV") per share decreased to RMB34.40 cents as compared to RMB41.1 cents a year ago, due to the higher net loss incurred in FY2015.

BOARD OF **DIRECTORS**

WU DINGRONG
Non-Executive Chairman

Mr Wu Dingrong was appointed as Non-Executive Chairman of Oriental Group Ltd. since April 2012. He is responsible for the formulation of the overall business direction and strategies of the Group but has since January 2016 taken a leave of absence from his position within the Group. Mr Wu is the founder and director of Jiangyin Jincheng Steel Co., Ltd. ("Jiangyin Jincheng") since 2003. Mr Wu has extensive industry knowledge and a wide network of business contacts in steel industry in the PRC. Mr Wu has indicated that he will resign from his position as a director of the Company upon the conclusion of the AGM.

SUN LU
Executive Director

Mr Sun Lu was appointed as Executive Director of Oriental Group Ltd. since September 2012. He is responsible for the promotion, development and expansion of the business of the Group and the management of the Company's operations and the management of other Group's companies but has since January 2016 taken a leave of absence from his position within the Group. Mr Sun had been a trading manager, sales manager and deputy manager of Jiangyin Jincheng between 2003 and 2011. Since 2011 to present, he is the Chief Operating Officer of JYCS. Mr Sun has indicated that he shall be stepping down from the position as a director of the Company at the forthcoming AGM and will not be seeking re-election.

ONG WEE CHUAN
Non-Executive Director

Mr Ong Wee Chuan was appointed as Non-Executive Director of Oriental Group Ltd. since September 2012. He is the founder and director of Golden Hung Ho Holdings Pte. Ltd. ("GHH") since 2000. As the Executive Director of GHH, he is in charge of the overall operations management, strategic planning and business development of GHH. In addition, Mr Ong is also responsible for the development of, branding and marketing of certain selected agency wines and spirits for the South East Asia region. With his extensive experience and wide network of business contacts, Mr Ong's contribution to the business expansion of the Group in the region would be vital. Mr Ong also serves as Chairman of Toh Guan Business Associations in Singapore since 2010.

CHUA HUNG MENG
Lead Independent Director

Mr Chua Hung Meng was appointed as Independent Director of Oriental Group Ltd. since September 2004. Mr Chua has been in the banking industry for 30 over years. He is also a Board member of NUS Business School Alumni Ltd, BOP Hub Organization and World Toilet Organization. Mr Chua obtained his Bachelor of Business Administration degree from the National University of Singapore in 1981, and received a Masters in Professional Accounting degree from the University of Southern Queensland in 2003.

TAN SONG KWANG
Independent Director

Mr Tan Song Kwang was appointed as Independent Director of Oriental Group Ltd. since February 2004. Mr. Tan has extensive corporate banking experience in the Asia Pacific region with a special focus on the PRC, from working in various international banks including, Citibank, Bank of China, Agricultural Bank of China and Oversea-Chinese Banking Corporation Limited. His areas of specialisation include real estate, trade and special project financing, debt and corporate restructuring, financial modelling and valuation, and corporate finance transactions. In addition, Mr Tan was involved extensively in helping companies to raise funds from the capital markets. He is currently a director of Stratus Capital Pte Ltd and an Independent Director of Creative China Holdings Limited which is listed on the Hong Kong Exchange. He is the former independent Non-Executive Director and Chairman of the Remuneration Committee of China Paper Holdings Limited which is listed on SGX. He obtained his Bachelor of Arts (Economics) degree from the National University of Singapore in 1991.

KOH CHOON KONG
Independent Director

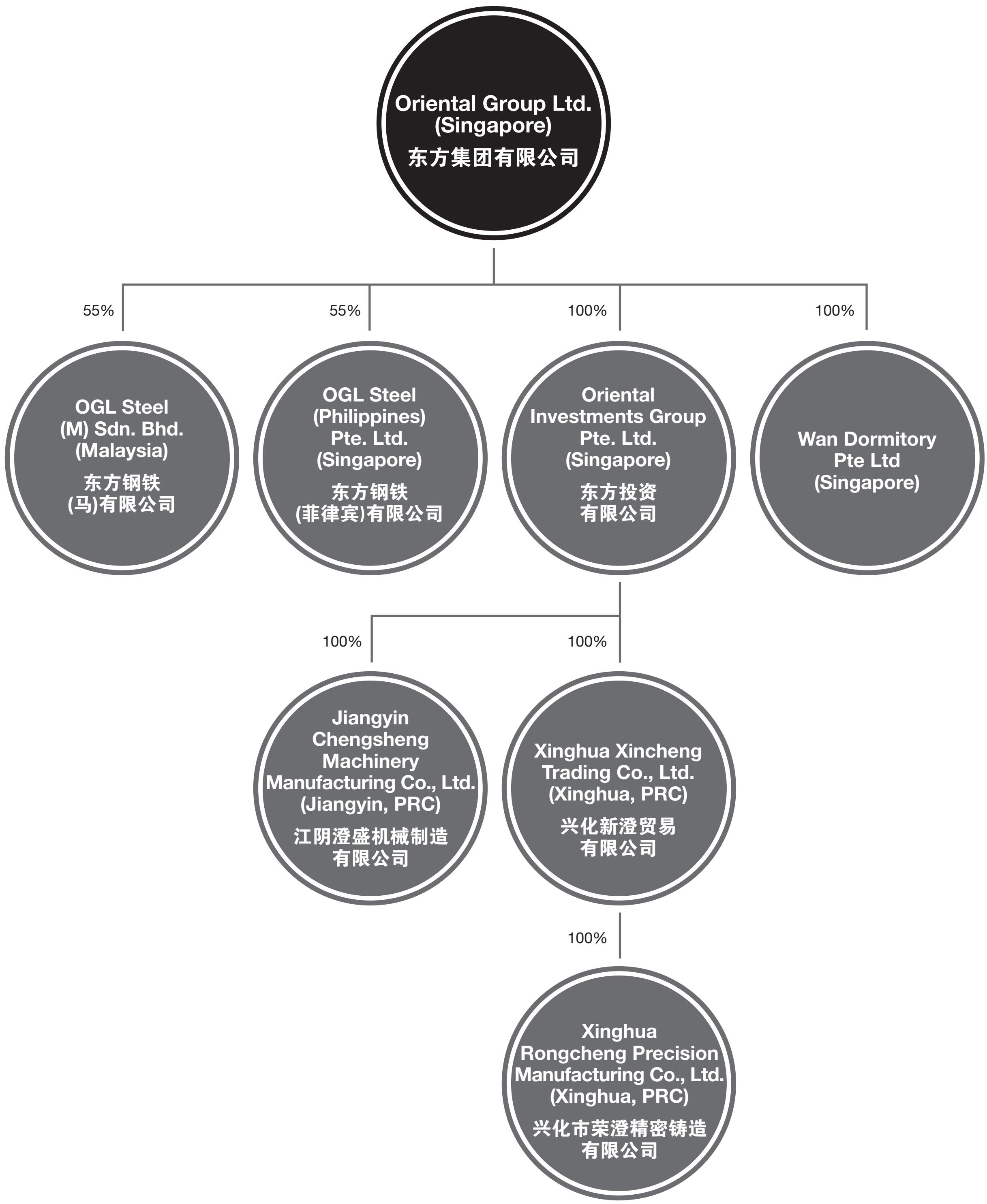
Mr Koh Choon Kong was appointed as Independent Director of Oriental Group Ltd. since December 2011. He has more than 20 years of corporate finance, accounting and business experience. He is also currently serving as an Independent Director and Chairman of Audit Committee of China Sunsine Chemical Holdings Ltd, the largest producer of rubber accelerators in the world. Mr Koh served as Group Chief Financial Officer of several SGX-listed corporations and worked in diverse organisations including Citicorp Investment Bank (Singapore) Limited, EtonHouse International, ICH Capital Pte Ltd and Price Waterhouse. Mr Koh graduated from the Nanyang Technological University with a Bachelor of Accountancy and later obtained his Master of Business Administration degree from the University of Manchester. He is a member of the Singapore Institute of Director, a Chartered Accountant of Singapore, as well as a CFA charter holder.

EXECUTIVE **OFFICER**

LIM KOK HUI
Chief Executive Officer

Mr Lim Kok Hui was appointed as the Chief Executive Officer of Oriental Group Ltd. in May 2016. He is responsible for the overall management, operations and performance of the Group. Mr Lim has more than 20 years of corporate management experience in listed and private entities with business operations over North and South Asia. His experience includes starting and setting up business operations, turning around loss-making businesses, merger, acquisitions and investments. His experience in real estate sector includes architectural, planning and development. Mr Lim holds an Honours Degree in Estate Management from the National University of Singapore.

GROUP **STRUCTURE**



CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Mr Wu Dingrong
(Non-Executive Chairman)
(currently on leave of absence)

Mr Sun Lu
(Executive Director)
(currently on leave of absence)

Mr Ong Wee Chuan
(Non-Executive Director)

Mr Chua Hung Meng
(Lead Independent Director)

Mr Tan Song Kwang
(Independent Director)

Mr Koh Choon Kong
(Independent Director)

AUDIT COMMITTEE

Mr Chua Hung Meng
(Chairman)

Mr Tan Song Kwang
(Member)

Mr Koh Choon Kong
(Member)

REMUNERATION COMMITTEE

Mr Koh Choon Kong
(Chairman)

Mr Chua Hung Meng
(Member)

Mr Tan Song Kwang
(Member)

Mr Wu Dingrong
(Member)
(currently on leave of absence)

NOMINATING COMMITTEE

Mr Tan Song Kwang
(Chairman)

Mr Chua Hung Meng
(Member)

Mr Koh Choon Kong
(Member)

Mr Wu Dingrong
(Member)
(currently on leave of absence)

COMPANY REGISTRATION NUMBER/ GST REGISTRATION NUMBER

200401998C

REGISTERED OFFICE

180 Woodlands Industrial
Park E5, #02-09
Woodlands Auto Hub,
Singapore 757512
Tel: (65) 6282 3382
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Email: feedback@orientalgroup.com.sg
Website: www.orientalgroup.com.sg

SPONSOR

PrimePartners Corporate
Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318
Tel : +65 6229 8088

COMPANY SECRETARIES

Ms Ong Beng Hong

Ms Tan Swee Gek

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Tricor Barbinder Share
Registration Services
(A division of Tricor Singapore
Pte. Ltd.)
80 Robinson Road
#02-00 Singapore 068898

AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants
8 Cross Street #17-00
PWC Building
Singapore 048424

Partner-in-Charge:
Mr Lam Hock Choon
(Appointed since financial year
ended 31 December 2014)

PRINCIPAL BANKERS

China Merchants Bank
Jiangyin Branch
No. 5, Chengjiang Middle
Road,
Jiangyin, Wuxi,
Jiangsu 214400,
PRC.

Jiangsu Xinghua Rural
Commercial Bank Co., Ltd
Jinguo Branch
No. 23, Shaoyang Town,
Changan South Road,
Xinghua, Taizhou,
Jiangsu 225700,
PRC.

Introduction

This report sets out the corporate governance practices of Oriental Group Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") for the financial year ended 31 December 2015 ("**FY2015**") with specific reference to the principles of the Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore (the "**Code**").

Subsequent to FY2015, a series of corporate governance and internal control lapses ("**Lapses**") were discovered. A summary of the salient matters is set out below:

1) The entry into two unauthorised guarantees, involving two wholly-owned subsidiaries of the Company in the People's Republic of China ("**PRC**"), namely Jiangyin Chengsheng Machinery Manufacturing Co., Ltd. ("江阴澄盛机械制造有限公司") ("**JYCS**"); and Xinghua Rongcheng Precision Manufacturing Co., Ltd. ("兴化市荣澄精密铸造有限公司") ("**XHRC**") purportedly by Mr Wu Dingrong (Non-Executive Chairman of the Company) and Mr Sun Lu (Executive Director of the Company). In connection with this, both Mr Wu Dingrong and Mr Sun Lu had taken leave of absence from all positions within the Group, and also undertaken to fully cooperate with the Company on all matters relating to the unauthorised guarantees. Please refer to the Company's announcement dated 19 January 2016 for further details;

2) Possible unauthorised transactions between Jiangyin Jincheng Steel Co., Ltd. ("江阴锦澄钢铁有限公司")("**JYJC**"), an interested person under Chapter 9 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), and JYCS and XHRC, which do not fall within the scope of the interested person transaction mandate approved by shareholders of the Company on 30 April 2015. There was also uncertainty in the validity and recoverability of a prepayment made for the purchase of machineries in relation to the phase II expansion of XHRC. Please refer to the Company's announcement dated 15 March 2016 for further details,

   (together with point 1 above, the "**PRC Irregularities**"); and

3) Possible irregularities within the Group's Singapore operations ("**Singapore Irregularities**") during the tenure and purportedly under the instruction and/or advice of the former Chief Executive Officer ("**CEO**"), Mr Lee Wan Sing and the former Group Financial Controller, Mr Lee Ong. These irregularities include the purported completion of two share placement exercises, purported completion of one convertible bond exercise, irregularities arising from the Company's purchases of scaffolding pipes and electronic equipment. In addition, the Company's server was hacked into on 19 May 2016 and all data (including the Company's financial and accounting operating system) were deleted. The former CEO and the former Group Financial Controller were terminated on 11 May 2016 and 16 May 2016 respectively. Please refer to the Company's announcements dated 15 March 2016 and 13 June 2016 for further details.

   The Company had appointed an independent reviewer ("**Independent Reviewer**") and RSM Corporate Advisory Pte Ltd (formerly known as Stone Forest Corporate Advisory Pte Ltd) ("**Special Auditor**") to carry out a review into the PRC Irregularities and Singapore Irregularities, respectively. The Board will provide shareholders with an update on the findings by the Independent Reviewer and the Special Auditor upon the completion of each of their reviews. The Board will review the recommendations provided by the Independent Reviewer and the Special Auditor and take the necessary actions, where possible, to address the Lapses.

   Because of the pervasive nature of the Lapses noted above, the Board is of the view that the corporate governance practices within the Group for FY2015 were lacking due to the over-ride of controls by the former key management ("**Former Management**"). Nonetheless, the Board will strive to address the Lapses and remains committed to attain the required standards of corporate governance as set out in the Code.

1. BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with the Management to achieve this and the Management remains accountable to the Board.

As at the date of this annual report, the Board has six members and comprises the following:

Name of Director	Designation
Mr Wu Dingrong[(1)]	Non-Executive Chairman
Mr Sun Lu[(1)]	Executive Director
Mr Ong Wee Chuan	Non-Executive Director
Mr Chua Hung Meng	Lead Independent Director
Mr Tan Song Kwang	Independent Director
Mr Koh Choon Kong	Independent Director

Note:

(1) Mr Wu Dingrong and Mr Sun Lu have taken currently a leave of absence from their respective positions within the Group since 19 January 2016. The announcement relating to Mr Wu Dingrong's and Mr Sun Lu's leave of absence was released via SGXNET on 19 January 2016. Mr Sun Lu has indicated that he shall be stepping down from the position as a director of the Company at the forthcoming AGM and will not be seeking re-election and Mr Wu Dingrong has indicated that he will resign from his position as a director of the Company upon the conclusion of the AGM.

As part of its efforts to address the Lapses, the Board will undergo a re-composition where Mr Sun Lu has indicated that he will not be seeking re-election at the forthcoming annual general meeting ("**AGM**") of the Company and shall be stepping down from the position as an Executive Director of the Company upon the conclusion of the AGM. Mr Wu Dingrong has also indicated that he will resign from the position as a Non-Executive Chairman of the Company at the forthcoming AGM.

The Board's primary role is to protect and enhance long-term shareholders' value and returns. The Board provides leadership, sets strategic directions, oversees management effectiveness and ensures proper conduct of the Group's business. The Board sets the overall strategy of the Group and ensures that policies and processes are in place for evaluating the adequacy of internal controls, financial reporting, financial performance, risk management and compliance and assumes responsibility of corporate governance framework of the Group.

The Board has delegated certain responsibilities to the Audit Committee ("**AC**"), Remuneration Committee ("**RC**") and Nominating Committee ("**NC**"), (collectively, the "**Board Committees**"). These committees function within clearly defined written terms of reference and operating procedures which are reviewed on a regular basis by the Board.

The Board meets at least twice annually and ad-hoc Board meetings are convened as and when necessary. The Company's Constitution ("**Constitution**") allow for meetings to be held by way of telephone and conference via electronic communications.

1. BOARD MATTERS (continued)

Board's Conduct of its Affairs (continued)

The attendance of Directors at Board and Board Committees meetings in FY2015 was as follows:

	Board	AC	RC	NC
No. of meetings held	2	2	1	1
Directors	**Number of meetings attended**			
Wu Dingrong[(1)]	2	1*	1	1
Lee Wan Sing[(2)]	2	2*	1*	1*
Sun Lu[(1)]	1	-	1*	1*
Ong Wee Chuan	2	2*	1*	1*
Chua Hung Meng	2	2	1	1
Tan Song Kwang	2	2	1	1
Koh Choon Kong	2	2	1	1

Note:
* By Invitation

Notes:

(1) Mr Wu Dingrong and Mr Sun Lu are currently on leave of absence. The announcement relating to Mr Wu Dingrong's and Mr Sun Lu's leave of absence was released via SGXNET on 19 January 2016.

(2) Mr Lee Wan Sing, former CEO, had his employment terminated on 11 May 2016, and re-designated as Non-Executive Director. He resigned as Non-Executive Director of the Company on 26 July 2016. The announcement relating to Mr Lee Wan Sing's cessation as a Director of the Company was released via SGXNET on 29 July 2016.

The Group has adopted internal guidelines on matters that require the Board's approval. These include major policy decisions, major investments and divestments, significant legal and financial issues and other matters as may be considered by the Board. These internal guidelines have not been followed by the Former Management in FY2015 which resulted in the aforementioned Lapses.

All newly appointed Directors will undergo an orientation where the Directors would be briefed on the Group's business strategies, operations and organisation structure as well as the statutory and regulatory obligations of being a Director to ensure they are fully aware of their responsibilities and obligations of being a Director of a listed company. The Company will provide training for first-time Directors in areas such as accounting, legal and industry-specific knowledge as appropriate and such training will be arranged and funded by the Company.

During FY2015, the Directors were briefed by the external auditors on changes or amendments to accounting standards. The Directors are encouraged to attend workshops and seminars to enhance their skills and knowledge, which will be funded by the Company.

1. **BOARD MATTERS** (continued)

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. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises six members, five of whom are Non-Executive Directors, of which three are independent. In view that the Chairman of the Board ("**Chairman**") is not an independent director and the Independent Directors make up half of the Board, Guidelines 2.1 and 2.2 of the Code are met.

In accordance with the Code, the NC and Board considers an independent director as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. The independence of each independent director is reviewed by the NC at least annually and as and when circumstances demand. The NC had reviewed and confirmed the independence of Mr Chua Hung Meng, Mr Tan Song Kwang and Mr Koh Choon Kong (the "**Independent Directors**") in accordance with the Code and the Independent Directors had also confirmed their independence in accordance with the Code.

Notwithstanding that Mr Chua Hung Meng and Mr Tan Song Kwang have served on the Board for more than nine (9) years from the date of their first appointment, the Board is of the view that Mr Chua and Mr Tan are independent, taking into consideration that the Company had undertaken a reconstitution of Board members and management team following the Company's expansion into the steel business in 2011 and both Mr Chua and Mr Tan have throughout their appointment, contributed constructively throughout their term in the Company and had remained objective in the discharge of their duties and responsibilities.

The Independent Directors exercise no management function in the Company or any of its subsidiaries. The role of Independent Directors is primarily to ensure the strategies of the Company proposed by the Management are fully discussed and vigorously examined, taking into consideration the long-term interest of the Group and the shareholders.

The Board is of the view that its members comprise of individuals who have the appropriate mix of expertise and experience, and collectively possess the necessary core competencies (in accounting, finance, business management experience and industry knowledge). The profiles of the Directors are set out on pages 7 and 8 of this Annual Report.

The Non-Executive Directors met 4 times a year without the presence of Former Management in FY2015.

1. BOARD MATTERS (continued)

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.

The positions of Chairman and CEO are separately held by two persons.

The Chairman, Mr Wu Dingrong has been on leave of absence since 19 January 2016 upon the Company's discovery of his possible involvement in the PRC Irregularities. Mr Wu Dingrong as Non-Executive Chairman, is not involved in the day-to-day management of the Group.

Mr Lee Wan Sing, the former CEO was terminated on 11 May 2016. The Chairman and former CEO were not related to each other.

Mr Lim Kok Hui has been appointed as the CEO with effect from 11 May 2016. He is responsible for the corporate affairs of the Group and for overseeing the overall management, daily operations and performance of the Group. The Chairman and current CEO are not related to each other.

Given that the Chairman is not an Independent Director, the Board had appointed Mr Chua Hung Meng, an Independent Director, as the Lead Independent Director in accordance with Guideline 3.3 of the Code. Mr Chua Hung Meng is available to shareholders in circumstances where they have concerns which cannot be resolved through the normal channels of the Chairman, the CEO or the chief financial officer (or equivalent), or for which such contact is inappropriate.

Board Membership

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

The NC presently comprises the following four members, of whom three are Independent Directors:

Tan Song Kwang (Chairman)
Chua Hung Meng (Member)
Koh Choon Kong (Member)
Wu Dingrong (Member – currently on leave of absence)

The terms of reference and the key roles of the NC include, *inter alia*:

- reviewing and making recommendations to the Board on appointment and re-election of the members of the Board including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board;

- determining the independence of each Independent Director annually and as and when circumstances demand;

- evaluating the effectiveness of the Board as a whole and assess the contribution of each Director to the effectiveness of the Board; and

- reviewing the training and professional development programs for the Board.

1. BOARD MATTERS (continued)

Board Membership (continued)

The process for the selection and appointment of new Director is as follows:

- the NC evaluates the balance of skills, knowledge and experience of the Board and, in light of such evaluation and in consultation with Board, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- where necessary, external help may be sought to source for potential candidates. The Board and the Management may also make suggestions;
- the NC meets with short-listed candidates to assess their suitability and to ensure that the candidates are aware of the expectations and the level of commitment required of them; and
- the NC makes recommendations to the Board for approval.

The NC is also responsible for making recommendations on the re-election of Director. In its deliberations on the re-election of existing Director, the NC takes into consideration the Director's contribution and performance. The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board Committees as well as the quality of intervention and special contribution.

All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Article 91 of the Constitution provides that one-third of the Directors shall retire from office by rotation and be subject to re-appointment at the AGM of the Company. Generally, the retiring Directors are Directors who have been the longest in office since their last re-election or appointment. New Directors are appointed by way of a board resolution, after the NC recommends to the Board for the approval of their re-election. Such new Directors shall hold office only until the next AGM and shall be eligible for re-election.

Mr Sun Lu, the Executive Director, and Mr Koh Choon Kong, the Independent Director, will be retiring at the AGM pursuant to Article 91 of the Constitution.

Mr Sun Lu has decided not to seek re-election and will retire as an Executive Director at the conclusion of the forthcoming AGM. The NC has recommended the nomination of Mr Koh Choon Kong for re-election at the forthcoming AGM, and the Board has accepted the NC's recommendations.

Mr Koh Choon Kong will, upon re-election as a Director, remain as the Chairman of the RC and a member of the AC and NC. The Board considers Mr Koh Choon Kong to be independent for the purpose of Rules 704(7) of the Catalist Rules. Mr Koh Choon Kong has abstained from making any recommendations and/or participating in any deliberations of the NC in respect of the assessments of his own performance or re-election as a Director.

Since the discovery of the Lapses, the Independent Directors have devoted much time and effort to determine the extent and impact of the Lapses and had initiated the engagement of the Independent Reviewer and the Special Auditor. In view of the Lapses, and pending the findings by the Independent Reviewer and the Special Auditor, the NC is unable to opine at this juncture whether all the remaining Directors have discharged their duties adequately in FY2015.

1. BOARD MATTERS (continued)

Board Membership (continued)

The Board does not cap the maximum number of listed company board representations each Director may hold as the NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account of his other listed company board directorships and other principal commitments. However, the Board will fix the maximum number of listed company board representations which any Director may hold when the Board deems it to be necessary.

As at the date of this annual report, key information on the Directors is set out below:

Name of Director	Date of First Appointment	Date of Last Re-election	Present Directorships in Other Listed Companies	Past 3 Years Directorships in Other Listed Companies	Other Principal Commitments
Wu Dingrong	27 April 2012	30 April 2015	Nil	Nil	Nil
Sun Lu	26 September 2012	28 April 2014	Nil	Nil	Nil
Ong Wee Chuan	26 September 2012	30 April 2015	Nil	Nil	Golden Hung Ho Holdings Pte. Ltd. (Founder and Director)
Chua Hung Meng	30 September 2004	28 April 2014	Nil	Oceanus Group Limited (Independent Director) (Resigned on 1 August 2013) Lizhong Wheel Group Ltd. (Independent Director) (Resigned on 15 January 2016)	World Toilet Organization (Director) BOP Hub (Director)
Tan Song Kwang	23 February 2004	30 April 2015	Creative China Holdings Limited (Independent Director)	China Paper Holdings Limited (Independent Director) (Resigned on 24 Jan 2014)	Nil
Koh Choon Kong	1 December 2011	28 April 2014	China Sunsine Chemical Holdings Ltd. (Independent Director)	Nil	Nil

1. BOARD MATTERS (continued)

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.

In light of the Lapses, there was no formal assessment of the performance of the Board and each Director by the NC for FY2015. The Board intends to reinstate the formal review of the performance of the Board and the performance of each Director at least annually after the Lapses have been addressed.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or his re-election as Director.

No external facilitator was used in the evaluation process as there was no formal assessment or review of the performance of the Board and each Director in FY2015.

Access to Information

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

The Board notes that despite their requests for information from the Former Management to be disseminated to the Directors in advance of meetings, there were instances where board papers were not prepared for each meeting or not timely disseminated to the Directors by the Former Management in advance of the meetings. As a result of the aforementioned, the Directors were unable to be adequately prepared for the meetings to make informed decisions. Furthermore, in light of the Lapses, the Board has doubts about the veracity of the information provided by the Former Management.

All Board members have direct and independent access to the Company Secretary and other management staff of the Group. The Company Secretary or his/her representatives attend all Board and Board Committees meetings and assist the Chairman in ensuring that proper procedures at such meetings are followed and advise whether the Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore and the Catalist Rules are complied with. The appointment and removal of the Company Secretary are subject to the approval of the Board.

No remuneration consultants were engaged by the Company in FY2015. Subject to the approval of the Board, each Director has the right to consult independent professional advisers to assist him in discharging his duties and responsibilities as a Director if deemed necessary. Any expense incurred in this aspect shall be borne by the Company.

2. 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.

The RC comprises the following four members, of whom three are Independent Directors:

Koh Choon Kong (Chairman)
Chua Hung Meng (Member)
Tan Song Kwang (Member)
Wu Dingrong (Member – Currently on leave of absence)

The terms of reference of RC include, *inter alia*, the following:

- reviewing and recommending to the Board, a framework of remuneration policies to determine the specific remuneration packages and terms of employment for each Director and key executive and the implementation of any appropriate performance-related elements to be incorporated in the remuneration framework; and

- carrying out its duties in the manner that it deems expedient, subject always to any restrictions that may be imposed upon the RC by the Board from time to time.

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Director and key executives. The recommendations of the RC are submitted to the Board for endorsement. All aspects of remuneration, including, but not limited to, Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind are reviewed by the RC.

No Director is involved in the review of his own remuneration package. Each member of the RC abstains from voting on any resolutions in respect of his remuneration package.

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.

In structuring and approving appropriate remuneration packages, the RC would take into account factors such as pay and employment conditions within the industry, roles and responsibilities of each Director and the need to link rewards to performance.

The Non-Executive Directors (including the Independent Directors) do not have any service contracts and accordingly do not receive any salary. They are paid a director's fee, which is recommended by the RC and submitted to the Board for endorsement. The directors' fees to be paid for any one year are submitted for shareholders' approval at the AGM.

The Executive Directors do not receive directors' fees. Each Executive Director's remuneration comprises a basic salary component and a variable bonus component based on the performance of the Group. The Company had entered into separate service agreements with its Executive Directors and such service agreements are reviewed on a yearly basis. The service agreements allow termination by either party upon giving written notice of not less than three months.

2. REMUNERATION MATTERS (continued)

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, 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.

The breakdown of the remuneration of each individual Director in FY2015 was as follows:

	Directors' Fees S$	Salary S$	Variable Bonus S$	Benefits in Kind S$	Total S$
Wu Dingrong	-	-	-	-	-
Lee Wan Sing[(1)]	-	240,000	20,000	18,000	278,000
Sun Lu	-	36,035	-	-	36,035
Ong Wee Chuan	40,000	-	-	-	40,000
Chua Hung Meng	50,000	-	-	-	50,000
Tan Song Kwang	40,000	-	-	-	40,000
Koh Choon Kong	40,000	-	-	-	40,000

The breakdown of the remuneration paid to each key executive in FY2015 was as follows:

	Salary S$	Variable Bonus S$	Benefits in Kind S$	Total S$
Lee Ong[(2)]	120,000	10,000	-	130,000
Chin Yee Chow	76,333	-	-	76,333
Wu Dingcheng[(3)]	-	-	-	-
Tan Chan Too[(4)]	60,000	5,000	-	65,000
Total remuneration paid to key executives in FY2015				271,333

Note:

(1) Mr Lee Wan Sing, former CEO, had his employment terminated on 11 May 2016, and was accordingly re-designated as Non-Executive Director. He resigned as Non-Executive Director of the Company on 26 July 2016.

(2) Mr Lee Ong was terminated as Group Financial Controller of the Company on 16 May 2016.

(3) Mr Wu Dingcheng resigned as General Manager of XHRC on 30 June 2015. He is the brother of Mr Wu Dingrong, Non-Executive Chairman of the Company. Mr Wu Dingcheng did not receive any remuneration in FY2015.

(4) Mr Tan Chan Too was appointed as Sales Director of the Company on 1 July 2015 and resigned on 30 June 2016.

The Company only has 4 key executives in FY2015.

The Company did not have any employee share option/share-based schemes or other long-term incentive scheme in FY2015.

The remuneration package of each Executive Director is based on terms stipulated in his service agreement.

2. REMUNERATION MATTERS (continued)

Disclosure on Remuneration (continued)

There were no termination, retirement and post-employment benefits being granted to Directors, the CEO and key executives in FY2015.

Ms Miao Lina, the adopted daughter of Mr Wu Dingrong, resigned as the Assistant Sales and Marketing Manager of the Company on 10 March 2016. Mr Huang Wei, the son-in-law of Mr Wu Dingrong, is the Assistant Financial Controller – China Region of the Group. The remuneration of Ms Miao Lina and Mr Huang Wei fell within the bands of S$50,000 to S$100,000 in FY2015.

Save as disclosed, there were no other employees who were immediate family members of a Director or CEO and whose remuneration exceeded S$50,000 in FY2015.

3. ACCOUNTABILITY AND AUDIT

Accountability

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

The Board is accountable to the shareholders while the Management is accountable to the Board.

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position, prospects, operations and financial position and updates to shareholders through its half yearly and full year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations.

The Company notes that the annual report for FY2015 and the unaudited financial statements for the half year ended 30 June 2016 ("**HY2016**") were not released in a timely manner due to the reasons stated in the Company's announcement dated 19 July 2016. In particular, the Company's server was hacked into on 19 May 2016 and all data (including the Company's critical financial and accounting operating files and software) were deleted. The Company had lodged a police report on 19 May 2016 and the matter is currently under investigation by the Criminal Investigation Department of the Singapore Police Force. The Company had since purchased a new server and taken immediate steps to engage external information technology experts to recover the data from the previous server.

As information relating to financial and accounting files have been deleted and it will take time for the Company to recover the data, and with the recent change in the Management, the provision of sufficient information for the auditors' verification had been delayed, the auditors had communicated to the Company that they would require additional time to complete the statutory audit and issue the audit report in respect of the financial statements for FY2015. As such, the issue of the audited financial statements for FY2015 and correspondingly the issue of this Annual Report had been delayed.

Further and in connection with this, the Company had been granted extension of time from SGX-ST to hold its annual general meeting for FY2015 by 30 September 2016, and to announce its unaudited financial statements for HY2016 by 14 October 2016.

Going forward, the Company will endeavour to provide shareholders with financial statements within the applicable timeframes set out in the Catalist Rules and Companies Act.

3. ACCOUNTABILITY AND AUDIT (continued)

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.

Risk Management

The Board oversees the Company's risk management policies in areas of significant risk to the Company's operations and put in place the risk management practices to address these risks. The practice of risk management is undertaken by the Executive Directors and senior executives of each business division under the purview of the Board.

(i) Operational risks

Management is supposed to regularly review and improve the Group's business and operational activities (including information technology) to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The internal auditors complement the role of the risk management by providing an independent perspective on the controls that help to mitigate any significant operational risks. All significant matters identified by the Management and the internal auditors will be highlighted to the Board and the AC. Since the hacking incident of the Company's server in May 2016, the Board noted that the information technology infrastructure and controls of the Singapore operations are weak, and have requested the new Management to strengthen these controls.

(ii) Compliance and legal risks

The Group recognises the risks associated with changes in laws and regulations and had reviewed its business plans in the light of legal and regulatory changes during the financial year. The Group will continue to monitor legal and regulatory changes to keep abreast with developments that may have an impact on its business and operations.

(iii) Financial risks

The Group's financial risk management is discussed under Note 29 of the Notes to the Financial Statements, on pages 87 to 96 of this Annual Report.

Internal Controls

The Board notes that the Lapses are mainly a result of the override of the internal controls and policies by Former Management and as such the Board is unable to provide an opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems were adequate and effective for FY2015. The former CEO and the former Group Financial Controller did not formally provide the Board with sufficient assurances relating to the financial records and risk management and internal control systems.

The AC and the Board have commenced their review of the Group's internal control and risk management systems through the appointment of the Independent Reviewer and the Special Auditor who will provide the AC and the Board with their findings and recommendations upon the completion of each of their reviews. The AC and the Board will then take the necessary actions, where possible, to address the Lapses and strengthen the internal controls of the Group.

3. ACCOUNTABILITY AND AUDIT (continued)

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises the following three members who are also Independent Directors:

Chua Hung Meng (Chairman)
Tan Song Kwang (Member)
Koh Choon Kong (Member)

The Board is of the view that the AC members have sufficient accounting, finance and business management expertise and experience to discharge their duties and responsibilities.

The terms of reference of AC include, *inter alia*, the following functions:

- reviewing the audit plans, scope of examination and findings of the internal and external auditors;
- reviewing the adequacy of the Group's internal control systems and the effectiveness of internal audit function;
- reviewing the Group's half-year and full-year result announcements and its annual financial statement before submission to the Board for approval;
- evaluating the independence and performance of the external auditors and recommending them for reappointment to the Board, where appropriate; and
- reviewing the interested persons transactions to ensure these transactions are carried out on arm's length basis and on normal commercial terms.

The AC notes that it did not always have full access to the Company's information and did not always receive the full co-operation from the Former Management. As such, the AC notes the possibility of interested person transactions in FY2015 which might not have been brought to their attention. In this regard, the Independent Reviewer will conduct a review into various transactions entered into by the Group to determine whether there were any such transactions. The Company will provide an update to the shareholders on the findings undertaken by the Independent Reviewer upon the completion of its review.

The AC meets with the internal auditors and external auditors separately, at least once a year, without the presence of the Management.

The fees paid/payable to the Company's external auditors, Messrs PricewaterhouseCoopers LLP ("**PwC**") in FY2015 were set out below:

	Fees Paid/Payable (RMB'000)		
Service Category	**PwC**	**Other**	**Total**
Audit Service	1,949	287	2,236
Non-Audit Service	-	-	-
Total	1,949	287	2,236

The Company confirms its compliance to Rules 712 and 716 of the Catalist Rules.

The Board and the AC are satisfied that the appointment of different auditing firm for its subsidiary would not compromise the standard and effectiveness of the audit of the Company.

3. ACCOUNTABILITY AND AUDIT (continued)

Audit Committee (continued)

The Company has put into place a whistle-blowing framework, endorsed by the AC, where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters such as possible corruption, suspected fraud and other non-compliance issues. The AC will address the issues and/or concerns raised and ensure that necessary arrangements are in place for the independent investigation of issues and/or concerns raised by the employees and for appropriate follow-up actions. Details of the whistle-blowing policy and arrangements have been made available to the employees.

During FY2015, the members of AC were briefed by the external auditors on changes or amendments to accounting standards to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.

In the event that a member of the AC is interested in any matter being considered by our AC, he will abstain from participating in the proceedings in relation to that particular transaction and voting on that particular matter.

Internal Audit

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

The AC approves the appointment of the internal auditors. During FY2015, the Company has continued to outsource its internal audit function to Messrs Baker Tilly Consultancy (S) Pte. Ltd..

The internal auditors report primarily to the Chairman of the AC and administratively to the CEO. The internal auditors plan their internal audit schedules in consultation with, but independently of, the Management. The internal audit plan is submitted to the AC for review and approval at the beginning of the financial year. Following the findings by the Independent Reviewer and the Special Auditor, the AC, together with the participation of the Board, will work with the internal auditors to address the Lapses.

The AC is satisfied that the internal auditor is adequately qualified and resourced, and has the appropriate standing in the Company to discharge its duties effectively.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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.

All shareholders are treated fairly and equitably to facilitate their ownership rights. In line with the continuing disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, the Board's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES (continued)

Communication with 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.

Communication with shareholders is managed by the Board. All announcements are released via SGXNET, including the half-year and full-year financial results announcements, distribution of notices, press releases, analyst briefings, presentations, announcements on acquisitions/ disposals and other material developments.

The Company does not practise selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Catalist Rules. It is noted that as a result of the Lapses, there were inaccuracies in the Company's disclosures on the SGXNET. However, the Company had provided timely clarifications upon it being aware of the inaccuracies in such disclosures.

In addition, all shareholders will receive the Company's annual reports together with the notices of AGM, which are also accessible through SGXNET. The notice of AGM is also advertised in the newspapers.

The Company does not have a fixed dividend policy. Nonetheless, the Management will review, inter alia, the Group's performance in the relevant financial period, its financial position and future capital expenditure and make appropriate recommendations to the Board on dividend declaration.

The Board has not declared or recommended any dividend for FY2015 as the Company was not profitable for FY2015.

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.

Shareholders are encouraged to attend AGMs to ensure greater shareholders' participation. During the AGM, shareholders are given the opportunity to post their views and raise questions regarding the Group's operations. Directors are in attendance at the AGM to address any question raised. The chairpersons of, AC, RC and NC will be available at the forthcoming AGM to answer questions relating to the work of these committees.

The external auditors will also be present to assist the Directors in addressing any relevant queries raised by shareholders regarding the conduct of the audit and the preparation and content of the independent auditors' report.

Separate resolutions on each distinct issue are proposed at general meetings for approval. A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the AGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/ her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES (continued)

Conduct of Shareholder Meetings (continued)

There is no provision in the Constitution that limits the number of proxies for nominee companies.

All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.

5. DEALING IN SECURITIES

The Company has adopted an internal guideline to provide guidance to all Directors and officers of the Group with regard to dealings in the Company's securities in compliance with Rule 1204(19) of the Catalist Rules. The Company, its Directors and officers who have access to price sensitive information are not permitted to deal in the Company's securities.

The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term consideration and 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 results, and ending on the date of announcement of the relevant results. They are also advised to observe insider trading laws at all times even when dealing in the Company's securities within the permitted trading period.

Where necessary, the Company reports any irregularities noted to the relevant authorities.

6. INTERESTED PERSON TRANSACTIONS

Due to the Lapses noted, the Board is currently unable to ascertain the exact value of all the interested person transactions entered into by the Group in FY2015.

The Independent Reviewer will conduct a review into various transactions entered into by the Group to determine whether there were any interested person transactions in FY2015 which might not have brought to the attention of the AC and the Board. The Company will provide an update to the shareholders on the findings by the Independent Reviewer upon the completion of its review.

7. MATERIAL CONTRACTS

Due to the Lapses noted, the Board is currently unable to ascertain whether there are any material contracts entered into by the Group that have not been authorised by the Board and involved the interest of the CEO, any Director or controlling shareholder, which are either subsisting at the end of FY2015 or if not then subsisting, entered into since the end of previous financial year.

8. USE OF PROCEEDS

Due to the Lapses noted which include the previous fund-raising exercises undertaken by the Former Management, there are uncertainties in amount of proceeds raised by the Company and the utilization of such proceeds. The Company will provide an update to the shareholders on the findings by the Special Auditor upon the completion of its review.

9. CATALIST SPONSOR

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The Continuing Sponsor of the Company is PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**").

In FY2015, the Company paid to PPCF non-sponsor fees of S$60,000 for project management services.

The Board of Directors (the "**Board**") present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2015 and balance sheet of the Company as at 31 December 2015.

As mentioned in the Report on Corporate Governance section of the Annual Report 2015 and as highlighted in the rest of the audited financial statements, subsequent to the financial year-end, many issues of corporate governance and internal control lapses have came to the Board's attention and the Company has suspended trading of its shares on the Catalist board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") since 11 March 2016 due to uncertainty in its ability to continue as a going concern and to refinance its debt obligations or to raise funds to address its significant negative working capital. With the new appointment of a Chief Executive Officer ("**Management**"), the Board and Management have been working hard towards restructuring the Group as further elaborated on in Note 2.1 of the audited financial statements, with a view for the resumption of the trading of the Company's shares on the Catalist board of the SGX-ST.

Notwithstanding the limitations referred to above, the Board has made its best efforts to prepare the consolidated financial statements in accordance with the Singapore Financial Reporting Standards.

The independent auditors have highlighted the various matters above in their independent auditors' report dated 15 September 2016 and the Board accepts their opinion.

In the opinion of the directors,

(a) except for the items as disclaimed in the independent auditor's report to the members of the Company, and subject to the findings of the Special Auditor and Independent Reviewer, and based on the information available to the Company as at the date hereof, the balance sheet of the Company and the consolidated financial statements of the Group are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; 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 in the event that the action plans as disclosed under Note 2.1 of the audited financial statements are successfully implemented.

Directors

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

Mr Ong Wee Chuan	Non-Executive Director
Mr Chua Hung Meng	Lead Independent Director
Mr Tan Song Kwang	Independent Director
Mr Koh Choon Kong	Independent Director
Mr Wu Dingrong [(1)]	Non-Executive Chairman
Mr Sun Lu [(1)]	Executive Director

Note

(1) Mr Wu Dingrong and Mr Sun Lu have taken a leave of absence from their respective positions within the Group since January 2016 and both of them have indicated that they shall be stepping down from their positions as directors of the Company at the forthcoming Annual General Meeting.

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this report.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2015	At At 1.1.2015	**At 31.12.2015**	At 1.1.2015
Oriental Group Ltd. (No. of ordinary shares)				
Mr Wu Dingrong	–	–	**67,986,667**	77,986,667
Mr Lee Wan Sing [(1)]	5,000,000	–	**21,848,653**	–
Mr Sun Lu	–	–	**67,986,667**	77,986,667
Mr Ong Wee Chuan	–	2,000,000	**6,500,000**	8,000,000

Note
[(1)] Mr Lee Wan Sing ceased to be a director on 26 July 2016.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2016.

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

- Mr Chua Hung Meng, Lead Independent Director (Chairman)
- Mr Tan Song Kwang, Independent Director
- Mr Koh Choon Kong, Independent Director

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing these functions, the Committee:

(i) reviewed with the external auditors, their audit plan and audit report;

(ii) reviewed any matters which the external auditors wish to discuss, without the presence of Management;

(iii) reviewed with the internal auditors, their audit plan, evaluation of the internal accounting controls, audit report and any matters which the internal auditors wish to discuss;

(iv) reviewed the balance sheet of the Company and the consolidated financial statements of the Group in the half yearly announcements and annual report; and

(v) reviewed the Interested Person Transactions as defined in Chapter 9 of the Catalist Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") as is required by SGX-ST which were brought to the attention of the Audit Committee by the Former Management of the Company and ensured that such the transactions which were brought to the Audit Committee's attention were on normal commercial terms and not prejudicial to the interests of the shareholders of the Company.

The Independent Reviewer will conduct a review into various transactions entered into by the Group to determine whether there were any interested person transactions in FY2015 which might not have brought to the attention of the AC and the Board. The Company will provide an update to the shareholders on the findings by the Independent Reviewer upon the completion of its review.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

On behalf of the directors

Mr Chua Hung Meng Director	Mr Tan Song Kwang Director

15 September 2016

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Oriental Group Ltd (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 35 to 106, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial 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 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 financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion section, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

(a) Investigation

The Company had announced that, on 19 May 2016, the Company's server was hacked and all data (including the Company's financial and accounting operating system) were deleted. The Company had lodged a police report and the case is currently being investigated by the Criminal Investigation Department ("**the investigation**"). At the date of this report, the investigation is not yet complete. Accordingly, we are unable to complete our audit procedures and determine the significance of adjustments, if any, that may arise from the findings of the investigation, to the accompanying financial statements.

(b) Review of irregularities

The Company has disclosed in its Report on Corporate Governance that it has appointed an Independent Reviewer and a Special Auditor to carry out reviews into the possible irregularities discovered within the Group's China operations and Singapore operations respectively ("**the Reviews**"). At the date of this report, the Reviews are not yet complete. We are unable to determine the significance of adjustments, if any, that may arise from the Reviews, to the accompanying financial statements.

(c) Use of the going concern assumption

As stated in Note 2.1 to the financial statements, the Group recorded a net loss of RMB 88,822,000 and net cash outflow from operating activities of RMB 12,680,000 for the financial year ended 31 December 2015. As at 31 December 2015, the Group's current liabilities exceeded its current assets by RMB 132,368,000 and the Company's current liabilities exceeded its current assets by RMB 12,331,000. Included in the Group's current liabilities are bank borrowings amounting to RMB 104,156,000 due for repayment within 12 months after the balance sheet date.

Report on the Financial Statements (continued)

(c) Use of the going concern assumption (continued)

These conditions indicate the existence of material uncertainties that may cast significant doubt about the ability of the Group and of the Company to continue as going concern.

While management has adopted the going concern assumption for the preparation of the accompanying financial statements in view of its action plans as described in Note 2.1 to the financial statements, we were unable to perform any audit procedure to obtain sufficient appropriate audit evidence to conclude on the appropriateness of its use.

If the Group and the Company are unable to implement the action plans, they may be unable to continue in operational existence and several adjustments would have to be made to the accompanying financial statements and these could be both material and pervasive. The accompanying financial statements do not include the adjustments that would result if the Group and the Company are unable to continue as going concerns.

(d) Matters in relation to the Group's operations in Singapore

Share placement exercise

In relation to the issuance of the 50,000,000 ordinary shares mentioned in Note 23 to the financial statements, the Company had announced on 13 August 2015 that the new ordinary shares were issued and fully paid for. However, we noted that shares of RMB 6,900,000 had not been paid for as at the date of the announcement by the Company and remained outstanding as at 31 December 2015 as described in Note 12 to the financial statements. The Company had subsequently announced on 13 June 2016 that it is in the midst of ascertaining whether this outstanding amount has since been paid in full and the validity of the issuance of shares relating to this amount. In the absence of further information, we have been unable to determine whether any adjustment to the accompanying financial statements in respect of the shares issued is necessary.

Inventory held by a company owned by a non-controlling shareholder

The Group and the Company have inventories amounting to RMB 11,449,000 and RMB 3,867,000 respectively as at 31 December 2015. As disclosed in Note 13 to the financial statements, included in the inventories of the Group and of the Company as at 31 December 2015 is an amount of RMB 544,000 recorded as relating to 7,500 pieces of scaffolding pipes held on behalf of the Company by a company owned by a non-controlling shareholder, as announced by the Company on 13 June 2016. We have been unable to obtain any evidence regarding the existence, ownership and valuation of these scaffolding pipes.

Carrying value of trade and other receivables

The Group and the Company have trade and other receivables amounting to RMB 39,145,000 and RMB 24,794,000 respectively as at 31 December 2015 as disclosed in Note 12 to the financial statements. Included in the trade and other receivables of the Group and the Company as at 31 December 2015 is an amount of RMB 11,982,000 recorded by the Company and its subsidiaries in Singapore, for which we have been unable to obtain sufficient appropriate audit evidence regarding the recoverability.

Report on the Financial Statements (continued)

(d) Matters in relation to the Group's operations in Singapore (continued)

Unsecured convertible loan notes subscription

The Group and the Company have borrowings amounting to RMB 176,289,000 and RMB 20,145,000 respectively as at 31 December 2015. As disclosed in Note 21 to the financial statements, included in the borrowings of the Group and Company as at 31 December 2015 is an amount of RMB 20,145,000 relating to unsecured convertible loan notes issued during the year ended 31 December 2015. We have been unable to satisfy ourselves about whether a receipt of RMB 2,297,000 from two individuals was in relation to the subscription of these convertible loan notes. In the absence of further information, we are unable to determine whether any adjustment in respect of this would be required in the accompanying financial statements.

Nature of advances received

The Group and the Company have trade and other payables amounting to RMB 90,458,000 and RMB 48,165,000 respectively as at 31 December 2015. As disclosed in Note 20 to the financial statements, included in the trade and other payables of the Group and of the Company as at 31 December 2015 is an amount of RMB 459,000 relating to advances received from an individual. We have been unable to satisfy ourselves about the purpose of this remittance. In the absence of further information, we have been unable to determine the whether any adjustment to the accompanying financial statements in respect of this amount is necessary.

Goodwill arising on consolidation

The Group has intangible assets amounting to RMB 1,603,000 as at 31 December 2015. As disclosed in Note 17 to the financial statements, included in the Group's intangible assets is an amount of RMB 1,432,000 relating to the goodwill arising from the acquisition of a subsidiary during the year, for which we have been unable to obtain sufficient appropriate audit evidence regarding the validity, accuracy and valuation of the goodwill.

Purchases of electronic equipment

The Company had announced on 13 June 2016 that the Group and the Company had made several purchases of electronic equipment in 2014 and 2015 and that there appear to be several irregularities surrounding these purchases, such as duplicate payments made, non-receipt of equipment purchased and unauthorised disposals of these equipment. While these purchases have not been recorded in the accompanying financial statements in the absence of further information, we have been unable to determine whether any adjustment in respect of these purchases would be required in the accompanying financial statements.

Report on the Financial Statements (continued)

(e) Matters in relation to the Group's operations in China

Unauthorised transactions entered into by certain subsidiaries of the Group

As described in Note 27(b) to the financial statements, during the financial year, two banks commenced legal action against two subsidiaries of the Group to recover loans amounting to approximately RMB 50,000,000, which had been guaranteed by those subsidiaries to a related company in China ("**the debtor**"). One of the legal proceedings was completed and the Court had issued court ruling on 23 October 2015 that all guarantors are jointly liable for the default of the loans and interest by the debtor. As the guarantors are jointly liable for the guarantee and no further action has been taken by the bank further to the court ruling, the Group has not made any provision for the financial impact of the joint liability in the accompanying financial statements. At the date of this report, the other legal proceeding is not yet complete and the financial impact to the Group arising from the legal action is uncertain. We have also been unable to satisfy ourselves about whether there are other such unauthorised transactions entered by those subsidiaries. In the absence of further information, we have been unable to determine whether any adjustment in respect of the guarantees provided by the subsidiaries would be required in the accompanying financial statements.

Capital work-in-progress

The Group has capital work-in-progress amounting to RMB 115,766,000 as at 31 December 2015. As disclosed in Note 16 to the financial statements, included in the Group's capital work-in-progress is an amount of RMB 30,000,000 which has been recorded as relating to machineries purchased and received during the year although the related tax invoices from the supplier have not yet been received as of the date of our report. The details and location of the machineries are not available. As a result, we were unable to perform any procedures to ascertain their completeness, existence and carrying value at 31 December 2015.

Carrying value of property, plant and equipment and land use rights

The Group has prepaid lease, property, plant and equipment and other non-current assets amounting to RMB 23,128,000 (Note 15), RMB 190,399,000 (Note 16) and RMB 1,547,000 (Note 19) respectively as at 31 December 2015. Included in the Group's impairment loss for property, plant and equipment for the year is an amount of RMB 13,871,000 relating to the Group's manufacturing facilities in a subsidiary. As management has been unable to provide further information regarding its assessment of the recoverable amount of the underlying property, plant and equipment and the resulting impairment charge, we have been unable to perform any procedures to assess the appropriateness of the carrying value of the relevant property, plant and equipment at 31 December 2015 and the impairment recognised for the year then ended.

Furthermore, the Group did not carry out impairment reviews to estimate the recoverable amount of the following assets in China when there were impairment indicators as at 31 December 2015:

- property, plant and equipment of RMB 178,523,000; and
- prepaid lease and other non-current assets of RMB 23,128,000 and RMB 1,547,000 respectively relating to land use rights.

This does not comply with Financial Reporting Standard 36, Impairment of Assets. Consequently, we have been unable to plan and perform audit procedures to determine the carrying value of these assets as at 31 December 2015.

Report on the Financial Statements (continued)

(e) Matters in relation to the Group's operations in China (continued)

Carrying value of trade and other receivables

The Group has trade and other receivables amounting to RMB 39,145,000 as at 31 December 2015 as disclosed in Note 12 to the financial statements. Included in the Group's trade and other receivables at 31 December 2015 is an amount of RMB 12,890,000 recorded by its subsidiaries in China, for which we have been unable to obtain sufficient appropriate audit evidence regarding the recoverability.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion section, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Report on other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred in the Basis for Disclaimer of Opinion section, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 15 September 2016

CONSOLIDATED **STATEMENT OF COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RMB'000	2014 RMB'000
Revenue	4	**169,752**	376,744
Cost of sales	8(a)	**(172,748)**	(351,277)
Gross (loss)/profit		**(2,996)**	25,467
Other income	5	**962**	2,043
Other (losses)/gains	6	**(1,442)**	1,164
Expenses			
- Distribution	8(a)	**(2,995)**	(3,226)
- Administrative	8(a)	**(71,059)**	(22,955)
- Finance	7	**(9,489)**	(6,782)
Loss before income tax		**(87,019)**	(4,289)
Income tax expense	9(a)	**(1,803)**	(1,972)
Total loss		**(88,822)**	(6,261)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**1,228**	50
Other comprehensive income, net of tax		**1,228**	50
Total comprehensive loss		**(87,594)**	(6,211)

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

	Note	2015 RMB'000	2014 RMB'000
Loss attributable to:			
Equity holders of the Company	10	**(88,303)**	(6,162)
Non-controlling interests		**(519)**	(99)
		(88,822)	(6,261)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(87,146)**	(6,141)
Non-controlling interests		**(448)**	(70)
		(87,594)	(6,211)
Loss per share for loss attributable to equity holders of the Company (RMB cents per share)			
Basic loss per share	10	**(20.90)**	(1.59)
Diluted loss per share	10	**(20.90)**	(1.59)

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

BALANCE **SHEET – GROUP**

AS AT 31 DECEMBER 2015

	Note	**2015**	2014
		RMB'000	RMB'000
ASSETS			
Current assets			
Cash and cash equivalents	11(a)	**12,667**	5,444
Restricted cash	11(b)	**489**	–
Trade and other receivables	12	**39,145**	35,729
Inventories	13	**11,449**	24,452
		63,750	65,625
Non-current assets			
Investment property	14	**133,211**	–
Prepaid lease	15	**23,128**	23,682
Property, plant and equipment	16	**190,399**	159,232
Intangible assets	17	**1,603**	9
Deferred income tax assets	18	**–**	750
Other non-current assets	19	**1,547**	57,017
		349,888	240,690
Total assets		**413,638**	306,315
LIABILITIES			
Current liabilities			
Trade and other payables	20	**90,458**	59,274
Current income tax liabilities	9(b)	**1,504**	796
Borrowings	21	**104,156**	86,964
		196,118	147,034
Non-current liabilities			
Borrowings	21	**72,133**	–
Total liabilities		**268,251**	147,034
NET ASSETS		**145,387**	159,281
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	23	**250,995**	179,491
Other reserves	24	**8,052**	4,699
Accumulated losses		**(112,646)**	(24,343)
Total equity attributable to owner's equity		**146,401**	159,847
Non-controlling interests		**(1,014)**	(566)
Total equity		**145,387**	159,281

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

BALANCE **SHEET – COMPANY**

AS AT 31 DECEMBER 2015

	Note	**2015**	2014
		RMB'000	RMB'000
ASSETS			
Current assets			
Cash and cash equivalents	11(a)	**7,173**	1,500
Trade and other receivables	12	**24,794**	163,429
Inventories	13	**3,867**	219
		35,834	165,148
Non-current assets			
Property, plant and equipment	16	**1,444**	2,651
Intangible assets	17	**169**	–
Investments in subsidiaries	22	**57,563**	1
		59,176	2,652
Total assets		**95,010**	167,800
LIABILITIES			
Current liabilities			
Trade and other payables	20	**48,165**	17,900
Borrowings	21	**–**	17,271
		48,165	35,171
Non-current liabilities			
Borrowings	21	**20,145**	–
Total liabilities		**68,310**	35,171
NET ASSETS		**26,700**	132,629
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	23	**250,995**	179,491
Other reserves	24	**(9,714)**	(8,134)
Accumulated losses	25	**(214,581)**	(38,728)
Total equity		**26,700**	132,629

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

CONSOLIDATED **STATEMENT OF CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Share capital RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non–controlling interests RMB'000	Total equity RMB'000
2015									
Beginning of financial year		**179,491**	**2,174**	**3,368**	**(843)**	**(24,343)**	**159,847**	**(566)**	**159,281**
Loss for the year		–	–	–	–	(88,303)	(88,303)	(519)	(88,822)
Other comprehensive income for the year		–	–	–	1,157	–	1,157	71	1,228
Total comprehensive loss for the year		**–**	**–**	**–**	**1,157**	**(88,303)**	**(87,146)**	**(448)**	**(87,594)**
Issue of new shares	23	22,999	–	–	–	–	22,999	–	22,999
Acquisition of a subsidiary	23	48,505	–	–	–	–	48,505	–	48,505
Convertible bond - Equity component	24(b)(ii)	–	2,196	–	–	–	2,196	–	2,196
Total transactions with owners recognised directly in equity		**71,504**	**2,196**	**–**	**–**	**–**	**73,700**	**–**	**73,700**
End of financial year		**250,995**	**4,370**	**3,368**	**314**	**(112,646)**	**146,401**	**(1,014)**	**145,387**

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

CONSOLIDATED **STATEMENT OF CHANGES IN EQUITY** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Share capital	Capital reserve	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2014									
Beginning of financial year		**179,491**	**2,174**	**2,756**	**(864)**	**(14,832)**	**168,725**	**(496)**	**168,229**
Profit/(loss) for the year		–	–	612	–	(6,774)	(6,162)	(99)	(6,261)
Other comprehensive income for the year		–	–	–	21	–	21	29	50
Total comprehensive income for the year		**–**	**–**	**612**	**21**	**(6,774)**	**(6,141)**	**(70)**	**(6,211)**
Dividend relating to 2014 declared	26	–	–	–	–	(2,737)	(2,737)	–	(2,737)
Total transactions with owners recognised directly in equity		**–**	**–**	**–**	**–**	**(2,737)**	**(2,737)**	**–**	**(2,737)**
End of financial year		**179,491**	**2,174**	**3,368**	**(843)**	**(24,343)**	**159,847**	**(566)**	**159,281**

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

CONSOLIDATED **STATEMENT OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	**2015** **RMB'000**	2014 RMB'000
Cash flows from operating activities			
Total loss		**(88,822)**	(6,261)
Adjustments for:			
- Income tax expense	9(a)	**1,803**	1,972
- Depreciation of property plant and equipment	8(a)	**11,558**	9,642
- Amortisation of prepaid lease	8(a)	**603**	603
- Amortisation of intangible assets	8(a)	**7**	35
- Loss/(gain) on disposal of property, plant and equipment	6	**5**	(5)
- Gain on disposal of a subsidiary	11(a)	**–**	(1,134)
- Write down on inventories	8(a)	**756**	1,693
- Interest income	5	**(138)**	(316)
- Interest expense	7	**9,489**	6,782
- Impairment loss for property, plant and equipment	8(a)	**14,037**	–
- Impairment loss for receivables	8(a)	**26,302**	–
- Unrealised foreign exchange loss/(gain)		**785**	(25)
		(23,615)	12,986
Change in working capital, net of effects from acquisition and disposal of subsidiaries			
- Inventories	8(a)	**12,247**	9,943
- Trade and other receivables		**(21,357)**	93,630
- Trade and other payables		**21,164**	(47,706)
Increase in restricted cash		**(489)**	–
Cash (used in)/generated from operations		**(12,050)**	68,853
Income tax paid	9(b)	**(630)**	(5,390)
Net cash (used in)/provided by operating activities		**(12,680)**	63,463
Cash flows from investing activities			
Interest received	5	**138**	316
Acquisition of subsidiary, net of cash	32(b)	**2,279**	–
Proceeds from disposal of property, plant and equipment		**15**	48
Purchase of prepaid lease		**(49)**	(1,000)
Purchase of property, plant and equipment		**(1,376)**	(116,279)
Purchase of intangible assets	17(b)	**(169)**	–
Disposal of subsidiaries, net of cash	11(a)	**–**	1,500
Net cash provided by/(used in) investing activities		**838**	(115,415)
Cash flows from financing activities			
Proceeds from issuance of convertible loan notes		**18,479**	–
Repayment of convertible loan notes upon maturity		**(13,661)**	–
Repayment of other borrowings		**(4,651)**	–
Repayment of amount owing to a Director		**(235)**	–
Proceeds from amount owing to a Director		**–**	235
Proceeds from issuance of share capital		**16,099**	–
Proceeds from bank borrowings		**47,000**	125,000
Proceeds from other borrowings		**–**	8,212
(Increase)/decrease in bank deposits pledged		**(1,245)**	7,038
Dividend paid to equity holders of the company		**(158)**	(2,579)
Interest paid		**(8,156)**	(6,355)
Repayment of bank borrowings		**(35,703)**	(83,992)
Net cash provided by financing activities		**17,769**	47,559
Net increase/(decrease) in cash and cash equivalents		**5,927**	(4,393)
Cash and cash equivalents			
Beginning of financial year	11(a)	**3,444**	7,582
Effects of currency translation on cash and cash equivalents		**51**	255
End of financial year	11(a)	**9,422**	3,444

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

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

1. General information

Oriental Group Ltd (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. With effect from 9 June 2016, the address of the Company's registered office was changed from 10, Upper Aljunied Link #04-09, Singapore 367904 to 180 Woodlands Industrial Park E5, Woodlands Auto Hub #02-09, Singapore 757512.

The principal activities of the Company are those relating to the procurement, supply, and provision of value added services of metal products such as mild steel round bars, high tensile deformed bars, angle bars and flat bars used in the industrial and construction industries in the People's Republic of China ("PRC") and the South-East Asia region.

The principal activities of its subsidiaries are set out in Note 22 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

Going concern

The Group recorded net loss of RMB 88,822,000 and net cash outflow from operating activities of RMB 12,680,000 for the financial year ended 31 December 2015. As at 31 December 2015, the Group's current liabilities exceeded its current assets by RMB 132,368,000. In addition, the Group has bank borrowings amounting to RMB 104,156,000, which are due for repayment within 12 months after the balance sheet date.

As at 31 December 2015, the Company's current liabilities exceeded its current assets by RMB 12,331,000.

Notwithstanding with the above, the financial statements have been prepared on a going concern basis. The following action plans are being actively considered to enable the Group and Company to continue as a going concern:

(a) Carrying out a group restructuring plan via:

    (i) Disposing the Group's operations in the PRC which are loss making, have bank borrowings amounting to RMB 32,000,000 and RMB 45,000,000 that are already due in the current financial year and will be due within the next financial year respectively, and are exposed to the potential liability arising from the guarantees given to banks in relating to loan entered into by a related party amounting to RMB 50,000,000; and

    (ii) Discontinuation of Singapore trading division operation which is loss making.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Going concern *(continued)*

(b) Negotiating with former owners of Wan Dormitory Pte. Ltd. to extend the payment deadline for the deferred consideration amounting to RMB 6,793,000 (SGD 1,500,000), which will be due for payment within the next financial year.

(c) Negotiating with the bank to extend the fixed advance facility of Wan Dormitory Pte. Ltd. amounting to RMB 22,967,000 (SGD 5,000,000), which is due within the next financial year.

(d) Disposing Wan Dormitory Pte. Ltd, which owns the investment properties.

(e) Negotiating with the holders of convertible bonds to extend the maturity tenure of the convertible bonds.

(f) Undertaking the share placement exercise to issue new share capital to investors.

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group assess its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(a) Sale of goods – Industrial steel and metal products

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(b) Sale of scrap metal

Revenue from sale of scrap metal is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(c) Commission income

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group. Commission income is recognised when services have been rendered and the Group does not have any further specific performance obligations.

(d) Dividend income

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established.

(e) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2. Significant accounting policies (continued)

2.4 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions (continued)

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill on acquisitions" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold buildings	20 to 50 years
Plant and machinery	5 to 10 years
Furniture, fittings and equipment	10 years
Computers	5 years
Motor vehicles	5 years
Leasehold improvements	According to lease term

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

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted if appropriate.

Capital work-in-progress is not depreciated until the related property, plant and equipment is available for use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the 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 repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains and losses". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

2. Significant accounting policies (continued)

2.6 Prepaid lease

Leases of land use rights are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis so as to write off the costs over their useful lives ranging from 40 to 50 years.

2.7 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

(b) Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 to 5 years.

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

2.8 Investment properties

Investment properties include buildings that are held for long-term rental yields and/or capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2. Significant accounting policies (continued)

2.9 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.10 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Intangible assets*
Property, plant and equipment
Investments in subsidiaries
Prepaid lease
Other non-current assets

Intangible assets, property, plant and equipment, investments in subsidiaries, prepaid lease and other non-current assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

2. Significant accounting policies (continued)

2.10 Impairment of non-financial assets (continued)

(b) Intangible assets (continued)

An impairment loss for an asset other than goodwill 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 amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.11 Financial assets

(a) Classification

The Group classifies its financial asset in the following category: loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 12) and "Cash and cash equivalents" (Note 11(a)) on the balance sheet.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.11 Financial assets (continued)

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

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

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2. Significant accounting policies (continued)

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

(a) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(b) Convertible loan notes

The total proceeds from convertible loan notes issued are allocated to the liability component and the equity component, which are separately presented on the balance sheet.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible loan notes. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the loan notes.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount is transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.16 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.17 Leases

(a) *When the Group is the lessee:*

The Group leases factories, certain plant and machinery and office under operating leases from non-related parties.

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease. Contingent rents are recognised as an expense in profit or loss when incurred.

(b) *When the Group is the lessor:*

The Group leases equipment under finance leases and investment properties under operating leases to non-related parties.

Lessor – Operating leases

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2. Significant accounting policies (continued)

2.18 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average formula. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.19 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

2. Significant accounting policies (continued)

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.21 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.22 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The Company's functional currency is Singapore Dollars (SGD). The presentation currency for the Group financial statements is Renminbi (RMB).

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognized in profit or loss.

However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve. When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

2. Significant accounting policies (continued)

2.22 Currency translation (continued)

(b) Transactions and balances (continued)

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains and losses".

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

(c) Translation of Group entities' financial statements

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

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the senior management whose members are responsible for allocating resources and assessing performance of the operating segments.

2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.25 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.26 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

(a) *Deferred income tax assets*

The Group recognises deferred income tax assets on certain temporary differences and carried forward tax losses to the extent that there are sufficient estimated future taxable profits and/or taxable temporary differences against which the temporary differences and tax losses can be utilised and that the Group is able to satisfy the continuing ownership test. If the tax authority regards the group entities as not satisfying the continuing ownership test, the deferred tax income asset will have to be written off as income tax expense.

(b) *Impairment of property, plant and equipment and prepaid lease*

The majority of the Group's non-current assets is made up of property, plant and equipment and prepaid lease. The Group identifies whether events or changes have occurred within the Group, its industry, or the economy indicating the carrying value of the property, plant and equipment and prepaid lease may be impaired. Where indicators of impairment are identified, in determining the recoverable amounts of the property, plant and equipment and prepaid lease, the Group uses the higher of fair value less costs to sell and value-in-use. Value-in-use is dependent on the cash flow projections derived from the asset, including the terminal value at the end of the projection period as well as the appropriateness of the discount factor. Impairment losses would be recorded if the higher of the fair value less costs to sell and value-in-use is lower than the carrying value of the property, plant and equipment and prepaid lease.

3.2 Critical judgements in applying the entity's accounting policies

Impairment of loans and receivables

The Group makes allowance for impairment of receivables based on an assessment of the recoverability of trade receivables. Allowances for impairment of receivables are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables involves management judgement, as management identifies receivables with objective evidence indicating there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

4. Revenue

	Group	
	2015	2014
	RMB'000	RMB'000
Sale of goods	**164,465**	370,378
Sale of scrap metal	**3,232**	5,333
Commission and service income	**–**	1,033
Rental income from investment property (Note 14)	**2,055**	–
	169,752	376,744

5. Other income

	Group	
	2015	2014
	RMB'000	RMB'000
Government grants	**332**	707
Sales of production by-product	**–**	590
Other rental and ancillary income from leasing warehouse space and equipment	**305**	–
Interest income from bank deposits	**138**	316
Others	**187**	430
	962	2,043

6. Other gains and losses

	Group	
	2015	2014
	RMB'000	RMB'000
(Loss)/gain on disposal of property, plant and equipment	**(5)**	5
Gain on disposal of subsidiary (Note 11(a))	**–**	1,134
Foreign exchange (loss)/gain	**(1,437)**	25
	(1,442)	1,164

7. Finance expenses

	Group	
	2015	2014
	RMB'000	RMB'000
Interest expense relating to:		
- Bank and other borrowings	**(6,482)**	(5,135)
- Convertible loan notes	**(3,007)**	(1,647)
	(9,489)	(6,782)

8(a). Expenses by nature

	Group	
	2015	2014
	RMB'000	RMB'000
Purchases of inventories	**151,730**	331,380
Changes in inventories	**12,247**	9,943
Write down on inventories	**756**	1,693
Amortisation of prepaid lease (Note 15)	**603**	603
Amortisation of intangible assets (Note 17(b))	**7**	35
Depreciation of property, plant and equipment (Note 16)	**11,558**	9,642
Impairment loss for receivables	**26,302**	–
Impairment loss for property, plant and equipment (Note 16)	**14,037**	–
Total amortisation, depreciation and impairment	**52,507**	10,280
Audit fees paid to:		
- auditor of the Company*	**1,949**	2,109
- other auditors	**287**	262
Professional fees	**1,989**	984
Operating lease expense	**1,916**	1,861
Employee compensation (Note 8(b))	**12,898**	15,453
Directors' fees	**777**	765
Others	**9,746**	2,728
Total cost of sales, distribution and administrative expenses	**246,802**	377,458

(*) Audit fees paid to the auditor of the Company include the provision for current year audit fees amounting to RMB 1,623,000 (2014: RMB 1,591,000) and under provision of prior year audit fees amounting to RMB 326,000 (2014: RMB 518,000).

Impairment loss for receivables of RMB 26,302,000 and impairment loss for property, plant and equipment of RMB 14,037,000 are included in "administrative expenses" in the consolidated statements of comprehensive income.

8(b). Employee compensation

	Group	
	2015	2014
	RMB'000	RMB'000
Wages and salaries	**10,316**	12,549
Employer's contribution to defined contribution plans	**1,167**	742
Other benefits	**1,415**	2,162
	12,898	15,453

9. Income taxes

(a) Income tax expense

	Group	
	2015	2014
	RMB'000	RMB'000
Tax expense attributable to loss is made up of:		
Current income tax		
- Singapore	**116**	–
- Foreign	**–**	2,722
	116	2,722
Deferred income tax (Note 18)	**–**	(750)
	116	1,972
Under provision in prior financial years:		
Current income tax	**937**	–
Deferred income tax (Note 18)	**750**	–
	1,803	1,972

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Loss before tax	**(87,019)**	(4,289)
Tax calculated at tax rate of 17% (2014: 17%)	**(14,793)**	(729)
Effect of different tax rates and legislation	**(5,426)**	510
Income not subject to tax	**–**	(230)
Non–deductible expenses	**932**	751
Deferred tax asset not recognised	**19,428**	1,769
Tax incentives	**(25)**	–
Under provision in prior years	**1,687**	–
Others	**–**	(99)
Tax charge	**1,803**	1,972

9. Income taxes (continued)

(b) Movement in current income tax liabilities

	Group	
	2015	2014
	RMB'000	RMB'000
Beginning of financial year	**796**	3,464
Income tax paid	**(630)**	(5,390)
Tax expense	**116**	2,722
Under provision in prior financial years	**937**	–
Acquisition of subsidiary (Note 32(c))	**280**	–
Currency translation differences	**5**	–
End of financial year	**1,504**	796

There is no current income tax liabilities recognised for the Company in 2015 and 2014.

10. Loss per share

(a) Basis loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2015	2014
Net loss attributable to equity holders of the Company (RMB'000)	**(88,303)**	(6,162)
Weighted average number of ordinary shares outstanding for basic loss per share	**422,580,185**	387,730,870
Basic loss per share (RMB cents per share)	**(20.90)**	(1.59)

(b) Diluted loss per share

At 31 December 2015 and 31 December 2014, the Company has no dilutive potential ordinary shares.

The Company has convertible loan notes, if converted, will increase the number of ordinary shares by 42,307,692 (2014: 21,428,571). However, the conversion effects of the convertible loan notes are anti-dilutive, as they would result in a decrease in the loss per share.

Accordingly, diluted loss per share is the same as the basic loss per share.

11(a). Cash and cash equivalents

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

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank and on hand	**12,667**	5,444	**7,173**	1,500
Less: Bank deposits pledged	**(3,245)**	(2,000)	**–**	–
	9,422	3,444	**7,173**	1,500

Bank deposits are pledged in relation to the security granted for certain borrowings (Note 21).

Acquisition of a subsidiary

Please refer to Note 32(b) for the effects of the acquisition of a subsidiary Wan Dormitory Pte. Ltd. on the cash flows of the Group.

Disposal of a subsidiary

On 3 July 2014, the Company disposed of its entire interest held in OGL Energy Pte. Ltd. for a cash consideration of RMB 3,000,000. The effects of the disposals on the cash flows of the Group were:

	2014
	RMB'000
Carrying amounts of assets and liabilities disposed of	
Other receivables and prepayments	–*
Total assets/net assets disposed of	–*

Net assets derecognised	–*
Add: Gain on disposal of subsidiary	1,134
Add: Outstanding balance of commission expense to be paid	1,800
Less: Outstanding balance of cash proceeds to be received	(1,434)
Net cash inflow on disposal of subsidiary	**1,500**

Net assets derecognised

*less than RMB 1,000

11(b). Restricted cash

Restricted cash relates to a bank account which has been frozen in relation to a legal proceedings as disclosed in Note 27(b).

12. Trade and other receivables

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables from:				
- non-related parties	**20,341**	16,580	**10,795**	2,623
- related parties	**11,038**	–	**–**	–
	31,379	16,580	**10,795**	2,623
Less: Allowance for impairment of receivables				
- non-related parties	**(1,911)**	–	**–**	–
- related parties	**(9,963)**	–	**–**	–
	(11,874)	–	**–**	–
Bills receivables from non-related parties	**30**	1,168	**–**	–
Trade receivables - net	**19,535**	17,748	**10,795**	2,623
Prepayments	**871**	2,976	**739**	577
Deposit	**649**	274	**459**	250
Value added tax recoverable	**5,339**	896	**377**	568
Other receivables from:				
- non-related parties	**6,452**	2,129	**1,385**	178
- non-controlling shareholder	**6,900**	–	**6,900**	–
- subsidiaries	**–**	–	**161,882**	159,233
- related parties	**13,822**	11,706	**–**	–
	27,174	13,835	**170,167**	159,411
Less: Allowance for impairment of receivables				
- non-related parties	**(2,859)**	–	**–**	–
- subsidiaries	**–**	–	**(157,743)**	–
- related parties	**(11,564)**	–	**–**	–
	(14,423)	–	**(157,743)**	–
Trade and other receivables	**39,145**	35,729	**24,794**	163,429

The non-trade amounts due from subsidiaries and related parties are unsecured, interest-free and repayable on demand.

The non-trade amount due from a non-controlling shareholder relates to the unpaid ordinary shares subscription of RMB 6,900,000 (Note 23).

The Group assesses at each balance sheet date whether there is objective evidence that trade and other receivables are impaired. Based on the Group's assessment, an impairment loss of RMB 26,302,000 (Note 8(a)) has been recognised in the statement of comprehensive income to record the trade and other receivables at their recoverable amounts.

13. Inventories

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Raw materials	**4,269**	7,862	**–**	–
Work-in-progress	**425**	717	**–**	–
Finished/trading goods	**6,755**	15,873	**3,867**	219
	11,449	24,452	**3,867**	219

The cost of inventories recognised as an expense and included in "cost of sales" amounted to RMB 164,733,000 (2014: RMB 343,016,000).

In 2015, inventories of RMB 756,000 (2014: RMB 1,693,000) were written down to net realisable value. The write-downs have been included in "Cost of sales".

Included in inventories is an amount of RMB 544,000 recorded as relating to 7,500 pieces of scaffolding pipes held on behalf of the Company by a company owned by a non-controlling shareholder, as announced by the Company on 13 June 2016.

14. Investment property

	Group
	2015
	RMB'000
Beginning of financial year	**–**
Acquisition of subsidiary (Note 32(c))	**131,341**
Currency translation differences	**1,870**
End of financial year	**133,211**

Investment property is leased to non-related parties under operating leases (Note 28(b)).

The investment property is mortgaged to secure bank loans (Note 21).

The following amounts are recognised in profit and loss:

	Group
	2015
	RMB'000
Rental income (Note 4)	**2,055**
Direct operating expenses arising from:	
- Investment property that generate rental income	**(417)**

14. Investment property (continued)

At the balance sheet date, the details of the Group's investment properties are as follows:

Location	Description/existing use	Tenure
180 Woodlands Industrial Park E5, Woodlands Auto Hub	Light industrial building	30-year leasehold from 2007

Fair value hierarchy – Recurring fair value measurements

Description	Fair value measurements using Significant unobservable inputs (Level 3)
	RMB'000
31 December 2015	
- Light industrial building – Singapore	133,211

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers into or out of fair value hierarchy levels for the financial years ended 31 December 2015.

Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's property at the end of the financial year based on the property's highest and best use. As at 31 December 2015, the fair values of the property have been determined by United Valuers Pte Ltd.

Changes in Level 3 fair values as assessed at each reporting date by the external valuers are reviewed by management.

Level 3 fair value of the Group's completed investment property has been derived using the following valuation approach:

14. Investment property (continued)

(i) The Income Capitalisation Method where the net rental income after property tax is capitalised at a rate which reflects the present and potential growth and over the unexpired lease term. The most significant input to the valuation approach would be the capitalisation rate.

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Description	Fair value at 31 December 2015 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Light Industrial Building	133,211	Income Capitalisation	Capitalisation rate	6.5% to 7.5%	The lower the capitalisation rate, the higher the fair value
			Occupancy rate	98%	The higher the occupancy rate, the higher the fair value

15. Prepaid lease – Land use rights

	Group	
	2015	2014
	RMB'000	RMB'000
Cost		
Beginning of financial year	**24,538**	24,538
Additions	**49**	–
End of financial year	**24,587**	24,538
Accumulated amortisation		
Beginning of financial year	**856**	253
Amortisation for the year (Note 8(a))	**603**	603
End of financial year	**1,459**	856
Net book value	**23,128**	23,682

The Prepaid lease-Land use rights is mortgaged to secure bank loans (Note 21).

16. Property, plant and equipment

	Leasehold buildings	Plant and machinery	Furniture, fittings and equipment	Computers	Motor vehicles	Leasehold improvements	Capital work-in-progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group								
2015								
Cost								
Beginning of financial year	34,308	70,766	1,677	89	117	3,733	63,402	174,092
Currency translation differences	–	–	(3)	(2)	–	(39)	(22)	(66)
Additions	–	–	645	–	–	166	56,035*	56,846
Disposals	–	–	(23)	–	–	–	–	(23)
Reclassification	–	–	–	–	–	1,218	(1,218)	–
End of financial year	34,308	70,766	2,296	87	117	5,078	118,197	230,849
Accumulated depreciation and impairment loss								
Beginning of financial year	2,541	10,709	638	40	30	902	–	14,860
Currency translation differences	–	–	–	–	–	(2)	–	(2)
Depreciation charge (Note 8(a))	2,001	6,373	799	29	28	2,328	–	11,558
Impairment loss (Note 8(a))	–	11,008	191	–	–	407	2,431	14,037
Disposals	–	–	(3)	–	–	–	–	(3)
End of financial year	4,542	28,090	1,625	69	58	3,635	2,431	40,450
Net book value								
End of financial year	**29,766**	**42,676**	**671**	**18**	**59**	**1,443**	**115,766**	**190,399**

(*) Additions of capital work-in-progress of the Group include an amount of RMB 55,470,000 (2014: RMB 47,500,000), for the progressive payment of construction in-progress to a non-related party.

16. Property, plant and equipment (continued)

	Leasehold buildings	Plant and machinery	Furniture, fittings and equipment	Computers	Motor vehicles	Leasehold improvements	Capital work-in-progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group								
2014								
Cost								
Beginning of financial year	33,746	69,990	1,568	77	117	2,822	5,069	113,389
Currency translation differences	–	–	(3)	(3)	–	(56)	–	(62)
Additions	55	776	114	57	–	967	58,840*	60,809
Disposals	–	–	(2)	(42)	–	–	–	(44)
Reclassification	507	–	–	–	–	–	(507)	–
End of financial year	34,308	70,766	1,677	89	117	3,733	63,402	174,092
Accumulated depreciation								
Beginning of financial year	977	3,691	249	13	2	289	–	5,221
Currency translation differences	–	–	–	–	–	(2)	–	(2)
Depreciation charge (Note 8(a))	1,564	7,018	389	28	28	615	–	9,642
Disposals	–	–	–	(1)	–	–	–	(1)
End of financial year	2,541	10,709	638	40	30	902	–	14,860
Net book value								
End of financial year	**31,767**	**60,057**	**1,039**	**49**	**87**	**2,831**	**63,402**	**159,232**

16. Property, plant and equipment (continued)

	Furniture, fittings and equipment	Computers	Leasehold improvements	Warehouse equipment	Capital work–in–progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Company						
2015						
Cost						
Beginning of financial year	111	91	2,142	–	865	3,209
Currency translation differences	(3)	(3)	(36)	2	(22)	(62)
Additions	86	–	166	553	375	1,180
Disposals	–	–	–	(22)	–	(22)
Reclassification	–	–	1,218	–	(1,218)	–
End of financial year	194	88	3,490	533	–	4,305
Accumulated depreciation and impairment loss						
Beginning of financial year	26	40	492	–	–	558
Currency translation differences	–*	–*	(1)	1	–	–*
Depreciation charge	36	29	2,010	65	–	2,140
Disposals	–	–	–	(3)	–	(3)
Impairment loss	–	–	–	166	–	166
End of financial year	62	69	2,501	229	–	2,861
Net book value						
End of financial year	**132**	**19**	**989**	**304**	**–**	**1,444**
Company						
2014						
Cost						
Beginning of financial year	103	77	1,951	–	–	2,131
Currency translation differences	(2)	(1)	(56)	–	–	(59)
Additions	12	57	247	–	865	1,181
Disposals	(2)	(42)	–	–	–	(44)
End of financial year	111	91	2,142	–	865	3,209
Accumulated depreciation						
Beginning of financial year	5	13	65	–	–	83
Currency translation differences	–	–	(2)	–	–	(2)
Depreciation charge	21	28	429	–	–	478
Disposals	–	(1)	–	–	–	(1)
End of financial year	26	40	492	–	–	558
Net book value						
End of financial year	**85**	**51**	**1,650**	**–**	**865**	**2,651**

(*) *Less than RMB 1,000*

16. Property, plant and equipment (continued)

(a) At 31 December 2015, the net book value of the leasehold building and plant and machinery secured for bank borrowings is RMB 66,300,000 (2014: RMB 40,200,000).

(b) As at 31 December 2015, the Group and the Company carried out an impairment test for its property, plant and equipment. Based on the impairment testing, the Group recognised:

(i) An impairment loss of RMB 13,871,000 for its manufacturing facilities in a subsidiary operating in China due to deteriorating market conditions for the steel industry in China. The recoverable amount of the manufacturing facilities was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management over the useful lives of the manufacturing facility. The key assumptions used in the value-in-use calculations are average gross margin of 5.6%, growth rate of 5.0% and discount rate of 10.5%.

(ii) An impairment loss of RMB 166,000 for the Company's warehouse equipment due to the discontinuation of operations of the trading division in Singapore. The recoverable amount of the warehouse equipment was determined based on fair value less costs to sell. The fair value less costs to sell is derived from the subsequent selling price of the warehouse equipment.

(c) Included in the property, plant and equipment is an amount of RMB 178,523,000 relating to the Group's manufacturing facilities in another subsidiary operating in China in which the Group did not carry out an impairment review.

(d) Included in the capital work-in-progress is an amount of RMB 30,000,000 relating to the Group's purchases of machineries by a subsidiary in China in which the related tax invoices from the supplier have not yet been received and the details and location of the machineries are not available.

(e) In the prior financial year, the Group and the Company depreciated its leasehold improvements over an estimated useful life of 5 years. For the financial year ended 31 December 2015, management reviewed and revised the estimated useful life of its leasehold improvements according to the lease term of the leasehold improvements that are expiring upon 30 June 2016. Accordingly, there was a change in the expected useful lives of leasehold improvements. The effect of these changes for the current financial year increases depreciation expense and decreases profit before tax by approximately RMB 1,395,000.

17. Intangible assets

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Composition:				
Goodwill arising on consolidation (Note (a))	**1,432**	–	**–**	–
Computer software licences (Note (b))	**171**	9	**169**	–
	1,603	9	**169**	–

(a) Goodwill arising on consolidation

	Group	
	2015	2014
	RMB'000	RMB'000
Cost		
Beginning of financial year	**–**	–
Acquisition of subsidiary (Note 32(c))	**1,431**	–
Currency translation differences	**1**	–
End of financial year	**1,432**	–
Accumulated impairment		
Beginning and end of financial year	**–**	–
Net book value	**1,432**	–

Goodwill on consolidation related to the Group's acquisition of its subsidiary, Wan Dormitory Pte. Ltd. on 30 October 2015 as disclosed in Note 32 (c).

(b) Computer software licences

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cost				
Beginning of financial year	**88**	88	**–**	–
Additions	**169**	–	**169**	–
End of financial year	**257**	88	**169**	–
Accumulated amortisation				
Beginning of financial year	**79**	44	**–**	–
Amortisation for the year (Note 8(a))	**7**	35	**–**	–
End of financial year	**86**	79	**–**	–
Net book value	**171**	9	**169**	–

18. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Deferred income tax assets		
- To be recovered within one year	**–**	677
- To be recovered after one year	**–**	73
	–	750

Movement in deferred income tax account is as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Beginning of financial year	**750**	–
Tax (charged)/credit to profit or loss	**(750)**	750
End of financial year	**–**	750

Deferred income tax assets are recognised for temporary differences from accelerated tax depreciation, provisions and accruals carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised tax losses of RMB 80,000,000 (2014: RMB 20,100,000) and temporary differences of RMB 55,430,000 (2014: RMB 490,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by the companies in the respective countries of incorporation.

18. Deferred income taxes (continued)

The movement in deferred income tax is as follows:

	Accelerated tax depreciation	Provisions	Accruals	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
2015				
Beginning of financial year	73	423	254	750
Tax credited to profit or loss	(73)	(423)	(254)	(750)
End of financial year	–	–	–	–
2014				
Beginning of financial year	–	–	–	–
Tax charged to profit or loss	73	423	254	750
End of financial year	73	423	254	750

The Company did not recognise deferred income tax assets in 2015 and the Group did not recognise deferred income tax assets in 2015 in respect of these items because it is not probable that the future taxable profits would be available which the Company and Group can utilise these tax benefits

19. Other non-current assets

	Group	
	2015	2014
	RMB'000	RMB'000
Land use rights (i)	**1,547**	1,547
Prepayment for machinery (ii)	**–**	55,470
	1,547	57,017

(i) *Land use rights*

The Group applied to obtain the land use rights in Xinghua City, Jiangsu Province, PRC, from the local government with a carrying amount of RMB 1,547,000. At 31 December 2015, the Group has yet to receive the title certificates of land use rights from the local government.

(ii) *Prepayment for machinery*

In 2014, the Group made a prepayment of RMB 55,470,000 to non-related parties for the purchase of machinery.

20. Trade and other payables

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables to:				
- non-related parties	**30,531**	9,315	**25,783**	3,943
- related parties	**3,332**	1,029	**–**	–
	33,863	10,344	**25,783**	3,943
Accrued operating expenses				
- Directors' fees	**390**	598	**390**	598
- Subsidiary's directors' bonus	**551**	–	**–**	–
- Others *	**4,970**	3,396	**2,717**	1,878
	5,911	3,994	**3,107**	2,476
Non-trade payables to:				
- subsidiaries	**–**	–	**5,287**	7,012
- directors of the Company	**5,000**	5,235	**–**	235
- directors of subsidiaries	**594**	633	**–**	–
	5,594	5,868	**5,287**	7,247
Bill payables to non-related parties	**–**	2,000	**–**	–
Advances received	**3,921**	1,984	**3,445**	–
Deposit received	**987**	–	**78**	–
Value-added tax payable	**2,850**	–	**–**	–
Other payables for purchases of property, plant and equipment	**8,107**	8,908	**–**	–
Dividend payable	**–**	158	**–**	158
Other payables to:				
- non-related parties	**18,361**	17,661	**2,794**	3,385
- related parties	**3,193**	8,357	**–**	691
- non-controlling shareholders	**7,671**	–	**7,671**	–
	29,225	26,018	**10,465**	4,076
Total trade and other payables	**90,458**	59,274	**48,165**	17,900

(*) Accrued operating expenses include convertible loan notes interest payable of RMB 873,000 (2014: RMB 475,000).

Non-trade amounts due to subsidiaries, directors of the Company, and directors of subsidiaries are unsecured, interest-free and repayable on demand.

Included in other payables to non-controlling shareholder is an amount of RMB 6,793,000 and RMB 634,000 which relates to the deferred consideration and unpaid cash consideration respectively for the acquisition of Wan Dormitory Pte. Ltd. as disclosed in Note 32.

Included in advances received is an amount of RMB 459,000 received from an individual.

21. Borrowings

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current				
Convertible loan notes	**–**	13,752	**–**	13,752
Bank borrowings	**104,156**	65,000	**–**	–
Other borrowings	**–**	8,212	**–**	3,519
	104,156	86,964	**–**	17,271
Non–current				
Convertible loan notes	**20,145**	–	**20,145**	–
Bank borrowings	**51,988**	–	**–**	–
	72,133	–	**20,145**	–
Total borrowings	**176,289**	86,964	**20,145**	17,271

(i) *Convertible loan notes*

Convertible loan notes issued during the financial year ended 31 December 2015

During the financial year, the Company issued 8% unsecured convertible loan notes denominated in Singapore Dollars with a nominal value of SGD 4,750,000 (RMB 21,849,000). The notes are due for repayment on 24 February 2018 or conversion into shares of the Company at the holder's option. .

The holders of the notes have the right at any time to convert all or any number of notes (but not part of any note) up to the entire amount of the notes into ordinary shares at the following prices:

(a) where the conversion right is exercised on or before the day immediately preceding the expiration of the 12th month following the subscription date, the conversion price of SGD 0.13 per share;

(b) where the conversion right is exercised on or between the day of the expiration of the 12th month following the subscription date and the day immediately preceding the expiration of the 24th month following the subscription date, the conversion price of SGD 0.14 per share;

(c) where the conversion right is exercised on or between the day of the expiration of the 24th month following the subscription date and the day immediately after the expiration of the 36th month following the subscription date, the conversion price of SGD 0.15 per share; and

(d) where the conversion right is exercised after the day immediately subsequent to the expiration of the 36th month following the subscription date and the expiration of the 37th month from the issue of the note, the conversion price of SGD 0.16 per share.

21. Borrowings (continued)

(i) Convertible loan notes (continued)

Convertible loan notes issued during the financial year ended 31 December 2015 *(continued)*

There was no conversion during the year.

The fair value of the liability component, included in current borrowings, is calculated by valuing the equity conversion component using the Binomial Option Pricing Model, with the residual amount of the nominal value attributed as the value of the liability component. The equity conversion component is included in shareholder's equity in other reserves (Note 24(b)(ii)).

Convertible loan notes issued during the financial year ended 31 December 2012

On 30 July 2012, the Company issued 8% unsecured convertible loan notes denominated in Singapore Dollars with a nominal value of SGD 3,000,000 (RMB 15,314,000). The notes were due for repayment on 29 July 2015 or conversion into shares of the Company at the holder's option.

The holders of the notes have the right at any time to convert all or any number of notes (but not part of any note) up to the entire amount of the notes into ordinary shares at the following prices:

(a) where the conversion right is exercised on or before the day immediately preceding the expiration of the 12th month following the subscription date, the conversion price of SGD 0.12 per share;

(b) where the conversion right is exercised on or between the day of the expiration of the 12th month following the subscription date and the day immediately preceding the expiration of the 24th month following the subscription date, the conversion price of SGD 0.13 per share;

(c) where the conversion right is exercised on or between the day of the expiration of the 24th month following the subscription date and the day immediately after the expiration of the 36th month following the subscription date, the conversion price of SGD 0.14 per share; and

(d) where the conversion right is exercised after the day immediately subsequent to the expiration of the 36th month following the subscription date and the expiration of the 37th month from the issue of the note, the conversion price of SGD 0.15 per share.

21. Borrowings (continued)

(i) Convertible loan notes (continued)

Convertible loan notes issued during the financial year ended 31 December 2012 *(continued)*

There was no conversion during the year.

The fair value of the liability component, included in current borrowings, is calculated by valuing the equity conversion component using the Binomial Option Pricing Model, with the residual amount of the nominal value attributed as the value of the liability component. The equity conversion component is included in shareholder's equity in other reserves (Note 24(b)(ii)).

The convertible loan notes issued during the financial year ended 31 December 2012 have matured on 21 August 2015. As none of the convertible loan notes have been redeemed, converted or cancelled as at the date of the maturity, the Company has redeemed all outstanding convertible loan notes together with all accrued and unpaid interests in accordance with the terms and conditions of the convertible loan notes.

The redemption of the notes have been funded by the issue of new shares by the Company during the financial year ended 31 December 2015 as disclosed in Note 23.

Carrying amount of the liability component of the unsecured convertible loan notes

The carrying amount of the liability component of the unsecured convertible loan notes at the balance sheet date is derived as follows:

	Group and Company	
	2015	2014
	RMB'000	RMB'000
Unsecured convertible loan notes:		
Face value of convertible loan notes issued on 24 February 2015 (2014: 30 July 2012)	**21,849**	15,314
Equity conversion component on initial recognition	**(2,196)**	(1,609)
Liability component on initial recognition	**19,653**	13,705
Accumulated amortisation of interest expense	**1,911**	4,017
Accumulated payments of interest	**(1,395)**	(2,826)
Translation difference	**(24)**	(1,144)
Liability component at end of financial year	**20,145**	13,752

21. Borrowings (continued)

(ii) Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Interest rate %	Year of maturity	**2015 Face value RMB'000**	**2015 Carrying amount RMB'000**	2014 Face value RMB'000	2014 Carrying amount RMB'000
Group							
Unsecured convertible loan notes	SGD	8.0%	2018	**21,849**	**20,145**	–	–
Secured bank loan I	RMB	5.6%	2016	**20,000**	**20,000**	–	–
Secured bank loan II	RMB	7.9%	2016	**15,000**	**15,000**	–	–
Secured bank loan III	RMB	7.9%	2016	**10,000**	**10,000**	–	–
Secured bank loan IV	RMB	8.4%	2015	**20,000**	**20,000**	20,000	20,000
Secured bank loan V	RMB	8.4%	2015	**12,000**	**12,000**	–	–
Secured bank loan VI	SGD	2.6%	2016	**22,967**	**22,967**	–	–
Secured bank loan VII	SGD	3.0%	2026	**56,177**	**56,177**	–	–
Unsecured convertible loan notes	SGD	8.0%	2015	**–**	**–**	14,078	13,752
Secured bank loan I	RMB	6.0%	2015	**–**	**–**	20,000	20,000
Secured bank loan II	RMB	9.0%	2015	**–**	**–**	15,000	15,000
Secured bank loan III	RMB	8.4%	2015	**–**	**–**	10,000	10,000
Unsecured other borrowings I	SGD	10.0%	2015	**–**	**–**	4,693	4,693
Unsecured other borrowings II	SGD	8.0%	2015	**–**	**–**	3,519	3,519
				177,993	**176,289**	87,290	86,964

	Currency	Interest rate %	Year of maturity	**2015 Face value RMB'000**	**2015 Carrying amount RMB'000**	2014 Face value RMB'000	2014 Carrying amount RMB'000
Company							
Unsecured convertible loan notes	SGD	8.0%	2018	**21,849**	**20,145**	–	–
Unsecured convertible loan notes	SGD	8.0%	2015	**–**	**–**	14,078	13,752
Unsecured other borrowings II	SGD	8.0%	2015	**–**	**–**	3,519	3,519
				21,849	**20,145**	17,597	17,271

21. Borrowings (continued)

(iii) Bank borrowings in 2015

1. Bank loan I amounting to RMB 20,000,000 was secured by legal charge over the land of Jiangyin Chengsheng Machinery Manufacturing Co., Ltd and corporate guarantee from Xinghua Rongcheng Precision Manufacturing Co., Ltd, where both are wholly-owned subsidiaries of the Group in PRC. Fixed interest rate for bank loan I as at 31 December 2015 was 5.6% per annum.

2. Bank loan II amounting to RMB 15,000,000 was secured by personal guarantee by the Group's Non-Executive Chairman and controlling shareholder of the Company, Wu Dingrong and a corporate guarantee by a related party, Jiangyin Jincheng Steel Co., Ltd (an associated company of Wu Dingrong). Fixed interest rate for bank loan II as at 31 December 2015 was 7.9% per annum.

3. Bank loan III amounting to RMB 10,000,000 was secured by legal charge over the plant and machinery of Xinghua Rongcheng Precision Manufacturing Co., Ltd. Fixed interest rate for bank loan III as at 31 December 2015 was 7.9% per annum.

4. Bank loan IV amounting to RMB 20,000,000 was secured by corporate guarantee from Jiangyin Chengsheng Machinery Manufacturing Co., Ltd and Jiangyin Jincheng Steel Co., Ltd (an associated company of Wu Dingrong). Fixed interest rate for bank loan IV as at 31 December 2015 was 8.4% per annum. The bank loan has matured on 3 July 2015 and the bank has not call for repayment of the loan.

5. Bank loan V amounting to RMB 12,000,000 was secured by legal charge over the land use right and building of Xinghua Rongcheng Precision Manufacturing Co., Ltd.. Fixed interest rate for bank loan IV as at 31 December 2015 was 8.4% per annum. The bank loan has matured on 15 December 2015 and the bank has not call for repayment of the loan.

6. Bank loan VI amounting to RMB 22,967,000 was secured by a legal mortgage over an investment property held by Subsidiary Wan Dormitory Pte. Ltd., assignment of all rights, title and benefits under existing and future tenancy agreement of the investment property, joint guaranteed by the Company, Lim Soon Heng and Tay Yong Hua (non-controlling shareholders of the Company), and charge on all sums in current accounts with the lender. The loan carries a variable interest rate of Singapore Interbank Offered Rate ("SIBOR") plus 1.75%. The effective interest rate as at 31 December 2015 was 2.6% per annum.

7. Bank loan VII amounting to RMB 56,177,000 was secured by a legal mortgage over an investment property held by Subsidiary Wan Dormitory Pte. Ltd., assignment of all rights, title and benefits under existing and future tenancy agreement of the investment property, joint guarantee by the Company, Lim Soon Heng and Tay Yong Hua (non-controlling shareholders of the Company), and charge on all sums in current accounts with the lender. The loan carries a variable interest rate of Enterprise Financing Rate ("EFR") minus 1.75%. The effective interest rate as at 31 December 2015 was 3.0% per annum. The carrying amount of the noncurrent portion borrowing approximates its fair value.

21. Borrowings (continued)

(iv) Bank borrowings in 2014

1. Bank loan I amounting to RMB 20,000,000 was secured by legal charge over the land of Jiangyin Chengsheng Machinery Manufacturing Co., Ltd and corporate guarantee from Xinghua Rongcheng Precision Manufacturing Co., Ltd, where both are wholly-owned subsidiaries of the Group in PRC. Fixed interest rate for bank loan I as at 31 December 2014 was 6.0% per annum.

2. Bank loan II amounting to RMB 15,000,000 was secured by personal guarantee by the Group's Non-Executive Chairman and controlling shareholder of the Company, Wu Dingrong and a corporate guarantee by a related party, Jiangyin Jincheng Steel Co., Ltd (an associated company of Wu Dingrong). Fixed interest rate for bank loan II as at 31 December 2014 was 9.0% per annum.

3. Bank loan III amounting to RMB 10,000,000 was secured by legal charge over the plant and machinery of Xinghua Rongcheng Precision Manufacturing Co., Ltd. Fixed interest rate for bank loan III as at 31 December 2014 was 8.4% per annum.

4. Bank loan IV amounting to RMB 20,000,000 was secured by corporate guarantee from Jiangyin Chengsheng Machinery Manufacturing Co., Ltd and Jiangyin Jincheng Steel Co., Ltd (an associated company of Wu Dingrong). Fixed interest rate for bank loan IV as at 31 December 2014 was 8.4% per annum.

(v) Other borrowings in 2014

1. Other borrowing I amounting to RMB 4,693,000 from a non-controlling shareholder of the Company was unsecured with nominal interest rate of 10% per annum.

2. Other borrowing II amounting to RMB 3,519,000 from third parties was unsecured with nominal interest rate of 8% per annum. These are advances received during the year in relation to the subscription of the convertible loan notes and were subsequently converted by the non-controlling shareholder into convertible loan notes on 24 February 2015.

22. Investments in subsidiaries

	Company	
	2015	2014
	RMB'000	RMB'000
Equity investments at cost		
Beginning of financial year	**1**	1
Acquisition of a subsidiary (Note 32)	**57,562**	–
End of financial year	**57,563**	1

22. Investments in subsidiaries (continued)

The Group had the following subsidiaries as at 31 December 2015 and 2014:

Name of subsidiaries	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interest	
			2015	2014	**2015**	2014
			%	%	**%**	%
OGL Investment Group Pte. Ltd. [1]	Investment holding	Singapore	**100**	100	**–**	–
OGL Steel (Philippines) Pte. Ltd. [1]	Steel trading	Singapore	**55**	55	**45**	45
Wan Dormitory Pte. Ltd [4]	Lodging and boarding houses	Singapore	**100**	–	**–**	–
Jiangyin Chengsheng Machinery Manufacturing Co., Ltd. (Jiangyin Chengsheng) [2]	Steel manufacturing	People's Republic of China	**100**	100	**–**	–
Xinghua Xincheng Trading Co., Ltd. (Xinghua Xincheng) [2]	Steel trading	People's Republic of China	**100**	100	**–**	–
Xinghua Rongcheng Precision Manufacturing Co., Ltd. (Xinghua Rongcheng) [2]	Steel manufacturing	People's Republic of China	**100**	100	**–**	–
OGL Steel (M) Sdn. Bhd. [3]	Steel trading	Malaysia	**55**	55	**45**	45

1 Audited by PricewaterhouseCoopers LLP, Singapore for group and statutory reporting purposes.
2 Audited by PricewaterhouseCoopers Zhong Tian LLP for group reporting purpose.
3 Audited by PricewaterhouseCoopers, Malaysia for statutory reporting purpose.
4 Audited by Wu Chiaw Ching & Co. for statutory reporting purpose.

23. Share capital

	Number of ordinary shares	Share capital
		RMB'000
Group and Company		
2015		
Beginning of financial year	**387,730,870**	**179,491**
Issuance of new shares	**50,000,000**	**22,999**
Acquisition of a subsidiary (Note 32(a))	**90,000,000**	**48,505**
End of financial year	**527,730,870**	**250,995**
2014		
Beginning and end of financial year	387,730,870	179,491

During the financial year ended 31 December 2015, the Company issued 50,000,000 ordinary shares for a total consideration of RMB 22,999,000 for cash to provide funds for the expansion of the Group's operations. The newly issued shares rank pari passu in all respects with the previously issued shares. As at 31 December 2015, unpaid ordinary share subscription amounted to RMB 6,900,000 (Note 12). The Company had subsequently announced on 15 June 2016 that it is in the midst of ascertaining whether this outstanding amount has since been paid in full and the validity of the issuance of shares relating to this amount.

During the financial year ended 31 December 2015, the Company issued 90,000,000 ordinary shares for RMB 48,505,000 as part of the consideration for the business combination as disclosed in Note 32(a). The newly issued shares rank pari passu in all respects with the previously issued shares. These shares will be placed under moratorium till 30 April 2016, of which 50% of the shares will continue to be placed under moratorium till 20 October 2016.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company. There is no par value for these ordinary shares.

24. Other reserves

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
(a) Composition:				
Statutory reserve [b(i)]	**3,368**	3,368	**–**	–
Capital reserve [b(ii)]	**4,370**	2,174	**4,370**	2,174
Foreign currency translation reserve [b(iii)]	**314**	(843)	**(14,084)**	(10,308)
	8,052	4,699	**(9,714)**	(8,134)
(b) Movements:				
(i) Statutory reserve				
Beginning of financial year	**3,368**	2,756	**–**	–
Profit for the year	**–**	612	**–**	–
End of financial year	**3,368**	3,368	**–**	–
(ii) Capital reserve				
Beginning of financial year	**2,174**	2,174	**2,174**	2,174
Convertible bond - Equity component	**2,196**	–	**2,196**	–
End of financial year	**4,370**	2,174	**4,370**	2,174
(iii) Foreign currency translation reserve				
Beginning of financial year	**(843)**	(864)	**(10,308)**	(6,130)
Net currency translation differences of financial statements of foreign subsidiaries	**1,157**	21	**(3,776)**	(4,178)
End of financial year	**314**	(843)	**(14,084)**	(10,308)

24. Other reserves (continued)

(i) Statutory reserve

The foreign PRC subsidiaries are required to appropriate 10% to 15% of the profit arrived at in accordance with PRC GAAP for each year to the statutory reserve. The profit arrived at must be set-off against any accumulated losses sustained by the subsidiaries in prior years, before allocation is made to the statutory reserve. Appropriation to the statutory reserve must be made before distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital and thereafter any appropriation will be voluntary. This statutory reserve is not distributable in the form of cash dividends.

(ii) Capital reserve - Equity component of convertible loan notes

On 24 February 2015, the Company entered into several subscription agreements with investors and issued an aggregate of RMB 21,849,000 of convertible loan notes (see Note 21(i)). The value of the equity component of the convertible loan notes is approximately RMB 2,196,000 and is included in the capital reserve.

On 30 July 2012, the Company entered into several subscription agreements with investors and issued an aggregate of RMB 15,314,000 of convertible loan notes (see Note 21(i)). The value of the equity component of the convertible loan notes is approximately RMB 1,609,000 and is included in the capital reserve.

The value of the embedded option to convert the liability component of the convertible loan notes into equity of the Company as at the date of issue of the convertible loan notes is included in capital reserve. The value of the embedded option approximates RMB 565,000. The redeemable convertible loan notes were fully converted upon the initial public offering of the Company's shares in 2004.

25. Accumulated losses

Movement in accumulated losses for the Company is as follows:

	Company	
	2015	2014
	RMB'000	RMB'000
Beginning of financial year	**(38,728)**	(23,005)
Net loss	**(175,853)**	(12,986)
Dividends relating to previous financial year declared (Note 26)	**–**	(2,737)
End of financial year	**(214,581)**	(38,728)

26. Dividends

	Group	
	2015	2014
	RMB'000	RMB'000
Ordinary dividends paid		
Final dividend paid in respect of the previous financial year of RMB nil cents (2014: RMB 0.71 cents) per share	–	2,737

27. Contingencies

(a) *Guarantees*

The Company has issued corporate guarantees to a bank for borrowings of its subsidiary. These bank borrowings amounted to RMB 22,967,000 and RMB 56,177,000, which have a tenure of less than one year and a tenure of ten years respectively, from the balance sheet date (Note 21).

These guarantees are financial guarantees as they require the Company to reimburse the bank if the subsidiary fails to make principal or interest payments when due in accordance with the terms of the borrowings.

At the date these financial statements are authorised for issue, the Directors are of the view that no material liabilities will arise from the guarantees, as the subsidiary has complied with the terms of the borrowings.

(b) *Legal proceedings*

Subsequent to year end, the Group noticed that two unauthorised transactions were carried out during the financial year ended 31 December 2013 and 31 December 2014, involving its two wholly-owned subsidiaries incorporated in the PRC, as follows:

(i) On or around 11 November 2013, the common seal of the subsidiary, Jiangyin Chengsheng Machinery Manufacturing Co., Ltd. was affixed onto a guarantee (the "JYCS Guarantee") granted in favour of China Merchants Bank Co., Limited ("CMB Bank"). The JYCS Guarantee states that the guarantee was to secure a loan for the principal amount of RMB 30,000,000 granted by CMB Bank to Jiangyin Rongda Jingmao Co., Ltd. ("JYRD").

(ii) On or around 10 January 2014, the common seal of the subsidiary, Xinghua Rongcheng Precision Manufacturing Co., Ltd. was affixed onto a guarantee (the "XHRC Guarantee") granted in favour of Industrial Bank Co., Ltd ("IBC Bank"). The XHRC Guarantee states that the guarantee was to secure a loan for the principal amount of RMB 20,000,000 granted by IBC Bank to JYRD.

27. Contingencies (continued)

(b) Legal proceedings (continued)

Arising from the Guarantees, CMB Bank and IBC Bank have each commenced proceedings against JYCS and XHRC on 19 November 2015 and 3 February 2015 respectively. The Company noted from notice of legal proceedings that there are other guarantors involved, who are also liable for the underlying loan secured by the Guarantees.

On 23 October 2015, IBC Bank obtained judgement from the Jiangsu Wuxi ChongAnn District court against XHRC and the other guarantors for the amount of approximately RMB 22.9 million. In connection with the claim by IBC Bank against XHRC, IBC Bank had also frozen an account of XHRC maintained with Jiangsu Xinghua Rural Commercial Bank Co., Ltd ("XRC Bank"). This bank account currently has a balance of approximately RMB 489,000.

The Group is unable to ascertain the financial impact of the guarantees given as:

(i) The legal proceeding against one of the subsidiaries is still in progress at the date of this report.

(ii) There are other guarantors involved who are also liable for the underlying loan secured by the Guarantees.

Accordingly, the Group has not made any provision for the guarantees given in the financial statements for the financial year ended 31 December 2015 and 31 December 2014. The related effects of these legal proceedings, if any, will be recognised in the financial statements of the future period when the eventual outcome is determined.

28. Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Machinery	**22,013**	22,013

In 2014, the Group entered into a capital commitment with non-related party for the purchase of machinery used in the production of steel related products. The group did not pay the non-related party for this capital commitment in 2015.

28. Commitments (continued)

(b) Operating lease commitments – where the Group is a lessor

The Group lease out its investment property to non-related parties under non-cancellable operating leases. The lessees have varying terms and renewal rights.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Not later than one year	**52,261**	–
Between one and five years	**18,119**	–
	70,380	–

(c) Operating lease commitments – where the Group is a lessee

The Group leases factories, certain plant and machinery and office from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Not later than one year	**5,045**	1,329
Between one and five years	**–**	5,173
Later than five years	**–**	981
	5,045	7,483

29. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as foreign currency borrowings to hedge certain financial risk exposures.

29. Financial risk management (continued)

Financial risk factors (continued)

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management team then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in China, Singapore, and Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Chinese Renminbi ("RMB"), Singapore Dollar ("SGD"), United States Dollar ("USD") and Ringgit Malaysia ("MYR").

The Group's currency exposure based on the information provided to key management is as follows:

	SGD	USD	MYR	RMB	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
At 31 December 2015					
Financial assets					
Cash and cash equivalents	8,316	3,984	54	802	13,156
Trade and other receivables	20,317	5	–	17,952	38,274
Intercompany receivables	164,856	1,922	392	108,020	275,190
	193,489	5,911	446	126,774	326,620
Financial liabilities					
Trade and other payables	(25,957)	(17,763)	(358)	(42,459)	(86,537)
Borrowings	(99,289)	–	–	(77,000)	(176,289)
Intercompany payables	(164,856)	(1,922)	(392)	(108,020)	(275,190)
	(290,102)	(19,685)	(750)	(227,479)	(538,016)
Net financial liabilities	**(96,613)**	**(13,774)**	**(304)**	**(100,705)**	**(211,396)**
Less: Net financial liabilities denominated in respective entity's functional currency	96,613	541	605	100,705	198,464
Currency exposure	**–**	**(13,233)**	**301**	**–**	**(12,932)**

29. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD RMB'000	USD RMB'000	MYR RMB'000	RMB RMB'000	Total RMB'000
Group					
At 31 December 2014					
Financial assets					
Cash and cash equivalents	1,630	1,077	–	2,737	5,444
Trade and other receivables	5,113	461	24	27,155	32,753
Intercompany receivables	176,213	343	174	96,480	273,210
	182,956	1,881	198	126,372	311,407
Financial liabilities					
Trade and other payables	(17,615)	(2,158)	(351)	(37,166)	(57,290)
Borrowings	(21,964)	–	–	(65,000)	(86,964)
Intercompany payables	(176,213)	(343)	(174)	(96,480)	(273,210)
	(215,792)	(2,501)	(525)	(198,646)	(417,464)
Net financial liabilities	**(32,836)**	**(620)**	**(327)**	**(72,274)**	**(106,057)**
Less: Net financial liabilities denominated in respective entity's functional currency	32,836	–	327	72,274	105,437
Currency exposure	**–**	**(620)**	**–**	**–**	**(620)**

The Company's currency exposure based on the information provided to key management is as follows:

	SGD RMB'000	USD RMB'000	MYR RMB'000	RMB RMB'000	Total RMB'000
Company					
At 31 December 2015					
Financial assets					
Cash and cash equivalents	3,852	3,316	–	5	7,173
Trade and other receivables	24,055	–	–	–	24,055
	27,907	3,316	–	5	31,228
Financial liabilities					
Trade and other payables	(28,501)	(15,827)	(392)	–	(44,720)
Borrowings	(20,145)	–	–	–	(20,145)
	(48,646)	(15,827)	(392)	–	(64,865)
Net financial (liabilities)/ assets	**(20,739)**	**(12,511)**	**(392)**	**5**	**(33,637)**
Less: Net financial liabilities denominated in the respective entity's functional currency	20,739	–	–	–	20,739
Currency exposure	**–**	**(12,511)**	**(392)**	**5**	**(12,898)**

29. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD RMB'000	USD RMB'000	MYR RMB'000	RMB RMB'000	Total RMB'000
Company					
At 31 December 2014					
Financial assets					
Cash and cash equivalents	1,389	98	–	13	1,500
Trade and other receivables	162,852	–	–	–	162,852
	164,241	98	–	13	164,352
Financial liabilities					
Trade and other payables	(17,342)	(29)	(278)	(251)	(17,900)
Borrowings	(17,271)	–	–	–	(17,271)
	(34,613)	(29)	(278)	(251)	(35,171)
Net financial assets/ (liabilities)	**129,628**	**69**	**(278)**	**(238)**	**129,181**
Less: Net financial assets denominated in the respective entity's functional currency	(129,628)	–	–	–	(129,628)
Currency exposure	**–**	**69**	**(278)**	**(238)**	**(447)**

If the USD and MYR change against the RMB by 10% (2014: 10%) at Group, and if the USD, MYR and RMB change against SGD by 10% (2014: 10%) at Company, respectively with all other variables including tax rate being held constant, the effects arising from the Group's and Company's net financial liabilities/assets position will be as follows:

	Increase/(decrease)	
	2015	2014
	Profit after tax RMB'000	Profit after tax RMB'000
Group		
USD against RMB		
- Strengthened	**(1,098)**	(51)
- Weakened	**1,098**	51
MYR against RMB		
- Strengthened	**25**	-
- Weakened	**(25)**	-

29. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	Increase/(decrease)	
	2015	2014
	Profit after tax	Profit after tax
	RMB'000	RMB'000
Company		
USD against SGD		
- Strengthened	**(1,038)**	6
- Weakened	**1,038**	(6)
MYR against SGD		
- Strengthened	**(32)**	(23)
- Weakened	**32**	23
RMB against SGD		
- Strengthened	**–***	(20)
- Weakened	**–***	20

(*) Less than RMB 1,000

(ii) Fair value interest rate risks

The Group's exposure to market risk for changes in interest rates relates primarily to bank borrowings. The Group's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD. If the SGD interest rates had been higher/lower by 10% (2014: nil) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by RMB 190,000 (2014: nil) as a result of higher/lower interest expense on these borrowings.

29. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables.

For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history, and monitors the granting of credit and management of credit exposures. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

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

The trade receivables of the Group and the Company comprise five debtors (2014: five debtors) and five debtors (2014: five debtor) that represented 59% (2014: 43%) and 69% (2014: 98%) of trade receivables respectively.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

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

Trade and other receivables

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

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Past due < 1 month	**5,157**	9,445	**2,357**	1,901
Past due 1 to 4 months	**6,158**	11,028	**4,041**	771
Past due over 4 months	**12,638**	6,262	**1,692**	115
	23,953	26,735	**8,090**	2,787

29. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired (continued)

Trade and other receivables (continued)

The carrying amount of trade and other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Past due < 1 month	**1,695**	–	**–**	–
Past due 1 to 4 months	**1,228**	–	**–**	–
Past due over 4 months	**23,374**	–	**–**	–
	26,297	–	**–**	–
Less: Allowance for impairment	**(26,297)**	–	**–**	–
	–	–	**–**	–
Beginning of financial year	**–**	–	**–**	–
Currency translation difference	**(5)**	–	**–**	–
Allowance made	**26,302**	–	**–**	–
End of financial year	**26,297**	–	**–**	–

The impaired trade and other receivables arise from a group of trade and non-trade debtors that are having financial distress in their operations.

29. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired (continued)

Intercompany receivables

The age analysis of intercompany receivables past due but not impaired for the Company is as follows:

	Company	
	2015	2014
	RMB'000	RMB'000
Past due < 1 month	**256**	127
Past due 1 to 4 months	**543**	263
Past due over 4 months	**3,074**	158,693
	3,873	159,083

The carrying amount of intercompany receivables individually determined to be impaired and the movement in the related allowance for impairment for the Company are as follows:

	Company	
	2015	2014
	RMB'000	RMB'000
Past due < 1 month	**–**	–
Past due 1 to 4 months	**–**	–
Past due over 4 months	**157,743**	–
	157,743	–
Less: Allowance for impairment	**(157,743)**	–
	–	–
Beginning of financial year	**–**	–
Currency translation difference	**480**	–
Allowance made	**157,263**	–
Allowance utilised	**–**	–
End of financial year	**157,743**	–

The impaired intercompany receivables arise from intercompanies that are having financial distress in their operations.

29. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and Company's liquidity risk management policy is to maintain sufficient liquid financial assets to meet their working capital requirements of their financial liabilities which comprise mainly borrowings and trade and other payables.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flow.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
Group				
At 31 December 2015				
Borrowings	(110,152)	(7,826)	(40,389)	(37,576)
Trade and other payables	(83,687)	–	–	–
At 31 December 2014				
Borrowings	(89,617)	–	–	–
Trade and other payables	(57,290)	–	–	–
Company				
At 31 December 2015				
Borrowings	(1,750)	(1,750)	(22,160)	–
Trade and other payables	(44,720)	–	–	–
Financial guarantee contracts	(79,144)	–	–	–
At 31 December 2014				
Borrowings	(17,935)	–	–	–
Trade and other payables	(17,900)	–	–	–

29. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. Management monitors capital based on total debt divided by total equity. Total debt is calculated as borrowings plus trade and other payables. The Group and Company's total debt to equity ratio is 185% (2014: 92%) and 256% (2014: 27%) respectively.

The Company are in compliance with all externally imposed capital requirement for the financial year ended 31 December 2015 and 2014. Some of the subsidiaries in the Group have not complied with externally imposed capital requirements for the financial year ended 31 December 2015 and they have borrowings which have matured during the year.

As at 31 December 2015, the Group has matured borrowings amounting to RMB 32,000,000 and these matured borrowings are repayable on demand.

(e) Fair value measurements

The carrying amount of trade and other receivables and payables are assumed to approximate their fair values.

The fair value of current loans and borrowings approximates their carrying amount.

(f) Financial instrument by category

The carrying amounts of the different categories of financial instruments are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Loans and receivables	**51,430**	38,197	**31,228**	164,352
Financial liabilities at amortised cost	**262,826**	144,254	**64,865**	35,171

30. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2015	2014
	RMB'000	RMB'000
Sales of goods to related parties	**8,300**	23,571
Purchase of raw materials from related parties	**1,679**	1,404
Fees for services paid to a related party	**–**	1,581
Payments made on behalf and reimbursed by a related party	**–**	8,808

Related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their associates.

Outstanding balances as at 31 December 2015, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 20 respectively.

(b) Key management personnel compensation

Compensation payable to key management personnel comprise:

	Group	
	2015	2014
	RMB'000	RMB'000
Wages and salaries	**2,932**	2,608
Employer's contribution to defined contribution plans, including Central Provident Fund	**186**	236

31. Segment information

Management has determined the reportable and operating segments based on internal management reports received by the senior management team that are used to make strategic decisions, allocate resources and assess performance. The senior management team comprises the Chief Executive Officer, the Group Financial Controller, the executive and non-executive directors, and the heads of each business within each primary geographic segment.

The senior management considers the business from both a business and geographic segment perspective. There are two business segments namely 'Industrial and Construction Materials' and 'Property Investment' which management monitors the sales geographically.

Performance for the 'Industrial and Construction Materials' and 'Property Investment' business segments are measured based on profit before income tax, as included in the internal management reports that are reviewed by the Board of Directors. Profit before income tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of the Group.

The amounts reported to the senior management with respect to total segment assets and liabilities are measured in a manner consistent with that of the financial statements as follows:

31. Segment information (continued)

	<—— Singapore ——>		People's Republic of China	Malaysia		
	Industrial and Construction Materials	Property Investment	Industrial and Construction Materials	Industrial and Construction Materials	All other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2015						
Revenue						
External customers	108,743	2,055	58,954	–	–	169,752
	108,743	**2,055**	**58,954**	**–**	**–**	**169,752**
Results						
Segment results before interest	(14,076)	981	(61,690)	(1,167)	(1,716)	(77,668)
Interest income	–	–	138	–	–	138
Interest expenses	(3,200)	(355)	(5,934)	–	–	(9,489)
(Loss)/Profit before tax	(17,276)	626	(67,486)	(1,167)	(1,716)	(87,019)
Income tax expense	–	(116)	(1,687)	–	–	(1,803)
(Loss)/Profit after tax	(17,276)	510	(69,173)	(1,167)	(1,716)	(88,822)
Segment results include:						
- depreciation of property, plant and equipment	(2,140)	–	(9,401)	(2)	(15)	(11,558)
- amortisation of intangible assets	–	–	(7)	–	–	(7)
- amortisation of land lease prepayments	–	–	(603)	–	–	(603)
- impairment loss for property, plant and equipment	(166)	–	(13,871)	–	–	(14,037)
- impairment loss for receivables	–	–	(26,228)	(74)	–	(26,302)
Segment assets	**33,308**	**139,404**	**238,570**	**509**	**1,847**	**413,638**
Segment assets includes:						
Additions to:						
- property, plant and equipment	1,179	–	55,666	1	–	56,846
- investment property	–	131,341	–	–	–	131,341
- intangible assets	171	1,432	–	–	–	1,603
- land lease prepayment	–	–	49	–	–	49
Segment liabilities	**(63,022)**	**(81,678)**	**(114,239)**	**(1,950)**	**(7,362)**	**(268,251)**

31. Segment information (continued)

	Singapore Industrial and Construction Materials RMB'000	Singapore Property Investment RMB'000	People's Republic of China Industrial and Construction Materials RMB'000	Malaysia Industrial and Construction Materials RMB'000	All other segments RMB'000	Total RMB'000
2014						
Revenue						
External customers	48,248	–	318,517	9,979	–	376,744
	48,248	**–**	**318,517**	**9,979**	**–**	**376,744**
Results						
Segment results before interest	(10,365)	–	12,420	(155)	277	2,177
Interest income	31	–	285	–	–	316
Interest expenses	(1,998)	–	(4,675)	–	(109)	(6,782)
(Loss)/Profit before tax	(12,332)	–	8,030	(155)	168	(4,289)
Income tax expense	–	–	(1,972)	–	–	(1,972)
(Loss)/Profit after tax	(12,332)	–	6,058	(155)	168	(6,261)
Segment results include:						
- depreciation of property, plant and equipment	(477)	–	(9,161)	(2)	(2)	(9,642)
- amortisation of intangible assets	–	–	(35)	–	–	(35)
- amortisation of land lease prepayments	–	–	(603)	–	–	(603)
Segment assets	**8,559**	**–**	**294,640**	**1,277**	**1,839**	**306,315**
Segment assets includes:						
Additions to:						
- property, plant and equipment	1,182	–	59,548	1	78	60,809
- investment property	–	–	–	–	–	–
- intangible assets	–	–	–	–	–	–
- land lease prepayment	–	–	–	–	–	–
Segment liabilities	**(28,159)**	–	**(104,855)**	**(1,859)**	**(12,161)**	**(147,034)**

31. Segment information (continued)

Geographical information

The Group operates its only business segment in three main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the trading of steel products, investment holding and rental of investment property;
- People's Republic of China – the operations in this area are principally the manufacture and sale of steel products
- Malaysia – the operations in this area are principally the trading of steel products.

In presenting information on the basis of 'Industrial and Construction Materials' and 'Property Investment' segment geographically, segment revenue is based on the geographical location of customers, segment profit or loss before income tax is based on the subsidiaries incorporated in each geographical location, and segment assets are based on the geographical location of the assets.

	Non-current assets	
	2015	2014
	RMB'000	RMB'000
Singapore	**136,316**	7,727
People's Republic of China	**213,567**	232,206
Other countries	**5**	7
	349,888	239,940

Revenue from two customers (2014: one customer) of the Group's 'Industrial and Construction Materials' segment represents approximately RMB 51,632,000 (2014: RMB 134,251,000) of the Group's total revenue.

32. Business combination

On 30 October 2015, the Group completed the acquisition of 100% equity interest in Wan Dormitory Pte. Ltd. ("Wan Dormitory"). The principal activity of Wan Dormitory is the business of lodging and boarding houses. Currently, Wan Dormitory is an industrial property management company. Its principal asset is a tenanted 3-storey light industrial development with approved secondary workers' dormitory on a 30-year leasehold land parcel with a gross floor area of 8,243.8 square metres at 180 Woodlands Industrial Park E5, Woodlands Auto Hub, Singapore 757512.

Details of the consideration paid, the assets acquired and liabilities assumed, recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

		RMB'000
(a)	Purchase consideration	
	Cash consideration	2,264
	Equity consideration (Note 23)	48,505
	Deferred consideration (Note 20)	6,793
	Consideration transferred for the business	57,562
(b)	Effect on cash flows of the Group	
	Cash consideration (as above)	(2,264)
	Add: unpaid cash consideration (Note 20, Note (i) below)	634
	Cash paid	(1,630)
	Add: cash and cash equivalents in subsidiary acquired	3,909
	Cash inflow on acquisition	2,279

		At fair value RMB'000
(c)	Identifiable assets acquired and liabilities assumed	
	Cash and cash equivalents	3,909
	Investment properties (Note 14)	131,341
	Trade and other receivables (Note (e) below)	1,456
	Total assets	136,706
	Trade and other payables	(1,562)
	Borrowings	(78,733)
	Current tax liabilities (Note 9(b))	(280)
	Total liabilities	(80,575)
	Total identifiable net assets	56,131
	Add: Goodwill (Note 17(a), Note (f) below)	1,431
	Consideration transferred for the business	57,562

32. Business combination (continued)

(d) Acquisition-related costs

Acquisition-related costs of RMB 363,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Acquired receivables

The fair value of trade and other receivables is RMB 1,456,000 and includes trade receivables with a fair value of RMB 199,000. The trade receivables were all collected subsequent to the acquisition.

(f) Goodwill

The goodwill of RMB 1,431,000 arising from the acquisition is attributable to the existing tenancy agreements with various tenants that have good records of rental payment.

(g) Revenue and profit contribution

The acquired business contributed revenue of RMB 2,055,000 and net profit of RMB 1,060,000 to the Group from the period from 31 October 2015 to 31 December 2015.

Had Wan Dormitory been consolidated from 1 January 2015, consolidated revenue and consolidated loss for the year ended 31 December 2015 would have been RMB 179,319,000 and RMB 86,261,000 respectively.

(h) Contingent consideration

Two of the former owners of Wan Dormitory are jointly and severally liable to pay the Group an amount equivalent to shortfall of RMB 12,173,000 (SGD 2,650,000) ("Guaranteed Revenue") in the event that Wan Dormitory fails to achieve the Guaranteed Revenue for the period from 1 July 2015 and 30 June 2016,

The fair value of the contingent consideration as at the acquisition date was estimated to be nil based on an income approach. This fair value was based on estimated revenue of RMB 12,333,000 (SGD 2,685,000) of Wan Dormitory for the relevant period. This is a Level 3 fair value measurement.

(i) Unpaid cash consideration

There is an unpaid cash consideration amounting to RMB 634,000 (SGD 140,000) as at year-end. Subsequent to year-end, the amount was used by the former owners to offset against the outstanding amounts for the subscription of the convertible loan notes.

32. Business combination (continued)

(j) Deferred consideration

There is a deferred consideration amounting to RMB 6,793,000 (SGD 1,500,000) as at year end, which is payable within a year after the completion of the business acquisition.

33. Events occurring after balance sheet date

(a) On 21 January 2016, an amount of RMB 2,286,000 (SGD 500,000) was transferred from the Company's bank account to GL Engineering Pte. Ltd., a company owned by a non-controlling shareholder, without prior knowledge by the Board of Directors. The Board of Directors is unable to ascertain the purpose of such transfer as there is no supporting document for the transfer.

(b) On 11 March 2016, the Company has requested for the conversion of its trading halt to a voluntary trading suspension.

(c) In June 2016, the Company has closed its steel trading division, as part of the restructuring plans. However, the Group and the Company is unable to reliably measure the financial effect of this closure as at the date of this report.

(d) The Company had announced that in 19 May 2016, the Company's server was hacked and all data (including the Company's financial and accounting operating system) were deleted. The Company had lodged a police report and the case is currently being investigated by the Criminal Investigating Department ("the investigation"). As at the date of this report, the investigation is not yet complete. The financial effects that may arise from the investigation cannot be reliably measured as at date of this report.

(e) On 12 July 2016, the Company has appointed RSM Corporate Advisory Pte. Ltd. as the Special Auditor to carry out a review into the possible irregularities discovered within the Group's Singapore operations. As at the date of this report, the Special Review is not yet complete. The financial effects that may arise from the Special Review cannot be reliably measured as at the date of this report.

(f) In August 2016, the Group has appointed an independent reviewer to carry out a review into the possible irregularities discovered within the Group's China operations. As at the date of this report, the review is not yet complete. The financial effects that may arise from the review cannot be reliably measured as at the date of this report.

34. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2016 and which the Group has not early adopted:

- *FRS 1 Presentation of financial statements (effective for annual periods beginning on or after 1 January 2016)*

  The amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

- *FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018*)*

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The management is still assessing the impact of the adoption of this accounting standard or interpretation on the Company's financial statement in the period of their initial adoption.

34. New or revised accounting standards and interpretations (continued)

- *FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)*

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 39.

  The management is still assessing the impact of the adoption of this accounting standard or interpretation on the Company's financial statement in the period of their initial adoption.

35. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Oriental Group Ltd. on 15 September 2016.

STATISTICS **OF SHAREHOLDINGS**

SHAREHOLDERS' INFORMATION AS AT 18 AUGUST 2016

Class of Equity Securities	Number of Equity Securities	Voting Rights
Ordinary Shares	527,730,870	One vote per share (excluding treasury shares)
Treasury Shares	Nil	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 18 AUGUST 2016

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	5	1.46	337	0.00
100 - 1,000	107	31.29	104,425	0.02
1,001 - 10,000	67	19.59	392,200	0.07
10,001 - 1,000,000	109	31.87	18,106,416	3.43
1,000,001 and above	54	15.79	509,127,492	96.48
Total	342	100.00	527,730,870	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 18 AUGUST 2016

No.	Name of shareholders	No. of shares	%
1	DINGJI INVESTMENTS LTD	61,666,667	11.69
2	TAY YONG HUA	47,132,600	8.93
3	SENG LEE HOLDINGS PTE.LTD.	35,000,000	6.63
4	KGI FRASER SECURITIES PTE LTD	33,799,200	6.40
5	UOB KAY HIAN PTE LTD	23,681,717	4.49
6	TANG NANCY	19,400,000	3.68
7	OVERSEA CHINESE BANK NOMINEES PRIVATE LTD	18,000,000	3.41
8	LIU GUOLIN	15,038,001	2.85
9	LIM KOK HUI	14,400,000	2.73
10	OH BAN WAH	13,288,133	2.52
11	MAYBANK KIM ENG SECURITIES PTE LTD	13,281,223	2.52
12	PANG POH MENG	12,998,100	2.46
13	DBS NOMINEES PTE LTD	12,322,300	2.33
14	LIM AH KOW @ JOHN LIM	11,823,200	2.24
15	HONG LEONG FINANCE NOMINEES PRIVATE LIMITED	11,000,000	2.08
16	LIM SOON HENG	10,032,700	1.90
17	LIAN DING MANAGEMENT LTD	9,625,352	1.82
18	WU XIAODONG	9,353,742	1.77
19	NG KOK CHENG	9,000,000	1.71
20	OCBC SECURITIES PRIVATE LIMITED	8,175,048	1.55
	Total:	389,017,983	73.71

SUBSTANTIAL SHAREHOLDERS

(As recorded in Register of Substantial Shareholders as at 18 August 2016)

	Direct Interest		Deemed Interest		Aggregate Interest	
	No. of shareholders	%	No. of shareholders	%	No. of Shares	%
Wu Dingrong (1)	-	-	67,986,667	12.88	67,986,667	12.88
Sun Lu (1)	-	-	67,986,667	12.88	67,986,667	12.88
Miao Lina (1)	-	-	67,986,667	12.88	67,986,667	12.88
Dingji Investments Ltd (1)	67,986,667	12.88	-	-	67,986,667	12.88
Lee Wan Sing (2)	5,000,000	0.95	21,848,653	4.14	26,848,653	5.09
Tam Bee Mooi (3)	1,500,000	0.28	25,000,000	4.74	26,500,000	5.02
Tan Seow Juay (3)	4,000,000	0.76	22,500,000	4.26	26,500,000	5.02
Tang Nancy (4)	19,400,000	3.68	12,174,700	2.31	31,574,700	5.99
Lim Soon Heng (4)	12,174,700	2.31	54,400,000	10.31	66,574,700	12.62
Seng Lee Holdings Pte. Ltd. (5)	35,000,000	6.63	-	-	35,000,000	6.63
Lim Kim Chong Foundation Pte. Ltd. (5)	-	-	35,000,000	6.63	35,000,000	6.63
Lim Kim Chong(5)	-	-	35,000,000	6.63	35,000,000	6.63
Tay Yong Hua	46,949,200	8.89	-	-	46,949,200	8.89

(1) Dingji Investments Ltd is a company established in the British Virgin Islands and its shares are held equally between Sun Lu and Miao Lina. Sun Lu is son in law of Wu Dingrong and Miao Lina is adopted daughter of Wu Dingrong. Sun Lu and Miao Lina are holding the shares in Dingji Investments Ltd on trust for Wu Dingrong, therefore, Wu Dingrong is the beneficial owner of and deemed interested in the 67,986,667 shares held under Dingji Investments Ltd.

(2) Lee Wan Sing is the beneficial owner of and deemed interested in (i) 6,348,653 shares held under Mayban Nominees (S) Pte Ltd, (ii) 9,000,000 shares held under OCBC Limited, (iii) 5,000,000 shares held under Hong Leong Finance Limited and (iv) 1,500,000 shares held under United Overseas Bank Nominees Limited. Therefore, Lee Wan Sing is deemed interested in 21,848,653 shares.

(3) Tan Seow Juay is the beneficial owner of and deemed interested in the (i) 6,000,000 shares held under Mayban Nominees (S) Pte Ltd, (ii) 9,000,000 shares held under OCBC Limited, and (iii) 6,000,000 shares held under Hong Leong Finance Limited. Tam Bee Mooi is the wife of Tan Seow Juay, Tan Seow Juay is deemed interested in the 1,500,000 shares held by Tam Bee Mooi. Therefore, Tan Seow Juay has a deemed interest in 22,500,000 shares of the Company. Tan Seow Juay is the husband of Tam Bee Mooi. Tam Bee Mooi is deemed interested in 25,000,000 shares held by Tan Seow Juay.

(4) Tang Nancy is deemed interested in 12,174,700 shares held by Lim Soon Heng. Lim Soon Heng is the husband of Tang Nancy. Lim Soon Heng is deemed to hold collectively 54,400,000 shares, which consist of (a) 35,000,000 shares by virtue of his shareholding of no less than 20% interest in Seng Lee Holdings Pte Ltd, and (b) 19,400,000 shares held by his wife, Tang Nancy.

(5) Lim Kim Chong Foundation Pte. Ltd. is deemed interested in 35,000,000 shares held by Seng Lee Holdings Pte. Ltd. by virtue of its shareholding of no less than 20% interest in Seng Lee Holdings Pte. Ltd. Lim Kim Chong is the sole shareholder of Lim Kim Chong Foundation Pte. Ltd. and he is deemed interested in 35,000,000 shares held by Lim Kim Chong Foundation Pte. Ltd. Lim Kim Chong is the father of Lim Soon Heng.

The percentage of shareholding above is computed based on the total issued shares of 527,730,870.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at 18 August 2016, approximately 54.26% of the Company's shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist.

NOTICE **OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting ("**AGM**") of Oriental Group Ltd. (the "**Company**") will be held at Level 12, Finexis Building, 108 Robinson Road, Singapore 068900 on 30 September 2016 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors' Statement and Independent Auditors' Report. **(Resolution 1)**

2. To re-elect the following Director pursuant to Article 91 of the Constitution of the Company ("**Constitution**"):
   Mr Koh Choon Kong (Retiring under Article 91) **(Resolution 2)**
   [See Explanatory Note (i)]

3. To note the retirement of Mr Sun Lu, a Director retiring pursuant to Article 91 of the Constitution of the Company and who would not be seeking re-election.

4. To approve the payment of Directors' Fees up to S$170,000 for the financial year ending 31 December 2016 to be paid quarterly in arrears. **(Resolution 3)**

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

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

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution (with or without amendments) as an Ordinary Resolution:–

7. **General mandate to allot and issue new shares in the capital of the Company**

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"), authority be and is hereby given to the Directors of the Company ("**Directors**") to:–

   (A) (i) allot and issue shares in the capital of 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) warrants, debentures or other instruments convertible or exchangeable into Shares,

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

   (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total issued Shares excluding treasury shares (as calculated in accordance with subparagraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (ii) below); and

(ii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares excluding treasury shares shall be calculated based on the total number of issued Shares excluding treasury shares at the time of this Resolution is passed, after adjusting for:

(aa) new Shares arising from the conversion or exercise of convertible securities;

(bb) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(cc) any subsequent bonus issue, consolidation or subdivision of Shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Articles for the time being of the Company; and

(iv) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (ii)] **(Resolution 5)**

BY ORDER OF THE BOARD

TAN SWEE GEK
COMPANY SECRETARY
15 September 2016

Explanatory Notes:

(i) Resolution 2 - Mr Koh Choon Kong will, upon re-election as a Director, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. The Board considers Mr Koh Choon Kong to be independent pursuant to Rule 704(7) of the Catalist Rules.

(ii) The Resolution 5 set out in item 7 above, if passed, will empower the Directors from the date of this AGM until the date of the next AGM or the date by which the next AGM is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is earlier, to allot and issue Shares and/or convertible securities in the Company. The aggregate number of Shares and/or convertible securities which the Directors may allot and issue under this Resolution shall not exceed one hundred percent (100%) of the total issued Shares excluding treasury shares of which the aggregate number of Shares and/or convertible securities to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed fifty percent (50%) of the total issued Shares excluding treasury shares at the time of passing of this Resolution.

Notes:

(i) A member who is not a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the AGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

(ii) A member who is a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Act.

(iii) A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

(iv) The instrument appointing a proxy or proxies must be deposited together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof at the Company's Share Registrar in Singapore, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), either by hand at 80 Robinson Road, #11-02 Singapore 068898 or by post at 80 Robinson Road, #02-00, Singapore 068898, not less than forty-eight (48) hours before the time appointed for the AGM in accordance with the instruction stated herein.

Personal Data Privacy:
By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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) to the Company (or its agents), the member 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) 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 result of the member's breach of warranty.

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ORIENTAL GROUP LTD.
Company Registration No. 200401998C
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the AGM and vote (please see note 2 for the definition of "relevant intermediary".
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
3. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We____________________ (Name) NRIC/Passport No.____________________ of

____ (Address) being a member/

members of Oriental Group Ltd. ("**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her/them, the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM to be held at Level 12, Finexis Building, 108 Robinson Road, Singapore 068900 on 30 September 2016 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The resolution put to vote at the AGM shall be decided by poll.

(If you wish to exercise all your votes "For" or "Against", please indicate a cross [X] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions relating to:	For	Against
	Ordinary Business		
1.	Adoption of the Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors' Statement and Independent Auditors' Report		
2.	Re-election of Mr Koh Choon Kong as a Director of the Company		
3.	Approval of payment of Director' fees up to S$170,000 for the financial year ending 31 December 2016 to be paid quarterly in arrears		
4.	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
	Special Business		
5.	General authority to allot and issue new shares pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		

Dated this __________ day of __________ 2016

____

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

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

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Affix
postage
stamp

ORIENTAL GROUP LTD.
80 Robinson Road,
#02-00, Singapore 068898

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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 81SF of Securities and Futures Act (Chapter 289) of Singapore or any statutory modification thereof, as the case may be), 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) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the AGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

3. A proxy need not be a member of the Company.

4. The duly completed instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the office of the Company's Share Registrar in Singapore, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), either by hand at 80 Robinson Road, #11-02 Singapore 068898 or by post at 80 Robinson Road, #02-00, Singapore 068898, not less than forty-eight (48) hours before the time appointed for the AGM in accordance with the instructions stated herein.

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

6. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matter arising at the AGM.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.

8. 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.

9. In the case of a member whose shares are entered against his/her name 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/her name in the Depository Register seventy-two (72) hours before the time appointed for holding the AGM, as certified by the Central Depository (Pte) Limited to the Company.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

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方集团
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