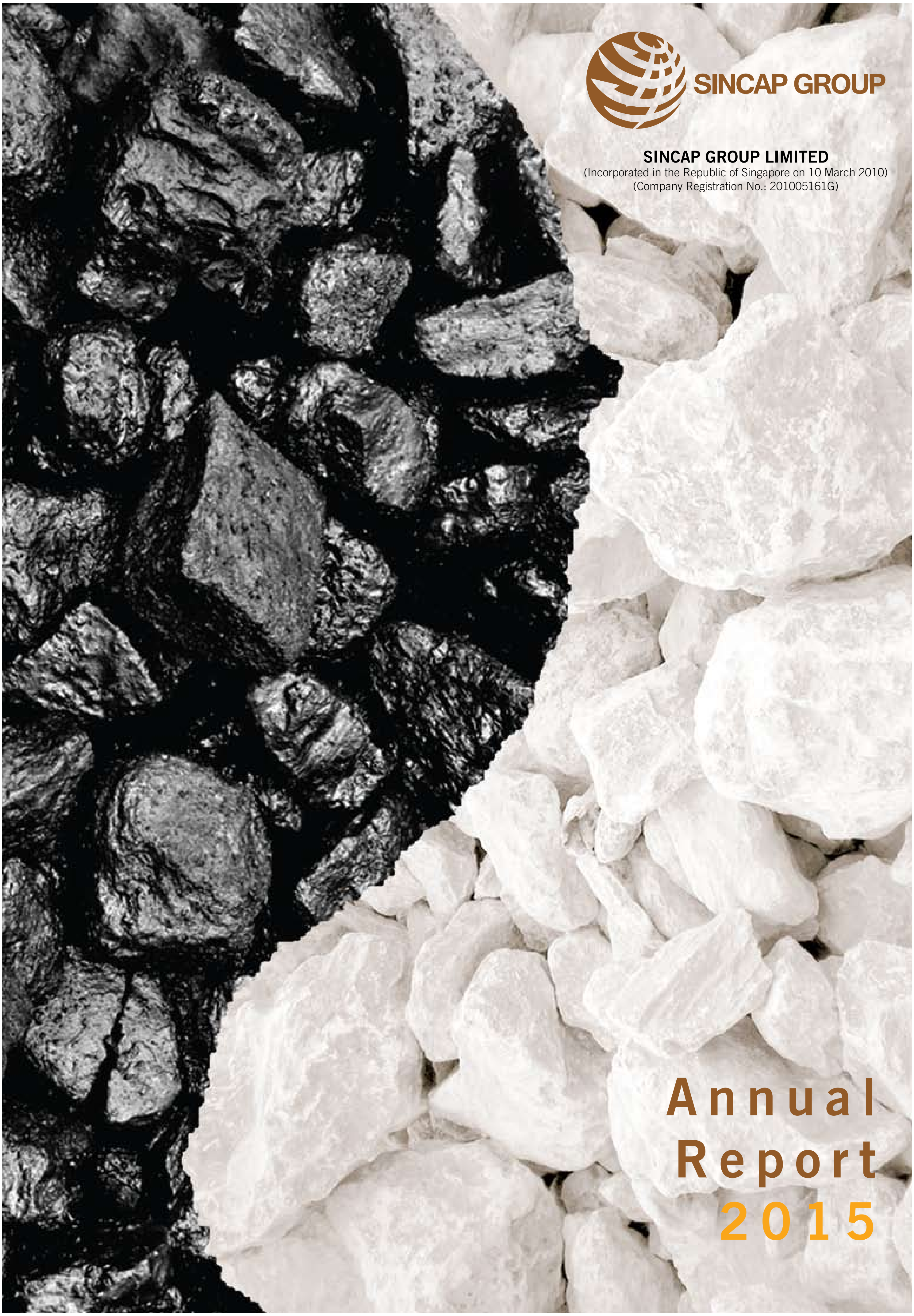


SINCAP GROUP

SINCAP GROUP LIMITED

(Incorporated in the Republic of Singapore on 10 March 2010)

(Company Registration No.: 201005161G)

Annual Report 2015

OUR STRENGTHS

Long-standing and stable customer and supplier relationships

One of the leading gypsum producers in Shandong Province

Possesses mining and exploration rights to the largest reserves in Shandong Province, the largest gypsum province in the PRC

CONTENTS

This annual report has been prepared by the Company and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

CORPORATE PROFILE

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

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

In 2005, the Group expanded its operations into alumina trading, and started trading in coal in 2011. The Group has since established a wide network of suppliers and customers in the PRC for these commodities.

In 2015, the Group had acquired 51% stake in Orion Resources Energy Pte Ltd, a company engaged in, *inter alia*, trading of thermal coal. The said acquisition is in line with the Company's overall growth strategy to expand and grow revenues under its business of mineral and resources trading.

CORPORATE STRUCTURE

CHAIRMAN'S MESSAGE

Dear Shareholders,

The financial year ended 31 December 2015 ("FY2015") was a challenging year for Sincap Group Limited (the "Company", and together with its subsidiaries, the "Group"). Since I took over as the Executive Chairman and Chief Executive Officer ("CEO") of the Company in July 2015, I was entrusted with the tasks of reviewing all existing business operations, and to improve the bottom line of the Group.

First and foremost, it is with great delight for me to inform all shareholders that our newly acquired 51% subsidiary – a coal trading company "Orion Energy Resources Pte Ltd" has contributed to the Group RMB 14.2 million in Revenue and RMB 0.5 million in profit after tax for FY2015 since September 2015. Despite the depressing situation for coal worldwide, we are still on track of achieving our target monthly shipments.

However, things are not looking as rosy on the gypsum and alumina segments. Fraught with deteriorating demand and prices in PRC, we have made a decision to scale down our business operations in mining, the sale of gypsum and trading of alumina. This downward spiral of price and demand is expected to continue in 2016 and we do not expect any major uptick in demand or changes in circumstances moving forward.

As for the property business segment, we have sustained substantial losses due to the double effect of rising interest rate environment in Australia and the impairment loss incurred due to the lower property prices. We plan to exit this segment after the Disposal (as defined herein).

The Company's wholly-owned subsidiary SCL Murray Pty Ltd ("SCL Murray") had on 22 March 2016 entered into a contract for the disposal of the property in Perth, Australia ("Property")(the "Disposal"). The Company is seeking shareholders' approval for the Disposal at the extraordinary general meeting to be held upon the conclusion of the Company's annual general meeting on 26 April 2016.

FINANCIAL REVIEW

Due to the soft demand environment in 2015, the Group's revenue decreased by 22.4% from RMB 892.2 million in FY2014 to RMB 692.4 million in FY2015.

Revenue from coal trading business amounting to RMB 14.2 million was contributed by our newly acquired subsidiary, Orion Energy Resources Pte Ltd.

Revenue from the sales of alumina decreased by 23.8% from RMB 845.1 million in FY2014 to RMB 643.8 million in FY2015. The decrease was attributable to a decrease in sales volume of 23.7% from 388,727 tonnes in FY2014 to 296,507 tonnes in FY2015 and 0.1% decrease in average selling price.

Revenue from the sales of gypsum decreased by 26.8% from RMB 47.1 million in FY2014 to RMB 34.5 million in FY2015. The decrease was attributable to a decrease of 12.5% in average selling price and decrease in sales volume of gypsum of 16.6% from 489,269 tonnes in FY2014 to 408,080 tonnes in FY2015. The decrease in average selling price and sales volume of gypsum was mainly attributable to the reduced demand for gypsum, a result of the PRC authorities' implementation of new cooling measures on the PRC's domestic property market as gypsum is a raw material for the manufacture of wallboard, cement and construction plaster.

The Group's gross profit decreased by 23.0% from RMB 29.7 million in FY2014 to RMB 22.8 million in FY2015. This was mainly attributed to a decrease in gross profit from the sale of gypsum of RMB 7.0 million and from property development of RMB 0.7 million, which was partially offset by an increase in gross profit from the sale of alumina of RMB 0.3 million and coal trading of RMB 0.5 million. The Group's overall gross profit margin remained rather consistent at 3.3% in FY2014 and FY2015.

The Group's other income increased by RMB 5.8 million from RMB 0.2 million in FY2014 to RMB 6.0 million in FY2015. The increase is mainly attributed by an increase in interest income of RMB 2.6 million mainly arising from the interest income earned from a term loan of AUD 4.7 million extended by SCL Murray to Richardson 1 Pty Ltd in March 2015 (as announced on 21 May 2015) ("Loan to Richardson") and an increase in income earned from the bills receivables of RMB 2.6 million pursuant to the purchase of bill receivables at discount to be utilised for payments to suppliers.

Distribution costs increased by RMB 0.3 million or 7.1%, from RMB 4.2 million in FY2014 to RMB 4.5 million in FY2015, mainly due to an increase in staff cost.

Administrative expenses decreased by RMB 0.3 million or 1.4%, from RMB 21.1 million in FY2014 to RMB 20.8 million in FY2015. The decrease was mainly due to (i) a decrease of RMB 2.4 million mainly due to the reclassification of the social security insurance to cost of sales for the gypsum trading business; which was offset by (ii) an increase of RMB 1.7 million in relation to professional fees incurred by the Company in connection with its corporate actions, inter alia, the proposed acquisition of LTN Land Pte. Ltd. and Orion Energy Resources Pte. Ltd. in FY2015; and (iii) an increase of RMB 0.3 million in relation to the alumina trading business mainly due to increasing labour costs.

Finance costs increased by RMB 4.7 million from RMB 1.1 million in FY2014 to RMB 5.8 million in FY2015, mainly due to interest expenses of RMB 3.2 million (A$ 0.7 million) incurred in relation to

CHAIRMAN'S MESSAGE

a term loan of AUD 5.1 million undertaken by SCL Murray Pty Ltd in March 2015 (as announced on 21 May 2015) which is secured by way of first mortgage over the Property ("Mortgage") ("Term Loan") and the unwinding of imputed interest of RMB 1.8 million pursuant to FRS39 following changes to the repayment schedule on the outstanding loan amount from Fu Hao ("Fu Hao Loan").

Other expenses increased by RMB 10.0 million from RMB 0.3 million in FY2014 to RMB 10.3 million in FY2015, mainly due to the write-off of RMB 1 million in respect of the misappropriation of cash in Shandong Luneng Taishan Mining Co., Ltd as announced on 28 July 2015 and the provision of impairment on the Development Property amounting to RMB 9.3 million (A$2.0 million); offset by a decrease in foreign exchange losses arising from translation of functional currency.

The increase in income tax expense of RMB 2.2 million from RMB 3.6 million in FY2014 to RMB 5.8 million in FY2015 is mainly due to the withholding tax provision for China subsidiaries' undistributed profits.

Taking all these factors into consideration, we posted a total loss after tax of RMB 18.4 million, compared to a loss after tax of RMB 0.4 million in FY2014.

Despite the difficult environment, our balance sheet has been strengthened through a successful placement of new shares completed in December 2015 that raised net proceeds of RMB 25.2 million. Our total equity base now stands at RMB 115.2 million as at 31 December 2015, compared to RMB 98.4 million in the previous year.

OPERATION REVIEW

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

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

The continued austerity drive in China has led to the sustained reduction in business of both the Group's alumina trading and mining and sale of gypsum in PRC. Alumina index price has plunged 44.1% over the course of 2015 due to the weak sentiment in China and in the global market. The prices of gypsum, which is a key component in the manufacture of cement used in the construction sector also continued to slump in 2015 due to the continued clampdown the PRC's government has been exerting on the domestic property market. To minimize the impact of the economic slowdown, we had taken steps in 2015 to streamline and scaled down both the alumina and gypsum operations.

Furthermore, our foray into the Australian property market did not turn out as planned. We were doubly hit by the cooling Australian property market and increasing interest rate environment, thus sustaining considerable loss in this business segment. Decisions were made to shelve any further development plans on the Property and the Company has entered into a contract for the Disposal.

Given that we have just completed the acquisition of our 51% new coal trading subsidiary, Orion Energy Resources Pte Ltd in September 2015, we have spent time post acquisition understanding the operations of the business and putting systems in place for the operations and management control of Orion Energy Resources Pte. Ltd. moving forward. I have personally been added as a Director of the new subsidiary and will work very closely with the existing management to drive and develop its business in 2016.

OUTLOOK AND STRATEGY

Currently, the Group's resources and operations remain heavily exposed and reliant on the well-being of the PRC economy. Its alumina trading, coal trading and gypsum business will continue to be influenced by the soft commodities trading market in the PRC arising from a slowdown in the domestic construction industry.

In relation to the Group's business via Orion Energy Resources Pte Ltd on Coal Trading, we plan to expand to markets where the demand of steam coal hold great prospects. In addition, we also have plans to focus on securing mining management right of the coal from our suppliers.

CHANGES TO THE BOARD AND NEW MANAGEMENT

During the year 2015, four directors, namely Mr Ng Hong Wee, Mr Yong Chor Ken, Mr Tay Wee Kuang and Mr Lin Song had resigned from the Board. I would like to place on record, our appreciation for their contributions to the Group during their tenure as directors of the Company.

With their departures, we reconstituted the entire board with the addition of two new directors, Mr Wee Liang Hiam and Mr Ian Tan Tee Hiang. Both Mr Wee and Mr Tan bring with them extensive experience in accounting, finance and corporate governance. Under the leadership of the new board, we are confident of propelling the Group's business to new heights.

ACKNOWLEDGEMENTS

I would like to sincerely thank the Board for its wise counsel in helping the Group navigate through a challenging FY2015.

At the same time, I would also like to express my heartfelt appreciation to our management team and staff for their diligence and dedication in every undertaking. Furthermore, to our customers, suppliers, business partners and most importantly to shareholders, thank you for your continued belief and support for the Group as it embarks on the next phrase of growth.

Chu Ming Kin
Executive Chairman & CEO

BOARD OF DIRECTORS

CHU MING KIN
Executive Chairman and Chief Executive Officer

Mr Chu Ming Kin, aged 52, was appointed as Non-Executive Director to the Board on 6 April 2015 and became the Executive Chairman and Chief Executive Officer with effect from 30 April 2015 and 7 July 2015 respectively. Currently, Mr. Chu Ming Kin is responsible for devising business strategy and direction, and overseeing the Group's operations, including the mining and trading businesses and the property business.

Leveraging on more than 20 years of experiences in trading and overall plantation of agricultural tapioca chips in Thailand, Vietnam and Indonesia, Mr. Chu Ming Kin has accumulated skills to maintain the best purchasing, logistic and operating systems, handle shipments, and strong understanding in procurement. Mr. Chu Ming Kin established strong logistic and business systems, adding value to the tapioca company and pursuant to such successful systems in all business aspects, the said tapioca company became a listed company on Hong Kong Exchange Main Board. With all of his achievement in Thailand, Mr. Chu Ming Kin is also appointed as Committee of The Thai Tapioca Trade Association. Following the listing of the tapioca company, Mr. Chu Ming Kin left the tapioca business to venture into the coal business. With his in-depth knowledge and understanding of bulk cargo, he started the coal trading business. With many years of experience in Indonesia, Mr. Chu Ming Kin understands the Indonesian local culture and people well, allowing him to build a solid team and strong relations with suppliers. Mr. Chu Ming Kin's successful logistic and business systems in agriculture (tapioca) products are being implemented for the coal trading business and to create a strong supply chain to establish an excellent procurement system.

TAN SEOW KHENG
Non-Executive Director

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

Mr Tan is currently the General Manager of EWIS Development Pte Ltd, a company focused in property development in Singapore and Indonesia. His other appointment is Assistant Vice President of marketing at Uniseraya Group, an Indonesia-based Group with its principal business in timber and oil palm industry.

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

WEE LIANG HIAM
Lead Independent Director

Mr Wee Liang Hiam was appointed as our Lead Independent Director on 7 July 2015.

Mr Wee has more than 25 years of accounting and finance experience, having been involved in both operational and strategic levels. He has wide experience in corporate governance having served on the boards of other Singapore listed companies as independent director. Mr Wee has extensive management experience in various industries and business environments, having held top finance and operations positions in various public listed companies in Singapore. He has been involved in various stages of several successful mergers and acquisitions from evaluation to the integration of the merged entities, including leading companies to successful listings and reverse take-over on both the Main Board and Catalist board of the Singapore Exchange.

Mr Wee holds a Bachelor of Business Administration (Honours) and a Diploma in Education from National University of Singapore, a Master of Business Administration (Accountancy) from Nanyang Technological University and a Post Graduate Diploma in Personnel Management from Singapore Institute of Management. He is a fellow of the Institute of Singapore Chartered Accountants, a member of Singapore Institute of Management and also a member of the Singapore Institute of Directors. He is also Lead Independent Director of TMC Education Corporation Ltd, a company listed on the SGX-ST.

BAY CHEOW GUAN DAVID
Independent Director

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

Mr Bay was the president and chief executive officer of Communication Design International Limited ("CDI") (currently known as Imperium Crown Limited), prior to the disposal of CDI Holdings Pte. Ltd. which undertook the original business of CDI then (i.e. outsourced marketing and communications business), to Mr Bay in June 2015. Mr Bay founded CDI in 1995 and is responsible for its day-to-day operations and oversees CDI's strategic direction and acquisition strategies. Mr Bay is currently the Executive Director of CDI Holdings Pte. Ltd. Mr Bay started his career in providing marketing and communication services to companies seeking to outsource such functions since 1979. Over the years, he has developed an extensive network of business contacts across the world and listed CDI in 2006.

Mr Bay is currently the Non-Executive and Non-Independent Director of Imperium Crown Limited.

BOARD OF DIRECTORS

IAN TAN TEE HIANG
Independent Director

Mr Ian Tan Tee Hiang was appointed to the Board as Independent Director on 7 July 2015. He is also a director of Eternal Asia (M) Sdn Bhd, a regional IT distribution company in Malaysia.

Mr Ian Tan is currently the Vice President Finance of Eternal Asia (S) Pte Ltd, a subsidiary of a listed company in the China stock exchange, in-charge of the Group's finance, treasury, local regulatory requirements and risk management for the Asia Pacific platform.

Mr Ian Tan has over 20 years of working experience, of which 10 years was with PriceWaterhouseCoopers, based in Malaysia.

Mr Ian Tan holds a Bachelor of Commerce (Accounting & Finance) from the Curtin University, Perth, Western Australia. He is a Certified Practising Accountant with the Australian Society of CPAs and a Member of the Malaysian Institute of Accountants.

KEY MANAGEMENT

FU HAO
Head of China Operations

Mr Fu Hao was appointed as Head of China Operations on 12 February 2016.

Mr Fu is the founder of the Group. He was our Executive Chairman and Chief Executive Officer from 10 March 2010 to 11 July 2014. As the founder, Mr Fu plays a pivotal role in the growth and development of the Group. He has more than 20 years of management experience in the PRC, with more than 10 years being in the PRC mining and commodity sector. Mr Fu is responsible for the performance of the Company's business unit in China.

Before founding the Group, Mr Fu was the general manager of Beijing Hengzhiyuan Development Co., Ltd. Prior to that, Mr Fu was the deputy chief economist of Shandong Luneng Materials Trade & Mining Co. Ltd, part of the Shandong Luneng Group in the PRC. Mr Fu was with the Shandong Electric Power Corporation from 1985 to 2002 and last held the position of project manager.

Mr Fu graduated with a Bachelor's Degree in Engineering in 1985 and an Executive Master of Business Administration in 2010 from the South China University of Technology (formerly known as the South China Institute of Technology). He is a member of the Singapore Institute of Directors, and an accredited senior engineer appointed by the Higher Assessing Committee for Industrial Skills Appointment, Shandong Province Power Industry Bureau.

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

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

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

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

KEY MANAGEMENT

HAN YONGZHU

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

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

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

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

WANG HUICHAO

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

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

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

CHEONG KUEI JUNG

Financial Controller

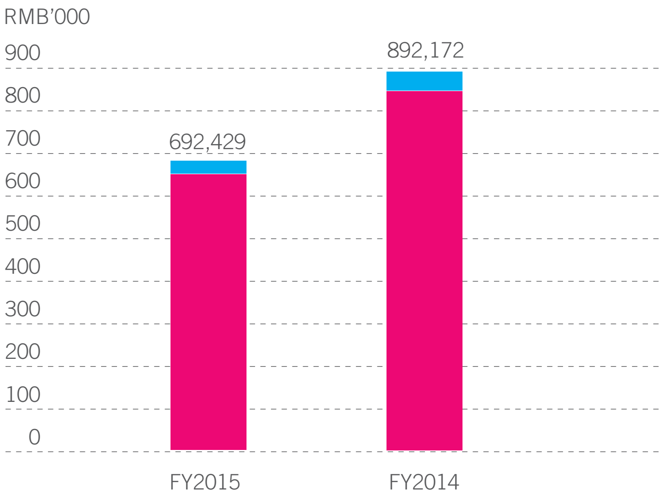
Ms Cheong Kuei Jung has been appointed as the Company's Financial Controller on 12 February 2016. She is responsible for the overall financial, accounting, compliance reporting and internal control functions of our Group. She is also in-charge of liaising with and reporting to our Audit Committee on the Group's accounting and financial matters.

Prior to joining the Group, Ms Cheong worked with Mary Chia Holdings Limited from 2014 to 2015 as the financial controller; Success Resources Pte Ltd from 2012 to 2013 and Asia Environment Holdings Limited from 2009 to 2012 as the group finance manager. Between 2005 and 2008, she worked with KPMG LLP as a senior assistant and was then promoted to Manager. She was an auditor with BDO International from 2001 to 2005. Ms Cheong is a non-practising member of the Institute of Singapore Chartered Accountants and a fellow member of the Association of Chartered Certified Accountants of United Kingdom. She holds a Bachelor of Art and Social Science majoring in Economics from the National University of Singapore.

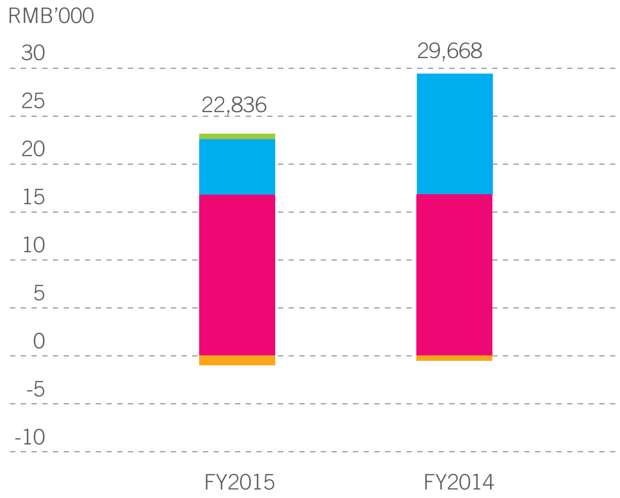
GROUP FINANCIAL HIGHLIGHTS

	FY2015	FY2014
FOR THE YEAR (RMB'000)		
Revenue	692,429	892,172
Earning before interest expenses, tax, depreciation and amortisation (EBITDA)	15,626	17,974
(Loss)/Profit before tax	(12,537)	3,236
Net loss after tax and non-controlling interest	(18,381)	(384)
AT YEAR END (RMB'000)		
Total assets	225,609	150,515
Net tangible assets	87,826	88,222
Total shareholders' equity	111,120	97,623
Total Liabilities	110,372	52,106
Bank and cash balances	52,673	18,623
Gearing ratio	35%	27%
PER SHARE (RMB cents)		
Loss		
- basic	(5.05)	(0.16)
- fully diluted	(5.05)	(0.16)
No of shares as at 31 December	484,004,000	351,000,000
Net assets value	23.0	27.8
Net tangible assets	18.1	25.1
RETURN (%)		
Return to turnover	(2.655)%	(0.043)%
Return on shareholders' equity	(16.542)%	(0.393)%
Return on total assets	(8.146)%	(0.255)%

REVENUE



GROSS PROFIT



CORPORATE INFORMATION

BOARD OF DIRECTORS
Chu Ming Kin (Executive Chairman and Chief Executive Officer)
Tan Seow Kheng (Non-Executive Director)
Wee Liang Hiam (Lead Independent Director)
Bay Cheow Guan David (Independent Director)
Ian Tan Tee Hiang (Independent Director)

JOINT COMPANY SECRETARY
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Partner-in-charge: Joshua Ong Kian Guan
(Certified Public Accountant, a fellow of the Institute of Singapore Chartered Accountants)
(Since the financial year ended 31 December 2015)

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

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

This report describes the Group's corporate governance processes and structures during the financial year ended 31 December 2015 ("**FY2015**") with specific reference made to the principles and guidelines of the Singapore Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Limited ("**SGX-ST**") in January 2015 (the "**Guide**"). Where there are deviations from the Code and the Guide, appropriate explanations are provided.

BOARD MATTERS

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

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

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

CORPORATE GOVERNANCE REPORT

<table>
<tr><th colspan="2">Guidelines of the Code</th><th>Corporate Governance Practices of the Group</th></tr>
<tr><td>1.3</td><td>The board may delegate the authority to make decisions to any board committee but without abdicating its responsibility. Any such delegation should be disclosed.</td><td>The Audit and Risk Committee (the "ARC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") (collectively referred to as the "Board Committees") were constituted to assist the Board in the discharge of its duties. The Board Committees review and make recommendations to the Board on matters within their defined terms of reference.

The Board will review the terms of reference of the Board Committees as and when necessary to ensure each Board Committee's continued relevance and compliance with the Code.</td></tr>
<tr><td>1.4</td><td>The board should meet regularly and as warranted by particular circumstances, as deemed appropriate by the board members. Companies are encouraged to amend their articles of association (or other constitutive documents) to provide for telephonic and video-conference meetings. The number of meetings of the board and board committees held in the year, as well as the attendance of every board member at these meetings, should be disclosed in the company's annual report.</td><td>The Board conducts regular scheduled meetings and ad-hoc meetings are convened as and when required. The Company's Articles of Association ("Articles") provides for telephonic and video-conference meetings.

Please refer to Table 2 – Attendance at Board and Board Committee meetings on page 42 of this Annual Report.</td></tr>
<tr><td>1.5</td><td>Every company should prepare a document with guidelines setting forth:

(a) the matters reserved for the board's decision; and

(b) clear directions to management on matters that must be approved by the board.

The types of material transactions that require board approval under such guidelines should be disclosed in the company's annual report.</td><td>The Board has adopted internal guidelines setting the matters which are specifically reserved for its approval and clear directions have also been given to the management of the Company (the "Management") on matters that require Board's approval. Such matters are, inter alia, as follows:

• material acquisitions and disposals of assets;

• corporate or financial restructuring;

• corporate strategies;

• share issuances (including stock options or other equity awards), dividends and other capital transactions and returns to the shareholders;

• approval of annual audited financial statements for the Group and the Directors' report thereto;

• any public reports or press releases reporting the results of operations; and

• matters involving a conflict or potential conflict of interest involving a substantial shareholder or a Director. In particular, in relation to the outstanding amounts owed by the Group to Mr Fu Hao (who is currently the Company's Head of China Operations and previously a substantial shareholder and Executive Chairman and Chief Executive Officer of the Company) and/or his associates, the ARC will, inter alia, review all payments and consider the cash flow position of the Group before making recommendations to the Board on repayment of such monies.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Guidelines of the Code	Corporate Governance Practices of the Group
1.6 Incoming directors should receive comprehensive and tailored induction on joining the board. This should include his duties as a director and how to discharge those duties as a director and include an orientation programme to ensure that they are familiar with the company's business and governance practices. The company should provide training for first-time director[1] in areas such as accounting, legal and industry-specific knowledge as appropriate. It is equally important that all directors should receive regular training, particularly on relevant new laws, regulations, and changing commercial risks, from time to time. The company should be responsible for arranging and funding the training of directors. The board should also disclose in the company's annual report the induction, orientation and training provided to new and existing directors.	Newly appointed Directors will receive comprehensive and tailored induction upon joining the Board, including their duties as Directors and how to discharge those duties. An orientation program including site visits to the Group's operations will be held where required to ensure that the Directors are familiar with the Group's business, organisation structure, corporate strategies and policies, and governance practices. The Company will also provide training for first-time Directors in areas such as accounting, legal and industry-specific knowledge as appropriate. The Directors are also encouraged to attend external programmes on their duties and responsibilities where necessary. The Company from time to time conducts separate briefings for the Directors on the Company's core business, corporate policies, corporate governance practices and the regulatory requirements concerning disclosure of interests and restrictions on dealing in securities. The Directors are also regularly briefed on any changes in relevant laws and regulations, and industry development. During FY2015, Mr Chu Ming Kin and Mr Ian Tan Tee Hiang attended LCD: Module 1: Listed Company Director Essentials: Understanding the Regulatory Environment in Singapore – What Every Director Ought to Know. The training of Directors are/will be arranged and funded by the Company.
1.7 Upon appointment of each director, the company should provide a formal letter to the director, setting out the director's duties and obligations.	When a new director is appointed, the chief executive officer (the "**CEO**") of the Company will send a formal letter to him setting out his duties and responsibilities. A copy of the terms of reference will also be provided to directors who are appointed onto the Board Committees. Four new directors were appointed during FY2015, namely Mr Chu Ming Kin, Mr Bay Cheow Guan David, Mr Wee Liang Hiam and Mr Ian Tan Tee Hiang and they were each issued a formal letter setting out their duties and responsibilities, and a copy of the terms of reference of the relevant Board Committees were sent out to each of them as applicable.

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

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

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

Guidelines of the Code	Corporate Governance Practices of the Group
2.1 There should be a strong and independent element on the board, with independent directors making up at least one-third of the board.	The Board comprises five Directors, three of whom are Independent Directors. Please refer to Table 1 – Board and Board Committees on page 42 of this Annual Report. The NC is responsible for annually assessing each director's independence. Each Independent Director is required to complete a declaration form to confirm his independence based on the guidelines as set out in the Code. The Directors must also confirm whether they view themselves as independent even if they do not have any relationship with the Company, its related companies or its officers.
2.2 The independent directors should make up at least half of the board where: (a) the chairman of the board and the CEO (or equivalent) is the same person; (b) the chairman and the CEO are immediate family[3] members; (c) the chairman is part of the management team; or (d) the chairman is not an independent director.	The Chairman of the Board and CEO is the same person. As Independent Directors make up at least half of the Board, Guideline 2.2 of the Code is met.
2.3 An independent director is one who has no relationship with the company, its related corporations[4], its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company. The board should identify in the company's annual report each director it considers to be independent.	The independence of the Independent Directors is reviewed annually by the NC, based on the definition of independence as set out in the Code. The Independent Directors have also confirmed their independence in accordance with the Code. The Independent Directors, who are members of the NC, have abstained from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the evaluation of his independence. Taking into account the views of the NC, the Board is satisfied as to the independence of the Independent Directors, namely Mr Wee Liang Hiam, Mr Bay Cheow Guan David and Mr Ian Tan Tee Hiang.

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

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

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

CORPORATE GOVERNANCE REPORT

Guidelines of the Code	Corporate Governance Practices of the Group
The board should determine, taking into account the views of the NC, whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. Directors should disclose to the board any such relationship as and when it arises. The board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including the following: (a) a director being employed by the company or any of its related corporations for the current or any of the past three financial years; (b) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the company or any of its related corporations and whose remuneration is determined by the remuneration committee; (c) a director, or an immediate family member, accepting any significant compensation from the company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for board service; (d) a director: (i) who, in the current or immediate past financial year, is or was; or (ii) whose immediate family member, in the current or immediate past financial year, is or was, a 10% shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organisation to which the company or any of its subsidiaries made, or from which the company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year. As a guide, payments[5] aggregated over any financial year in excess of S$200,000 should generally be deemed significant;	Additionally, taking into account the views of the NC, the Board is satisfied as to the independence of the three (3) Independent Directors.

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

CORPORATE GOVERNANCE REPORT

Guidelines of the Code	Corporate Governance Practices of the Group
(e) a director who is a 10% shareholder or an immediate family member of a 10% shareholder of the company; or (f) a director who is or has been directly associated with[6] a 10% shareholder of the company, in the current or immediate past financial year. The relationships set out above are not intended to be exhaustive, and are examples of situations which would deem a director to be not independent. If the board wishes, in spite of the existence of one or more of these relationships, to consider the director as independent, it should disclose in full the nature of the director's relationship and bear responsibility for explaining why he should be considered independent.	
2.4 The independence of any director who has served on the board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the board should also take into account the need for progressive refreshing of the board. The board should also explain why any such director should be considered independent.	No Director of the Company has served more than nine years on the Board since the date of his first appointment.
2.5 The board should examine its size, and with a view to determining the impact of the number upon effectiveness, decide on what it considers an appropriate size for the board, which facilitates effective decision making. The board should take into account the scope and nature of the operations of the company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the board and board committees. The board should not be so large as to be unwieldy.	After taking into account the review of the NC and the nature and scope of the Group's business and operations, the Board is of the view that it is of an appropriate size for effective decision making. The NC is of the view that no individual or small group of individuals dominates the Board's decision making process.

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

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guidelines of the Code</th><th>Corporate Governance Practices of the Group</th></tr>
<tr><td>2.6 The board and its board committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the company. They should also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer based experience or knowledge.</td><td>The current Board has a good mix of core competencies including accounting, finance, legal, business and management experience. The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:
<table>
<tr><th></th><th>Number of Directors</th><th>Proportion of Board</th></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>- Accounting or finance</td><td>4</td><td>80%</td></tr>
<tr><td>- Business management</td><td>5</td><td>100%</td></tr>
<tr><td>- Relevant industry knowledge or experience</td><td>4</td><td>80%</td></tr>
<tr><td>- Strategic planning experience</td><td>5</td><td>100%</td></tr>
<tr><td>- Customer based experience or knowledge</td><td>3</td><td>60%</td></tr>
<tr><td>Gender</td><td></td><td></td></tr>
<tr><td>- Male</td><td>5</td><td>100%</td></tr>
<tr><td>- Female</td><td>Nil</td><td>0%</td></tr>
</table>

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

The Board has taken the following steps to maintain or enhance its balance and diversity:

• Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

• Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</td></tr>
<tr><td>2.7 Non-executive directors should:

(a) constructively challenge and help develop proposals on strategy; and

(b) review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.</td><td>During the meetings of the Board and Board Committees in FY2015, the Non–Executive Directors actively participate and provide their inputs on matters including the Group's financial performance, corporate governance and the performance of the Management.</td></tr>
<tr><td>2.8 To facilitate a more effective check on management, non-executive directors are encouraged to meet regularly without the presence of management.</td><td>Where necessary, the Non-Executive Director and Independent Directors meet without the presence of the Management to discuss any matters.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

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

Guidelines of the Code	Corporate Governance Practices of the Group
3.1 The chairman and the CEO should in principle be separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between the Chairman and the CEO should be clearly established, set out in writing and agreed by the board. In addition, the board should disclose the relationship between the chairman and the CEO if they are immediate family members.	Mr Chu Ming Kin is both the Executive Chairman and CEO of the Company. Although the roles of Chairman and the CEO are assumed by the same person, the Board determined that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions, without any individual or group of individuals exercising any considerable concentration of power or influence. The Non-Executive Director and Independent Directors have demonstrated high commitment in their role as Directors and have ensured that there is a good balance of power and authority. As such, there was no need for the roles of the Chairman and CEO to be separated.
3.2 The chairman should: (a) lead the board to ensure its effectiveness on all aspects of its role; (b) set its agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues; (c) promote a culture of openness and debate at the board; (d) ensure that the directors receive complete, adequate and, timely information; (e) ensure effective communication with shareholders; (f) encourage constructive relations within the board and between the board and management; (g) facilitate the effective contribution of non-executive directors in particular; and	In addition to the responsibilities as set out in the Code, Mr Chu Ming Kin, is also responsible for devising business strategy and direction, and overseeing the Group's operations/businesses.

CORPORATE GOVERNANCE REPORT

Guidelines of the Code	Corporate Governance Practices of the Group
(h) promote high standards of corporate governance. The responsibilities set out above provide guidance and should not be taken as a comprehensive list of all the duties and responsibilities of a chairman.	
3.3 Every company should appoint an independent director to be lead independent director where: (a) the chairman and the CEO is the same person; (b) the chairman and the CEO are immediate family members; (c) the chairman is part of the management team; or (d) the chairman director is not an independent director The lead independent director (if appointed) should be available to shareholders where they have concerns and for which contact through the normal channels of the chairman, the CEO or the chief financial officer (or equivalent) (the "**CFO**") has failed to resolve or is inappropriate.	As the Executive Chairman and CEO is the same person, the Board has appointed Mr Wee Liang Hiam as the Lead Independent Director of the Company who is available to Shareholders where they have concerns and whereby contact through the normal channels has failed to resolve, or where they have concerns for which such contact is inappropriate.
3.4 Led by the lead independent director, the independent directors should meet periodically without the presence of the other directors, and the lead independent director should provide feedback to the chairman after such meetings.	The Independent Directors will meet without the presence of the Management as and when circumstances require, to discuss any matters they wish to discuss without the presence of the Management.

Board Membership

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

Guidelines of the Code	Corporate Governance Practices of the Group
4.1 The board should establish a NC to make recommendations to the board on all board appointments, with written terms of reference which clearly set out its authority and duties. The NC should comprise at least 3 directors, a majority of whom, including the NC chairman, should be independent. The lead independent director, if any, should be a member of the NC. The board should disclose in the company's annual report the names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the board.	The NC comprises Mr Bay Cheow Guan David as the Chairman and Mr Wee Liang Hiam and Mr Ian Tan Tee Hiang as its members, all of whom are independent non-executive directors. The NC has adopted written terms of reference defining its members, administration and duties. The NC is responsible for making recommendations to the Board on all Board appointments, among other things.

CORPORATE GOVERNANCE REPORT

Guidelines of the Code	Corporate Governance Practices of the Group
4.2 The NC should make recommendations to the board on relevant matters relating to: (a) the review of board succession plans for directors, in particular, the chairman and for the CEO; (a) the development of a process for evaluation of the performance of the board, its board committees and directors; (b) the review of training and professional development programs for the board; and (d) the appointment and re-appointment of directors (including alternate directors, if applicable).	Apart from the items listed in Guideline 4.2 forming part of the terms of reference of the NC, such terms of reference also includes: (a) Evaluate and keep under review the balance of skills, knowledge and experience of the Directors (and the likely changes to such in the future) and make recommendations to the Board in relation to the rotation and succession of the Directors; (b) Make recommendations to the Board relating to all matters of a Director's independence and to review annually each Director's independence including his / her actual, potential or perceived conflicts of interests and commitments in terms of time; (c) Make recommendations to the Board regarding the re-appointment of directors upon their falling due for re-election by shareholders in accordance with the Company's Bye-laws or their re-appointment at the end of a specified term as set out in their letter of appointment; (d) Make recommendations to the Board relating to the continuation in office of any Director; and (e) Consider how the Board's performance may be evaluated and to propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long- term shareholders' value.
Important issues to be considered as part of the process for the selection, appointment and re-appointment of directors include composition and progressive renewal of the board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director. All directors should be required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years.	All Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years. Under the Company's Articles, one-third of the Board is to retire from office by rotation and be subject to re-election at the annual general meeting of the Company. The Articles of the Company also provides that the Directors to retire every year shall be those who have been longest in office since the last election, but as between persons who became directors on the same day, those to retire shall be determined by lot.

CORPORATE GOVERNANCE REPORT

Guidelines of the Code	Corporate Governance Practices of the Group
	Mr Tan Seow Kheng and Mr Chu Ming Kin will be retiring by rotation pursuant to Article 99 of the Company's Articles, and Mr Chu Ming Kin being eligible for re-election at the forthcoming annual general meeting to be held on 26 April 2016 ("**Annual General Meeting**") offer himself for re-election while Mr Tan Seow Kheng will not be offering himself for re-election at the forthcoming Annual General Meeting due to other commitments. Upon the conclusion of the Annual General Meeting, Mr Tan Seow Kheng will cease to be the Non-Executive Director of the Company. In addition, Article 100 of the Company's Articles provides that any Director appointed as a result of a vacancy occurring in the Board of Directors shall retire from office at the following annual general meeting but shall be eligible for re-election. The NC has recommended the following directors who will be retiring pursuant to Article 100, be subject to re-election at the forthcoming Annual General Meeting: (a) Mr Ian Tan Tee Hiang; and (b) Mr Wee Liang Hiam; The NC, in making the aforementioned recommendations, had considered the Director's overall contributions and performance. Upon re-election as a Director of the Company, (a) Mr Chu Ming Kin shall remain as the Executive Chairman and Chief Executive Officer of the Company; (b) Mr Ian Tan Tee Hiang shall remain as an Independent Director of the Company, the Chairman of the RC and a member of the ARC and NC; and (c) Mr Wee Liang Hiam shall remain as the Lead Independent Director of the Company, the Chairman of the ARC and a member of the RC and NC. Mr Ian Tan Tee Hiang and Mr Wee Liang Hiam will be considered independent for the purposes of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**").
4.3 The NC is charged with the responsibility of determining annually, and as and when circumstances require, if a director is independent, bearing in mind the circumstances set forth in guidelines 2.3 and 2.4 and any other salient factors. If the NC considers that a director who has one or more of the relationships mentioned therein can be considered independent, it shall provide its views to the board for the board's consideration. Conversely, the NC has the discretion to consider that a director is not independent even if he does not fall under the circumstances set forth in guideline 2.3 or guideline 2.4, and should similarly provide its views to the board for the board's consideration.	The NC has conducted an annual review of the Directors' independence and is of the opinion that the Independent Directors, namely Mr Bay Cheow Guan David, Mr Ian Tan Tee Hiang and Mr Wee Liang Hiam are independent. The Independent Directors have also confirmed their independence in accordance with the Code.

CORPORATE GOVERNANCE REPORT

Guidelines of the Code		Corporate Governance Practices of the Group
4.4	When a director has multiple board representations, he must ensure that sufficient time and attention is given to the affairs of each company.	All Directors are required to declare their board representations in any other listed company. The NC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards and/or have other principal commitments. The NC has set the maximum number of listed company board representations which any Director may hold shall at any time be six (6) (the "**Cap**"). A Director who proposes to hold any additional appointments on the board of a listed company in excess of the Cap will have to submit an application in writing to the NC, which will deliberate and make recommendation to the Board for its approval. A Director who is the subject of such application shall not participate in the deliberation, recommendation and approvals of the NC and Board as applicable.
	The NC should decide if a director is able to and has been adequately carrying out his duties as a director of the company, taking into consideration the director's number of listed company board representations and other principal commitments[7] Guidelines should be adopted that address the competing time commitments that are faced when directors serve on multiple boards. The board should determine the maximum number of listed company board representations which any director may hold, and disclose this in the company's annual report.	The NC has from time to time, evaluated the performance of each Director to ensure that he has devoted adequate and sufficient time to carry out his duties and responsibilities effectively, taking into consideration the Director's other board representations and/or principal commitments. In FY2015, no Director of the Company has exceeded the Cap. In assessing the capacity of the Directors, the NC has taken into consideration, *inter alia*, the following: – Expected and/or competing time commitments of Directors; – Geographical location of Directors; – Size and composition of the Board; and – Nature and scope of the Group's operations and size. The NC, having reviewed the time spent and attention given by each of the Directors to the Company's affairs, is satisfied that all Directors have discharged their duties adequately for FY2015.
4.5	The board should generally avoid approving the appointment of alternate directors. Alternate directors should only be appointed for limited periods in exceptional cases such as when a director has a medical emergency. If an alternate director is appointed, the alternate director should be familiar with the company affairs, and be appropriately qualified. If a person is proposed to be appointed as an alternate director to an independent director, the NC and the board should review and conclude that the person would similarly qualify as an independent director, before his appointment as an alternate director. Alternate directors bear all the duties and responsibilities of a director.	The Company does not have any alternate directors.

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

CORPORATE GOVERNANCE REPORT

Guidelines of the Code	Corporate Governance Practices of the Group
4.6 A description of the process for the selection, appointment and re-appointment of directors to the board should be disclosed in the company's annual report. This should include disclosure on the search and nomination process.	The process for the selection and appointment of new Directors is as follows: 1. **Determination of selection criteria**: The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge to complement and strengthen the Board. 2. **Search for suitable candidates:** The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary. 3. **Assessment of shortlisted candidates**: The NC would deliberate on the competencies of each shortlisted candidate against the needs of the Board to select a candidate for the directorship role. 4. **Appointment of director**: The NC would recommend the selected candidate to the Board for consideration and approval. The process for re-electing incumbent Directors is as follows: 1. **Assessment of director**: The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and the NC would also consider the current needs of the Board. 2. **Re-appointment of director**: Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and acceptance.
4.7 Key information regarding directors, such as academic and professional qualifications, shareholding in the company and its related corporations, board committees served on (as a member or chairman), date of first appointment as a director, date of last re-appointment as a director, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments, should be disclosed in the company's annual report.	Please refer to Table 3 – Board Membership, Dates of Director's Initial Appointment & Last Re-election, other directorships in listed companies and other principal commitments on page 43 of this annual report and pages 4 and 5 of this annual report for such information.

CORPORATE GOVERNANCE REPORT

Guidelines of the Code	Corporate Governance Practices of the Group
In addition, the company's annual disclosure on corporate governance should indicate which directors are executive, non-executive or considered by the NC to be independent. The names of the directors submitted for appointment or re-appointment should also be accompanied by such details and information to enable shareholders to make informed decisions. Such information, which should also accompany the relevant resolution, would include: (a) any relationships including immediate family relationships between the candidate and the directors, the company or its 10% shareholders; (b) a separate list of all current directorships in other listed companies; and (c) details of other principal commitments.	

Board Performance

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

Guidelines of the Code	Corporate Governance Practices of the Group
5.1 Every board should implement a process to be carried out by the NC for assessing the effectiveness of the board as a whole and its board committees and for assessing the contribution by the chairman and each individual director to the effectiveness of the board. The board should state in the company's annual report how the assessment of the board, its board committees and each director has been conducted.	The NC has developed a process to evaluate the performance and effectiveness of the Board as a whole, its Board Committees and the contribution by individual Directors to the effectiveness of the Board, based on the criteria as set out in Guideline 5.2 below. At the end of each financial year, all Directors are requested to complete a board evaluation questionnaire designed to seek their views on the various aspects of the board performance so as to assess the overall effectiveness of the Board and the Board Committees. The responses are collated independently by the Company Secretary and the results are reviewed by the NC before submitting to the Board for discussing and determining areas for improvement and enhancement of the Board's, the Board Committees' and Directors' effectiveness. The Chairman of the Board will act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the board or seek the resignation of directors. The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole, is of the view that the performance of the Board has been satisfactory in FY2015 and that the Board has met its performance objectives in FY2015.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th></th><th>Guidelines of the Code</th><th>Corporate Governance Practices of the Group</th></tr>
<tr><td></td><td>If an external facilitator has been used, the board should disclose in the company's annual report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's annual report.</td><td>No external facilitator has been used in the assessment process.</td></tr>
<tr><td>5.2</td><td>The NC should decide how the board's performance may be evaluated and propose objective performance criteria. Such performance criteria, which allow for comparison with industry peers, should be approved by the board and address how the board has enhanced long term shareholders value. These performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the board to justify this decision.</td><td>The performance criteria approved by the Board addresses how the Board has enhanced long term shareholders value, and is not changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such decision.

The performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board are as follows:

<table>
<tr><th>Performance Criteria</th><th>Board and Board Committees</th><th>Individual Directors</th></tr>
<tr><td>Qualitative</td><td>1. Size and composition
2. Access to information
3. Strategic planning
4. Board accountability
5. Risk management
6. Succession planning</td><td>1. Commitment of time
2. Knowledge and abilities
3. Teamwork
4. Independence (if applicable)
5. Overall effectiveness
6. Overall effectiveness</td></tr>
<tr><td>Quantitative</td><td>1. Performance of the Company's share price over a 5-year period vis-à-vis the Singapore Straits Time Index and a benchmark of the Company's industry peers
2. Return on equity
3. Objective and target set for the year is met</td><td>1. Attendance at Board and Board Committee meetings</td></tr>
</table></td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Guidelines of the Code	Corporate Governance Practices of the Group
5.3 Individual evaluation should aim to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the board and board committees, and any other duties). The chairman should act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the board or seek the resignation of directors.	Each member of the Board will, on an annual basis, carry out a performance review to assess the effectiveness of the other Directors as part of the questionnaire as mentioned above.

<u>Access to Information</u>

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

Guidelines of the Code	Corporate Governance Practices of the Group
6.1 The management has an obligation to supply the board with complete, adequate information in a timely manner. Relying purely on what is volunteered by the management is unlikely to be enough in all circumstances and further enquiries may be required if the particular director is to fulfil his duties properly. Hence, the board should have separate and independent access to the management.	The Board has separate and independent access to senior management executives of the Group at all times in carrying out its duties. Please refer to Table 4 - Types of information provided by Management to Non-Executive Directors on page 44 of this annual report.
Directors are entitled to request from the management and should be provided with such additional information as needed to make informed decisions. The management shall provide the same in a timely manner.	Management will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.
6.2 Information provided should include board papers and related materials, background or explanatory information relating to matters to be brought before the board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.	Please refer to Table 4 - Types of information provided by Management to Non-Executive Directors on page 44 of this annual report.

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Guidelines of the Code	Corporate Governance Practices of the Group
6.3 Directors should have separate and independent access to the company secretary. The role of the company secretary should be clearly defined and should include responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the chairman, the company secretary's responsibilities include ensuring good information flows within the board and its committees and between the management and non-executive directors, advising the board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The company secretary should attend all board meetings.	Directors have separate and independent access to, and are provided with the contact details of, the Company Secretary. The role of the Company Secretary is clearly defined. The Company Secretary is responsible for ensuring that proper board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary attends all meetings of the Board and Board Committees.
6.4 The appointment and the removal of the company secretary should be a matter for the Board as a whole.	The appointment and removal of the Company Secretary is a matter for consideration for the Board as a whole.
6.5 The board should have a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, and at the company's expense.	The Board is encouraged to take independent professional advice when necessary to enable the Board to discharge its responsibilities effectively, and such professional costs will be borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Guidelines of the Code	Corporate Governance Practices of the Group
7.1 The Board should establish a RC with written terms of reference which clearly set out its authority and duties. The RC should comprise at least three directors, the majority of whom, including the RC chairman, should be independent. All of the members of the RC should be non-executive directors. This is to minimise the risk of any potential conflict of interest. The board should disclose in the company's annual report the names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the board.	The RC comprises Mr Ian Tan Tee Hiang, who is the Chairman of the RC, and Mr Bay Cheow Guan David and Mr Wee Liang Hiam as its members, all of whom are independent non-executive directors. The terms of reference of the RC includes, *inter alia*, (a) to review and recommend to the Board a policy of remuneration for the Board and key executives, and to determine the terms of employment and remuneration packages for each Executive Director, which covers all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind; (b) to approve any compensation packages or arrangements following the severance of any Executive Director's service contract; and

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Guidelines of the Code		Corporate Governance Practices of the Group
		(c) to review whether Executive Directors and key management personnel should be eligible for benefits under long-term incentive schemes, including share schemes. (d) To review working environments and succession planning for the management.
7.2	The RC should review and recommend to the board a general framework of remuneration for the board and key management personnel[8]. The RC should also review and recommend to the board the specific remuneration packages for each director as well as for the key management personnel. The RC's recommendations should be submitted for endorsement by the entire board. The RC should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share based incentives and awards, and benefits in kind.	The RC recommends to the Board a framework of remuneration for the Directors and key management personnel, and determines specific remuneration package for each Executive Director as well as for the key management personnel. The recommendations will be submitted for endorsement by the Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. The RC will also review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees. Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his remuneration package or that of employees related to him.
7.3	If necessary, the RC should seek expert advice inside and/or outside the company on remuneration of all directors. The RC should ensure that existing relationships, if any, between the company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.	The RC is encouraged to engage an external remuneration consultant for the purposes of recommending to the Board a framework of remuneration for the Directors and executive officers and determining the specific remuneration packages for each Executive Director as necessary.
	The company should also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the company.	The Company has not engaged any external remuneration consultants in FY2015.
7.4	The RC should review the company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance.	The RC regularly reviews the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service to ensure that such contracts of service, if any, contain fair and reasonable termination clauses which are not overly generous.

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

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Level and Mix of Remuneration

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

Guidelines of the Code		Corporate Governance Practices of the Group
8.1	A significant and appropriate proportion of executive directors and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance. Such performance-related elements of remuneration should be aligned with the interests of shareholders and promote the long-term success of the company. It should take account of the risk policies of the company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. There should be appropriate and meaningful measures for the purpose of assessing executive and key management personnel's performance.	The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market. The remuneration of the Executive Directors and key management personnel of the Group are reviewed by the RC to ensure that the interests of the Executive Directors and key management personnel of the Group are aligned with the interests of the Shareholders and to ensure that the remuneration is commensurate with their performance and the performance of the Company. No Director is involved in deciding his or her own remuneration. The Company has entered into a service agreement with Mr Ken Chu Ming Kin which commenced on 7 July 2015. The service agreement is for an initial period of 3 years with automatic renewal annually for such annual period thereafter unless otherwise agreed in writing between the Company and the executive or terminated in accordance with the terms of the service agreement.
8.2	Long-term incentive schemes are generally encouraged for executive directors and key management personnel. The RC should review whether executive directors and key management personnel should be eligible for benefits under long-term incentive schemes. The costs and benefits of long-term incentive schemes should be carefully evaluated. In normal circumstances, offers of shares or grants of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged. Executive directors and key management personnel should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability.	The Company's employee share option scheme ("**2014 ESOS**") is a long-term incentive plan and the mechanism involves deferring incentive compensation over a time horizon to ensure that the Group's employees focus on generating shareholders' value over a longer term. Conditions to entitlement to such long-term incentives include the assessment and recognition of potential progressive performance, and enhancement to asset value and shareholders' value over time, taking into consideration current and future plans of the Company. The Company's Sincap Performance Share Plan ("**2012 PSP**") is another long-term incentive plan that seeks to recognise and reward past contributions and services and motivate executive directors and key management personnel to continue to strive for the Group's long term growth. Further details on the 2014 ESOS and 2012 PSP can be found in the Company's offer document dated 17 July 2012 and circular dated 9 April 2014 and page 47 of this Annual Report.

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Guidelines of the Code		Corporate Governance Practices of the Group
8.3	The remuneration of non-executive directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of directors. Non-executive directors should not be over-compensated to the extent that their independence may be compromised. The RC should also consider implementing schemes to encourage non-executive directors to hold shares in the company so as to better align the interests of such non-executive directors with the interests of shareholders.	The recommendations made by the RC in respect of the Non-Executive Directors' fees are subject to Shareholders' approval at the annual general meeting. Executive Directors do not receive Directors' fees. The RC takes into consideration the level of contribution, effort and time spent, and responsibilities of each Director during its review of the Non-Executive Directors' remuneration.
8.4	Companies are encouraged to consider the use of contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company.	The Company will review the use of such contractual provisions as and when deemed necessary.

<u>Disclosure on Remuneration</u>

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

Guidelines of the Code		Corporate Governance Practices of the Group
9.1	The company should report to the shareholders each year on the remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. This annual remuneration report should form part of, or be annexed to the company's annual report of its directors. It should be the main means through which the company reports to shareholders on remuneration matters. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO).	Please refer to Table 5 – Remuneration of Directors on page 44 of this Annual Report. There are no termination, retirement and post-employment benefits granted to Directors, the CEO or the top key management personnel of the Company.

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Guidelines of the Code		Corporate Governance Practices of the Group
9.2	The company should fully disclose the remuneration of each individual director and the CEO on a named basis. For administrative convenience, the company may round off the disclosed figures to the nearest thousand dollars. There should be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.	After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment. Please refer to Table 5 – Remuneration of Directors on page 44 of this Annual Report for more information.
9.3	The company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.	After due consideration, the Board has decided not to disclose the remuneration of the top five key management personnel who are not Directors or the CEO (in aggregate or otherwise), due to its sensitive nature as there is strong competition within the industry for key talent. Please refer to Table 6 – Remuneration of Key Management Personnel on page 45 of this Annual Report.
9.4	For transparency, the annual remuneration report should disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000. The company need only show the applicable bands.	There was no employee of the Group who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000.

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Guidelines of the Code		Corporate Governance Practices of the Group
9.5	The annual remuneration report should also contain details of employee share schemes to enable their shareholders to assess the benefits and potential cost to the companies. The important terms of the share schemes should be disclosed, including the potential size of grants, methodology of valuing stock options, exercise price of options that were granted as well as outstanding, whether the exercise price was at the market or otherwise on the date of grant, market price on the date of exercise, the vesting schedule, and the justifications for the terms adopted.	In FY2015, there were no options granted under the 2014 ESOS. The Company had on 12 March 2015 granted award (“**Award**”) to eligible employees (“**Participant**”) pursuant to the 2012 PSP. The aggregate number of shares under the Award granted were 3,604,000 ordinary shares and were vested on 12 March 2015. Under the 2012 PSP, there were no grant of Award to directors, controlling shareholders and their associates, and there were no Participants who received 5% or more of the total number of Awards that have been granted under the 2012 PSP. The Company does not have a parent Company. Further details on the 2014 ESOS and 2012 PSP can be found in the Company’s offer document dated 17 July 2012 and circular dated 9 April 2014 and page 47 of this Annual Report.
9.6	For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met.	The remuneration received by the Executive Director(s) and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2015. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives. The following performance conditions for short-term incentives such as performance bonus were chosen for the Group to remain competitive and to motivate the Executive Director(s) and key management personnel to work in alignment with the goals of all stakeholders: 1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors

ACCOUNTABILITY AND AUDIT

Accountability

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

Guidelines of the Code		Corporate Governance Practices of the Group
10.1	The board’s responsibility to provide a balanced and understandable assessment of the company’s performance, position and prospects extends to interim and other price sensitive public reports, and reports to regulators (if required).	The Board provides Shareholders with a balanced and understandable assessment of the Group’s performance, position and prospects through its announcements of half year and full year financial statements, as well as other announcements required under the Catalist Rules via the SGXNET.

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Guidelines of the Code	Corporate Governance Practices of the Group
10.2 The board should take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange, for instance, by establishing written policies where appropriate.	The Board receives regular updates and briefings on any changes to the laws and regulations to ensure compliance with legislative and regulatory requirements, and observes the obligations of continuing disclosure under the Catalist Rules.
10.3 The management should provide all members of the board with management accounts and such explanation and information on a monthly basis and as the board may require from time to time to enable the board to make a balanced and informed assessment of the company's performance, position and prospects.	The Management provides the Board with management accounts which present a balanced and understandable assessment of the Company's performance, position and prospects on a monthly basis.

<u>Risk Management and Internal Controls</u>

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

Guidelines of the Code	Corporate Governance Practices of the Group
11.1 The board should determine the company's levels of risk tolerance and risk policies, and oversee the management in the design, implementation and monitoring of the risk management and internal control systems.	The Board determines the Company's levels of risk tolerance and risk policies, and oversees the Management in the design, implementation and monitoring of the Group's risk management and internal control systems. The Board is responsible for approving the Company's policies on risk oversight and management, and satisfying itself, with the assistance of the ARC that the Management has developed and implemented a sound system of risk management and internal control.
11.2 The board should, at least annually, review the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.	To assist the ARC and Board in reviewing the adequacy and effectiveness of the Company's risk management and internal control systems, the Board has engaged the assistance of its external and internal auditors. During FY2015, the Company's external auditors had conducted their annual review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls as well as risk management policy. The company's internal auditor had in FY2015 conducted their review on Shandong Luneng Taishan Mining Co., Ltd's ("**SLTM**")'s controls in: (1) Revenue and Collection; (2) Credit Management; (3) Cash and Bank Management; and (4) Staff Claims and Advances. The Company's external and internal auditors reported the same to the ARC.

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Guidelines of the Code	Corporate Governance Practices of the Group
11.3 The board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's annual report. The board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The board should also comment in the company's annual report on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.	Pursuant to the irregularities relating to a series of transactions undertaken by SCL Murray Pty Ltd ("**SCL Murray**"), a wholly-owned subsidiary of the Company through Sincap Land (Aus) Pty Ltd and Sincap Australia Pte. Ltd. ("**Australian Subsidiaries**") ("**Irregularities**") (as first announced on 21 May 2015), the Board undertook a review of the Australian Subsidiaries' controls and implemented measures to tighten and shift controls back to Singapore during FY2015. In addition, following the misappropriation of funds at Shandong Luneng Taishan Mining Co., Ltd. by its former employee of RMB1 million that took place in 2009 (as announced on 28 July 2015) ("**Misappropriation**") the Board had reinforced the internal controls on periodic confirmations and reconciliations of debtor's statement of account. As such, the Irregularities and Misappropriation have been resolved by the Board and the Board has implemented stronger internal controls for the Group in FY2015. In addition, the Board received assurance from the Executive Chairman and CEO, and the Financial Controller that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) the Group's risk management and internal control systems in place are effective as at 31 December 2015 ("**Assurance**"). The Board has additionally relied on the IA's internal audit reports issued to the Company for FY2015 as assurances that the Company's risk management and internal control systems are effective. Based on the internal controls established and maintained by the Group, works performed by internal and external auditors on any material non-compliance or internal control weaknesses, the Assurance and reviews performed by the Management and the various Board Committees, the Board, with the concurrence of the ARC, are of the opinion that, the Group's internal controls and the risk management system are adequate and effective in addressing financial, operational, compliance and information technology risks as at 31 December 2015.
11.4 The board may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the company's risk management framework and policies.	The ARC assists the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies.

<u>Audit Committee</u>

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

Guidelines of the Code	Corporate Governance Practices of the Group
12.1 The ARC should comprise at least three directors, the majority of whom, including the AC chairman, should be independent. All of the members of the ARC should be non-executive directors. The board should disclose in the company's annual report the names of the members of the ARC and the key terms of reference of the ARC, explaining its role and the authority delegated to it by the board.	The ARC comprises Mr Wee Liang Hiam as the Chairman, and Mr Bay Cheow Guan David and Mr Ian Tan Tee Hiang as members, all of whom are independent non-executive directors. The ARC's key terms of reference and duties are set out in Guideline 12.4 below.

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Guidelines of the Code	Corporate Governance Practices of the Group
12.2 The board should ensure that the members of the ARC are appropriately qualified to discharge their responsibilities. At least two members, including the ARC chairman, should have recent and relevant accounting or related financial management expertise or experience, as the board interprets such qualification in its business judgement.	The members of the ARC, collectively, have accounting or related financial management expertise or experience and are qualified to discharge their responsibilities.
12.3 The ARC should have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.	The ARC shall have the authority to initiate, and to oversee, any investigation of matters within its terms of reference. For this purpose, it shall have full access to and be entitled to full co-operation from the Management, and full discretion to invite and permit any director, executive, or employee of the Company, or any external consultant or professional advisor to attend its meetings, and to provide information and feedback to the ARC. In the performance of its duties, the ARC is authorised to obtain any information it requires from any employee of the Company. The ARC may commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on our Company's operating results or financial position.
12.4 The duties of the ARC should include: (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance; (b) reviewing and reporting to the board at least annually the adequacy and effectiveness of the company's internal controls including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties); (c) reviewing the effectiveness of the company's internal audit function; (d) reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors; and	The ARC reviews the scope, results and cost effectiveness of the audit carried out by external auditors. The ARC also reviews the independence and objectivity of the external auditors. The ARC always seeks to balance the maintenance of objectivity of the external auditors and the ability of the external auditors to provide services which are value for money. Baker Tilly TFW LLP ("**EA**") has been appointed as the external auditors of the Company. Baker Tilly China Certified Public Accountants, independent member of Baker Tilly International, has been appointed as the external auditors of the Company's China-incorporated subsidiaries. Pitcher Partners, independent member of Baker Tilly International has been appointed as the external auditors of the Company's Australia-incorporated subsidiaries. The Company has complied with Rules 712 and 715 of the Catalist Rules in appointing the auditing firms for the Group. The ARC confirms that Baker Tilly TFW LLP is registered with the Accounting and Corporate Regulatory Authority. The ARC reviews any significant financial reporting issues and judgments to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance. The ARC reviews the adequacy of the Company's internal controls through their discussions with Management and the internal auditors. The ARC reviews the effectiveness of the Company's internal audit function.

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	(e) making recommendations to the board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.	The ARC recommends to the Board the appointment, re-appointment and removal of the external auditors, and approves the remuneration and terms of engagement of the external auditors. In addition, the ARC also performs, *inter alia*, the following duties: • review and discuss with external auditors and internal auditors, any suspected fraud, irregularity, infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the management's response; • review the co-operation given by Management to the external auditors; • review the cash management, controls and procedures of the Group; • review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules; • review the report of the internal audit and to consider and make recommendations to the Board whether to continue with such reviews; • review any potential conflict of interest; • review the adequacy and supervision of the finance and accounting team on an annual basis; and • review the register of all sale and purchase transactions with companies with whom our Group conducts both sale and purchase transactions and its supporting documents, at least on a half-yearly basis, to assess the veracity of such transactions and shall highlight its findings to the Board and follow up on any actions where necessary.
12.5	The ARC should meet (a) with the external auditors, and (b) with the internal auditors, in each case without the presence of the company's management, at least annually.	The ARC had met with the external auditors, and with the internal auditors, once without the presence of the Management in FY2015.
12.6	The ARC should review the independence of the external auditors annually and should state (a) the aggregate amount of fees paid to the external auditors for that financial year, and (b) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in the company's Annual Report. Where the external auditors also supply a substantial volume of non-audit services to the company, the ARC should keep the nature and extent of such services under review, seeking to maintain objectivity.	The aggregate amount of fees paid or payable to external auditors of the Group amounted to approximately RMB827,000, broken down into audit and non-audit services during FY2015 as follows: Audit fees: RMB816,000 Non-Audit fees: RMB9,000 The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.

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Guidelines of the Code		Corporate Governance Practices of the Group
12.7	The ARC should review the policy and arrangements by which staff of the company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The ARC's objective should be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The existence of a whistle-blowing policy should be disclosed in the company's annual report, and procedures for raising such concerns should be publicly disclosed as appropriate.	The Company has in place a whistle blowing policy (the "**Policy**") which encourages and provides a well-defined and accessible channel to employees of the Group to raise concerns about possible improprieties in financial reporting or other matters. The Company will be extending such policy to include external parties such as the Company's business associates in FY2016 and will disclose the procedures for raising concerns accordingly. The objective of the Policy is to encourage the reporting of such matters in good faith while providing the assurance that the employee making such report will be fairly treated, and to ensure independent investigation of such matters and for appropriate follow-up action to be taken by the management and the results reported to the ARC and the Board. The Policy and procedures for raising any concerns is communicated to all employees of the Group during the orientation for new employees and also via the staff handbook.
12.8	The board should disclose a summary of all the ARC's activities in the company's annual report. The board should also disclose in the company's annual report measures taken by the ARC members to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.	In FY2015, the ARC has been briefed by the external auditors on changes or amendments to accounting standards which have a direct impact on financial statements.
12.9	A former partner or director of the company's existing auditing firm or auditing corporation should not act as a member of the company's ARC: (a) within a period of 12 months commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he has any financial interest in the auditing firm or auditing corporation.	None of the members of the ARC is a partner or director of the Company's existing auditing firm or auditing corporation.

Internal Audit

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

Guidelines of the Code		Corporate Governance Practices of the Group
13.1	The internal auditor's primary line of reporting should be to the ARC chairman although the internal auditor would also report administratively to the CEO. The ARC approves the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced. The internal auditor should have unfettered access to all the company's documents, records, properties and personnel, including access to the ARC.	The primary line of reporting of the internal auditors is to the Chairman of the ARC. The internal auditors report administratively to the CEO. The ARC approves any hiring, removal, evaluation and compensation of the internal auditors. The internal auditors have unfettered access to all the Company's documents.

CORPORATE GOVERNANCE REPORT

Guidelines of the Code	Corporate Governance Practices of the Group
13.2 The ARC should ensure that the internal audit function is adequately resourced and has appropriate standing within the company. For the avoidance of doubt, the internal audit function can either be in-house, outsourced to a reputable accounting/auditing firm, or performed by a major shareholder, holding company, parent company or controlling enterprise with an internal audit staff.	As the size of the operations of the Group does not warrant the Group having an in-house internal audit function, the Group has therefore appointed a professional internal audit firm, Deloitte & Touche Enterprise Risk Services Pte Ltd, to undertake the functions of its internal audit.
13.3 The internal audit function should be staffed with persons with the relevant qualifications and experience.	The ARC has reviewed and assessed, and is satisfied with the qualifications and experience of the appointed internal audit firm's team which undertakes the function of its internal audit within the Group.
13.4 The Internal Auditor should carry out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.	The internal auditors have carried out their function according to the Standards for the Professional Practice for Internal Auditing issued by The Institute of Internal Auditors, which is consistent with the standards set by nationally or internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.
13.5 The ARC should, at least annually, review the adequacy and effectiveness of the internal audit function.	The ARC reviews annually and ensures that the internal audit function is adequate and effective. The audit plan is submitted to the ARC for approval prior to the commencement of the internal audit work. After the internal audit work is completed, the findings of the internal auditors are presented in a report. The report is reviewed by the ARC and the ARC conducts discussions with the internal auditors on areas of internal controls which require improvement. The ARC then monitors the implementation of improvements required on internal control weaknesses identified.

SHAREHOLDER RIGHTS

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

Guidelines of the Code	Corporate Governance Practices of the Group
14.1 Companies should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the company's shares.	In recognition of the importance of Shareholders' rights and treating all Shareholders fairly and equitably, the Company aims to protect and facilitate the exercise of ownership rights by all Shareholders, and continually review and update such governance arrangements.
14.2 Companies should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders.	The Company will ensure that all Shareholders have equal opportunity to participate effectively in and vote at general meetings and brief Shareholders on the rules, including voting procedures that govern general meetings. The Company's general meetings are held in Singapore to provide Shareholders with an opportunity to meet the Directors and the Management and vote at such general meetings.

CORPORATE GOVERNANCE REPORT

Guidelines of the Code	Corporate Governance Practices of the Group
14.3 Companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.	The Articles of the Company allow the Shareholders to appoint proxies to attend and vote in their stead at general meetings. The maximum number of proxies that may be appointed by any shareholder is two.

COMMUNICATION OF SHAREHOLDERS

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

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

CORPORATE GOVERNANCE REPORT

Guidelines of the Code		Corporate Governance Practices of the Group
15.5	Companies are encouraged to have a policy on payment of dividends and should communicate it to shareholders. Where dividends are not paid, companies should disclose their reasons.	The Company does not have a dividend policy. The dividend that the Directors may recommend or declare in respect of any particular financial year or periods will be subject to, *inter alia*, the factors outlined below: (a) level of cash and retained earnings; (b) actual and projected financial performance; (c) projected levels of capital expenditure and other investment plans; and (d) restrictions on payment of dividends imposed on the Company by its financing arrangements, if any. Any final dividends paid by the Company shall be approved by an ordinary resolution of the Shareholders at a general meeting. The Board may, without the approval of Shareholders, also declare an interim dividend. The Company will not be declaring any dividend for the financial year ended 31 December 2015, as it is loss-making in FY2015.

<u>CONDUCT OF SHAREHOLDER MEETINGS</u>

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

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

CORPORATE GOVERNANCE REPORT

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

DEALING IN SECURITIES

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

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

MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interest of any Director or controlling Shareholder, either still subsisting at the end of the financial year ended 31 December 2015 or if not then subsisting, entered into since the end of the financial year ended 31 December 2014.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The aggregate values of the interested person transactions entered into during FY2015 are as follows:

	Aggregated value of all interested person transactions during the financial period under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920) **FY2015** **RMB'000**	**Aggregated value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)** **FY2015** **RMB'000**
Rental expenses incurred for lease of office premises owned by NHW Pte. Ltd. (which is owned by Ng Hong Whee)(1)	87	–

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

Note:

(1) Ng Hong Whee had ceased to be a director of the Company with effect from 7 July 2015.

USE OF PROCEEDS FROM THE PLACEMENT ISSUE

The net proceeds of approximately S$5.469 million (after deducting related expenses of S$7,550) from the placement completed on 16 December 2015 has been partially utilised as at 31 December 2015 as follows:

	Amount allocated (S$'000)	**Amount utilised (S$'000)**	**Amount unutilised (S$'000)**
Use of net proceeds			
Expansion of the business of Orion Resources Pte. Ltd	4,922	4,371	551
General working capital for the Group	547	–	547
	5,469	**4,371**	**1,098**

The above utilisations are in accordance with its intended uses.

NON-SPONSOR FEES

Canaccord Genuity Singapore Pte. Ltd. ("**Canaccord**") ceased to be the Company's sponsor with effect from 16 October 2015. Non-sponsor fees of an aggregate of approximately RMB207,000 equivalent to approximately S$45,200 were paid to Canaccord in FY2015.

PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") has been the Company's sponsor with effect from 16 October 2015. Non-sponsor fees of an aggregate of approximately RMB246,000 equivalent to approximately S$53,800 were paid to PPCF in FY2015.

CORPORATE GOVERNANCE REPORT

TABLE 1 – BOARD AND BOARD COMMITTEES

Name of Director	Board membership	Board	Audit and Risk Committee	Nominating Committee	Remuneration Committee
Current Directors					
Chu Ming Kin[1]	Executive Director / Chief Executive Officer	Chairman	–	–	–
Tan Seow Kheng	Non-Executive Director	Member	–	–	–
Bay Cheow Guan David[2]	Independent Director	Member	Member	Chairman	Member
Wee Liang Hiam[3]	Lead Independent Director	Member	Chairman	Member	Member
Ian Tan Tee Hiang[4]	Independent Director	Member	Member	Member	Chairman
Past Directors					
Ng Hong Whee[5]	Executive Director / Chief Executive Officer	Chairman	–	–	–
Yong Chor Ken [6]	Lead Independent Director	Member	Chairman	Member	Member
Lin Song [7]	Independent Director	Member	Member	Member	Chairman
Tay Wee Kwang [8]	Independent Director	Member	Member	Chairman	Member

Notes:
(1) Chu Ming Kin was appointed as a Director of the Company on 6 April 2015.
(2) Bay Cheow Guan David was appointed as a Director of the Company on 6 April 2015.
(3) Wee Liang Hiam was appointed as a Director of the Company on 7 July 2015.
(4) Ian Tan Tee Hiang was appointed as a Director of the Company on 7 July 2015.
(5) Ng Hong Wee ceased to be a Director of the Company with effect from 7 July 2015.
(6) Yong Chor Ken ceased to be a Director of the Company with effect from 30 April 2015.
(7) Lin Song ceased to be a Director of the Company with effect from 15 May 2015.
(8) Tay Wee Kwang ceased to be a Director of the Company with effect from 30 April 2015.

TABLE 2 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

Name of Director	Board	Audit and Risk Committee	Nominating Committee	Remuneration Committee
Number of meetings held	5	2	1	1
Number of meetings attended				
Current Directors				
Chu Ming Kin[1]	4	1*	-	-
Tan Seow Kheng	5	2*	1*	1*
Bay Cheow Guan David[2]	4	1	-	-
Wee Liang Hiam[3]	2	1	-	-
Ian Tan Tee Hiang[4]	2	1	-	-
Past Directors				
Ng Hong Whee[5]	2	1*	1*	1*
Yong Chor Ken [6]	1	1	1	1
Lin Song [7]	1	1	1	1
Tay Wee Kwang [8]	1	1	1	1

*Attendance by invitation of the Board Committees

CORPORATE GOVERNANCE REPORT

Notes:
(1) Chu Ming Kin was appointed as a Director of the Company on 6 April 2015.
(2) Bay Cheow Guan David was appointed as a Director of the Company on 6 April 2015.
(3) Wee Liang Hiam was appointed as a Director of the Company on 7 July 2015.
(4) Ian Tan Tee Hiang was appointed as a Director of the Company on 7 July 2015.
(5) Ng Hong Wee ceased to be a Director of the Company with effect from 7 July 2015.
(6) Yong Chor Ken ceased to be a Director of the Company with effect from 30 April 2015.
(7) Lin Song ceased to be a Director of the Company with effect from 15 May 2015.
(8) Tay Wee Kwang ceased to be a Director of the Company with effect from 30 April 2015.

TABLE 3 – BOARD MEMBERSHIP, DATES OF DIRECTOR'S INITIAL APPOINTMENT & LAST RE-ELECTION, OTHER DIRECTORSHIPS IN LISTED COMPANIES AND OTHER PRINCIPAL COMMITMENTS

Name of Director	Age	Board Membership	Date of initial appointment	Date of last re-election	Directorships in other listed companies		Other Principal Commitments
					Current	Past three years	
Chu Ming Kin	52	Board Chairman	06/04/2015	30/04/2015	–	–	NIL
Tan Seow Kheng	47	Board Member	11/07/2014	30/04/2015	First Resources Limited	–	EWIS Development Pte Ltd
Bay Cheow Guan David	58	NC Chair Board Member ARC Member RC member	06/04/2015	30/04/2015	Imperium Crown Limited (fka Communication Design International Limited)	–	NIL
Wee Liang Hiam	52	ARC Chair Board Member NC Member RC member	07/07/2015	NA	TMC Education Corporation Limited	China Farm Equipment Limited Hu An Cable Holdings Ltd	Changjiang Fertilizer Holdings Ltd
Ian Tan Tee Hiang	40	RC Chair Board Member ARC Member NC member	07/07/2015	NA	–	–	Eternal Asia (S) Pte Ltd

CORPORATE GOVERNANCE REPORT

TABLE 4 – TYPES OF INFORMATION PROVIDED BY MANAGEMENT TO INDEPENDENT DIRECTORS

Information	Frequency
Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Half yearly
Updates to the Group's operations and the markets in which the Group operates in	Half yearly
Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis), and EA' report(s)	Yearly
Reports on on-going or planned corporate actions	As and when required
Enterprise risk framework and internal auditors' ("**IA**") report(s)	Yearly
Shareholding statistics	Yearly

TABLE 5 – REMUNERATION OF DIRECTORS

Remuneration of Directors for FY2015

Name of Director	Fixed Salary	Defined Contribution Plan	Director's fees	Variable Bonus	Total Remuneration(1)
	(%)	(%)	(%)	(%)	
Chu Ming Kin(2)	100	–	–	–	**Band A**
Tan Seow Kheng(3)	–	–	100%	–	**Band A**
Bay Cheow Guan David(4)	–	–	100%	–	**Band A**
Wee Liang Hiam(5)	–	–	100%	–	**Band A**
Ian Tan Tee Hiang(6)	–	–	100%	–	**Band A**
Ng Hong Whee(7)	92.5	7.5	–	–	**Band A**
Yong Chor Ken(8)	–	–	–	–	**Band A**
Lin Song(9)	–	–	–	–	**Band A**
Tay Wee Kwang(10)	–	–	–	–	**Band A**

Notes:
(1) Band A: Compensation from S$0 to S$250,000 per annum.
(2) Chu Ming Kin was appointed as a Director of the Company on 6 April 2015.
(3) Tan Seow Kheng was appointed as a Director of the Company on 11 July 2014.
(4) Bay Cheow Guan David was appointed as a Director of the Company on 6 April 2015.
(5) Wee Liang Hiam was appointed as a Director of the Company on 7 July 2015.
(6) Ian Tan Tee Hiang was appointed as a Director of the Company on 7 July 2015.
(7) Ng Hong Wee ceased to be a Director of the Company with effect from 7 July 2015.
(8) Yong Chor Ken ceased to be a Director of the Company with effect from 30 April 2015.
(9) Lin Song ceased to be a Director of the Company with effect from 15 May 2015.
(10) Tay Wee Kwang ceased to be a Director of the Company with effect from 30 April 2015.

CORPORATE GOVERNANCE REPORT

TABLE 6 - REMUNERATION OF KEY MANAGEMENT PERSONNEL

Name of Executive Officer	Fixed Salary	Defined Contribution Plan	Variable Bonus	Shares	Total Remuneration[1]
	(%)	(%)	(%)	(%)	
Wang Huichao	25.1	10.2	47.3	17.4	**Band A**
Wei Xuqing	49.0	19.8	1.5	29.7	**Band A**
Han Yongzhu	24.6	2.7	55.7	17.0	**Band A**
Liu Cheng[2]	68.1	7.4	12.8	11.7	**Band A**
Lynn Tee[3]	87.6	12.4	–	–	**Band A**

Notes:
(1) Band A: Compensation from S$0 to S$250,000 per annum.
(2) Liu Cheng ceased to be the Chief Financial Officer with effect from 3 February 2016.
(3) Lynn Tee ceased to be General Manager, Property Division with effect from 3 May 2015.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Sincap Group Limited (the "Company") and its subsidiary corporations (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2015.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company as set out on pages 51 to 100 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards; and

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

Directors

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

Chu Ming Kin	(Appointed on 6 April 2015)
Tan Seow Kheng	
Bay Cheow Guan David	(Appointed on 6 April 2015)
Wee Liang Hiam	(Appointed on 7 July 2015)
Ian Tan Tee Hiang	(Appointed on 7 July 2015)

Arrangement to enable directors to acquire benefits

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

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50 (the "Act"), except as follows:

	Number of ordinary shares					
	Shareholding registered in their own names			Shareholdings in which a director is deemed to have an interest		
Name of directors	**At 1.1.2015**	**At 31.12.2015**	**At 21.1.2016**	**At 1.1.2015**	**At 31.12.2015**	**At 21.1.2016**
The Company						
Ng Hong Whee (Resigned on 7 July 2015)	325,000	–	–	45,999,900	–	–
Bay Cheow Guan David	–	8,500,000	8,500,000	–	–	–

DIRECTORS' STATEMENT

Directors' interest in shares or debentures (cont'd)

	Number of ordinary shares					
	Shareholding registered in their own names			Shareholdings in which a director is deemed to have an interest		
Name of directors	**At 1.1.2015**	**At 31.12.2015**	**At 21.1.2016**	**At 1.1.2015**	**At 31.12.2015**	**At 21.1.2016**
Yong Chor Ken (Resigned on 30 April 2015)	–	2,000,000	2,000,000	–	–	–

Share options

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

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

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

Sincap Performance Share Plan

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

The Share Plan was administered by the Remuneration Committee comprising three existing independent directors, Mr. Ian Tan Tee Hiang, Mr. Wee Liang Hiam and Mr. Bay Cheow Guan David. Awards may only be vested or released and consequently any Shares comprised in such awards shall only be delivered upon (i) the Committee being satisfied that the participant has achieved the performance targets, subject as provided in the Rules; and/or (ii) due recognition should be given for good work performance and/or significant contribution to our Group.

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

DIRECTORS' STATEMENT

Audit and Risk Committee

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

Wee Liang Hiam	(Chairman of Audit and Risk Committee and Lead Independent Director)
Bay Cheow Guan David	(Independent Director)
Ian Tan Tee Hiang	(Independent Director)

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

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

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

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

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

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

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

The Audit and Risk Committee has recommended to the Board of Directors that the independent auditor, Baker Tilly TFW LLP, be re-appointed as auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

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

On behalf of the directors

Chu Ming Kin Director	Tan Seow Kheng Director

6 April 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Sincap Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 51 to 100, which comprise the statements of financial position of the Group and the Company as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the 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 (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 our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Other Matter

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2014 were audited by another auditor whose report dated 7 April 2015 expressed an unmodified opinion on those financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and 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.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

6 April 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

		Group	
		2015	2014
	Note	**RMB'000**	RMB'000
Revenue	4	**692,429**	892,172
Cost of sales		**(669,593)**	(862,504)
Gross profit		**22,836**	29,668
Other income	5	**6,001**	241
Distribution costs		**(4,472)**	(4,203)
Administrative expenses		**(20,837)**	(21,061)
Finance costs	6	**(5,769)**	(1,104)
Other expenses		**(10,296)**	(305)
(Loss)/profit before tax	7	**(12,537)**	3,236
Tax expense	9	**(5,844)**	(3,620)
Loss for the financial year		**(18,381)**	(384)
Other comprehensive loss:			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**(3,372)**	(7,658)
Total comprehensive loss for the financial year		**(21,753)**	(8,042)
Loss attributable to:			
Equity holders of the Company		**(18,623)**	(432)
Non-controlling interests		**242**	48
Loss for the financial year		**(18,381)**	(384)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(21,995)**	(8,090)
Non-controlling interests		**242**	48
		(21,753)	(8,042)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted	10	**(5.05)**	(0.16)

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

STATEMENTS OF FINANCIAL POSITION

At 31 December 2015

		Group		Company	
		2015	2014	**2015**	2014
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Non-current assets					
Property, plant and equipment	11	**27,189**	29,156	**1,125**	1,647
Intangible assets	12	**9,860**	9,401	**–**	–
Land use rights	13	**394**	420	**–**	–
Goodwill	14	**13,434**	–	**–**	–
Investments in subsidiaries	15	**–**	–	**55,316**	63,474
Deferred tax assets	16	**902**	1,063	**–**	–
Trade and other receivables	17	**15,673**	–	**–**	–
		67,452	40,040	**56,441**	65,121
Current assets					
Development property	18	**43,151**	53,450	**–**	–
Inventories	19	**2,421**	5,599	**–**	–
Trade and other receivables	17	**59,912**	32,803	**28,240**	8,327
Bank and cash balances		**52,673**	18,623	**5,214**	490
		158,157	110,475	**33,454**	8,817
Total assets		**225,609**	150,515	**89,895**	73,938
Non-current liabilities					
Deferred tax liabilities	16	**1,600**	307	**–**	–
Borrowings	20	**1,613**	12,247	**967**	1,423
		3,213	12,554	**967**	1,423
Current liabilities					
Trade and other payables	21	**59,829**	28,897	**10,837**	1,288
Provision	22	**389**	576	**–**	–
Borrowings	20	**42,306**	8,128	**4,297**	2,889
Income tax payable		**4,635**	1,951	**57**	31
		107,159	39,552	**15,191**	4,208
Total liabilities		**110,372**	52,106	**16,158**	5,631
Net assets		**115,237**	98,409	**73,737**	68,307
Equity					
Share capital	23	**122,417**	86,925	**122,417**	86,925
Accumulated (losses)/profits		**(17,788)**	3,075	**(48,680)**	(18,618)
Statutory reserve	24	**17,521**	15,281	**–**	–
Currency translation reserve	25	**(11,030)**	(7,658)	**–**	–
Equity attributable to equity holders of the Company, total		**111,120**	97,623	**73,737**	68,307
Non-controlling interests		**4,117**	786	**–**	–
Total equity		**115,237**	98,409	**73,737**	68,307

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

CONSOLIDATED STATEMENT OF CHANGES

For the financial year ended 31 December 2015

	Note	Share capital RMB'000	Accumulated profits/ (losses) RMB'000	Statutory reserve RMB'000	Currency translation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to equity holders of the Company						
Group								
Balance at 1 January 2014		27,754	4,631	14,157	–	46,542	738	47,280
Loss for the financial year		–	(432)	–	–	(432)	48	(384)
Other comprehensive income								
Currency translation differences arising on consolidation		–	–	–	(7,658)	(7,658)	–	(7,658)
Total comprehensive loss for the financial year		–	(432)	–	(7,658)	(8,090)	48	(8,042)
Issue of share capital	23	61,059	–	–	–	61,059	–	61,059
Share issue expenses	23	(1,888)	–	–	–	(1,888)	–	(1,888)
Transfer to statutory reserve fund		–	(1,124)	1,124	–	–	–	–
Balance at 31 December 2014		86,925	3,075	15,281	(7,658)	97,623	786	98,409
Loss for the financial year		–	(18,623)	–	–	(18,623)	242	(18,381)
Other comprehensive income								
Currency translation differences arising on consolidation		–	–	–	(3,372)	(3,372)	–	(3,372)
Total comprehensive loss for the financial year		–	(18,623)	–	(3,372)	(21,995)	242	(21,753)
Issue of shares	23	35,527	–	–	–	35,527	–	35,527
Share issue expenses	23	(35)	–	–	–	(35)	–	(35)
Acquisition of a subsidiary	15	–	–	–	–	–	3,089	3,089
Transfer to statutory reserve fund		–	(2,240)	2,240	–	–	–	–
Balance at 31 December 2015		122,417	(17,788)	17,521	(11,030)	111,120	4,117	115,237

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Note	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
Company				
Balance at 1 January 2014		27,754	(10,467)	17,287
Net loss and total comprehensive loss for the financial year		–	(8,151)	(8,151)
Issue of share capital	23	61,059	–	61,059
Share issue expenses	23	(1,888)	–	(1,888)
Balance at 31 December 2014		86,925	(18,618)	68,307
Net loss and total comprehensive loss for the financial year		–	(30,062)	(30,062)
Issue of share capital	23	35,527	–	35,527
Share issue expenses	23	(35)	–	(35)
Balance at 31 December 2015		**122,417**	**(48,680)**	**73,737**

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	Group 2015 RMB'000	Group 2014 RMB'000
Cash flows from operating activities			
(Loss)/Profit before tax		**(12,537)**	3,236
Adjustments for:			
Interest income		**(3,115)**	(98)
Interest expense		**5,558**	1,104
Depreciation of property, plant and equipment		**4,265**	4,147
Gain on disposal of property, plant and equipment		**(73)**	(13)
Development property written down		**9,336**	–
Provision for safety expenses		**187**	444
Amortisation of intangible assets and land use rights		**169**	173
Performance shares		**1,009**	–
Operating cash flows before working capital changes		**4,799**	8,993
Development property		**(2,713)**	(57,296)
Inventories		**3,178**	(2,838)
Receivables		**(35,916)**	11,745
Payables		**23,500**	(18,998)
Net effect of exchange rate changes in consolidating foreign operations		**574**	(3,506)
Cash used in operations		**(6,578)**	(61,900)
Income tax paid		**(2,723)**	(2,949)
Net cash used in operating activities		**(9,301)**	(64,849)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,627)**	(1,734)
Purchase of intangible assets		**(602)**	(303)
Proceeds from disposal of property, plant and equipment		**402**	94
Interest received		**3,115**	98
Acquisition of a subsidiary, net of cash acquired	15(c)	**538**	–
Net cash from/(used in) investing activities		**826**	(1,845)
Cash flows from financing activities			
Interest paid		**(3,749)**	(214)
Finance lease repayment		**(535)**	(266)
Repayment to shareholder		**(5,206)**	(908)
Proceed from term loan		**29,471**	7,039
Repayment of term loan		**(2,352)**	(4,693)
Repayment of related party loan		**(249)**	(229)
Proceeds from issuance of new shares, net of issuance expenses		**25,156**	59,171
Net cash from financing activities		**42,536**	59,900
Net increase/(decrease) in cash and cash equivalents		**34,061**	(6,794)
Cash and cash equivalents at beginning of financial year		**18,623**	25,417
Effects of exchange rate changes on cash and cash equivalents		**(11)**	–
Cash and cash equivalents at end of financial year		**52,673**	18,623

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

1. Corporate information

Sincap Group Limited (the "Company") (Registration No. 201005161G) is domiciled and incorporated in Singapore and listed on Catalist of Singapore Exchange Securities Trading Limited. The Company's registered address is at 15 Upper Circular Road, Unit #04-01, Singapore 058413.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

2. Summary of significant accounting policies

(a) Basis of preparation

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

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3 to the financial statements.

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

In the current financial year, the Group and the Company adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. Changes to the Group's and the Company's accounting policies have been made as required in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these new and revised FRS and INT FRS did not have any material effect on the financial results or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2015 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as disclosed below.

FRS 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. It provides guidance on whether revenue should be recognised at a point in time or over time, replacing the previous distinction between goods and services. The standard introduces new guidance on specific circumstances where cost should be capitalised and new requirements for disclosure of revenue in the financial statements. The standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess its contracts with customers in accordance with FRS 115.

FRS 109 Financial Instruments

FRS 109 includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. FRS 109, when effective, will replace FRS 39 Financial Instruments: Recognition and Measurement. This standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess the potential impact of FRS 109 and plans to adopt the standard on the required effective date.

(b) **Subsidiaries**

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

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

(c) **Basis of consolidation**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

(c) Basis of consolidation (cont'd)

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

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

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

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

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

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

When a change in the Company'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 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 FRS.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

(d) Goodwill and intangible assets with indefinite life

Goodwill and intangible assets with indefinite life is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

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

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

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

(e) Revenue recognition

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

Sale of goods

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

Interest income

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

Dividend income

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

Development properties and land sales

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

(f) Government grants

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

(g) **Employee benefits**

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 in Singapore, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

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

(h) **Borrowing costs**

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

(i) **Income taxes**

Income tax on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

(i) Income taxes (cont'd)

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

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

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

Deferred income tax is charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

(j) Property, plant and equipment

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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

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

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

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

(k) **Land use rights**

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

(l) **Intangible assets**

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

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

	Years
Software	5
Mining rights	60

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

(l) Intangible assets (cont'd)

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

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

(m) Exploration and evaluation assets

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

(n) **Impairment of non-financial assets excluding goodwill**

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

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

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

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

(o) **Inventories**

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

(p) **Development properties**

Development properties are properties held or developed for sale in the ordinary course of business. Development properties that are unsold are measured at lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Net realisable value represents the estimated selling price less cost to complete and costs to be incurred in selling the property.

(q) **Cash and cash equivalents**

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

(r) **Financial assets**

Classification

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

Loans and receivables

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

Recognition and derecognition

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

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

Initial measurement

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

Subsequent measurement

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

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

Impairment

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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

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

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

(s) **Financial liabilities**

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

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

(t) **Provisions for other liabilities**

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

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

(u) **Leases**

When the Group entity is the lessee:

Finance leases

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

(u) **Leases (cont'd)**

Operating leases

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

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

(v) **Share capital**

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

(w) **Foreign currencies**

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates ('the functional currency'). The financial statements of the Group and the Company are presented in Chinese Renminbi, which is the Company's functional currency.

Transactions and balances

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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

Translation of Group entities' financial statements

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

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;

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

(iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in currency translation reserve within equity.

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

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

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

(x) **Segment reporting**

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

(y) **Dividends**

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Key sources of estimation uncertainty

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

Allowance for doubtful receivables

An allowance is provided for doubtful accounts on the estimated losses resulting from the subsequent inability of the Group's debtors to make required payments. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically analyses accounts receivables and analyses historical bad debts, debtor creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the allowance for doubtful receivables. The carrying amount of the Group's trade and other receivables at the end of the reporting date are disclosed in Note 17.

Income taxes

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

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangible asset are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of the property, plant and equipment, intangible asset, land use rights and goodwill are disclosed in notes 11, 12, 13 and 14 respectively.

Net realisable value of development property

Net realisable value of development property is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to industry cycles. The carrying amount of the Group's development property at the end of the reporting period is disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

4. Revenue

	Group	
	2015	2014
	RMB'000	RMB'000
Mining and sale of gypsum ore and powder	**34,459**	47,064
Sale of alumnia	**643,785**	845,108
Sale of coal	**14,185**	–
	692,429	892,172

5. Other income

	Group	
	2015	2014
	RMB'000	RMB'000
Interest income		
- Non-current other receivable	**2,629**	–
- Others	**486**	98
Income from discounting of bills	**2,607**	–
Government grant	**5**	13
Gain on disposal of property, plant and equipment	**73**	13
Reversal of prepayment and other receivables	**–**	100
Commission	**104**	–
Others	**97**	17
	6,001	241

6. Finance costs

	Group	
	2015	2014
	RMB'000	RMB'000
Imputed interest expense on amounts owing to related parties (non-current)	**1,809**	890
Interest expense – bank	**3,284**	214
Interest expense – term loans	**465**	–
Bank charges	**211**	–
	5,769	1,104

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

7. Loss/(profit) before tax

	Group	
	2015	2014
	RMB'000	RMB'000
Loss/(profit) before tax is arrived at after charging:		
Development property written down (Note 18)	**9,336**	–
Amortisation of intangible assets (Note 12)	**143**	146
Amortisation of land use right (Note 13)	**26**	27
Bad debts written off	**1,000**	–
Depreciation of property, plant and equipment (Note 11)	**4,265**	4,147
Directors' fees	**850**	971
Audit fee paid/payable to:		
- auditor of the Company	**425**	503
- other auditors*	**391**	519
Non-audit services paid/payable to:		
- auditor of the Company	**–**	7
- other auditors*	**9**	32
Loss on foreign exchange	**–**	305
Operating lease expenses	**719**	689
Staff costs (Note 8)	**26,257**	27,156

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

8. Staff costs

	Group	
	2015	2014
	RMB'000	RMB'000
Employee benefits expense	**20,467**	23,876
Contribution to defined contribution plans	**4,781**	–
Performance share plan	**1,009**	3,280
	26,257	27,156

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

9. Tax expense

	Group	
	2015	2014
	RMB'000	RMB'000
Tax expense attributable to losses is made up of:		
Current income tax	**4,390**	3,888
Deferred income tax (Note 16)	**1,454**	(268)
	5,844	3,620

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic rates applicable in the countries where the Group operates due to the following factors:

(Loss)/profit before tax	**(12,537)**	3,236
Tax calculated at tax rate of 17% (2014: 17%)	**(2,132)**	550
Effect of different tax rates in other countries	**(545)**	1,315
Income not subject to tax	**(39)**	–
Expenses not deductible for tax purposes	**6,702**	52
Unrecognised deferred tax asset on tax losses	**–**	1,672
Withholding tax	**1,858**	31
	5,844	3,620

The statutory income tax rate applicable to the Company is 17% (2014: 17%). Pursuant to the relevant laws and regulations in PRC, the subsidiaries of the Group which were incorporated in PRC are required to pay PRC enterprise income tax of 25% from 2008 onwards.

At the end of the reporting date, the Group has unutilised tax losses of RMB1,773,000 (2014: RMB1,703,000) that are available for carry forward to offset against future taxable income subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. No deferred tax asset has been recognised as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

10. Loss per share

The calculation of the basic and diluted loss per share attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2015	2014
	RMB'000	RMB'000
Loss for the financial year	**(18,623)**	(432)
Weighted average number of ordinary shares for basic loss per share ('000)	**368,851**	266,375

Diluted loss per share is same as basic loss per share as there was no potential dilutive ordinary shares for the financial years ended 31 December 2015 and 31 December 2014.

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

11. Property, plant and equipment

	Construction in progress RMB'000	Leasehold buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Group						
Cost						
At 1 January 2014	–	66,721	30,736	1,519	6,899	105,875
Additions	33	–	798	46	857	1,734
Disposals	–	–	(120)	(127)	(1,358)	(1,605)
At 31 December 2014	33	66,721	31,414	1,438	6,398	106,004
Additions	–	1,983	351	65	228	2,627
Disposals	–	–	–	(28)	(823)	(851)
Reclassification	(33)	–	33	–	–	–
At 31 December 2015	**–**	**68,704**	**31,798**	**1,475**	**5,803**	**107,780**
Accumulated depreciation						
At 1 January 2014	–	44,950	24,081	1,208	3,986	74,225
Charge for the year	–	2,787	485	60	815	4,147
Disposals	–	–	(114)	(120)	(1,290)	(1,524)
At 31 December 2014	–	47,737	24,452	1,148	3,511	76,848
Charge for the year	–	2,812	551	66	836	4,265
Disposals	–	–	–	(28)	(494)	(522)
At 31 December 2015	**–**	**50,549**	**25,003**	**1,186**	**3,853**	**80,591**
Net carrying value						
At 31 December 2015	**–**	**18,155**	**6,795**	**289**	**1,950**	**27,189**
At 31 December 2014	33	18,984	6,962	290	2,887	29,156

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Company			
Cost			
At 1 January 2014 and 31 December 2014	27	2,333	2,360
Additions	13	–	13
Disposals	–	(728)	(728)
As at 31 December 2015	**40**	**1,605**	**1,645**
Accumulated depreciation			
At 1 January 2014	20	387	407
Charge for the year	6	300	306
At 31 December 2014	26	687	713
Charge for the year	3	208	211
Disposal	–	(404)	(404)
At 31 December 2015	**29**	**491**	**520**
Net carrying value			
At 31 December 2015	**11**	**1,114**	**1,125**
At 31 December 2014	1	1,646	1,647

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

(ii) At the end of the reporting period, the net carrying value of property, plant and equipment of the Company acquired under finance lease agreements amounted to RMB1,114,000 (2014: RMB1,646,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

12. Intangible assets

	Definite life		Indefinite life	
	Software RMB'000	**Mining rights RMB'000**	**Exploration and evaluation assets RMB'000**	**Total RMB'000**
Group				
Cost				
At 1 January 2014	96	7,725	1,847	9,668
Additions	–	–	303	303
At 31 December 2014	96	7,725	2,150	9,971
Additions	–	–	602	602
At 31 December 2015	**96**	**7,725**	**2,752**	**10,573**
Accumulated amortisation				
At 1 January 2014	39	385	–	424
Charge for the year	17	129	–	146
At 31 December 2014	56	514	–	570
Charge for the year	14	129	–	143
At 31 December 2015	**70**	**643**	**–**	**713**
Net carrying value				
At 31 December 2015	**26**	**7,082**	**2,752**	**9,860**
At 31 December 2014	40	7,211	2,150	9,401

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

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

The impairment test has been carried out using a discounted cash flow model covering a 10-years period (2014: 10 years). Cash flow projects are based on 1 year (2014: 1 year) budget and plans approved by the management. Cash flows projections beyond that 1 year budget have been extrapolated on the basis of 5% (2014: 5%) growth rates. Such growth rates do not exceed the long-term average growth rate of the segment. The pre-tax discount rate applied is 12% (2014: 12%).

Management believes that no reasonably possible change in the key assumption on which the recoverable amount is based would cause the carrying amount to exceed its recoverable amount.

No impairment charges were recognised in the reporting year (2014: Nil) because the carrying amount of the asset was lower than their recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

13. Land use rights

	Group	
	2015	2014
	RMB'000	RMB'000
Cost		
At 1 January and 31 December	**1,412**	1,412
Accumulated amortisation		
At 1 January	**992**	965
Amortisation for the year	**26**	27
At 31 December	**1,018**	992
Net carrying value		
At 31 December	**394**	420

The land use rights were acquired for the lease of the land from the authorities in the People's Republic of China. The factory building and production lines of the Company's subsidiary, Shandong Luneng Taishan Mining Co., Ltd, are located on the said land. The land use rights have a remaining tenure of 30 to 33 years.

14. Goodwill

	Group	
	2015	2014
	RMB'000	RMB'000
Cost		
Arising from the acquisition of a subsidiary and balance at end of year (Note 15c)	**13,434**	–

Impairment testing of goodwill

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

	Group	
	2015	2014
	RMB'000	RMB'000
Coal trading	**13,434**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

14. Goodwill (cont'd)

These CGUs is reported under coal products in the operating segments. The carrying amount of goodwill allocated to CGU as at 31 December 2015 are as follows:

	Carrying value of goodwill as at 31 December 2015 RMB'000
Cash Generating Unit	
Coal products	**13,434**

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

	Coal trading	
	2015	2014
Pre-tax discount rates	**14%**	–

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

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

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

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

During the financial year ended 31 December 2015, no impairment charge was recognised.

Sensitivity to changes in assumptions

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

15. Investments in subsidiaries

	Company	
	2015	2014
	RMB'000	RMB'000
Unquoted equity shares at cost		
At 1 January	**63,474**	63,474
Acquisition during the financial year	**16,649**	–
	80,123	63,474
Less: Impairment loss	**(24,807)**	–
At 31 December	**55,316**	63,474
Allowance made and balance at end of year	**24,807**	–

(a) The subsidiaries as at 31 December 2015 are as follows:

Name of subsidiary	Country of Incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
Subsidiary held by the Company				
Sincap Australia Pte. Ltd. [1]	Singapore	Investment holding	**100**	100
Orion Energy Resources Pte. Ltd. [1]	Singapore	Mineral trading and logistic management	**51**	–
Beijing Raffles Investment Advisory Co., Ltd.[2]	People's Republic of China	Investment holding	**100**	100
Subsidiary held by Beijing Raffles Investment Advisory Co., Ltd.				
Beijing Sino-Lonther International Trading Co., Ltd. [2]	People's Republic of China	Sale of alumina	**100**	100
Shandong Luneng Taishan Mining Co., Ltd. [2]	People's Republic of China	Mining and sale of gypsum and gypsum related products	**98.69**	98.69
Shandong Sincap International Trading Co., Ltd. [2]	People's Republic of China	Dormant	**100**	100
Subsidiaries held by Sincap Australia Pte Ltd.				
Sincap Land (Aus) Pty Ltd [2]	Australia	Investment holding	**100**	100
SCL Murray Pty Ltd [2]	Australia	Property development and investment	**100**	100

[1] Audited by Baker Tilly TFW LLP

[2] Audited by Independent member firms of Baker Tilly International

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

15. Investments in subsidiaries (cont'd)

(b) Significant restrictions

Cash and cash equivalents of RMB41,354,000 (2014: RMB17,730,000) are held in the People's Republic of China and are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported from country other than through dividends.

(c) Acquisition of subsidiary

On 18 September 2015 (the "Acquisition Date"), the Company acquired 51% owned subsidiary, Orion Energy Resources Pte. Ltd. at a consideration of S$3,662,820, of which S$1,610,820 shall be paid in cash and the balance of S$2,052,000 satisfied by issuance and allotment of 38,000,000 new ordinary shares at the market price of $0.054 (equivalent to RMB0.245). The Group acquired Orion Energy Resources Pte. Ltd. in order to complement the Group's principal activities and strengthen its presence in Singapore.

(i) The fair value of the identifiable assets and liabilities of the subsidiary as at the acquisition date were:

	Fair value recognised on acquisition RMB'000
Trade and other receivables	6,835
Cash and bank balances	538
	7,373
Trade and other payables	52
Tax payable	1,017
	1,069
Total identifiable net assets at fair value	6,304
Non-controlling interests measured at the non-controlling's proportionate share of subsidiary's net assets	(3,089)
Goodwill arising from acquisition (Note 14)	13,434
	16,649
<u>Consideration transferred for the acquisition</u>	
Cash to be paid	7,322
Equity instruments issued (38,000,000 ordinary shares of the Company) (Note 23)	9,327
Total consideration transferred	16,649
<u>Effect of the acquisition of a subsidiary on cash flows</u>	
Total consideration for equity interest acquired	16,649
Less: non-cash consideration (Note 23)	(9,327)
Consideration settled in cash	7,322
Less: amount payable (Note 21)	(7,322)
Less: cash and bank balances of subsidiary acquired	(538)
Net cash inflows on acquisition	(538)

Equity instruments issued as part of consideration transferred

In connection with the acquisition of subsidiary, the Company issued 38,000,000 ordinary shares with a fair value of $0.054 (equivalent to RMB0.245) per share, based on the closing quoted price of the ordinary shares at the Acquisition Date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

15. Investment in subsidiaries

(c) Acquisition of subsidiary (cont'd)

(ii) Transaction costs

Transaction costs related to the acquisition of RMB457,000 have been recognised in the "general and administrative expenses" in the Group's profit or loss for the year ended 31 December 2015.

(iii) Goodwill arising from acquisition

The goodwill of RMB13,434,000 comprises the value of strengthening the Group's market position in new niche market.

(iv) Impact of the acquisition on profit or loss

From the Acquisition Date, the subsidiaries has contributed RMB14,185,000 of revenue and profit of RMB485,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the Group revenue would have been RMB805,933,000 and the loss, net of tax would have been RMB12,005,000.

(d) Impairment review of investments in subsidiaries

During the financial year, management performed an impairment test on the investment in a subsidiary as the subsidiary had been persistently making losses. An impairment loss of RMB24,807,000 (2014: RMB Nil) was recognised for the year ended 31 December 2015 to write down the subsidiary to its recoverable amount of RMB33,667,000. The recoverable amount of the investment has determined by management based on the expected cashflow generated from the sales of the subsidiary's major asset net of settlement its liabilities (Note 33).

16. Deferred tax

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

The movements in deferred tax account are as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
At 1 January	**756**	488
Tax charge to profit or loss	**(1,454)**	268
At 31 December	**(698)**	756
Representing:		
Non-current		
Deferred tax assets	**902**	1,063
Deferred tax liabilities	**(1,600)**	(307)
	(698)	756

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

16. Deferred tax (cont'd)

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

	Provision for safety expenses RMB'000	Accrual for mineral resources tax RMB'000	Accrual for price adjustment fund RMB'000	Relating to interest free related party loan RMB'000	Withholding tax RMB'000	Total RMB'000
Group						
At 1 January 2015	144	537	382	(307)	–	756
Credited/(charge) to profit or loss (Note 9)	(47)	(114)	–	307	(1,600)	(1,454)
At 31 December 2015	**97**	**423**	**382**	**–**	**(1,600)**	**(698)**
At 1 January 2014	255	427	265	(459)	–	488
Credited/(charge) to profit or loss (Note 9)	(111)	110	117	152	–	268
At 31 December 2014	144	537	382	(307)	–	756

The PRC subsidiaries' distributable earnings generated from 1 January 2008 are subjected to withholding tax when the subsidiary declares dividend to its foreign investor. The Group recognised deferred tax liabilities based on the expected PRC subsidiaries' earnings that are expected to be distributed to the Company in the foreseeable future, based on the forecasted cash flow requirements of the Company. At the end of the reporting date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is RMB NIL (2014: RMB1,500,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

17. Trade and other receivables

	Group		Company	
	2015 RMB'000	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
Non-current				
Other receivables	**15,673**	–	**–**	–
Current				
Trade receivables:				
Third parties	**17,290**	3,943	**–**	–
Bills receivables	**5,185**	7,008	**–**	–
	22,475	10,951	**–**	–
Other receivables	**2,933**	6,404	**–**	–
Subsidiaries (non-trade)	**–**	–	**28,233**	8,281
Advance to suppliers	**34,347**	15,364	**–**	–
Prepayment	**–**	38	**–**	–
Deposits	**157**	46	**7**	46
	59,912	32,803	**28,240**	8,327

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

17. Trade and other receivables (cont'd)

Non-current other receivables represent a loan of RMB15,673,000 to Richardson 1 Pty Ltd pursuant to a loan extended by a subsidiary, SCL Murray Pty Ltd. The loan is unsecured, bear interest of 17.5% per annum and are repayable by 29 March 2017.

Non-trade amounts due from subsidiaries are unsecured, interest-free and repayment on demand.

At 31 December 2015, the Group endorsed certain bills receivables in the PRC (the "Derecognised Bills") with a carrying amount in aggregate of RMB241,400,000 (2014: RMB110,217,000) to certain of its suppliers in order to settle the trade payables due to such suppliers. The Derecognised Bills have a maturity period of one to six months at the balance sheet date. In accordance with the laws in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default. In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, the Group has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the continuing involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's continuing involvement in the Derecognised Bills are not significant.

18. Development property

	Group	
	2015	2014
	RMB'000	RMB'000
Statement of Financial Position		
Development property held for sale in the process of development, at net realisable value	**43,151**	53,450
Statement of Profit or Loss and Other Comprehensive Income		
Inclusive of development property written down (Note 7)	**9,336**	–
Borrowing cost capitalised during the financial year included in development property	**–**	305

In 2014, the rate of interest capitalised during the financial year was at 12% per annum.

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

Project Name, Location	Description	Tenure	Land area (sqm)	Percentage of completion at 31 December 2015	Interest held	Expected completion date
581 Murray Street, Perth, Australia	Real estate property currently comprises two adjoining lots with a two-level office building	Freehold	2,575	–	100%	Unknown

The land under development is charged as security for bank loans (Note 20(e)).

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For the financial year ended 31 December 2015

19. Inventories

	Group	
	2015	2014
	RMB'000	RMB'000
Gypsum ore and powder, at cost	**1,426**	1,065
Alumina in transit	**–**	3,495
Ancillary materials, spare parts and small tools	**995**	1,039
Total	**2,421**	5,599
The amount of inventories included in cost of sales	**666,889**	860,321

20. Borrowings

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current				
Finance lease liabilities (Note 20(a))	**967**	1,423	**967**	1,423
Related party loan (Note 20(b))	**646**	950	**–**	–
Amount owing to a shareholder (Note 20(c))	**–**	9,874	**–**	–
	1,613	12,247	**967**	1,423
Current				
Finance lease liabilities (Note 20(a))	**158**	237	**158**	237
Related party loan (Note 20(b))	**287**	232	**–**	–
Amount owing to a shareholder (Note 20(c))	**12,090**	5,007	**–**	–
Term loans I (Note 20 (d))	**4,139**	2,652	**4,139**	2,652
Term loan II (Note 20(e))	**25,632**	–	**–**	–
	42,306	8,128	**4,297**	2,889
	43,919	20,375	**5,264**	4,312

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20. Borrowings (cont'd)

(a) Finance lease liabilities

	Group and Company			
	2015		2014	
	Minimum lease payments RMB'000	**Present value RMB'000**	Minimum lease payments RMB'000	Present value RMB'000
Not later than one financial year	**203**	**158**	300	237
Later than one financial year but not later than five financial years	**812**	**705**	1,118	963
Later than five financial years	**270**	**262**	484	460
Total minimum lease payments	**1,285**		1,902	
Less future finance charges	**(160)**		(242)	
Present value of lease payments	**1,125**	**1,125**	1,660	1,660
Representing lease liabilities:				
Current (Note 20)	**158**		237	
Non-current (Note 20)	**967**		1,423	
	1,125		1,660	
Effective interest rate (%)	**4.25**		3.91	

The average lease term is 8 years. The net carrying value of motor vehicles acquired under finance lease terms is disclosed in Note 11.

(b) Related party loan

The related party loan is repayable by monthly instalments over 10 years from March 2009. It is unsecured and bears a floating interest rate at 110% of the prevailing prime lending rate of the People's Bank of China. The effective interest rate for the year is 5.39% (2014: 6.77%) per annum.

Fair value information has not been disclosed because fair value cannot be measured reliably. The amount has no fixed repayment term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20. **Borrowings (cont'd)**

(c) Amount owing to a shareholder

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

	Group	
	2015	2014
	RMB'000	RMB'000
Non-current		
Balance at beginning of the year	**9,874**	–
Reclassification to current	**(9,874)**	–
Reclassification from amounts owing to related parties (non-current)	**–**	9,874
Balance at end of the year	**–**	9,874
Current		
Balance at beginning of the year	**5,007**	–
Reclassification to current	**9,874**	–
Reclassification from amounts owing to related parties (non-current)	**–**	5,007
Unwinding of discount	**1,809**	–
Repayment made during the year	**(4,600)**	–
Balance at end of the year	**12,090**	5,007

Pursuant to a revised agreement during the year, repayment terms have been amended to be at the Group's sole discretion when the following conditions are met:

(i) The Company has sufficient distributable profits;
(ii) Repayment sum are not allowed to be higher than dividend paid to Sincap Group Limited; and
(iii) Approval of audit committee.

Fair value information has not been disclosed because fair value cannot be measured reliably. The amount has no repayment term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20. Borrowings (cont'd)

(d) Term loans I

The short-term loans are unsecured and bears a fixed interest rate range from 2% to 12% (2014: 12%) per annum and repayable on demand.

(e) Term loan II

The term loan II of the Group is secured by a first mortgage over the Group's development property (Note 18) and bears interest of 11.75% to 14.75% per annum and is repayable by 8 March 2016. The Group was granted extension for the repayment of loan to 9 March 2017.

Based on the discounted cash flow analysis using a discount rate based upon market lending rates for similar borrowings which the directors expect would be available to the Group and the Company at the end of the reporting period, the fair value of the fixed rate term loans at the end of the reporting period approximate their carrying values as there are no significant changes in the interest rates available to the Group and the Company. The Group's borrowings are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period. Accordingly, the fair values of these floating rates borrowings approximate their carrying amounts at the end of the reporting period. This fair value measurement for disclosures purposes is categorised in Level 3 of the fair value hierarchy.

21. Trade and other payables

	Group		**Company**	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**14,849**	6,494	**–**	–
Accrued operating expenses	**4,676**	4,781	**1,327**	1,288
Other payables	**4,276**	10,067	**1,568**	–
Due to a shareholder	**–**	606	**–**	–
Advances from customers	**28,086**	6,949	**–**	–
Payable to acquisition of a subsidiary (Note 15(c))	**7,322**	–	**7,322**	–
Due to a director	**620**	–	**620**	–
	59,829	28,897	**10,837**	1,288

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

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For the financial year ended 31 December 2015

22. Provision

	Group	
	2015	2014
	RMB'000	RMB'000
Provision for safety expenses	**389**	576
Movement in provision for safety expenses:		
Balance at beginning of the year	**576**	1,020
Provision for the year	**1,665**	1,941
Utilisation during the year	**(1,852)**	(2,385)
Balance at end of the year	**389**	576

Under the PRC regulations, a subsidiary is required to provide the safety expenses which is made at a rate of RMB 4 per tonne (2014: RMB4 per tonne) of gypsum extracted during the year. The provision of safety expenses is to be used to improve the safety of the working environment.

23. Share capital

	Group and Company			
	2015		2014	
	Number of issued shares '000	**Issued share capital RMB'000**	Number of issued shares '000	Issued share capital RMB'000
At 1 January	**351,000**	**86,925**	175,500	27,754
Issuance of ordinary shares	**95,004**	**26,200**	175,500	61,059
Issuance of share pursuant to the acquisition of subsidiary (Note 15)	**38,000**	**9,327**	–	–
Share issue expenses	**–**	**(35)**	–	(1,888)
	484,004	**122,417**	351,000	86,925

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

On 12 March 2015, the Company issued 3,604,000 ordinary shares of $0.06 (equivalents to RMB0.28) each in the capital of the Company pursuant to the Sincap Performance Share Plan.

On 18 September 2015, 38,000,000 ordinary shares of no par value were issued at the market price of $0.05 (equivalent to RMB0.25) each and used as part of the purchase consideration for the acquisition of subsidiaries (note 15).

On 16 December 2015, the Company issued 91,400,000 ordinary shares of $0.06 (equivalents to RMB0.28) per share for cash to provide fund for the expansion of the Group's operations.

On 26 June 2014, the Company issued 175,500,000 ordinary shares of $0.07 (equivalents to RMB0.35) per share for cash to provide fund for the expansion of the Group's operations.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24. Statutory reserve

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

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

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

25. Currency translation reserve

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

26. Operating lease commitments

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

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

	Group	
	2015	2014
	RMB'000	RMB'000
Not later than one year	**217**	759
Later than one year and not later than five years	**–**	306
	217	1,065

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

27. Related party transactions

(a) In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

	Group	
	2015	2014
	RMB'000	RMB'000
Interest expenses charged by other related party	**–**	50
Rental expenses charged by a company in which a director has controlling interest	**87**	87

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

(b) Key management personnel compensation

Total key management personnel compensation is analysed as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Directors of the Company:		
- remuneration of directors	**967**	1,405
- defined contribution benefits	**28**	99
- directors' fees	**850**	971
	1,845	2,475
Other key management personnel:		
- short-term employee benefits	**3,138**	1,825
- defined contribution benefits	**303**	305
	3,441	2,130
	5,286	4,605

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

28. Financial instruments

(a) **Categories of financial instruments**

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

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Cash and cash equivalents	**52,673**	18,623	**5,214**	490
Trade and other receivables	**25,408**	17,401	**28,233**	8,281
As at end of the year	**78,081**	36,024	**33,447**	8,771
Financial liabilities				
Borrowings	**43,919**	20,375	**5,264**	4,312
Trade and other payables	**31,743**	21,948	**10,837**	1,288
At amortised cost	**75,662**	42,323	**16,101**	5,600

(b) **Financial risk management**

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

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

Foreign currency risk

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

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

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For the financial year ended 31 December 2015

28. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Foreign currency risk (cont'd)

	2015			2014		
	SGD RMB'000	**AUD RMB'000**	**USD RMB'000**	SGD RMB'000	AUD RMB'000	USD RMB'000
Group						
Cash and cash equivalents	**5,268**	**5,819**	**249**	511	358	26
Trade and other receivables	**149**	**15,673**	**27,776**	–	14	–
Borrowings	**(5,264)**	**(25,632)**	**–**	(4,312)	–	–
Trade and other payables	**(10,837)**	**(2,040)**	**(140)**	(1,307)	(1,217)	–
Net financial (liabilities)/assets denominated in foreign currencies	**(10,684)**	**(6,180)**	**27,885**	(5,108)	(845)	26
Company						
Cash and cash equivalents	**5,213**	**–**	**14**	475	–	14
Borrowings	**(5,264)**	**–**	**–**	(4,312)	–	–
Trade and other payables	**(10,837)**	**–**	**–**	(1,288)	–	–
Net financial (liabilities)/assets denominated in foreign currencies	**(10,888)**	**–**	**14**	(5,125)	–	14

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

	Group Increase/(decrease) in loss after tax	
	2015 RMB'000	2014 RMB'000
SGD/RMB		
- strengthened 10% (2014: 10%)	**1,068**	511
- weakened 10% (2014: 10%)	**(1,068)**	(511)
USD/RMB		
- strengthened 10% (2014: 10%)	**2,789**	3
- weakened 10% (2014: 10%)	**(2,789)**	(3)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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

Sensitivity analysis

The sensitivity analysis for foreign currency risk of AUD is not disclosed as the effect on profit or loss and other comprehensive income are considered not significant.

Company

A 10% fluctuation in the SGD and USD exchange rate against RMB, with all other variables held constant, will not have a significant impact on the Company's loss for the current and previous financial years.

Interest rate risk

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

Apart from bank balances, the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

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

Credit risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

28. Financial instruments (cont'd)

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

Credit risk (cont'd)

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due and/or impaired

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

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

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

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

	Group	
	2015	2014
	RMB'000	RMB'000
Trade receivables past due:		
Less than 90 days	**3,171**	2,910
Over 90 days	**758**	1,033
	3,929	3,943

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

The Group's trade receivables comprise 2 (2014: 2) debtors that individually represented 10 % of the trade receivables.

The Company has significant credit risk exposure arising on amounts due from subsidiaries (Note 17). Non-trade balances due from subsidiaries are general repayable on demand and are not past due as at the end of the reporting period.

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28. Financial instruments (cont'd)

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

Liquidity risk

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

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

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

	Within 1 year RMB'000	Within 2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Group				
2015				
Borrowings	46,347	697	–	47,044
Finance lease liabilities	203	812	270	1,285
Trade and other payables	31,743	–	–	31,743
	78,293	**1,509**	**270**	**80,072**
2014				
Borrowings	8,249	11,069	–	19,318
Finance lease liabilities	300	1,118	484	1,902
Trade and other payables	21,948	–	–	21,948
	30,497	12,187	484	43,168
Company				
2015				
Borrowings	4,504	–	–	4,504
Finance lease liabilities	203	812	270	1,285
Trade and other payables	10,837	–	–	10,837
	15,544	**812**	**270**	**16,626**
2014				
Borrowings	2,970	–	–	2,970
Finance lease liabilities	300	1,118	484	1,902
Trade and other payables	1,288	–	–	1,288
	4,558	1,118	484	6,160

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29. Fair values of financial instruments

(a) Fair value hierarchy

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

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

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

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

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

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

30. Capital management

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

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

There were no changes in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

30. Capital management (cont'd)

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

	Group	
	2015	2014
	RMB'000	RMB'000
Trade and other payables	**59,829**	28,897
Borrowings	**43,919**	20,375
Less: cash and cash equivalents	**(52,673)**	(18,623)
Net debt	**51,075**	30,649
Equity attributable to the equity holders of the Company	**111,120**	97,623
Less: statutory reserve (Note 24)	**(17,521)**	(15,281)
	93,599	82,342
Total capital	**144,674**	112,991
Gearing ratio	**35%**	27%

31. Segment information

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31. Segment information (cont'd)

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

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

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

Profit or loss from operations and reconciliations

	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Property RMB'000	Unallocated RMB'000	Total RMB'000
2015						
Revenue by Segment	34,459	643,785	14,185	–	–	**692,429**
Total revenue	34,459	643,785	14,185	–	–	**692,429**
Recurring EBITDA	4,722	11,819	403	(1,318)	–	**15,626**
Depreciation and amortisation	(4,064)	(143)	(16)	–	(211)	**(4,434)**
Development property written down	–	–	–	(9,336)	–	**(9,336)**
ORBIT	658	11,676	387	(10,654)	(211)	**1,856**
Interest income	60	426	–	2,629	–	**3,115**
Finance costs	–	(34)	–	(3,184)	(2,340)	**(5,558)**
Unallocated corporate expenses					(11,950)	**(11,950)**
Loss before tax						**(12,537)**
Tax expense						**(5,844)**
Loss for the year						**(18,381)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31. Segment information (cont'd)

Profit or loss from operations and reconciliations (cont'd)

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

Assets and reconciliation

	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Property RMB'000	Unallocated RMB'000	Total RMB'000
2015						
Total assets for reportable segment	51,681	59,500	41,655	64,633	–	217,469
Unallocated						
Property, plant and equipment					1,127	1,127
Deferred tax asset					902	902
Other receivables (current)					7	7
Cash and cash equivalents					6,104	6,104
Total group assets	**51,681**	**59,500**	**41,655**	**64,633**	**8,140**	**225,609**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31. Segment information (cont'd)

Assets and reconciliation (cont'd)

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

Liabilities and reconciliation

	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Property RMB'000	Unallocated RMB'000	Total RMB'000
2015						
Total liabilities for reportable segment	7,998	39,141	151	27,542	–	74,832
Unallocated						
Deferred tax liabilities					1,600	1,600
Income tax payables					4,635	4,635
Trade and other payables					11,018	11,018
Borrowings					18,287	18,287
Total group liabilities	**7,998**	**39,141**	**151**	**27,542**	**35,540**	**110,372**
2014						
Total liabilities for reportable segment	12,502	13,740	7	1,168	–	27,417
Unallocated						
Deferred tax liabilities					307	307
Income tax payables					1,951	1,951
Trade and other payables					2,056	2,056
Borrowings					20,375	20,375
Total group liabilities	12,502	13,740	7	1,168	24,689	52,106

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31. Segment information (cont'd)

Geographical information

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

	Revenue		Non-current assets	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Singapore	**14,185**	–	**14,559**	1,647
China	**678,244**	892,172	**36,318**	37,330
	692,429	892,172	**50,877**	38,977

Information about major customer

Customers with revenue more than 10% of the Group's total revenue are as follows:

		Group	
		2015	2014
	Attributable segments	**RMB'000**	RMB'000
Customer 1	Alumina segment	**401,518**	222,129
Customer 2	Alumina segment	**79,820**	104,826
Customer 3	Alumina segment	**86,995**	117,303
		568,333	444,258

32. Comparative figures

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2014 were audited by another auditor whose report dated 7 April 2015 expressed an unmodified opinion on those financial statements.

33. Subsequent event

On 22 March 2016, the subsidiary of the Company entered into a contract for the sale of development property for a cash consideration of RMB44,262,000 (equivalent to AUD 9 million).

34. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors dated 6 April 2016.

SHAREHOLDERS' INFORMATION

As at 21 March 2016

STATISTICS OF SHAREHOLDINGS

Issued and fully paid-up capital	:	S$25,200,022 (RMB 122,416,805)#
Number of shares:	:	484,004,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company does not hold any treasury shares

DISTRIBUTION OF SHAREHOLDINGS

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

Size of Shareholdings	Shareholders	%	Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	11	2.12	5,025	0.00
1,001 - 10,000	33	6.37	233,300	0.05
10,001 - 1,000,000	418	80.70	73,971,900	15.28
1,000,001 AND ABOVE	56	10.81	409,793,775	84.67
TOTAL	**518**	**100.00**	**484,004,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Ng Han Meng	39,000,000	8.06	–	–
Wang Li	31,920,000	6.59	–	–

SHARES HELD BY PUBLIC

Based on the information provided to the Company as at 21 March 2016, approximately 83.59% of the issued ordinary shares of the Company was held in the hands of the public defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Catalist Rules"). Accordingly, Rule 723 of the Catalist Rules has been complied with.

As per the Company's accounting records as at 21 March 2016

SHAREHOLDERS' INFORMATION

As at 21 March 2016

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	RAFFLES NOMINEES (PTE) LIMITED	50,339,600	10.40
2	WANG LI	31,920,000	6.59
3	OCBC SECURITIES PRIVATE LIMITED	26,447,000	5.46
4	UOB KAY HIAN PRIVATE LIMITED	25,859,375	5.34
5	FU HAO	19,764,500	4.08
6	JERRY TAN SIANG HUP	17,000,000	3.51
7	ZHU CANXING	14,000,000	2.89
8	VSTL INVESTMENT LTD	13,000,000	2.69
9	MAYBANK KIM ENG SECURITIES PTE LTD	12,623,300	2.61
10	CHUA CHIONG BOON	12,500,000	2.58
11	CHUA EE WEE (CAI YIWEI)	12,500,000	2.58
12	ASRI BIN SALLEH	12,500,000	2.58
13	WEE GUAN KIAT	12,500,000	2.58
14	ZHU SHIYAN	10,500,000	2.17
15	NAM LEONG CO PTE LTD	9,700,000	2.00
16	NOMURA SINGAPORE LIMITED	9,000,000	1.86
17	BAY CHEOW GUAN DAVID	8,500,000	1.76
18	CHOO CHIN LIN (ZHU JINLIN)	6,080,000	1.26
19	PECK HOCK KIONG JASON	6,021,000	1.24
20	BANK OF SINGAPORE NOMINEES PTE LTD	6,000,000	1.24
	TOTAL	**316,754,775**	**65.42**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sincap Group Limited will be held at SAFRA Mount Faber (Crystal Room 3, level 2), 2 Telok Blangah Way, Singapore 098803 on Tuesday, 26 April 2016 at 10.00 am, for the following purposes:

AS ORDINARY BUSINESS

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

2. To approve the payment of Directors' fees of S$185,000 for the financial year ended 31 December 2015. **(Resolution 2)**

3. To approve the payment of Directors' fees of S$205,000 for the financial year ending 31 December 2016 to be paid quarterly in arrears. **(Resolution 3)**

4. To re-elect Mr. Chu Ming Kin, being a Director who is retiring by rotation pursuant to Article 99(2) of the Articles of Association of the Company.
[Please see Explanatory Note (i)] **(Resolution 4)**

   Note: Mr Tan Seow Kheng, who retires by rotation under Article 99(2) of the Articles of Association of the Company, will not be seeking re-election as Director of the Company.
[Please see Explanatory Note (ii)]

5. To re-elect Mr. Ian Tan Tee Hiang, being a Director who is retiring pursuant to Article 81 of the Articles of Association of the Company.
[Please see Explanatory Note (iii)] **(Resolution 5)**

6. To re-elect Mr. Wee Liang Hiam, being a Director who is retiring pursuant to Article 81 of the Articles of Association of the Company.
[Please see Explanatory Note (iv)] **(Resolution 6)**

7. To re-appoint Messrs Baker Tilly TFW LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

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

AS SPECIAL BUSINESS

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

9. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("Companies Act") and Rule 806 of the Listing Manual, Section B: Rules of Catalist (the "Catalist Rules") of Singapore Exchange Securities Trading Limited ("SGX-ST")**

   That pursuant to Section 161 of the Companies Act and Rule 806 of the Catalist Rules of the SGX-ST, the Directors of the Company be authorised and empowered to:

   (a) (1) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

(the "**Share Issue Mandate**")

provided that:

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

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

(i) new shares arising from the conversion or exercise of the Instruments;

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with part VIII of the Chapter 8 of the Catalist Rules of the SGX-ST; and

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

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

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.
[Please see Explanatory Note (v)] **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

10. **Authority to issue shares under the Sincap Performance Share Plan**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant awards under the Sincap Performance Share Plan (the "**Plan**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Plan, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Plan and other share-based incentive schemes shall not exceed fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.
[Please see Explanatory Note (vi)] **(Resolution 9)**

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

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant awards under the Sincap Performance Share Plan (the "**Share Option**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Plan, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Plan and other share-based incentive schemes shall not exceed fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.
[Please see Explanatory Note (vii)] **(Resolution 10)**

BY ORDER OF THE BOARD

LOW WAI CHEONG
CHIN SU XIAN
Joint Company Secretaries

Singapore, 11 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

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

(ii) Mr. Tan Seow Kheng, who retires by rotation under Article 99(2) of the Articles of Association of the Company, will not be seeking re-election as Director of the Company. Accordingly, Mr Tan Seow Kheng will relinquish his position as Non-Executive Director of the Company.

(iii) The key information of Mr. Ian Tan Tee Hiang can be found in the Annual Report. Mr. Ian Tan Tee Hiang will, upon re-election as Director of the Company, remain as an Independent Director of the Company and the Chairman of Remuneration Committee, a member of the Audit and Risk, and Nominating Committees, and will be considered as independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. There are no relationships between Mr. Ian Tan Tee Hiang and the Directors, the Company or its 10% shareholders.

(iv) Mr. Wee Liang Hiam will, upon re-election as Director of the Company, remain as an Independent Director of the Company and the Chairman of the Audit and Risk Committee, a member of the Nominating and Remuneration Committees, and will be considered as independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. There are no relationships between Mr. Wee Liang Hiam and the Directors, the Company or its 10% shareholders.

(v) The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, hundred per cent. (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to fifty per cent. (50%) may be issued other than on a *pro-rata* basis to existing shareholders of the Company.

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

(vi) The Ordinary Resolution 9 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of awards under the Plan and such other share-based incentive scheme up to a number not exceeding in total (for the entire duration of the Plan) fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(vii) The Ordinary Resolution 10 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of awards under the Share Option and such other share-based incentive scheme up to a number not exceeding in total (for the entire duration of the Share Option) fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting ("**AGM**"). Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. A proxy need not be a member of the Company.

   (b) 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.

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

   (a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 15 Upper Circular Road #04-01 Singapore 058413 not less than forty-eight (48) hours before the time appointed for holding the AGM.

3. A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on its behalf.

4. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register at 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) 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 or service providers) for the purpose of processing, administration and analysis by the Company (or its agents or service providers) 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 or service providers) 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 or service providers), 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 or service providers) 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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SINCAP GROUP LIMITED

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

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

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

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

of ____ (Address)

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

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

and/or* (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting*
as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting (the "**AGM**") of the Company to be held at **Safra Mount Faber, 2 Telok Blangah Way, Level 2, Crystal Room 3, Singapore 098803** on Tuesday, 26 April 2016 at 10.00 a.m., and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions 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.

No.	Resolutions relating to:	For**	Against**
1.	Adoption of Directors' Statement and Audited Financial Statements for the year ended 31 December 2015		
2.	Approval of Directors' fees of S$185,000 for financial year ended 31 December 2015		
3.	Approval of Directors' fees of S$205,000 for financial year ending 31 December 2016 to be paid quarterly in arrears		
4.	Re-election of Mr. Chu Ming Kin as a Director of the Company		
5.	Re-election of Mr. Ian Tan Tee Hiang as a Director of the Company		
6.	Re-election of Mr. Wee Liang Hiam as a Director of the Company		
7.	Re-appointment of Messrs Baker Tilly TFW LLP as Auditors and to authorise the Directors to fix their remuneration		
8.	Authority to issue new Shares under the Share Issue Mandate		
9.	Authority to issue Shares under the Sincap Performance Share Plan		
10.	Authority to issue Shares under the Sincap Group Employee Share Option Scheme 2014		

* Delete accordingly
** *If you wish to exercise all your votes "For" or "Against", please indicate with a tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ____________ day of __________________ 2016

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

____
Signature(s) of Shareholder(s)
Or, Common Seal of Corporate Shareholder

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, 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 is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. A proxy need not be a member of the Company.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, 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 Companies Act:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. Where a member (other than a relevant intermediary) appoints two (2) proxies, the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy must be specified. If no proportion of shareholding is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares held and any second named proxy as an alternate to the first named proxy.

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

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 15 Upper Circular Road #04-01 Singapore 058413 not less than forty-eight (48) hours before the time appointed for the AGM.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with this instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

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

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 dated 11 April 2016.

General:

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

SINCAP GROUP LIMITED

(Incorporated in the Republic of Singapore on 10 March 2010)

(Company Registration No.: 201005161G)

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