



CONTENTS

001	ABOUT US 公司简介
002	EXECUTIVE CHAIRMAN & CEO'S STATEMENT 执行主席兼首席执行官致辞
004	BOARD OF DIRECTORS 董事会
006	KEY MANAGEMENT 高级管理层
007	CORPORATE INFORMATION 企业资料
008	CORPORATE GOVERNANCE REPORT 企业治理报告
030	FINANCIAL CONTENTS 财务报告目录
079	STATISTICS OF SHAREHOLDINGS 股权持有统计资料
081	NOTICE OF ANNUAL GENERAL MEETING 年度股东大会通告 PROXY FORM 代理人委托书

ABOUT US 公司简介

Yong Xin is a leading PRC manufacturer of high-precision steel strips which are widely applied across diverse industries, such as high energy batteries and optic fiber communication cables.

Yong Xin International Holdings Ltd. ("Yong Xin") was incorporated in Singapore on 8 November 2005 and was successfully listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 31 July 2007. Yong Xin is primarily engaged in manufacturing and distribution of high-precision and ultra-thin wide stainless steel strips, cold-rolled steel strips, chrome-plated steel strips and other metal strips. It has attained the National High Technology Enterprise status in the PRC.

Based in Wuxi, Jiangsu Province, the PRC, we have used some of the world's most advanced high-precision equipment such as 20-roller Sendzimir mill from USA, as well as the stretch and bend levelling machine from Germany. Known widely for our ability to produce an annual capacity of 60,000 tons of high-precision products, our products are widely applied in diverse industries such as electronic communications, high energy batteries, optic fiber communication cables, automotive parts, metal soft pipes, medical equipment, textile products, semiconductors and other industries with special requirements.

As one of the pioneer and leading manufacturers of high precision steel strips in the PRC, we have accumulated more than a decade of experience in the Research and Development of precision steel strips, we have since obtained 16 national patents in our area, including High-precision Ultra-thin wide Cold-rolled Steel Strips and Chrome-plated Steel Strips specially used in optic fiber communication cables. Our newly developed High-precision stainless steel strip used in electronic industry, High-precision stainless steel strips for automobile gaskets and High-precision Cold-rolled Carbon Steel Strips for electronic industry have gradually become our Group's new revenue growth point.

Our products are sold to approximately 100 customers across different provinces throughout the PRC. Our major customers include Shenzhen BYD, Fiber-home Telecommunication, Chengdu Putian, Shanghai Wangxun, Zhejiang Nanfang, Nantong Zhongtian and Jiangsu Hengtong. In order to expand our market network and improve our post-sale services, Yong Xin have also established branches in Guangdong Shenzhen and Henan Xinxiang to provide prompt and quality services to our end customers.

永鑫是中国一家领先的高精度钢带生产商，高精度钢带被广泛用于不同领域，诸如高能电池和光纤通讯电缆等。

永鑫国际控股有限公司于2005年11月8日在新加坡成立，并于2007年7月31日在新交所（“SGX-ST”）主板挂牌上市。永鑫专业生产和销售精密、超薄、特宽不锈钢带、冷轧钢带、镀铬钢带及其它金属带的国家高新技术企业。

我们的主要生产基地位于江苏省无锡市，引进了具有当今世界水平的美国20辊森吉米尔轧机、德国拉弯矫机等精密设备，具有年产6万吨各类精密钢带的能力，产品被广泛地应用于电子信息、高能电池、光纤通讯电缆、汽车零部件、金属软管、医疗、纺织、金属制品、半导体等有特殊需求的行业。

永鑫是中国最早生产精密钢带的生产商之一，拥有十余年的精密钢带研发生产积淀，获国家专利授权16项，其中“高精度超薄特宽冷轧钢带及光纤通讯电缆用镀铬钢带”填补了国内空白；近期研发的“电子行业用精密不锈钢带”、“汽车密封垫用精密不锈钢带”、“电子行业用高精度冷轧碳钢钢带”等高新技术产品已逐步成为公司新的营业收入增长点。

我们的产品销售网遍布于全中国，各省客户有近百余家。其中主要客户有深圳比亚迪、烽火通讯、成都普天、上海网讯、浙江南方、南通中天和江苏亨通等。为了进一步开拓市场，完善售后服务体系，永鑫先后在广东深圳、河南新乡设立了办事处，为广大客户提供快速优质服务。

EXECUTIVE CHAIRMAN & CEO'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Yong Xin International Holdings Ltd. ("Yong Xin" or the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present to you our Annual Report for the financial year ended 31 December 2014 ("FY2014").

In 2014, when macroeconomics was viewed against the background of economic transformation, industrial structural adjustment and improving efficiency, China's economy faced downward pressure and experienced a slower growth rate. However, the three major products of the Group experienced a significant improvement in both sales volume and sales revenue. This was attributed to the management's strategy of enhancing the innovation of new products and increasing the sales of higher value-added products, together with the strengthening of the company management and reduction of production cost. As a result, the Group's gross profit margin in FY2014 achieved growth compared to FY2013.

During the year, the Group's revenue increased by RMB15.4 million or 13.4%, from RMB115.5 million in FY2013 to RMB130.9 million. The sales from our three main products namely, High-precision Chrome-plated Steel Strips, High-precision Cold-rolled Steel Strips as well as High-precision Stainless Steel Strips had achieved 18.7%, 4.1% and 14.3% growth respectively. The Group's newly developed product in 2013 was well received by customers and this led to increase of Chrome-plated Steel Strips supplied to the LED industry.

Due to better control over procurement of raw materials, leading to lower purchase prices for its raw materials, and better margin from the new products, the Group managed to report a gross profit of RMB11.1 million in FY2014. In the meantime, we have further reduced our net loss position of RMB7.2 million in FY2014 compared to a net loss of RMB14.2 million in FY2013.

Looking Forward

Global business conditions continue to be challenging and uncertain given the weak global economic recovery and slowing domestic economic growth in China.

With the implementation of macroeconomic policies such as stabilising growth, industrial structural adjustment and improving efficiency, China's economic growth should remain steady. In view of this, traditional industries in China will continue to face challenges.

Sales of the Group's Chrome-plated Steel Strips, which are used in the optical fiber communications industry, are expected to be stable as the Chinese government is actively increasing network speed. Our Stainless Steel Strips which are used widely in smart phones and electrical products will face both opportunities and challenges ahead.

In 2015, on top of improving the sales of our newly invented TA material, we will continue to conduct research and development of more Stainless Steel Strip products for different specifications, to further increase the sales of Stainless Steel Strip products. For Cold-rolled Steel Strip products, our Group's newly developed product used in producing LED frames has been produced in small batches since

last year. We intend to increase the customer base for this industry. In the meantime, the Group will focus on the promotion of our Cold-rolled Steel Strips to high-end customers with more value-added services.

In conclusion, 2015 will be a year with many opportunities and challenges for the Group. As such, the management will continue to increase the quality of products, create new products, lower costs and increase sales. All these will be done to improve the overall performance of the Group.

Directed Delisting

On 3 March 2015, the Company received a delisting notification from the Singapore Exchange Securities Trading Limited ("SGX-ST") pursuant to Listing Rule 1315 of the Listing Manual of the SGX-ST ("Listing Manual"). Listing Rules 1306 and 1309 of the Listing Manual require the Company or its controlling shareholder(s) to provide a reasonable exit offer to shareholders ("Exit Offer").

As previously announced, the trading in the Company's securities had been and will remain suspended from 9 am, 6 April 2015 until the completion of the Exit Offer.

Acknowledgements

On the behalf of the Board, I would like to express my appreciation to my fellow directors, staff, business associates and shareholders for their support during these trying times.

Pu Xiaofang

Executive Chairman & CEO

执行主席兼首席执行官致辞

尊敬的股东们，

我代表永鑫国际控股有限公司（“永鑫”或“公司”）的董事会以及其所有子公司（合称“集团”），在此向大家呈报截至2014年12月31日财政年度（“2014财年”）的年度报告。

2014年在中国宏观经济转方式、调结构、增效益的大背景下，经济下行压力一直较大，各领域增速明显放缓。可是集团的核心三大产品，无论是销售量还是销售收入均有较大幅度提升。这得益于集团决策层和管理层，加大新品研发创新及增加附加值较高产品的生产销售的战略指导。同时加强细化管理，努力降低生产成本。因此2014年度较2013年度集团毛利率有了大幅度提升。

本年度，集团的营业额同比上升了1540万元（人民币，下同）或13.4%，从2013财年的1.155亿元上升到1.309亿元。集团的三大支柱产品——高精密镀铬钢带、高精密冷轧钢带和精密不锈钢带的销售都分别取得了18.7%、4.1%和14.3%的增长。集团在2013年研发的新产品得到了客户的认可，使得我们的高精密镀铬钢带销售到LED行业的收入有所增长。

由于我们更好地控制了原材料采购业务，使得集团的采购成本降低，并且新的产品取得了较好的毛利率，集团在2014财年取得了1100万元的毛利润。同时，我们在本年度进一步缩减了净亏损，从前一年的1420万元至2014财年的720万元。

未来展望

由于全球经济复苏疲弱以及中国的国内经济增长放缓，全球商业环境仍面临挑战性和具有不确定性。

随着稳增长、调结构、转方式、增效益等宏观政策的执行，中国经济应该能够继续保持稳定。鉴于此，中国的传统行业仍将面临挑战。

集团的产品镀铬钢带应用于光纤通信行业，随着政府提高网速，未来销售将比较平稳。不锈钢产品大部分应用于智能手机、电子行业未来将面临机遇和挑战并存。

2015年集团在去年研发的TA材实现批量销售的同时，继续研发不锈钢的其它牌号品种，增加不锈钢产品的生产销售。冷轧带产品，集团研发的LED用支架材料，去年已小批量供货，未来将加大该行业客户群的拓展，同时加大冷轧极薄钢带产品向高端领域推广、增加产品附加值。

总之，2015年集团将面临机遇和挑战并存，因此集团管理层将继续努力提高质量、创新产品、降低成本、增加销售、提升业绩。

退市汇报

2015年3月，公司收到新加坡证券交易所（“SGX-ST”）按照其《上市手册》第1315条的规定向公司发出的退市通知。《上市手册》第1306和1309条要求公司或其具控制权的股东对其他股东提出一个合理的退市方案。正如之前宣布的，公司的股票已经于2015年4月6日上午9点开始停止交易直到退市方案执行完毕。

致谢

在此，我代表公司董事会，对我的董事同仁、员工、商业伙伴以及股东这些年来支持表示衷心感谢。

濮晓芳

执行主席兼首席执行官

BOARD OF DIRECTORS

PU XIAOFANG 濮晓芳

Executive Chairman and Chief Executive Officer
执行主席兼首席执行官

Pu Xiaofang is our Executive Chairman and Chief Executive Officer and was appointed with effect from 25 April 2014. Ms Pu is responsible for the overall management, day-to-day operations, strategic direction and growth of the Group. Ms Pu has been an Executive Director since 8 March 2010. Ms Pu graduated with a Bachelor of Commerce degree from the University of Melbourne, Australia. Previously, she worked as a Management Trainee with Standard Chartered Bank in Shanghai, PRC. Ms Pu is the daughter of the late Mr Pu Dexing.

YUAN XUANLI 袁选利

Executive Director and Chief Operation Officer
执行董事兼首席运营官

Yuan Xuanli was appointed as Executive Director and Chief Operation Officer of the Company on 28 February 2008. He is currently responsible for production. He previously served as assistant to the general coordinator and head of cold rolling workshop for our subsidiary, Yongxin Precision Material (Wuxi) Co., Ltd. From January 2004 to June 2007, he was general manager of ChangShu ChangJiang Stainless Steel Material Co., Ltd. Between 2000 and 2002, he was the chief of steel strip plant of ShaanXi Precision Alloy Co., Ltd. In 1995, he was the chief of the department of technician modernisation of ShaanXi Precision Alloy Co., Ltd. He graduated with a mechanical specialist diploma from Shanxi Province Broadcast Television University in 1983.

PU QIXING 濮其兴

Non-Executive Director
非执行董事

Pu Qixing is our Non-Executive Director and was appointed as Director on 18 June 2007. Mr Pu is also currently the General Manager and Chairman of Jiangsu Huguang which has been established since 1999. Between 1986 and 1998, Mr Pu was a sales person at Xishan Zinc Plating Plant. Mr Pu graduated from Wuxi County Yuqi Zhen Wanli High School in 1986. Mr Pu Qixing is the brother of the late Mr Pu Dexing.

董 事 会

TSANG SIU FOR THOMAS

曾兆科

Lead Independent Director

首席独立董事

Tsang Siu For Thomas is our Lead Independent Director and was appointed as Director on 18 June 2007. He has more than 20 years of audit experience with professional accounting firms in Hong Kong, Beijing and Singapore. He has managed various portfolios of clients comprising multinational corporations and was responsible for the entire management of audit of clients from planning, directing and complete handling of administrative matters. He is currently a partner in charge of audit of listed companies and small and medium size enterprises with RT LLP in Singapore. Mr Tsang is currently a public accountants in Singapore, and a fellow member of Association of Chartered Certified Accountants (ACCA), and he has been an associate member of Hong Kong Institute of Certified Public Accountants since 1997. He graduated with a Diploma in Accountancy from Chai Wan Technical Institute in Hong Kong in 1990. He completed a MBA degree from the University of Warwick, England in 2003. Mr Tsang also obtained a Diploma in International Financial Reporting from ACCA in 2005.

TAN WOON HUM 陈恩涵

Independent Director

独立董事

Tan Woon Hum is our Independent Director and was appointed as Director on 18 June 2007. He is currently a partner of Shook Lin & Bok LLP, a Singapore law firm and has been with the firm since December 2003.

Mr Tan graduated from the National University of Singapore with a Bachelor of Law Degree in 1995 and was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 1996. He obtained his MBA (Finance) from the University of Leicester in 1999. He has been in private legal practice since 1996 and he specialises in trust, asset and wealth management. He advises on the establishment of traditional and alternative funds including licences and exemptions, as well as the establishment and initial public offering (IPO) of REITs (having been involved in a majority of the listed S-REITs). He also advises on trusts and private wealth matters. He is a frequent speaker at public conferences held in Singapore, Hong Kong and Malaysia on funds, regulatory, REITs and other legal issues. Mr Tan is also an independent director of AP Oil International Limited, Ezion Holdings Limited and UTI International (Singapore) Private Limited.

KEY MANAGEMENT 高级管理层

QIAN YUNXIA 钱云霞

Chief Financial Officer
首席财务官

Qian Yunxia joined our Group in May 2011. Prior to joining our Group, between July 1993 to February 2011, Ms Qian was the Project Manager at Jiangsu Gongzheng Tianya Accounting Association Co., Ltd. Ms Qian was responsible for auditing various PRC companies and supervising and guiding team members in relation to their audit work. In addition, she also responsible for developing internal control and procedures for various PRC companies.

QIAN YONGHUA 钱永华

Deputy General Manager & Head of
Power Equipment Department
副总经理兼动力设备部部长

As the Group' Deputy General Manager & Head of Power Equipment Department, Qian Yonghua is responsible for overseeing the Group' functions in public facilities and production equipment control as well as management. Mr Qian joined the Group since January 2002 as an equipment engineer. Throughout his career at Yong Xin, he has held several positions with increasingly responsibility. He was promoted to Deputy General Manager in 2011 where he was in charge of the installation, commissioning, acceptance and maintenance, improvement and utilization management of new equipment and facilities. During this period, he led almost all the installation of major equipment, such as 700MM chrome- plating unit, 700MM & 650MM tension levelling machine, 650MM degreasing machine, 650MM & 550MM continuous annealing furnace, 20-roller high- precision rolling mill (I2S) as well as the stretch and bend levelling machine (B + S). Prior to joining Yong Xin, he was the Head of Manufacturing Department for Suzhou Luoji Electronic Limited between 1999 and 2001. Between 1985 and 1998, Mr Qian was also Head of Workshop and the Deputy General Engineer of Suzhou Copper Material Limited. Mr Qian graduated from the University of North China in July 1998 with a major in Electrical Engineering.

QIAN JIANJUN 钱建军

Deputy General Manager & Head of
Sales and Marketing Department
副总经理兼销售主管

Qian Jianjun is responsible for Sales & Marketing of our subsidiary – Wuxi Yongxin Precision Steel Strip Plant, and has been with our Subsidiary since 2001. His speciality is in metal processing and metal rolling. He was promoted to Deputy General Manager in 2007 and leads a sales team to marketing our products. From 1999 to 2000, he was working in Supply Department of Jiangsu Xixia Aluminium Co., Ltd. Between 1995 and 1998, Mr Qian worked at Wuxi Yufeng Steel Strips Plant as a Deputy General Manager and was in charge of Manufacturing and Marketing.

CORPORATE INFORMATION

企业资料

BOARD OF DIRECTORS

Ms Pu Xiaofang

Executive Chairman and Chief Executive Officer

Mr Yuan Xuanli

Executive Director and Chief Operation Officer

Mr Pu Qixing

Non-executive Director

Mr Tsang Siu For Thomas

Lead Independent Director

Mr Tan Woon Hum

Independent Director

AUDIT COMMITTEE

Mr Tsang Siu For Thomas – *Chairman*

Mr Tan Woon Hum – *Member*

Mr Pu Qixing – *Member*

REMUNERATION COMMITTEE

Mr Tan Woon Hum – *Chairman*

Mr Tsang Siu For Thomas – *Member*

Mr Pu Qixing – *Member*

NOMINATING COMMITTEE

Mr Tan Woon Hum – *Chairman*

Mr Tsang Siu For Thomas – *Member*

Ms Pu Xiaofang – *Member*

COMPANY REGISTRATION NUMBER

200515483H

REGISTERED OFFICE

143 Cecil Street
#17-00 GB Building,
Singapore 069542

PRINCIPAL PLACE OF BUSINESS

Huangniba Village Yuqi Town
Huishan District, Wuxi City
P.R. China

COMPANY SECRETARY

Mr. Benny Lim Heng Chong
Mr. Low Wai Cheong

SHARE REGISTRAR

B.A.C.S Private Limited
Co. Regn. No. 196900036D
63 Cantonment Road
Singapore 089758

AUDITORS

Mazars LLP
Public Accountants and Chartered Accountants
133 Cecil Street
#15-02 Keck Seng Tower
69535 Singapore

Partner-in-charge: Mr Tan Chee Tyan
(since financial year ended 31 December 2014)

PRINCIPLE BANKER

DBS Bank Limited

CORPORATE GOVERNANCE REPORT

企业治理

Yong Xin International Holdings Ltd. (the “**Company**”) is committed to maintaining a high standard of corporate governance to ensure greater transparency and protection of shareholders’ interests. The Board of Directors of the Company (the “**Board**”) is pleased to confirm that the Company has generally adhered to the principles and guidelines of the Code of Corporate Governance 2012 (the “**Code**”), except for certain deviations which are explained below.

This report outlines the Company’s corporate governance processes and structure, with specific reference to the principles and guidelines of the Code. The Board and the management of the Company (the “**Management**”) will continue to uphold the highest standards of corporate governance within the Company in accordance with the Code.

(A) BOARD MATTERS

Board’s Conduct of Affairs

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

Role of the Board

The Board assumes responsibility for stewardship of the Company and its subsidiaries (the “**Group**”). Its primary role is to protect and enhance long-term value and returns for shareholders. It provides entrepreneurial leadership, oversees the business and affairs of the Group, and approves the Group’s financial and strategic plans, key business initiatives, major investments and divestments proposals, and funding decisions.

Additionally, the Board has direct responsibility for decision-making in respect of the following corporate events and actions:

- (a) ensure that necessary financial and human resources are in place for the Group to meet its objectives;
- (b) oversee the processes of risk management, financial reporting and compliance, and evaluate the adequacy of internal controls;
- (c) establish, together with Management, the strategies and financial objectives to be implemented by Management;
- (d) review the performance of the Management, approve the nominations of the Board of Directors and appointment of key executives, as may be recommended by the Nominating Committee;
- (e) review and endorse the framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee; and
- (f) assume responsibility for corporate governance.

To assist the Board in the execution of the Board’s responsibilities, certain functions of the Board have been delegated to 3 Board committees, comprising of an Audit Committee (“**AC**”), a Nominating Committee (“**NC**”) and a Remuneration Committee (“**RC**”). Each of these committees functions within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. The effectiveness of each committee is also constantly being monitored.

CORPORATE GOVERNANCE REPORT

企业治理

The Board conducts regular scheduled meetings on a half-yearly basis to coincide with the announcement of the Group's half-yearly results. Ad-hoc Board meetings are convened as and when they are deemed necessary in between the scheduled meetings. The Articles of Association of the Company provide for Directors to convene meetings by way of tele-conferencing, video conferencing, audio or other similar communications equipment. When a physical Board meeting is not possible, timely communication with members of the Board can be achieved through electronic means and the circulation of written resolutions for approval by the relevant members of the Board or Board committees.

The number of Board and Board committee meetings held during FY2014, as well as the attendance of each member at these meetings, are set out below:

	Board	AC	NC	RC
Number of Meetings	Held: 4	Held: 4	Held: 2	Held: 2
Name of Directors	Meetings Attended	Meetings Attended	Meetings Attended	Meetings Attended
Yuan Xuanli	4	N.A.	N.A.	N.A.
Pu Qixing	3	3	N.A.	0
Tsang Siu For Thomas	4	4	2	2
Tan Woon Hum	4	4	2	2
Pu Yongfa ⁽¹⁾	0	N.A.	0	N.A.
Pu Xiaofang ⁽²⁾	4	N.A.	1	N.A.

(1) Ceased as Executive Chairman and Chief Executive Officer, as well as a member of the NC with effect from 25 April 2014.

(2) Appointed as Executive Chairman and Chief Executive Officer, as well as a member of the NC, in place of Mr Pu Yongfa, with effect from 25 April 2014.

The Company has adopted internal guidelines setting forth matters which require Board approval. Matters which are specifically reserved to the full Board for decision are those involving interested person transactions (including, among others, conflict of interest issues in relation to substantial shareholders and directors of the Company), material acquisitions and disposal of assets, corporate or financial restructuring, share issuance and dividends, and financial results and corporate strategies. Each Board member makes decisions objectively in the interests of the Group.

No new director was appointed by the Company during FY2014. The Company has an orientation program for all new Directors, and the Directors also have the opportunity to visit the Group's operating facilities in the People's Republic of China and meet with the Management to gain a better understanding of the Group's business operations. Directors who are first-time directors, or who have no prior experience as directors of a listed company, also undergo briefings on the roles and responsibilities as directors of a listed company.

The Directors are encouraged to attend seminars and talks organised by professional bodies to improve themselves in the discharge of their duties and responsibilities. The Directors are also kept abreast of any changes in financial reporting standards as well as changes to relevant laws, rules and regulations by professional firms engaged by the Company.

CORPORATE GOVERNANCE REPORT

企业治理

Board Composition and Guidance

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

The NC determines annually whether or not a director is independent, adopting the Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a director not to be independent. The NC is of the view that based on the Code's definition of an "independent director" and guidance as to relationships, the 2 current independent directors are independent, and no individual or small group of individuals dominates the Board's decision-making process. The Board, taking into account the NC's views, considers each of the 2 current independent directors to be independent.

The Board presently comprises 5 directors, of whom 2 are independent directors. The present composition of the Board complies with the Code's guidelines that independent directors make up at least one-third of the Board. However, as the Chairman of the Board and the Chief Executive Officer ("CEO") is the same person, in this case, Ms Pu Xiaofang, the Code recommends that the independent directors should make up at least half of the Board. This requirement for the independent directors to make up half of the Board will take effect at the annual general meetings following the end of financial years commencing on or after 1 May 2016. The nature of the current directors' appointments and membership on the Board committees are as follows:

Name of Directors	Position held on the Board	Committee Membership		
		Audit	Nominating	Remuneration
Pu Xiaofang	Executive Chairman and Chief Executive Officer	–	Member	–
Yuan Xuanli	Executive Director and Chief Operating Officer	–	–	–
Pu Qixing	Non-Executive Director	Member	–	Member
Tsang Siu For Thomas	Lead Independent Director	Chairman	Member	Member
Tan Woon Hum	Independent Director	Member	Chairman	Chairman

The Board through the NC has examined its size and composition annually and is of the view that the current Board size of 5 directors, 2 of whom are independent non-executive directors, is appropriate and facilitates effective decision-making, taking into account the nature and scope of the Company's operations.

The NC is also satisfied that the Board comprises directors who as a group provide core competencies such as accounting or finance, legal, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, which are required for the Board to be effective.

The independent directors discuss regularly without the presence of Management matters such as the changes that they like to see in Board processes, corporate governance initiatives, and matters which they wish to discuss during the Board meetings.

CORPORATE GOVERNANCE REPORT

企业治理

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.

Ms Pu Xiaofang is currently both the Chairman (“**Executive Chairman**”) and Chief Executive Officer (“**CEO**”) of the Company. Ms Pu Xiaofang is also the general manager of the wholly-owned subsidiary of the Company, Yongxin Precision Material (Wuxi) Co., Ltd.. The Board is of the view that it is in the best interests of the Group to adopt a single leadership structure where the Executive Chairman and CEO is the same person, so that the Board, and in particular, the independent directors, can have the benefit of a chairman who is knowledgeable about the business of the Group, and is therefore better able to guide discussions on business affairs of the Group, whilst at the same time have the benefit of objective and independent views from the independent directors.

The Board confirms that this arrangement has not concentrated power in the hands of one individual or compromised accountability and independent decision-making for the following reasons:

- (a) the independent directors actively participate during Board meetings, and all major decisions made by the Executive Chairman and CEO of the Company are reviewed and approved by the Board; and
- (b) to enhance the independence of the Board, a Lead Independent Director has been appointed to coordinate the activities of the independent directors and to act as the principal liaison party between the independent directors and the Executive Chairman on sensitive issues. The Lead Independent Director will also be available to shareholders where they have concerns which contact through the normal channels of the Executive Chairman and CEO, and the Chief Financial Officer has failed to resolve or for which such contact is inappropriate. The independent directors have met from time to time without the presence of other directors and provide feedback to the Executive Chairman after such meetings.

Notwithstanding the above, the Board retains the right to review the current status as facts and circumstances change.

As the CEO, Ms Pu is responsible for the overall management, strategic direction and growth of the Group. As the Executive Chairman, Ms Pu sets guidelines on and is responsible for the exercise of control over the quantity and quality, and the timeliness of the flow of information between the Management and the Board, so that the directors receive accurate, timely and clear information for them to make sound decisions. She also schedules Board meetings and oversees the preparation of the meeting agenda to enable the Board to perform its duties effectively and responsibly.

The Executive Chairman and CEO also encourages constructive relations between the Board and the Management, and between the executive directors and independent directors, as well as effective communication with shareholders. To facilitate effective contribution of directors, and in particular, the independent directors, the Executive Chairman and CEO ensures that relevant information on business initiatives, industry developments and press commentaries on matters relating to the Company or the industries in which it operates are circulated to the Board members on a continuous basis so as to enable them to be updated and thereby enhance the effectiveness of the non-executive directors and the Board as a whole.

The Executive Chairman and CEO takes a leading role in the Company's drive to achieve and maintain a high standard of corporate governance with the support of the directors, Management and the Company Secretary.

CORPORATE GOVERNANCE REPORT

企业治理

Board Membership

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

The Company has established a NC to, *inter alia*, make recommendations to the Board on all Board appointments. The NC currently comprises 3 directors, majority of whom are independent and non-executive directors. The members of NC are as follows:

Tan Woon Hum	–	Chairman
Tsang Siu For Thomas	–	Member
Pu Xiaofang	–	Member

Role of the NC

The role of the NC is to establish a formal and transparent process for the appointment of new directors and the re-appointment of directors retiring by rotation, as well as to assess the effectiveness of the Board and the overall contribution of each director towards the effectiveness of the Board.

The principal functions of the NC include the following:

- (a) to make recommendations to the Board on all Board appointments, including re-nominations, having regard to the directors' contribution and performance (such as attendance, preparedness, participation and candour);
- (b) to review the independence of the directors annually;
- (c) to decide whether the director is able to and has been adequately carrying out his duties as director, in particular, where a director has multiple board representations;
- (d) to review and make recommendations to the Board on all candidates nominated (whether by the Board, shareholders or otherwise) for appointment to the Board, taking into account the candidate's track record, age, experience, capabilities and other relevant factors;
- (e) to identify and nominate candidates for the approval of the Board to fill vacancies in the Board as and when they arise;
- (f) to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval; and
- (g) to assess the effectiveness of the Board as a whole.

The basis of the NC's annual determination on a director's independence is set out on page 010 of this Annual Report.

The NC determines annually whether a director with multiple board representations is able to and has been adequately carrying out his duties as a director of the Company. The NC has taken cognizance of the Code's recommendation that 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. However, in determining whether each director is able to devote sufficient time to discharge his duties, the NC is of the view that its assessment should not be restricted to the number of listed company board representations of each director and his principal commitments *per se*. Holistically, the contributions by the directors to and during meetings of the Board and relevant Board committees as well as their attendance at such meetings should also be taken into account.

CORPORATE GOVERNANCE REPORT

企业治理

The NC has taken into account the respective director's actual conduct and effectiveness on the Board, and the time and attention given by each of them to the affairs of the Company, and is satisfied that all the directors having multiple board representations have been able to and have adequately carried out their duties as director. Therefore, the Board does not see any reason to set the maximum number of listed board representations that each director of the Company may hold.

Process for appointment of new directors

The NC has recommended, and the Board has approved, a formal process for the selection of new directors as follows:

- (a) The NC evaluates the balance of skills, knowledge and experience on the Board and, in the light of such evaluation and in consultation with Management, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- (b) Directors and Management may suggest suitable potential candidates. If necessary, the NC may enlist external help (for example, from the Singapore Institute of Directors, search consultants, advertisements) to source for potential candidates;
- (c) The NC assesses suitability of short-listed candidates and discusses with them, if necessary, to ensure that the candidate(s) are aware of the expectations and the level of commitment required; and
- (d) The NC makes recommendations to the Board for approval.

Criteria for appointment of new directors

All new appointments are subject to the recommendation of the NC based on, inter alia, the following objective criteria:

- (a) Integrity;
- (b) Independent mindedness;
- (c) Possess core competencies which meet the current needs of the Company and complement the skills and competencies of the existing directors on the Board;
- (d) Able to commit time and effort to carry out duties and responsibilities effectively;
- (e) Experience in the relevant field of business of the Company or industries in which it operates; and
- (f) Financially literate.

All directors are to submit themselves for re-nomination and re-election at regular intervals of at least once every 3 years. Under the Company's existing Articles of Association, one-third of the directors (except for the managing director, if any) for the time being (or if their number is not a multiple of 3, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting ("AGM") of the Company. A newly appointed director must also submit himself for re-election at the AGM immediately following his appointment.

CORPORATE GOVERNANCE REPORT

企业治理

The following key information regarding directors is set out in the following pages of this Annual Report:

- (a) page 026 – Academic and professional qualifications, date of first appointment as director, date of last re-election as director, directorships or chairmanships both present and those held over the preceding 3 years in other listed companies and other principal commitments, whether appointment is executive or non-executive, or considered by the NC to be independent; and
- (b) page 031 – Shareholding in the Company and its related corporations.

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.

The Board has implemented a formal process for assessing the effectiveness of the Board as a whole and the Board committees, as well as the contribution by each director to the effectiveness of the Board.

The assessment of the Board and the Board committees provided an opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes allowed him to discharge his duties effectively and the changes that should be made to enhance the effectiveness of the Board as a whole.

The individual director's assessment exercise allowed each director to reflect upon his own performance on the Board so that the overall quality of the board members may be improved upon and enhanced. It also assisted the NC in determining whether to re-nominate directors who are due for retirement at the next AGM, and in determining whether directors with multiple board representations are nevertheless able to and have adequately discharged their duties as directors of the Company.

The NC determines how the Board's performance may be evaluated and proposes objective performance criteria. Such performance criteria are approved by the Board and addresses how the Board has enhanced long-term shareholders' value.

Evaluation processes

Each Board member is required to complete a Board and Board Committees Assessment Checklist. Based on the returns from each of the directors, the Chairman of the NC prepares a consolidated report and thereafter presents the report to the Board for discussion on the changes which should be made to help the Board and the Board committees discharge its duties more effectively.

In the case of the assessment of individual directors, each director is required to complete a director's assessment form by way of a self-assessment of his contribution to the effectiveness of the Board. Based on the returns from each of the directors, the Chairman of the NC prepares a consolidated report and thereafter presents the report to the Board. The Chairman of the Board then provides the necessary feedback on the respective Board performance of each director, with a view to improving their respective performance on the Board.

CORPORATE GOVERNANCE REPORT

企业治理

Performance criteria

The performance criteria for the Board evaluation are in respect of the Board size, composition and independence, conduct of meetings, Board procedures, Board accountability, corporate strategy and planning, risk management and internal control, Board performance in relation to discharging its principal functions, Board committee performance in relation to discharging their responsibilities set out in their respective terms of reference, achievement of financial targets which includes return on equity, improvement of performance of the Company's share price vis-à-vis the Singapore Straits Times Index, recruitment policy, process for determining remuneration and compensation of directors and key executives, financial reporting, and communication with shareholders.

The performance criteria of the individual directors are (1) attendance at Board and related activities, (2) adequacy of preparation for Board meetings, (3) participation in Board discussion, (4) ability to make informed business decisions, (5) ability to identify the strengths and weaknesses of the Company and how decisions will impact them, (6) ensuring strategies, budgets and business plans are compatible with vision and strategy, (7) ability to read and interpret financial reports, (8) if he asks for and uses information to make informed judgments/assessments, (9) clarity, conciseness and logic of thoughts, opinions, rationality and points, (10) compliancy with Company policies and procedures, (11) maintenance of independency, (12) disclosure of related party transactions, (13) performance in respect of specific tasks delegated to him, and (14) overall assessment.

Access to Information

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

To assist the Board in fulfilling its responsibilities, Management provides the Board with complete and adequate information in a timely manner. As a general rule, Board papers are required to be sent to directors at least 7 days before the Board meeting so that the members may better understand the matters prior to the Board meeting and discussion may be focused on questions that the Board has about the Board papers. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Key executives who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting.

Management also provides the board members with background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, forecasts and internal financial statements, together with explanations for any material variance between the projections and actual results in respect of its financial performance.

The directors are also provided with the names and contact details of the Company's senior management and the Company Secretary to facilitate direct, separate and independent access to senior management and the Company Secretary.

The Company Secretary administers, attends and prepares minutes of Board proceedings. He assists the Chairman by ensuring that Board procedures (including but not limited to assisting the Chairman by ensuring the timely and proper exchange of information between the Board and Board committees, and between senior management and the non-executive directors, and facilitating orientation and assisting in the professional development of the directors as required) are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company's memorandum and articles of association and relevant rules and regulations, including requirements of the Companies Act, Cap. 50, and Listing Manual of the SGX-ST ("**Listing Manual**") are complied with. He also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes with a view to enhancing long-term shareholders' value.

The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

The directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in the discharge of their duties, at the expense of the Company.

CORPORATE GOVERNANCE REPORT

企业治理

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The RC currently comprises 3 non-executive directors, 2 of whom are independent. The members of RC are as follows:

Tan Woon Hum	–	Chairman
Tsang Siu For Thomas	–	Member
Pu Qixing	–	Member

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors and senior management.

The principal functions of the RC include the following:

- (a) to review and recommend to the Board for endorsement a framework of remuneration for the Executive Chairman, directors and key executives of the Company. The framework will cover all aspects of remuneration, including without limitation, directors' fees, salaries, allowances, bonuses, options and benefits-in-kind;
- (b) to review the remuneration packages of all managerial staff who are related to any of the executive directors or CEO;
- (c) in the case of directors' service contracts, to consider what compensation or commitments the directors' service contract, if any, would entail in the event of early termination; and
- (d) to recommend to the Board, in consultation with senior management and the Executive Chairman, any long-term incentive scheme (including share schemes) and to consider the eligibility of directors for benefits under such long-term incentive schemes.

Each member of the RC will refrain from voting on any resolution in respect of the assessment of his remuneration. No director will be involved in determining his own remuneration.

The RC has access to expert advice in the field of executive remuneration outside the Company where required.

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.

The RC assists the Board by ensuring that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholders' value.

CORPORATE GOVERNANCE REPORT

企业治理

In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies. As part of its review, the RC ensures that the performance related elements of remuneration form a significant and appropriate part of the total remuneration package of the executive directors and key management personnel is designed to align the directors' and key management personnel's interests with those of shareholders and link rewards to corporate and individual performance. The RC also reviews all matters concerning the remuneration of independent directors by ensuring that the remuneration commensurate with the level of contribution, taking into account factors such as effort and time, and responsibilities of the directors. The Company will submit the quantum of directors' fees of each year to the shareholders for approval at the Company's AGM.

Only the executive directors have entered into service agreements with the Company, which are for a fixed appointment period. The RC reviews what compensation commitments the executive directors' service agreements would entail in the event of early termination, and aims to be fair and avoid rewarding inadequate performance.

Disclosure on Remuneration

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

Policy in respect of non-executive director's and independent directors' remuneration

The non-executive director and the independent directors do not enter into service agreements with the Company. They are paid directors' fees, the amount of which is dependent on their level of responsibilities. The non-executive director and each independent director is paid a basic fee. In addition, independent directors who perform additional services through Board committees are paid an additional fee for such services. The Chairman of the AC is paid a higher fee than the members of the other Board committees because of the heavier responsibilities and more frequent meetings required of him. The amount of directors' fees payable to the non-executive director and the independent directors is subject to shareholders' approval at the Company's AGMs.

Remuneration policy in respect of executive directors and other key management personnel

The Company advocates a performance-based remuneration system that is flexible and responsive to the market and the performance of the Company and the individual employee. This allows the Company to better align executive compensation with shareholder value creation. The total remuneration mix comprises annual fixed cash and annual performance incentive. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the performance of the Company and the individual employee.

The executive directors' remuneration are set out in their respective service agreements, each for a term of 3 years commencing on the date of their respective dates of appointment, and shall be automatically renewed on the same terms upon expiry thereof (unless otherwise terminated by either party giving not less than 6 months' notice to the other prior to its expiry). Each of the executive director's remuneration consists of a salary component and an incentive bonus to be determined based on the amount of the consolidated audited profit before tax of the Group.

CORPORATE GOVERNANCE REPORT

企业治理

Level and mix of remuneration of the directors and top 5 key management personnel (who are not directors or the CEO) for FY2014

The level and mix of each of the directors' remuneration, and that of each of the top 5 key management personnel (who are not directors or the CEO), for FY2014, are set out below:

Directors of the Company	Remuneration	Salary	Director's fees	Bonus	Other benefits	Total
	\$	%	%	%	%	%
Pu Yongfa ⁽¹⁾	30,000	100	–	–	–	100
Pu Xiaofang ⁽²⁾	120,000	100	–	–	–	100
Pu Qixing	30,000	–	100	–	–	100
Yuan Xuanli	30,000	85	–	–	15	100
Tsang Siu For Thomas	46,728.96	–	100	–	–	100
Tan Woon Hum	40,000	–	100	–	–	100

(1) Ceased as Executive Chairman and Chief Executive Officer, as well as a member of the NC with effect from 25 April 2014. Mr Pu's remuneration disclosed above is a pro-rated amount.

(2) Appointed as Executive Chairman and Chief Executive Officer, as well as a member of the NC, in place of Mr Pu Yongfa, with effect from 25 April 2014. In view of the aforesaid appointments, Ms Pu's monthly salary was increased with effect from July 2014. Her remuneration disclosed above consists of her previous and current salaries (both pro-rated).

Remuneration Band & Name of Top 5 Key Management Personnel	Salary	Bonus	Other benefits	Total
	%	%	%	%
S\$250,000 to S\$500,000				
Nil	–	–	–	–
Below S\$250,000				
Qian Yunxia	90	–	10	100
Qian Yonghua	92	–	8	100
Qian Jianjun	92	–	8	100
Xue Hongwei	96	–	4	100
Song Xiaobo	94	–	6	100

The Company has not disclosed the exact amount of the remuneration of its top 5 key management personnel as it is not in the best interests of the Company and the employees to disclose such details due to the sensitive nature of such information. The annual aggregate remuneration paid to the top five key management personnel of the Company (who are not directors or the CEO) for FY2014 is S\$124,380.

There were no employees of the Company or its subsidiaries who were immediate family members of any director or the CEO of the Company and whose remuneration exceeded S\$50,000 for FY2014. "Immediate family members" means the spouse, child, adopted child, step-child, brother, sister or parent.

The Company does not have any employee share option schemes or other long-term incentive scheme for directors or key management personnel as at FY2014.

There are no termination, retirement and post-employment benefits that may be granted to directors, CEO or the top five key management personnel (who are not directors or the CEO).

CORPORATE GOVERNANCE REPORT

企业治理

(C) ACCOUNTABILITY AND AUDIT

Accountability

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

The Board is responsible for providing a balanced and understandable assessment of the Company's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators (if required). Management currently provides all members of the Board with appropriately detailed management accounts which present a balanced and understandable assessment of the Company's performance, position and prospects on a timely basis.

The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial reports and other price sensitive information are disseminated to shareholders through announcements via SGXNET to the SGX-ST, press releases, the Company's website, and public webcast and media and analyst briefings.

Risk Management and Internal Controls

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

The Management reviews and seeks to identify areas of significant business risks on an ongoing basis, and takes appropriate measures to control and mitigate such risks. The Management also reviews all significant control policies and procedures and highlights all significant matters to the Board. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems of the Company.

As part of the Group's efforts to put in place a systematic process of improving its risk management process, a risk management committee comprising members from the Management and the senior executives of each business division of the Company's principal subsidiary (the "**Risk Management Committee**") has been established to oversee the Group's risk management framework and policies, review the risk management and internal control systems, including financial, operational, compliance and information technology controls of the Group, and to advise the Board on strategies and measures to manage and mitigate such risks.

In order to ensure and maintain a sound system of risk management and internal controls to safeguard shareholders' interest and the Company's assets, a risk management system has been implemented to identify, prioritise, assess, manage and monitor key risks faced by the Group. The key risks identified are deliberated by Management, and reported to the Risk Management Committee which is responsible for the effective implementation of risk management strategy, policies and process within the framework of the risk management system. The Risk Management Committee will also follow up on the actions required to be taken by the Management to mitigate such identified risks. The Risk Management Committee also reviews the adequacy and effectiveness of the risk management system periodically, and report its findings to the Board at least once a year or as and when new significant risks are identified.

To ensure that its internal control and risk management systems are adequate and effective, the Company's internal auditors assist the Company to conduct an annual review of the adequacy and effectiveness of the Company's internal controls. Any material non-compliance or failures in internal control, and recommendations for improvements, are reported to the AC. The AC also reviews the effectiveness of the actions taken by Management on the recommendations made by the internal auditors in this respect, and holds regular discussions with Management to ensure the timely and proper implementation of such recommendations. Based on the reports submitted by the internal auditors received by the AC and the Board, nothing material has come to the attention of the AC and the Board to cause the AC and the Board to believe that the internal controls and risk management processes of the Group are inadequate or ineffective, or there are non-compliance of the Company's system of internal control and process.

CORPORATE GOVERNANCE REPORT

企业治理

The Company had also appointed Paul Wan & Co as its compliance officer to assist the Company to review its internal policies and procedures on compliance and to identify any compliance risks relating to any transactions proposed to be entered into by the Group that may require immediate disclosure to ensure continued compliance with the Listing Manual. Paul Wan & Co's appointment expired on 4 August 2014 and was not renewed.

Based on the internal controls and risk management systems established and maintained by the Group, the report of the Risk Management Committee to the Board as aforesaid and work conducted by the internal auditors, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls and risk management procedures maintained by the Management are adequate to meet the needs of the Company in addressing the financial, operational, compliance and information technology risks to the Company and the Group as at 31 December 2014.

The Board has also received a letter of assurance from the Executive Chairman & CEO and the Chief Financial Officer confirming, inter alia, that:

- (a) the financial records of the Company for FY2014 have been properly maintained, and the financial statements give a true and fair view of the Company's operations and finances for FY 2014; and
- (b) the Company's risk management and internal control systems in place are effective.

The Board notes that no system of internal controls can provide absolute assurance against or eliminate the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities. However, by identifying and managing risks that may arise on a regular basis, the Group believes that it will be better placed to mitigate risks such as material financial misstatements or losses, and to ensure the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices and the identification and management of business risks.

Audit Committee

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

The AC currently comprises of 3 non-executive directors, 2 of whom are independent. The members of AC are as follows:

Tsang Siu For Thomas	–	Chairman
Tan Woon Hum	–	Member
Pu Qixing	–	Member

All the 3 members bring with them invaluable industry knowledge and professional expertise in the financial, legal and business spheres, and have adequate financial management knowledge and experience to discharge their responsibilities as members of the AC.

CORPORATE GOVERNANCE REPORT

企业治理

The primary functions of the AC include the following:

- (a) to review the financial and operating results and accounting policies of the Group;
- (b) to review the scope and results of the audit and its cost effectiveness;
- (c) to review the financial statements before their submission to the Board and the external auditors' report on those financial statements;
- (d) to review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance;
- (e) to review the half-year and annual announcement of results of the Group before submission to the Board for approval;
- (f) to consider and review the assistance given by Management to the auditors;
- (g) to discuss with the external auditors before the audit commences the nature and scope of the audit;
- (h) to review the external audit plan and the results of the external auditors' examination;
- (i) to review the independence and objectivity of the external auditors;
- (j) to recommend the appointment or re-appointment of external auditors, and approve the terms of engagement and audit fees payable to the external auditors;
- (k) to review interested person transactions to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of shareholders, and are in compliance with the then prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual);
- (l) to review the internal audit plan and findings of the internal auditors;
- (m) to commission and review the major findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any relevant law, rule or regulation which has or is likely to have a material impact on the Company's operating results and/or financial position; and
- (n) to undertake such other functions and duties as may be required by statute or the Listing Manual and by such amendments made thereto from time to time.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by 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.

In addition, the AC has independent access to the internal auditors and the external auditors, who report independently their findings and recommendations to the AC. The AC met with the external auditors and internal auditors, without the presence of the Management, at least once during the year.

During the year, the AC performed independent reviews of the financial statements of the Company before the announcement of the Company's half-year and full year results. The AC also reviewed and approved the Company's external auditor's plans to ensure that the plans covered sufficiently the terms of audit scope. All audit findings and recommendations put up by the external auditors were forwarded to the AC. Significant issues were discussed at these meetings.

CORPORATE GOVERNANCE REPORT

企业治理

In addition, the AC undertook an annual review of the independence and objectivity of the external auditors through discussions with the external auditors. For FY2014, the Group has accrued an aggregate amount of audit fees of \$130,000 to the external auditors for audit services and there are no non-audit services provided by the external auditors which may affect their independence. The Company complies with the requirements of Rules 712 and 715 of the Listing Manual.

In July 2010, the Singapore Exchange Limited and the Accounting and Corporate Regulatory Authority jointly issued the publication "Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors" which aims to enhance audit quality in Singapore by providing guidance to ACs in their evaluation of their external auditors, especially during the appointment, reappointment and rotation of statutory auditors. Accordingly, the AC evaluated the performance of the external auditors, Mazars LLP, based on the key indicators of audit quality set out in the publication, and upon such evaluation, recommended to the Board of Directors that Mazars LLP be nominated for reappointment as external auditors of the Company.

The AC also reviewed the Company's "Whistle-Blower Policy" ("**Policy**") which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. Following the launch of the Policy, a set of guidelines which was reviewed by the AC and approved by the Board, was issued to assist the AC in managing allegations of fraud or other misconduct which may be made pursuant to the Policy, so that investigations may be carried out in an appropriate and timely manner, and disciplinary, civil and/or criminal actions that may be initiated following completion of investigations, are appropriate, balanced, and fair.

The AC is briefed by the external auditors of changes to accounting standards and issues which have a direct impact on financial statements during the presentation of the audit planning memorandum and the audit report to the AC.

Internal Audit

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

The role of the internal auditors is to assist the AC by ensuring that the Company maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular in-depth audits of high risk areas.

The Company's internal audit functions are out-sourced to Messrs Wensen Consulting Asia (S) Pte. Ltd. (the "**Internal Auditor**") which has unrestricted direct access to the AC. The AC approves the hiring, removal, evaluation and compensation of the head of the Internal Auditor, who meets the professional standards set out in the Code.

The Internal Auditor's primary line of reporting is to the Chairman of the AC, although the Internal Auditor also liaises with the Executive Chairman and the Chief Financial Officer on administrative matters.

During the year, the Internal Auditor adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational and compliance controls. Audits were carried out on all significant business units in the Company. All findings and recommendations of the Internal Auditor are submitted to the AC for deliberation with copies of these reports extended to the Executive Chairman and the relevant senior management officers.

The AC also reviewed the adequacy and effectiveness of the internal audit function and was satisfied that it is adequately resourced and has appropriate standing within the Company.

CORPORATE GOVERNANCE REPORT

企业治理

(D) SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

The Company believes in treating all shareholders fairly and equitably. It aspires to keep all shareholders and other stakeholders and analysts in Singapore and beyond informed of its corporate activities, including changes (if any) in the Company or its businesses which are likely to materially affect the price or value of its shares, on a timely and consistent manner.

Any notice of a general meeting of shareholders is issued at least 14 days before the scheduled date of such meeting. Shareholders are also given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated.

The Company's Articles of Association presently do not permit a shareholder, including a corporation which provides nominee or custodial services, to appoint more than two proxies to attend and participate in shareholders' general meetings as proxies.

Communication with Shareholders

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

The Board is mindful of its obligations to provide timely and fair disclosure of material information to the SGX-ST in accordance with the Corporate Disclosure Policy as set out in the Listing Manual. The Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group.

Material information is communicated to shareholders in a timely manner through:

- (a) announcements of full year and half-year financial results which are published via the SGXNET;
- (b) annual reports or circulars of the Company that are prepared and sent to all shareholders;
- (c) notices of AGMs and extraordinary general meetings published in the newspapers;
- (d) press releases on major developments of the Group; and
- (e) the Company's website at www.yongxinint.com at which shareholders can access information on the Group.

The shareholders' meetings of the Company remain the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and raise any queries they may have on the resolutions proposed at the shareholders' meetings, as well as the operations and major developments of the Group. The Company also has an investor relations manager to assist in communications with shareholders.

The Company is not paying dividends for FY2014 as the Company made a negative net income in FY2014.

CORPORATE GOVERNANCE REPORT

企业治理

Conduct of Shareholder Meeting

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

Shareholders are invited to attend shareholders' meetings to put forth any questions they may have on the motions tabled and to be decided upon. If any shareholder is unable to attend, he is allowed to appoint up to 2 proxies to vote on his behalf at the meeting through proxy forms sent in advance. At shareholders' meetings, each distinct issue is proposed as a separate resolution. All directors, including the chairman of each Board committee, are in attendance at the general meeting of the shareholders to address shareholders' questions at these meetings. The external auditors are also invited to attend the AGMs to assist the directors to address shareholders' queries relating to the conduct of the audit and the preparation and content of the auditors' report, if necessary.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

At the forthcoming AGM, the Company will put all resolutions to vote by poll so as to better reflect shareholders' shareholding interest and ensure greater transparency. The detailed results of the poll voting showing the number of votes casted for and against each resolution and the respective percentages will be announced accordingly.

The Company Secretary prepares minutes of shareholders' meetings, which incorporates substantial comments or queries, if any, from shareholders and responses from the Board and Management. These minutes are available to shareholders upon request.

(E) DEALINGS IN SECURITIES

The Group has adopted and implemented policies in line with Rule 1207(19) of the Listing Manual in relation to the dealing of shares of the Company. The policies have been made known to directors, executive officers and any other persons as determined by the Management who may possess unpublished material price-sensitive information of the Group.

The Group prohibits the directors and employees to trade in the Company's securities, during the period beginning 1 month before the date of the announcement of the full year and half-year financial results and ending on the date of the announcement of the relevant results ("**Prohibited Periods**"). Directors and employees are also advised against dealing in the securities when they are in possession of any unpublished material price-sensitive information of the Group.

Directors and officers are required to comply with and observe the laws on insider trading even if they trade in the Company's securities outside the Prohibited Periods. They are discouraged from dealing in the Company's securities on short-term considerations and should be mindful of the law on insider trading.

CORPORATE GOVERNANCE REPORT

企业治理

(F) INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions (“**IPTs**”). All IPTs are subject to review by the AC to ensure that they are carried out on an arm’s length basis, on normal commercial terms and will not be prejudicial to the interests of the shareholders.

In the event that a member of the AC is interested in any IPT, he will abstain from reviewing that particular transaction.

The Board will ensure that all disclosure, approval and other requirements on IPTs, including those required by prevailing legislation, the Listing Manual and accounting standards are complied with.

Save as disclosed under the section “Notes to the Financial Statements” on page 072 of this Annual Report, there were no other IPT (with value more than S\$100,000) conducted during the financial year ended 31 December 2014.

(G) MATERIAL CONTRACTS

The Company, Oriental International Capital Limited, Better Ace International Limited, which is a controlling shareholder of the Company (“**Controlling Shareholder**”) and Ms Pu Xiaofang, who is the Executive Chairman and CEO of the Company, had by mutual agreement, entered into a termination and release agreement (the “**SPA Termination Agreement**”) on 10 October 2014, to terminate the conditional sale and purchase agreement dated 22 May 2013 (“**SPA**”) (as announced by the Company on 10 October 2014 via SGXNET). Pursuant to the SPA Termination Agreement, the SPA was terminated with effect from 10 October 2014 with the mutual release and discharge of the respective parties’ obligations under the SPA in accordance with the terms and conditions of the SPA Termination Agreement.

The Company and the Controlling Shareholder had also, by mutual agreement, entered into a termination and release agreement (the “**Disposal Termination Agreement**”) on 10 October 2014 to terminate the disposal agreement dated 22 May 2013 (“**Disposal Agreement**”) (as announced by the Company on 10 October 2014 via SGXNET). Pursuant to the Disposal Termination Agreement, the Disposal Agreement was terminated with effect from 10 October 2014 with the mutual release and discharge of the respective parties’ obligations under the Disposal Agreement in accordance with the terms and conditions of the Disposal Termination Agreement.

Save for the above and the service agreements entered into with the executive directors, there were no material contracts, not being contracts entered into in the ordinary course of business, entered into by the Group during the financial year as required to be reported under Rule 1207(8) of the Listing Manual.

CORPORATE GOVERNANCE REPORT

企业治理

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE

Name of Director	Age	Academic/ Professional Qualifications/ Affiliations	Board Appointment Executive/ Non-Executive/ Independent	Date of First Appointment	Date of Last Appointment	Directorship/ Chairmanships in other Listed Companies (Present & Held over the Preceding 3 Years) & Other Principal Commitments
Pu Xiaofang	28	Bachelor of Commerce	Executive Chairman and CEO	08 March 2010	29 April 2013	Other Listed Companies Nil Other Principal Commitments Nil
Yuan Xuanli	56	Diploma in Business Administration; ISO9000 Internal Auditor Qualification in 2002 and 2005	Executive Director and Chief Operating Officer	28 February 2008	27 April 2012	Other Listed Companies Nil Other Principal Commitments Nil
Pu Qixing	46	High School Certificate	Non-Executive Director	18 June 2007	25 April 2014	Other Listed Companies Nil Other Principal Commitments Chairman of Jiangsu Huguang Gangguan Co., Ltd
Tsang Siu For Thomas	49	Master of Business Administration degree; Diploma in International Financial Reporting from ACCA; Fellow, Association of Chartered Certified Public Accountants	Lead Independent Director	18 June 2007	29 April 2013	Other Listed Companies 1. W Corporation Limited 2. China Taisan Technology Group Holdings Limited Other Principal Commitments Partner of RT LLP
Tan Woon Hum	45	Bachelor of Law degree; Master of Business Administration degree	Independent Director	18 June 2007	25 April 2014	Other Listed Companies 1. AP Oil International Limited 2. Ezion Holdings Limited Other Principal Commitments Partner of Shook Lin & Bok LLP

CORPORATE GOVERNANCE REPORT

企业治理

APPENDIX

Code of Corporate Governance

Specific principles and guidelines for disclosure

Relevant Guidelines or Principles	Page Reference in this Annual Report
Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	008
Guideline 1.4 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	009
Guideline 1.5 The type of material transactions that require Board approval under guidelines	009
Guideline 1.6 The induction, orientation and training provide to new and existing directors	009
Guideline 2.3 The Board should justify in the Company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reason for considering him as independent should be disclosed	010
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed	N.A.
Guideline 3.1 Relationship between the Chairman and CEO where they are immediate family members	011
Guideline 4.1 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	012
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	013
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	013
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	026

CORPORATE GOVERNANCE REPORT

企业治理

Relevant Guidelines or Principles	Page Reference in this Annual Report
Guideline 5.1 The Board should state in the Company's Annual Report how assessment of the Board, its Board committees and each director has been conducted. 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	014-015
Guideline 7.1 Names of the members of the RC and the key term of reference of the RC, explaining its role and the authority delegated to it by the Board	016
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the Company	N.A.
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	016-018
Guideline 9.1 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. 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)	018
Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will 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	018
Guideline 9.3 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. There will 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	018
Guideline 9.4 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	018

CORPORATE GOVERNANCE REPORT

企业治理

Relevant Guidelines or Principles	Page Reference in this Annual Report
Guideline 9.5 Details and important terms of employee share schemes	018
Guideline 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	017
Guideline 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 The 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 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 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	019-020
Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	020-022
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	022
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the Company's Annual Report	022
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	021-022
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day Briefings	023
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons	023

CONTENTS

031	REPORT OF THE DIRECTORS
034	STATEMENT BY THE DIRECTORS
035	INDEPENDENT AUDITORS' REPORT
037	CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
038	STATEMENTS OF FINANCIAL POSITION
039	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
040	CONSOLIDATED STATEMENT OF CASH FLOWS
042	NOTES TO THE FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

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

1. DIRECTORS

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

Pu Xiaofang
Yuan Xuanli
Tsang Siu For Thomas
Tan Woon Hum
Pu Qixing

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

3. DIRECTORS' INTERESTS IN SHARES, WARRANTS OR DEBENTURES

According to the Register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the directors of the Company holding office at the end of the financial year had no interest in the shares or debentures of the Company and its related corporations except as stated below:

Name of the directors and respective companies in which interests are held <u>The Company</u>	Direct interest		Deemed interest	
	At beginning of the financial year	At end of the financial year	At beginning of the financial year	At end of the financial year
	← Number of ordinary shares →			
Estate of Pu Dexing (Pu Dexing deceased on 4 March 2010)	320,000	320,000	–	–
Pu Xiaofang	–	–	117,429,420	117,429,420

The directors' interests in the shares of the Company at 21 January 2015 were the same as those as at 31 December 2014. The late Pu Dexing was deemed to be interested by virtue of the shareholdings held by the ultimate holding company, Better Ace International Limited, in which the late Pu Dexing together with his wife held 81% of the shares.

By virtue of Section 7 of the Act, the late Pu Dexing was deemed to be interested in the share capital of the wholly owned subsidiary of the Company.

The letter of administration has been granted to the administration of the estate of Pu Dexing on 4 November 2011. Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations, either at the beginning or at the end of the financial year.

REPORT OF THE DIRECTORS

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the last financial year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements.

5. SHARE OPTIONS

There were no share options granted by the Company or its subsidiaries 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 subsidiaries.

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

6. AUDIT COMMITTEE

The Audit Committee of the Company comprises three non-executive directors and at the date of this report are:

Tsang Siu For Thomas (Chairman)
Tan Woon Hum
Pu Qixing

The Audit Committee has convened four meetings during the financial year with key management and the internal and external auditors of the Company.

The Audit Committee has recommended to the directors the nomination of Mazars LLP for re-appointment as the external auditors of the Group at the forthcoming Annual General Meeting.

The Audit Committee carries out its functions in accordance with Section 201B (5) of the Act. In performing those functions, the Audit Committee reviews:

- (a) the audit plan and results of the external audit, including the evaluation of internal accounting controls and its cost effectiveness, and the independence and objectivity of the external auditors, including the review of the extent of non-audit services provided by the external auditors to the Group;
- (b) the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;
- (c) the Group's quarterly and annual financial statements and the auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;

REPORT OF THE DIRECTORS

6. AUDIT COMMITTEE (CONTINUED)

- (d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Group and of the Company;
- (e) the adequacy of the Group's risk management processes;
- (f) the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;
- (g) interested person transactions in accordance with SGX listing rules;
- (h) nomination of external auditors and approval of their compensation; and
- (i) submission of report of actions and minutes of the Audit Committee to the Board of Directors with any recommendations as the Audit Committee deems appropriate.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

7. AUDITORS

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the Directors

Pu Xiaofang
Director

Yuan Xuanli
Director

Singapore
2 April 2015

STATEMENT BY THE DIRECTORS

In the opinion of the Directors,

- (a) the financial statements of the Group, and the statement of financial position of the Company are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

Pu Xiaofang

Director

Yuan Xuanli

Director

Singapore
2 April 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YONG XIN INTERNATIONAL HOLDINGS LTD

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' 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 auditors' judgement, 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 auditors consider internal controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements of the Group and statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YONG XIN INTERNATIONAL HOLDINGS LTD

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 have been properly kept in accordance with the provisions of the Act.

MAZARS LLP

Public Accountants and
Chartered Accountants

Singapore
2 April 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 RMB'000	2013 RMB'000
Continuing operations			
Revenue	4	130,920	115,509
Cost of sales		(119,777)	(110,295)
Gross profit		11,143	5,214
Other income	5	692	1,614
Selling and distribution expenses		(2,232)	(2,079)
Administrative expenses		(11,332)	(11,359)
Other operating expenses		(1,986)	(1,679)
Finance income	6	415	316
Finance expenses	6	(5,105)	(5,383)
Loss before income tax	7	(8,405)	(13,356)
Income tax expense	9	–	–
Loss from continuing operations		(8,405)	(13,356)
Discontinued operations			
Profit/(loss) from discontinued operations	10	2,154	(3)
Total loss for the financial year		(6,251)	(13,359)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation, net of tax, representing total items that may be reclassified to profit or loss		(986)	(793)
Total comprehensive loss for the financial year		(7,237)	(14,152)
Loss per share from continuing operations (RMB cents)			
– Basic and diluted	11	(3.96)	(6.28)
Earnings/(loss) per share from discontinued operations (RMB cents)			
– Basic and diluted	11	1.01	(0.001)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		Group		Company	
	Note	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	49,653	61,872	–	–
Land use rights	13	8,583	8,787	–	–
Investment in subsidiaries	14	–	–	79,541	79,541
Total non-current assets		58,236	70,659	79,541	79,541
Current assets					
Inventories	15	13,732	15,836	–	–
Trade and other receivables	16	51,028	37,529	10,919	10,764
Cash and bank balances	17	11,622	20,915	55	2,416
Total current assets		76,382	74,280	10,974	13,180
Total assets		134,618	144,939	90,515	92,721
EQUITY AND LIABILITIES					
Equity					
Share capital	18	142,883	142,883	142,883	142,883
Treasury shares	19	(55)	(55)	(55)	(55)
Other reserves	20	4,041	5,027	(2,848)	(1,863)
Accumulated losses		(105,460)	(99,209)	(56,331)	(51,630)
Total equity		41,409	48,646	83,649	89,335
Current liabilities					
Trade and other payables	21	19,209	18,293	6,866	3,386
Interest-bearing bank borrowings	22	74,000	78,000	–	–
Total current liabilities		93,209	96,293	6,866	3,386
Total liabilities		93,209	96,293	6,866	3,386
Total equity and liabilities		134,618	144,939	90,515	92,721

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Share capital RMB'000	Treasury shares RMB'000	Other reserves			Accumulated losses RMB'000	Total RMB'000
			Statutory reserve RMB'000	Merger reserve RMB'000	Translation reserve RMB'000		
Balance at 1 January 2013	142,883	(34)	7,237	(320)	(1,097)	(85,850)	62,819
Purchase of treasury shares	–	(21)	–	–	–	–	(21)
Total loss for the financial year	–	–	–	–	–	(13,359)	(13,359)
Other comprehensive income:							
Currency translation differences arising from consolidation	–	–	–	–	(793)	–	(793)
Total other comprehensive loss, net of tax	–	–	–	–	(793)	–	(793)
Total comprehensive loss for the financial year	–	–	–	–	(793)	(13,359)	(14,152)
Balance at 31 December 2013	142,883	(55)	7,237	(320)	(1,890)	(99,209)	48,646
Total loss for the financial year	–	–	–	–	–	(6,251)	(6,251)
Other comprehensive income:							
Currency translation differences arising from consolidation	–	–	–	–	(986)	–	(986)
Total other comprehensive loss, net of tax	–	–	–	–	(986)	–	(986)
Total comprehensive loss for the financial year	–	–	–	–	(986)	(6,251)	(7,237)
Balance at 31 December 2014	142,883	(55)	7,237	(320)	(2,876)	(105,460)	41,409

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	2014 RMB'000	2013 RMB'000
Operating activities		
Loss before taxation from continuing operations	(8,405)	(13,356)
Profit/(loss) before taxation from discontinued operation	2,154	(3)
Total loss for the financial year	(6,251)	(13,359)
Adjustments for:		
Amortisation of land use rights	204	204
Depreciation of property, plant and equipment	13,336	13,386
Interest expense	5,105	5,383
Interest income	(415)	(316)
Provision for doubtful debts no longer required	(3,125)	–
Loss on disposal of property, plant and equipment	101	–
Write back of provision for impairment of inventories	(340)	(3,225)
Operating cash flows before movements in working capital	8,615	2,073
Movements in working capital:		
Inventories	2,444	2,161
Trade receivables and other receivables	(10,374)	2,686
Trade payables	(2,220)	1,984
Other payables and accruals	1,679	(848)
Cash generated from operations	144	8,056
Interest paid	(5,105)	(5,383)
Interest received	415	316
Net cash (used in)/generated from operating activities	(4,546)	2,989
Investing activities		
Purchase of property, plant and equipment	(1,551)	(134)
Proceeds from disposal of property, plant and equipment	333	–
Net cash used in investing activities	(1,218)	(134)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	2014 RMB'000	2013 RMB'000
Financing activities		
Decrease in bank deposits pledged	400	500
Repayment of interest-bearing bank borrowings	(78,000)	(73,000)
Proceeds from interest-bearing bank borrowings	74,000	78,000
Amount due to immediate holding company	563	–
Amount due to related party	118	117
Amount due to related directors	776	802
Purchase of treasury shares	–	(21)
Net cash (used in)/generated from financing activities	(2,143)	6,398
Net (decrease)/increase in cash and cash equivalents	(7,907)	9,253
Effect of exchange rate changes on cash and cash equivalents	(986)	(793)
Cash and cash equivalents at beginning of financial year	19,915	11,455
Cash and cash equivalents at end of financial year (Note 17)	11,022	19,915

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

1. GENERAL

Yong Xin International Holdings Ltd. (the "Company") (Registration Number: 200515483H) incorporated and domiciled in Singapore with its registered office of the Company located at 143 Cecil Street, #17-00 GB Building, Singapore 069542. The principle place of business is at Huangniba Village Yuqi Town, Huishan District Wuxi, Jiangsu Province, China.

The Company's ultimate holding company is Better Ace International Limited, a company incorporated in the British Virgin Islands.

The principal activity of the Company is that of investment holding. The principal activities of the Group are the manufacturing and sale of high-precision steel strips in the People's Republic of China ("PRC").

The consolidated financial statements of the Group, and statement of financial position of the Company for the financial year ended 31 December 2014 were authorised for issue by the Board of Directors on 2 April 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Going concern

The Group has incurred loss in the current financial year amounting to RMB6,251,000 (2013:RMB13,359,000). As at 31 December 2014, the Group's current liabilities exceeded its current assets by RMB16,827,000 (2013: RMB22,013,000). Notwithstanding the above, the Group has prepared the financial statements on a going concern basis as management is of the view that after taking into consideration of the internally generated funds of the Group, the presently available banking facilities and the expected continuing banking facilities from its bankers, the Group will have sufficient working capital for its present requirements for the next twelve months from the end of the financial year.

2.2 Basis of preparation

The financial statements of the Group and statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Renminbi ("RMB") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("RMB'000"), unless otherwise indicated.

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS did not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS were issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: <i>Clarification of Acceptance Methods of Depreciation and Amortisation</i>	1 January 2016
FRS 16, FRS 41	Amendments to FRS 16 and FRS 41: <i>Agriculture: Bearer Plants</i>	1 January 2016
FRS 19	Amendments to FRS 19: <i>Defined Employee Plans: Employee Contributions</i>	1 July 2014
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
FRS 27	Amendments to FRS 27: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
FRS 109	Financial Instruments	1 January 2018
FRS 111	Amendments to FRS 111: <i>Accounting Acquisitions of Interest in Joint Operations</i>	1 January 2016
FRS 114	Regulatory Deferral Accounts	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2017
Various	Improvements to FRSs (January 2014)	Various
Various	Improvements to FRSs (February 2014)	Various
Various	Improvements to FRSs (November 2014)	Various

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group and Company have not early adopted any of the above new/revised standards, interpretations and amendments to the existing standards in the financial year ended 2014. Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's and the Company's significant accounting policies and presentation of the financial information will result.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Business combinations

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 *Business Combinations* ("FRS 103") are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations* ("FRS 105"), which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the financial year in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Business combinations (Continued)

Business combinations from 1 January 2010 (Continued)

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as step acquisitions. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

Common Control Business Combination Outside the Scope of FRS 103

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, is outside the scope of FRS 103. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the consolidated financial statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such combined entity's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the combined entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Business combinations (Continued)

Common Control Business Combination Outside the Scope of FRS 103 (Continued)

Merger reserve represents the differences between the nominal amount of the share capital of the combining entities at the date on which it was acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition.

The consolidated financial statements were prepared based on the audited financial statements of subsidiaries which were prepared in accordance with FRS for the purpose of consolidation. The PRC subsidiaries maintain their accounting records and prepare the relevant statutory financial statement in accordance with the accounting standards and legislations of the PRC Generally Accepted Accounting Principle (GAAP).

2.5 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; is able to reliably measure the amount of revenue and the costs incurred or to be incurred in respect of the transaction; and assesses that it is probable for the economic benefits associated with the transaction to flow to the entity.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.7 Retirement benefits costs

The Group participates in the national pension schemes as defined by the laws of the People's Republic of China (PRC). Subsidiaries incorporated in the PRC are required to provide staff pension benefits to their employees under existing PRC legislation. These subsidiaries are required to contribute a certain percentage of their payroll costs to the pension scheme to fund the benefits. The pension funds are managed by government agencies, which are responsible for paying pensions to the retired employees. Contributions under the pension scheme are charged to the profit or loss as they become payable in accordance with the rules of the pension scheme.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Retirement benefits costs (Continued)

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed benefit schemes, such as the Singapore Central Provident Fund are dealt with as payments to defined contributions plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.8 Employee leave entitlements

No provision has been made for the employee leave entitlements as any unconsumed annual leave not utilised will be forfeited.

2.9 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Income tax (Continued)

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 they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.10 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Renminbi using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs 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 property, plant and equipment.

Subsequent expenditure relating to property, plant, and equipment is added to the carrying amount of the asset only when it is possible that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

	Estimated Useful Lives
Leasehold buildings	20 years
Plant and equipment	10 years
Motor vehicles	5 years
Furniture and fittings	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to retained profits directly.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.12 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the lease term of 50 years.

2.13 Investments in subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Impairment of tangible assets

The Group reviews the carrying amounts of its tangible assets as at each financial year end to assess for any indication of 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.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its 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.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 financial years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.15 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date – the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the loans and receivables. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment 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.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of 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 the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.6).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.16 Inventories

Inventories are stated at the lower of cost (weighted average method) and net realisable value. Cost of finished goods and work-in-progress comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Discontinued operation

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

- (i) represents a separate major line of business or geographical area of operations;
- (ii) is part of a single co-ordinated plan to dispose of a separate major line or geographical area of operations; or
- (iii) is a subsidiary acquired exclusively with a view to resale.

2.19 Leases

Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of Executive Directors and the Chief Executive Officer who make strategic decisions.

2.22 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly, including any director (whether executive or otherwise) of that company.

2.23 Government grants

Government grants are recognised at their fair value 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 instalment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Group's accounting policies

Impairment of property, plant and equipment

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. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty

The estimate and assumptions 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.

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Group's property, plant and equipment as at 31 December 2014 was RMB49,653,000 (2013: RMB61,872,000).

Allowance for trade and other receivables

The provision policy for doubtful debts of the Group is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables as at 31 December 2014 were RMB51,028,000 (2013: RMB37,529,000) and RMB10,919,000 (2013: RMB10,764,000) respectively.

Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there is objective evidence that the Company's investment in subsidiaries are impaired. Once such investments have impairment indicated, the management will assess based on the estimation of the value-in-use of the cash-generating unit ("CGU") by forecasting the expected future cash flows for a period up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investment in subsidiaries as at 31 December 2014 was RMB79,541,000. (2013: RMB79,541,000).

Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete merchandise and identifies items of inventory which have a market price, being the merchandise's selling price quoted from the market of similar items, that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 December 2014 was RMB13,732,000 (2013: RMB15,836,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

Provision for income taxes

The Group has exposure to income taxes in different jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes 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 positions in the period in which such determination is made. The carrying amounts of the Group's and Company's current tax payable as at 31 December 2014 and 31 December 2013 were Nil.

4. REVENUE

	Group	
	2014 RMB'000	2013 RMB'000
Sale of goods from continuing operations	130,920	115,509

5. OTHER INCOME

	Group	
	2014 RMB'000	2013 RMB'000
Continuing operations		
Rental income from related party	18	265
Compensation	429	892
Government grant and subsidy	126	256
Others	119	201
	692	1,614

6. FINANCE INCOME/(EXPENSES)

	Group	
	2014 RMB'000	2013 RMB'000
Continuing operations		
Finance income:		
Interest income from fixed deposits	415	316
Finance expenses:		
Interest expense from bank borrowings and bills	(5,105)	(5,383)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

7. LOSS BEFORE INCOME TAX, CONTINUING OPERATIONS

In addition to the charges and credits disclosed elsewhere in the financial statements, the following charges/(credits) were included in the determination of loss before income tax:

	Group	
	2014 RMB'000	2013 RMB'000
Amortisation of land use rights (Note 13)	204	204
Depreciation of property, plant and equipment from continuing operations (Note 12)	13,336	13,386
Directors' fees		
– directors of the Company	422	365
Fee for audit services:		
– auditor of the Company	741	640
– other auditors	73	79
Foreign currency exchange (gain)/loss	(16)	87
Loss on disposal of property, plant and equipment	101	–
Net loss on sale of scrap materials	1,803	1,436
Operating lease expenses	533	547
Staff costs (Note 8)	12,474	12,231
Transportation expenses	1,673	1,203
Utilities	18	21
Write back of provision for impairment in inventories	(340)	(3,225)

8. STAFF COSTS

	Group	
	2014 RMB'000	2013 RMB'000
Salaries and bonuses	10,583	10,146
Employers' contribution to defined contribution plan	1,609	1,625
Other social expenses	282	460
	12,474	12,231

Included in wages, salaries and bonuses is director remuneration of RMB1,238,000 (2013: RMB1,400,000). The staff costs relates to continuing operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

9. INCOME TAX EXPENSE

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

	Group	
	2014 RMB'000	2013 RMB'000
Loss before income tax from:		
– continuing operations	(8,405)	(13,356)
– discontinued operation	2,154	(3)
	(6,251)	(13,359)
Tax at the statutory tax rate of 25% in PRC	(1,563)	(3,340)
Non-deductible expenses	79	64
Deferred tax asset arising from temporary differences not recognised	1,108	2,460
Effect of different tax rate in Singapore	376	816
	–	–

The Company

The Company has no taxable income for the financial years ended 31 December 2014 and 31 December 2013.

The statutory income tax rate for the financial year ended 31 December 2014 and 31 December 2013 applicable to the Company is 17%.

The subsidiaries

The subsidiary, Yongxin Precision Material (Wuxi) Co., Ltd. is entitled to an exemption from Enterprise Income Tax ("EIT") for the first two profitable years of operation and thereafter a 50% reduction in EIT for the following three financial years. The first profitable year of the subsidiary was the financial period ended 31 December 2006.

On 26 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the New Law. The subsidiary was entitled to a concessionary income tax rate of 12.5% which represents a 50% relief from the applicable rate of 25% for the financial year ended 31 December 2009.

Under the New Corporate Income Tax Law ("CIT Law"), those High/New Technology Enterprises ("HNTE") which were qualified as HNTE from 1 January 2008, are entitled to a 15% of income tax rate. As opposed to standard income tax rate of 25% in EIT. On 11 September 2009, the subsidiary qualified as HNTE and accordingly the subsidiary was further entitled to a 10% reduction from the applicable rate of 25% from 2011 for the three years thereon.

The subsidiary, Xuzhou Yongsheng Coking Trading Co., Ltd. was entitled to 25% in EIT for the financial year ended 31 December 2010.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

9. INCOME TAX EXPENSE (CONTINUED)

The subsidiaries (Continued)

The Group has tax losses of approximately RMB61,875,000 (2013: RMB56,013,000) that are available for offsetting against future taxable profits, which no deferred tax assets have been recognised due to the uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in which the loss-making entities operate.

Deferred tax benefits arising from the above tax losses are as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Tax at the statutory tax rate of 17% in Singapore	3,610	2,850
Tax at the statutory tax rate of 25% in PRC	10,160	9,812
	13,770	12,662

No provision for Singapore income tax has been made as the Company did not derive any significant taxable profit in Singapore.

10. DISCONTINUED OPERATION

Pursuant to the announcement on 28 January 2010, the coke processing agreement entered into between Xuzhou Yongsheng Coking Trading Co., Ltd. ("Xuzhou Yongsheng") and Xuzhou Qiangsheng Urban Gas Co., Ltd. (the "Service Provider") had been terminated due to the insolvency proceedings of the Service Provider. On 13 August 2010, the Board of Directors announced that the management decided not to participate in the restructuring of the Service Provider and as a result, the Group ceased its entire coal and coking operations in second half of 2010. Accordingly, the coal and coking business is considered as discontinued and the entire results from Xuzhou Yongsheng are presented separately on the statement of profit or loss and other comprehensive income as "Discontinued Operation".

(a) The results of the discontinued operation of the Group are as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Other income	3,125	–
Administrative expenses	(971)	(3)
Profit/(loss) before and after income tax	2,154	(3)

Other income pertains to the recovery of previously written off debts, received from third party during the financial year ended 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

10. DISCONTINUED OPERATION (CONTINUED)

(b) The impact of the discontinued operation on the cash flows of the Group is as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Profit/(loss) before taxation from discontinued operations	2,154	(3)
Less: Provision for doubtful debts no longer required	(3,125)	–
Operating cash flows before movements in working capital	(971)	(3)
Other payables	971	3
Net cash from operating activities	–	–

11. LOSS PER SHARE

The calculation of the basic loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	Group	
	2014	2013
	RMB'000	RMB'000
Loss		
Loss for the purposes of basic loss per share		
(loss for the year attributable to the Company)	(8,405)	(13,359)

	Group	
	2014	2013
	Number of shares ('000)	Number of shares ('000)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	212,413	212,413

Continuing operations:

	Group	
	2014	2013
Loss per share (RMB cents)		
Basic and diluted	(3.96)	(6.28)

The calculation of the basic loss per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

Loss figures are calculated as follows:

Loss for the year attributable to equity holders of the Company	(6,251)	(13,359)
Less: (profit)/loss for the year from discontinued operations	(2,154)	3
Loss for the purposes of basic loss per share from continuing operations	(8,405)	(13,356)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

11. LOSS PER SHARE (CONTINUED)

Discontinued operation

Basic earnings per share for the discontinued operation is 1.01 cents per share (2013: loss of 0.001 cents per share), based on the profit/(loss) for the year from the discontinued operation of RMB2,154,000 (2013: RMB3,000) and the denominators detailed above for basic loss per share.

Diluted loss per share is the same as basic loss per share because the Company does not have any potential dilutive shares.

12. PROPERTY, PLANT AND EQUIPMENT

<u>Group</u>	<u>Leasehold</u>	<u>Plant and</u>	<u>Motor</u>	<u>Furniture</u>	
<u>2014</u>	<u>buildings</u>	<u>equipment</u>	<u>vehicles</u>	<u>and fittings</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Cost					
Balance at 1 January 2014	37,559	165,696	1,841	2,793	207,889
Additions	–	1,087	227	237	1,551
Disposals	–	(409)	(813)	–	(1,222)
Balance at 31 December 2014	37,559	166,374	1,255	3,030	208,218
Accumulated depreciation					
Balance at 1 January 2014	12,128	100,240	1,016	2,445	115,829
Charge for the financial year	1,885	11,098	227	126	13,336
Disposals	–	(315)	(473)	–	(788)
Balance at 31 December 2014	14,013	111,023	770	2,571	128,377
Accumulated impairment					
Balance 1 January 2014 and 31 December 2014	1,247	28,915	–	26	30,188
Carrying amount					
At 31 December 2014	22,299	26,436	485	433	49,653
2013					
Cost					
Balance at 1 January 2013	37,559	165,599	1,841	2,756	207,755
Additions	–	97	–	37	134
Balance at 31 December 2013	37,559	165,696	1,841	2,793	207,889
Accumulated depreciation					
Balance at 1 January 2013	10,243	89,197	752	2,251	102,443
Charge for the financial year	1,885	11,043	264	194	13,386
Balance at 31 December 2013	12,128	100,240	1,016	2,445	115,829
Accumulated impairment					
Balance 1 January 2013 and 31 December 2013	1,247	28,915	–	26	30,188
Carrying amount					
At 31 December 2013	24,184	36,541	825	322	61,872

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the financial year, the Group carried out a review of the recoverable amount of its property, plant and equipment, having regard to its impairment indication. No impairment is required for both financial years ended 31 December 2014 and 2013 based on management's assessment which is based on value-in-use calculations.

The key assumptions used for value-in-use calculations are as follows:

- (i) The anticipated annual revenue growth included in cash flow projections is at 0% to 4% (2013: 2%); and
- (ii) Pre-tax discount rate of 8.1% (2013: 10%) based on the estimated weighted average cost of capital of the subsidiary.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal sources including but not limited to historical data.

As at the reporting date, leasehold buildings with carrying amount of RMB22,299,000 (2013: RMB24,184,000) have been pledged for certain bank loans as disclosed in Note 22.

Sensitivity analysis

The management has estimated that when projected quantity sold had been reduced by 10%, there is no significant impact to the carrying amount of the property, plant and equipment.

13. LAND USE RIGHTS

	Group	
	2014 RMB'000	2013 RMB'000
Cost		
At 1 January and 31 December	10,217	10,217
Accumulated amortisation		
At 1 January	1,430	1,226
Additions	204	204
At 31 December	1,634	1,430
Carrying amount		
At 31 December	8,583	8,787

Amortisation of land use rights is charged to profit or loss on a straight-line basis over 50 years.

Land use rights have been pledged for certain bank loans as disclosed in Note 22.

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2014 RMB'000	2013 RMB'000
Unquoted equity share, at cost		
At beginning of the financial year	79,541	116,952
Allowance for impairment loss	–	(37,411)
At end of the financial year	79,541	79,541

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Movements in allowance for impairment loss is as follows:

	Company	
	2014 RMB'000	2013 RMB'000
Balance at 1 January	37,411	–
Impairment loss recognised in the year	–	37,411
Balance at 31 December	37,411	37,411

In 2013, allowance for impairment loss is recognised in profit or loss as a subsidiary of the Company has been persistently making losses.

The key assumptions used for value-in-use calculations are as follows:

- (i) The anticipated annual revenue growth included in cash flow projections is at 0% to 4% (2013: 2%); and
- (ii) Pre-tax discount rate of 8.1% (2013: 10%) based on the estimated weighted average cost of capital of the subsidiary.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal sources including but not limited to historical data.

Sensitivity analysis

The management has estimated that when the projected quantity sold had been reduced by 10%, there is no significant impact to the carrying amount of the property, plant and equipment.

Details of the subsidiaries are as follows:

Name of subsidiary	Place of business/Country of incorporation	Principal activities	Proportion of ownership interest	
			2014 %	2013 %
<u>Held by the Company</u>				
Yongxin Precision Material (Wuxi) Co. Ltd ^{(1) (2)}	People’s Republic of China	Manufacturing of non-ferrous metal compound material and alloy material	100	100
<u>Held by Yongxin Precision Material (Wuxi) Co., Ltd</u>				
Xuzhou Yongsheng Coking Trading Co., Ltd ⁽³⁾	People’s Republic of China	Discontinued operation	100	100

(1) Audited by Jiangsu Zheng Zhuo Heng Xin Certified Public Accountants (江苏正卓恒新会计事务所) in the PRC for local statutory reporting.

(2) Audited by Mazars Hong Kong for consolidation purposes.

(3) Not significant subsidiary. Reviewed by Mazars Hong Kong for consolidation purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

15. INVENTORIES

	Group	
	2014 RMB'000	2013 RMB'000
At cost:		
Raw materials	5,060	7,399
Work-in-progress	3,791	4,855
Finished goods	34	263
	8,885	12,517
At net realisable value:		
Raw materials	1,540	29
Work-in-progress	731	20
Finished goods	2,576	3,270
	4,847	3,319
	13,732	15,836

The cost of inventories recognised as an expense and included in "Cost of sales" amounts to RMB119,777,000 (2013: RMB110,295,000). The Group had made a reversal of RMB340,000, being part of inventory write-down in 2013, as part of the inventory were subsequently sold during the financial year.

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Trade receivables	26,724	20,024	–	–
Notes receivables	14,563	13,767	–	–
	41,287	33,791	–	–
Other receivables	365	18,219	29	44
Provision for doubtful debts	–	(17,963)	–	–
	365	256	29	44
Advances paid to suppliers	7,752	3,170	–	–
Deposits	680	17	13	17
Prepayments	944	295	–	–
Amount due from a subsidiary	–	–	10,877	10,703
	9,741	3,738	10,919	10,764
Total trade and other receivables	51,028	37,529	10,919	10,764
Add:				
Cash and bank balances (Note 17)	11,022	19,915	55	2,416
Pledged cash deposits (Note 17)	600	1,000	–	–
Less: Prepayments	(944)	(295)	–	–
Total loans and receivables	61,706	58,149	10,974	13,180

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

The advances paid to suppliers are unsecured, interest free and represent down-payments for the purchase of raw materials.

The amount due from a subsidiary is unsecured, non-interest bearing and repayable on demand.

The average credit period on sale of goods is 30 to 60 days (2013: 30 to 60 days).

Movements in provision for doubtful debts on other receivables are as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Balance at 1 January	17,963	17,963
Provision written off	(14,838)	–
Provision no longer required (Note 10)	(3,125)	–
Balance at 31 December	–	17,963

The currency profiles of the Group's and Company's trade and other receivables as at 31 December are as follows:

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Singapore dollar	42	61	10,919	10,764
Renminbi	50,986	37,468	–	–
	51,028	37,529	10,919	10,764

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Cash in banks	11,022	19,915	55	2,416
Pledged cash deposits	600	1,000	–	–
	11,622	20,915	55	2,416
Less: Pledged cash deposits placed with banks	(600)	(1,000)		
Cash and cash equivalents as per consolidated statement of cash flows	11,022	19,915		

Cash deposits of approximately RMB600,000 (2013: RMB1,000,000) are pledged in connection with notes payable facilities as disclosed in Note 21. The cash deposits bear interest at 3.05% per annum (2013: 3.3% per annum).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

17. CASH AND CASH EQUIVALENTS (CONTINUED)

The currency profiles of the Group's and Company's cash and cash equivalents as at 31 December are as follows:

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Singapore dollars	55	2,416	55	2,416
Renminbi	10,906	16,861	–	–
United States dollars	661	1,638	–	–
	11,622	20,915	55	2,416

18. SHARE CAPITAL

	Group and Company			
	2014 Number of ordinary shares ('000)	2013 RMB'000	2014 RMB'000	2013 RMB'000
Issued and paid up				
At beginning of year and end of the financial year	212,731	212,731	142,883	142,883

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Group's residual assets.

19. TREASURY SHARES

	Group and Company			
	2014 Number of ordinary shares ('000)	2013 RMB'000	2014 RMB'000	2013 RMB'000
At beginning of financial year	318	207	55	34
Repurchased during the financial year	–	111	–	21
At end of financial year	318	318	55	55

In 2013, the Company repurchased 111,000 of its own shares on Singapore Exchange. The total amount paid to repurchase the shares was RMB21,000 and had been deducted from shareholders' equity as at the financial year ended 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

20. OTHER RESERVES

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Statutory reserve	7,237	7,237	–	–
Merger reserve	(320)	(320)	–	–
Foreign currency translation reserve	(2,876)	(1,890)	(2,848)	(1,863)
	4,041	5,027	(2,848)	(1,863)

(i) Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiary in the PRC, the subsidiary is 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 must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

(ii) Merger reserve

The merger reserve arises from the difference between the purchase consideration and the carrying value of the assets acquired under the pooling-of-interests method of consolidation.

(iii) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations where functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	1,394	2,964	–	–
Notes payable	1,200	1,850	–	–
	2,594	4,814	–	–
Other payables				
– Third parties	1,760	590	–	64
– Accrued operating expenses	10,438	10,131	645	663
– Advances from customers	799	1,068	–	–
– Deposit from supplier	471	–	–	–
– A subsidiary	–	–	3,634	1,411
– Related party	560	442	–	–
– Ultimate holding company	563	–	563	–
– Directors	2,024	1,248	2,024	1,248
Trade and other payables	19,209	18,293	6,866	3,386
Add: Bank borrowings (Note 22)	74,000	78,000	–	–
Total financial liabilities carried at amortised cost	93,209	96,293	6,866	3,386

The average credit period on purchases of goods is 30 days (2013: 30 days).

Notes payable were guaranteed by unrelated parties and secured by cash deposits of approximately RMB600,000 (2013: RMB1,000,000) (Note 17).

The amounts due to directors are non-trade in nature, unsecured, interest-free and repayable on demand.

Other amounts due from subsidiary, related party and ultimate holding company are non-trade in nature, unsecured, interest-free and repayable on demand.

No interest is charged on the trade and other payables.

The currency profiles of the Group's and Company's trade and other payables as at 31 December are as follows:

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Singapore dollar	3,232	1,975	3,232	1,975
Renminbi	15,977	16,318	3,634	1,411
	19,209	18,293	6,866	3,386

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

22. INTEREST-BEARING BANK BORROWINGS

	Group	
	2014 RMB'000	2013 RMB'000
Secured term loans (a)	25,000	30,000
Unsecured term loans (b)	49,000	48,000
	74,000	78,000

- (a) Bank loans of RMB25 million (2013: RMB30 million) are secured by leasehold buildings and land use rights of a subsidiary, which bear interest rate at 6.48% (2013: 6.6% to 6.9%) per annum.
- (b) Bank loans of RMB49 million (2013: RMB48 million) are unsecured and guaranteed by related parties and a director of the Company, which bear interest ranging from 6.50% to 6.96% (2013: 6.3% to 7.2%) per annum.

The Group's interest-bearing bank borrowings as at 31 December are denominated in Renminbi.

23. OPERATING LEASE COMMITMENTS

- (a) At the end of the financial year, commitments in respect of non-cancellable operating lease in respect of office premises and other operating facilities are as follows:

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Future minimum lease payments payables:				
Within 1 year	48	150	48	150
After 1 year but within 5 years	–	50	–	50
	48	200	48	200

The leases have its tenure from 1 May 2013 to 30 April 2015. There are no restrictions placed upon the Company by entering into these leases. The lease expenditure charged to profit or loss during the financial year is disclosed in Note 7 to the financial statements.

- (b) In 2013, the Group lease out a partial area of new factory buildings to a related party under non-cancellable operating lease. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. As at end of the financial year 2013, there is no future minimum rental receivable under non-cancellable operating leases as the agreement had expired during 2013.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the year, in addition to those disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties on terms agreed between the parties as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Services rendered:		
– Rental income from a related party	–	265
Services received:		
– Rental expense to a related party	118	118
– Rental of electricity facilities to a related party	267	300
Others:		
– Purchase from a related party	1	13
– Sales of scrap materials	3	–
– Advances from ultimate holding company	563	–

Related parties comprise mainly companies which are controlled by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2014 are unsecured and receivable/payable within 12 months from the end of the financial year and are disclosed in Note 16 and 21.

Key management personnel remuneration

	Group	
	2014	2013
	RMB'000	RMB'000
Short-term employee benefits paid and payable to:		
– Directors of the Company	1,660	1,765
– Key management personnel	560	577
	2,220	2,342

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

25. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

For management purposes, the Group is organised into business units based on their products, and has two reportable operating segments as follows:

- (i) The high-precision steel strips segment includes manufacturing of non-ferrous metal compound material and alloy material.
- (ii) The coke and coking segment includes trading of coke, coal tar and coking equipment and this was discontinued in the financial year 2010 (Note 10).

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group's segmental results for the year ended 31 December are as follows:

	High-precision steel strips RMB'000	Discontinued operations RMB'000	Unallocated RMB'000	Total RMB'000
2014				
Total revenue	130,920	–	–	130,920
Results				
Segment results	11,143	–	–	11,143
Expenses	(13,025)	(971)	(2,525)	(16,521)
Other income	684	3,125	8	3,817
Interest income	415	–	–	415
Interest expense	(5,105)	–	–	(5,105)
Loss before and after income tax				(6,251)
Assets and liabilities				
Segment assets	134,518	3	–	134,521
Unallocated assets	–	–	97	97
Total assets	134,518	3	97	134,618
Segment liabilities	89,599	377	–	89,976
Unallocated liabilities	–	–	3,233	3,233
Total liabilities	89,599	377	3,233	93,209
Other segmental information:				
Depreciation and amortisation	13,540	–	–	13,540

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

25. SEGMENT INFORMATION (CONTINUED)

	High-precision steel strips RMB'000	Discontinued operations RMB'000	Unallocated RMB'000	Total RMB'000
2013				
Total revenue	115,509	–	–	115,509
Results				
Segment results	5,214	–	–	5,214
Expenses	(11,962)	(3)	(3,155)	(15,120)
Other income	1,589	–	25	1,614
Interest income	316	–	–	316
Interest expense	(5,383)	–	–	(5,383)
Loss before and after income tax				(13,359)
Assets and liabilities				
Segment assets	142,273	189	–	142,462
Unallocated assets	–	–	2,477	2,477
Total assets	142,273	189	2,477	144,939
Segment liabilities	93,942	377	–	94,319
Unallocated liabilities	–	–	1,974	1,974
Total liabilities	93,942	377	1,974	96,293
Other segmental information:				
Depreciation and amortisation	13,590	–	–	13,590

Geographical segment

No separate analysis of geographical segment information is presented as the Group's revenue, expenses, results, assets, liabilities and capital expenditure are principally attributable to a single geographical region, which is the PRC, and its customers are wholly based in PRC.

Information about a major customer

Revenue from one major customer amounted to RMB22,122,742 (2013: RMB15,027,065), arising from sale of high-precision steel strips segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Group's activities expose it to credit risks, market risks (including foreign currency risks and interest rate risks) and liquidity risks. The Group does not have formal risk management policies and guidelines. However, the Board of Directors reviews and agrees policies for managing each of these risks. It is the Group's policy not to trade in derivative contracts.

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

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risks

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counter parties and obtaining sufficient security where appropriate as a means of mitigating the risk of financial loss from defaults. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group's and Company's major classes of financial assets are bank deposits and trade and other receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

The amounts presented in the statement of financial position are net of allowances for doubtful debts on receivables, estimated by management based on prior experience and the current environment. The Group's trade receivables comprise 7 debtors (2013: 7 debtors) that represented 76% (2013: 66%) of trade receivables. The trade receivables arises mainly from companies incorporated in the PRC. Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good collection track record with the Group.

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

	Group	
	2014	2013
	RMB'000	RMB'000
Past due for 3 months	3,493	935
Past due for 3 to 6 months	3,539	228
Past due over 6 months	28	29
Total	7,060	1,192

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risks

As the Group's transactions are primarily denominated in RMB, it is subject to minimal foreign exchange exposure. The Company is not exposed to significant foreign exchange risk. The Group has cash and cash equivalents denominated in Singapore dollars and United States dollars. Accordingly, the Group's statements of financial position can be affected by movements in these exchange rates.

The Group has not entered into any derivative instruments for hedging or trading purposes. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level.

Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk relate to interest-bearing borrowings which comprise borrowings from banks.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts.

The Group's exposure to interest rate risk is set out below.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for non-derivative instruments at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 1% change in the interest rates from the end of the financial year, with all variables held constant.

If the interest rates had been 1% higher or lower and all other variables were held constant, the Group's profit for the year ended 31 December 2014 would increase/decrease by approximately RMB740,000 (2013: RMB780,000). This is mainly attributable to the Group's exposure to interest rates on its variable rates borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Liquidity risks

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by monitoring and maintaining a level of cash and cash equivalents and trade and other receivables considered adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flow. In doing so, the management monitors the utilisation of borrowings to ensure adequate unutilised banking facilities and compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up using undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the Group is expected to pay. The table includes both interest and principal cash flows.

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within one year RMB'000
The Group			
2014			
Financial liabilities			
Trade and other payables	19,209	19,209	19,209
Interest-bearing bank borrowings	74,000	76,442	76,442
	93,209	95,651	95,651
2013			
Financial liabilities			
Trade and other payables	18,293	18,293	18,293
Interest-bearing bank borrowings	78,000	80,913	80,913
	96,293	99,206	99,206
The Company			
2014			
Financial liabilities			
Trade and other payables	6,866	6,866	6,866
2013			
Financial liabilities			
Trade and other payables	3,386	3,386	3,386

The Group's operations are financed mainly through equity, net of accumulated losses and bank borrowings.

As at 31 December 2014 and 2013, the Group's and the Company's financial liabilities are all repayable within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

27. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts of trade and other receivables, cash and cash equivalents, floating rate interest-bearing borrowings and trade and other payables approximate their fair values due to the short period to maturity. The fair value of the other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

28. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group manages its capital to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholders' value.

The Group manages the level of capital in proportion to risk and future business development requirements while balancing the need to maximise the return on capital. The Group does not stipulate the desired level of capital. It monitors and manages its capital structure on an on-going basis and make adjustments to it in the light of changes in economic conditions, risk characteristics of the underlying assets and performance of the Group.

No changes were made in the objectives, policies or processes from 2013.

The capital structure of the Group consists of equity attributable to equity owners of the Company, comprising issued capital, treasury shares, reserves and accumulated losses as disclosed in Notes 18, 19 and 20.

As disclosed in Note 20, a subsidiary of the Group is required by the foreign enterprise law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities.

The Group and the Company are not subject to any externally imposed capital requirements during the financial years ended 31 December 2014 and 2013.

29. RECLASSIFICATIONS

Certain reclassifications have been made to the prior financial year's financial statements to enhance comparability with current year's financial statements.

	Previously reported 2013 RMB'000	After reclassification 2013 RMB'000
Statement of cash flows		
Net cash generated from operating activities	3,908	2,989
Net cash generated from financing activities	5,479	6,398

30. EVENTS SUBSEQUENT TO THE REPORTING DATE

The Company was placed on the watch-list ("Watch-list") by the Singapore Exchange Securities Trading Limited ("Exchange") on 5 March 2013 and was given 24 months from that date to meet the requirement to be removed from the Watch-list. The Company has informed the Exchange that it is unable to meet the requirements under Listing Rule 1314 for its removal from the Watch-list. Hence, the Exchange will proceed to delist the Company pursuant to Listing Rule 1315.

STATISTICS OF SHAREHOLDINGS

截止2015年3月18日股权持有量统计

AS AT 18 MARCH 2015

SHARE CAPITAL 股份资本

Number of Issued Shares 已发行股本数量	:	212,730,966
Number of Issued Shares (excluding Treasury Shares) 已发行股本数量 (不包括库藏股)	:	212,412,966
Number/Percentage of Treasury Shares 库藏股数量/比例	:	318,000/0.15%
Class of Shares 股票种类	:	Ordinary share 普通股
Voting Rights (excluding Treasury Shares) 投票权 (不包括库藏股)	:	One vote per share 每股一投票权

DISTRIBUTION OF SHAREHOLDINGS 股权分配

Size of Shareholdings 股权比例分类		Number of Shareholders 股东人数		Number of Shares 持有股票数量	
			%		%
1	– 99	0	0.00	0	0.00
100	– 1,000	70	5.02	68,426	0.03
1,001	– 10,000	560	40.17	3,681,953	1.74
10,001	– 1,000,000	752	53.95	50,259,318	23.66
1,000,001 and above		12	0.86	158,403,269	74.57
Total		1,394	100.00	212,412,966	100.00

TWENTY LARGEST SHAREHOLDERS 首二十名大股东

No. 序号	Name of Shareholders 股东名字	Number of Shares 持有股票数	
			%
1	BETTER ACE INTERNATIONAL LIMITED	117,429,420	55.28
2	PHILLIP SECURITIES PTE LTD	23,578,324	11.10
3	MUI YIN TECK	3,704,000	1.74
4	TAN HAI PENG MICHEAL	2,377,778	1.12
5	TAN ENG CHUA EDWIN	2,175,000	1.02
6	DBS NOMINEES PTE LTD	1,893,847	0.89
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,529,000	0.72
8	LAN LONG CHUN	1,268,000	0.60
9	LIM TCHEN NAN	1,142,000	0.54
10	SOLIGNY BRUNO LUDOVIC	1,138,000	0.54
11	KHOO MENG KOON EDWIN	1,100,000	0.52
12	ZHOU CONGSHU	1,067,900	0.50
13	TAN POO SENG	1,000,000	0.47
14	WANG HONGCHUN	1,000,000	0.47
15	ONG KEK SIONG	950,000	0.45
16	LIAN SENG CHEONG	908,000	0.43
17	YEO SENG BUCK	900,000	0.42
18	MOHAMED ESOOF BIN ABDUL RAHMAN	748,000	0.35
19	KOH YOUNG KWANG	645,000	0.30
20	OCBC SECURITIES PRIVATE LTD	608,000	0.29
Total		165,162,269	77.75

STATISTICS OF SHAREHOLDINGS

截止2015年3月18日股权持有量统计

AS AT 18 MARCH 2015

SUBSTANTIAL SHAREHOLDERS 主要股东

(As recorded in the Register of Substantial Shareholders) (根据主要股东名册记录)

Name of Substantial Shareholders 大股东名称	Direct Interest 直接利益	%	Deemed Interest 间接利益	%
Better Ace International Limited	117,429,420	55.28	—	—
Wang Yufen ⁽¹⁾	—	—	117,429,420	55.28
Pu Xiaofang ⁽¹⁾	—	—	117,429,420	55.28
Phillip Securities Pte Ltd	23,578,324	11.10	—	—

Note:

(1) Madam Wang Yufen, together with her daughter, Ms Pu Xiaofang, the Executive Director of the Company, collectively own 81.3% interest in Better Ace International Limited ("Better Ace") and accordingly are deemed to be interested in the 117,429,420 shares held by Better Ace in the Company.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS 公众持股比例

Approximately 33.62% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

公众持有的公司股份比例约占33.62%。因此，公司已遵守新交所上市手册第723条规则。

NOTICE OF ANNUAL GENERAL MEETING

年度股东大会公告

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Yong Xin International Holdings Ltd. (the “**Company**”) will be held at Level 11, The Finexis Building, 108 Robinson Road, Singapore 068900 on Thursday, 23 April 2015 at 3.00 p.m. to transact the following ordinary and special businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and Audited Accounts of the Company for the financial year ended 31 December 2014 and the Auditors’ Report thereon. **(Resolution No. 1)**
2. To re-elect the following Directors retiring by rotation pursuant to Article 89 of the Articles of Association of the Company:-

Mr Tsang Siu For Thomas [See Explanatory Note (i)] **(Resolution No. 2)**

Mr Yuan Xuanli [See Explanatory Note (ii)] **(Resolution No. 3)**
3. To approve the payment of Directors’ fees of S\$120,000 for the financial year ending 31 December 2015, to be paid quarterly in arrears. (2014: S\$120,000). **(Resolution No. 4)**
4. To re-appoint Messrs Mazars LLP as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution No. 5)**
5. To transact any other ordinary business that may be transacted at an annual general meeting.

AS SPECIAL BUSINESS

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

6. **Share Issue Mandate** **(Resolution No. 6)**

That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), authority be and is hereby given to the Directors to:

- (a)
 - (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

年度股东大会公告

provided that:

- (1) the aggregate number of shares to be issued pursuant to such Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) 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 manner of 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 the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of passing this Resolution, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities;
 - (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (iii) any subsequent bonus issue, consolidation or sub-division of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual 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 for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution 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. [See Explanatory Note (iii)]

BY ORDER OF THE BOARD

BENNY LIM HENG CHONG
LOW WAI CHEONG
Joint Company Secretaries

Singapore, 8 April 2015

NOTICE OF ANNUAL GENERAL MEETING

年度股东大会公告

Explanatory Notes:

- (i) Mr Tsang Siu For Thomas will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee, as well as a member of the Nominating and Remuneration Committees, and will be considered independent for the purposes of Rule 704(8) of the listing rules of the SGX-ST.

There are no relationships (including immediate family relationships) between Mr Tsang and the other Directors, the Company or the 10% shareholders (as defined in the Code of Corporate Governance 2012) of the Company.

Detailed information on Mr Tsang can be found under "Board of Directors" and "Corporate Governance Report" in the Company's Annual Report 2014.

- (ii) Mr Yuan Xuanli will, upon re-election as a Director of the Company, remain as an Executive Director of the Company.

There are no relationships (including immediate family relationships) between Mr Yuan and the other Directors, the Company or the 10% shareholders (as defined in the Code of Corporate Governance 2012) of the Company.

Detailed information on Mr Yuan can be found under "Board of Directors" and "Corporate Governance Report" in the Company's Annual Report 2014.

- (iii) The Ordinary Resolution 6 proposed in item 6 above, if passed, will authorise the Directors of the Company from the date of this 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, fifty per cent. (50%) of the issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per cent. (20%) 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 issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

Notes:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 143 Cecil Street, #17-00 GB Building, Singapore 069542 not less than forty-eight (48) hours before the time appointed for holding the AGM.

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.

YONG XIN INTERNATIONAL HOLDINGS LTD.

(Company Registration No. 200515483H)

(Incorporated in the Republic of Singapore)

Proxy Form

Annual General Meeting

(Please see notes overleaf before completing this form)

Important:

1. For investors who have used their CPF monies to buy the Shares, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We, _____ (Name)

of _____ (Address)

being a member/members of YONG XIN INTERNATIONAL HOLDINGS LTD. (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her, 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 Level 11, The Finexis Building, 108 Robinson Road, Singapore 068900 on Thursday, 23 April 2015 at 3.00 p.m, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

No.	Resolutions relating to:	For *	Against *
1	Adoption of Directors' Report and Audited Accounts for the year ended 31 December 2014		
2	Re-election of Mr Tsang Siu For Thomas as a Director		
3	Re-election of Mr Yuan Xuanli as a Director		
4	Approval of Directors' fees amounting to S\$120,000 for the year ending 31 December 2015, to be paid quarterly in arrears		
5	Re-appointment of Messrs Mazars LLP as Auditors, and to authorise the Directors to fix their remuneration		
6	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the SGX-ST		

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

Dated this _____ day of _____ 2015

TOTAL NUMBER OF SHARES HELD IN:	
(a) CDP Register	
(b) Register of Members	

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



Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as alternate to the first named or at the Company's option to treat this proxy form as invalid.
3. A proxy need not be a member of the Company.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
5. This proxy form must be deposited at the Company's registered office at 143 Cecil Street, #17-00 GB Building, Singapore 069542 not less than 48 hours before the time set for the AGM.
6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where this proxy form is signed on behalf of the appointor of an attorney, the letter or power of attorney or duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

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 8 April 2015.

General:

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



YONG XIN INTERNATIONAL HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200515483H)

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