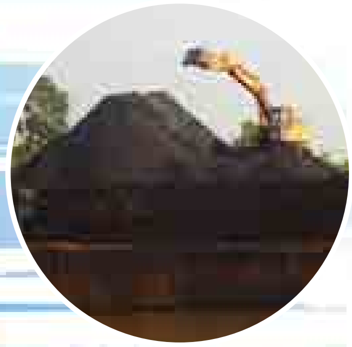
SINCAP GROUP

SINCAP GROUP LIMITED

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

Annual Report 2016



CONTENTS

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

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

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> “The demand and price for coal have increased since the government of the People’s Republic of China (“**PRC**”) implemented the 276-day annual operating limit on its coal mines, in May 2016.”

The Group began its core operations in gypsum mining in 1999. In 2005, the Group expended its operations into alumina trading and started trading in coal in 2011. The Group has since established a wide network of suppliers and customers in the PRC for these commodities.

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

CORPORATE STRUCTURE

Dear Shareholders,

On behalf of the Board of Sincap Group Limited ("**Sincap**" or the "**Group**"), it is my pleasure to present to you our Annual Report for the financial year ended 31 December 2016 ("**FY2016**").

The demand and price for coal have increased since the government of the People's Republic of China ("**PRC**") implemented the 276-day annual operating limit on its coal mines, in May 2016. Our subsidiary, Orion Energy Resources Pte. Ltd. ("**Orion**") has benefited from such policy developments in the PRC and has contributed to the Group's revenue and profit after tax of in the amounts of RMB163.8 million and RMB15.1 million respectively. While we believe the outlook for coal is positive, this very much depends on political developments in the PRC and policies on global climate change.

In FY2016, the prices for gypsum and alumina declined significantly in the PRC, influenced by the slowdown in the PRC construction industry and availability of synthetic substitutes. Since I took over as the Executive Chairman and Chief Executive Officer ("**CEO**") of the Group in July 2015, efforts have been made to work with the Chinese management in order to manage the Group's operations in the PRC. This has proven to be a challenging task. Despite the efforts made towards the management of the Group's operations in the PRC, we were surprised to receive a letter from the Chinese management and Employee's Union of Shandon Luneng Taishan Mining Co. Ltd. on 6 March 2017. The contents of this letter were announced on 9 March 2017 on the Singapore Exchange Securities Trading Limited. The Group is in the process of investigating the claims stated in the letter and shall be updating shareholders of the Group once it is able to verify the contents therein. The outlook for gypsum and alumina segments remain soft and the Group will continue exploring new business opportunities.

The Group's property business segment ceased operations on 30 May 2016 following the disposal of the Group's development property in Perth.

Financial Review

The Group's revenue decreased by RMB387.9 million or 56.0%, from RMB692.5 million in FY2015 to RMB304.6 million in FY2016.

Revenue from the sale of alumina decreased by RMB599.0 million or 93.0%, from RMB643.8 million in FY2015 to RMB44.8 million in FY2016. There has been no sale of alumina since April 2016 due to the management's effort to scale down its operations. The scaling down of operations is in light of the current decreasing commodity prices in the PRC and the falling margin that is not in favour of the Group. The management is currently monitoring the market situation and may decide to commence sale of alumina again when the commodity prices improve in the PRC. The sales volume has decreased by 268,553 tons, from 296,507 tons in FY2015 to 27,954 tons in FY2016.

Revenue from the sale of gypsum increased by RMB6.2 million or 18.0%, from RMB34.5 million in FY2015 to RMB40.7 million in FY2016. The increase was mainly attributable to an increase in sales volume of gypsum of 23,888 tonnes or 5.9%, from 408,080 tonnes in FY2015 to 431,968 tonnes in FY2016. Since July 2016, the Group has been selling amounts of gypsum based on agreed prices with customers instead of RMB per ton. Such sales amount to approximately 11.7% of the total revenue of the sales of gypsum.

Revenue from the sale of coal and commission income amounting to RMB163.8 million and RMB9.7 million respectively was contributed by our 51% new subsidiary, Orion which was acquired in September 2015. The revenue from sales of coal and commission income amount to 57.0% of the Group's total revenue in FY2016.

The Group's gross profit increased by RMB8.0 million or 34.9%, from RMB22.9 million in FY2015 to RMB30.9 million in FY2016. This was mainly attributable to an increase in gross profit from the sale of coal and commission income of RMB19.7 million, sales of gypsum of RMB1.9 million and the disposal of the Group's development property of RMB2.0 million, partially offset by a decrease in gross profit from the sale of alumina of RMB15.6 million.

The Group's overall gross profit margin increased from 3.3% in FY2015 to 10.2% in FY2016 mainly due to a higher revenue contribution from sales of coal and commission income and a lower revenue contribution from sales of alumina. Revenue from sales of alumina amount to 14.7% of the Group's total revenue in FY2016 compared to 93.0% in FY2015.

The Group's interest income decreased by RMB2.7 million or 47.4%, from RMB5.7 million in FY2015 to RMB3.0 million in FY2016, mainly due to a decrease in interest earned from bills receivables.

Distribution costs decreased by RMB1.4 million or 31.1%, from RMB4.5 million in FY2015 to RMB3.1 million in FY2016, which was in line with lower sales of alumina. The Group has scaled down its alumina operations since April 2016 in view that the current pricing structure in the PRC is not favourable to the Group. The Group has incurred approximately RMB1.9 million in payment to the sales staff of alumina operations.

Administrative expenses decreased by RMB1.8 million or 8.7%, from RMB20.8 million in FY2015 to 19.0 million in FY2016. This was mainly due to (i) lower professional fees amounting to RMB1.6 million that was incurred in FY2015 for corporate actions; (ii) no performance share was granted in FY2016 compared to RMB1.0 million granted in FY2015. However, there was an increase of RMB1.0 million in expenses incurred for the disposal of development property.

Finance costs decreased by RMB3.7 million or 63.8%, from RMB5.8 million in FY2015 to RMB2.1 million in FY2016, mainly due to a decrease of RMB1.7 million in interest, of which RMB1.3 million relates to the AUD5.1 million loan borrowed by SCL Murray Pte Ltd ("SCL Murray") and the unwinding of imputed interest of RMB1.8 million pursuant to FRS39 following a change in repayment term of an outstanding loan. The Group has redeemed the SCL Murray's loan with the proceeds from the disposal of the development property in June 2016.

Other expenses decreased by RMB4.8 million or 46.6%, from RMB10.3 million in FY2015 to RMB5.5 million in FY2016, mainly due to the provision of impairment on the development property amounting to RMB 9.3 million in FY2015 which was disposed in FY2016. This is offset by the impairment loss of the exploration and evaluation assets of RMB2.8 million and foreign exchange loss of RMB2.3 million.

The Group incurred income tax expense of RMB5.8 million in FY2015 as compared to RMB4.2 million in FY2016, mainly due to lower profit from its alumina operations.

Consequently, we posted a profit after tax of RMB0.6 million, compared to a loss after tax of RMB18.4 million in FY2015.

The Group recorded positive working capital of RMB89.7 million as at 31 December 2016, as compared to RMB51.0 million as at 31 December 2015.

The Group's total equity increased by RMB18.0 million, from RMB115.2 million as at 31 December 2015 to RMB133.2 million as at 31 December 2016. The increase was mainly due to the issuance of new shares of RMB10.8 million on 12 August 2016 pursuant to a placement as well as the additional non-controlling interest of RMB8.0 million in relation to Orion.

Operation review

China's government introduced a slew of property curbs in 2016 and that are likely to be kept in place throughout 2017. China's approach to regulating its red-hot property market will include financial, fiscal, tax, land and regulatory measures. It is forecasted that this will have a negative impact on the construction sector.

The outlook for gypsum and alumina segments will continue to be soft in light of the PRC government's property cooling measures and competition from cheaper synthetic substitutes. Gypsum is a key component in the manufacture of cement which is generally used in the construction sector, particularly in the property business. China has raised the environmental standards in the mining sector, issuing punishment to those that do not comply with its new laws and standards relating to pollution. This will lead to an increase in operation cost and closing down of some mines. The Group will continue to search for other business opportunities.

The Group's property business segment ceased on 30 May 2016 following the disposal of the Group's development property owned by SCL Murray, in Perth, Australia.

Coal trading is the Group's best performance segment in FY2016 and we believed this segment will continue to grow and expand in FY2017. Coal price has rebounded in second half of 2016 due to Beijing's self-imposed production constraints. Although the outlook for coal is positive, the future directions of the coal in the Asian market are strongly determined by political developments in China and policies on global climate change. Currently the Company is trading on an average of 6 shipments per month and is looking into obtaining more financial support through bank facilities and the Rights Issue to increase the number of shipments.

Outlook and strategy

The Group's gypsum trading is affected by the growth in the construction industry in the PRC and government policy on mining. The cooling measures introduced by PRC to rein in skyrocketing property prices and speculation activities have caused a slowdown in the real estate market.

On 24 January 2017 and 5 December 2016, the Company announced the proposed renounceable non-underwritten rights issue of up to 2,603,350,000 new ordinary shares of the Company at the issue price of S$0.01 per Rights Share, on the basis of five (5) Rights Shares for every one (1) existing ordinary share in the capital of the Company held by the Shareholders (the "**Rights Issue**"). The net proceeds arising from the proposed Rights Issue, after deducting estimated costs and expenses of S$150,000 relating to the Rights Issue, is approximately S$25.88 million. The Company intends to use the net proceeds arising from the Rights Issue as set out below

Use of Proceeds	**Percentage of Net Proceeds (%)**
1. For expansion/growth of the mining and/or mineral and resource trading of the Group (which includes but is not limited to the current and/or future mining and/or mineral and resources trading of the Group, any related, complementary or ancillary businesses and towards securing any credit facilities of the Group) and financing business ventures through acquisitions, joint ventures, partnerships, corporation and/or strategic investments which includes mining and/or mineral and resource trading and any related, complementary or ancillary businesses	60-70
2. Working capital purposes	30-40
Total	100

The Group will continue to restructure and reorganise its business with a view to broadening its revenue base and strengthening its profitability. We hope to achieve this by trimming unprofitable segments and focusing our resources on current profitable areas, in the course of the year. Further, we will be working towards acquiring lucrative businesses that hold great prospects to position the Group for competitive and profitable growth.

Changes to the Board and new management

During FY2016, three directors, namely Mr. Tan Seow Kheng, Mr. Bay Cheow Guan David and Mr. Wee Liang Hiam had resigned from the Board. I would like to place on record, our appreciation for their contributions to the Group during their tenure as directors of the Company.

The Group would also like to add that Mr. Lim Teck Chai Danny will be stepping down as director of the Company to pursue other personal commitments.

With his departures, we will be reconstituting the entire Board with the addition of two new directors, Mr. Yau Woon Foong and Mr. Robby. Mr. Yau will be providing fresh perspectives on the current restructuring and reorganising of the Group while Mr. Robby will be bringing with him in-depth understanding and extensive experience in the coal business.

Under the leadership of the new Board, we are confident of propelling the Group's business to new heights.

Acknowledgements

I would like to sincerely thank the Board for its wise counsel in helping the Group navigate through a challenging FY2016.

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

Chu Ming Kin
Executive Chairman & CEO

CHU MING KIN
Executive Chairman and Chief Executive Officer

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

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

LIM JIN WEI
Lead Independent Director

Mr Lim Jin Wei was appointed to our Board on 14 November 2016 and is a member of the audit committee, remuneration committee and nominating committee of the Company. On 18 November 2016, he has been re-designated as the Lead Independent Director of the Company as well as the Chairman of the Audit and Risk Committee and remains as a member of the Nominating and Remuneration Committees. He also serves as independent director of Singapore listed Epicentre Holdings Limited and the Chairman of its Audit and Risk Committee. He has been the director of Choon Hua Trading Corporation Sdn Bhd (Choon Hua) since January 2007 to spearhead various additions and improvement to the company's infrastructure and business of importing and distribution of frozen foods and fast-moving consumer goods (FMCG) in East Malaysia. He started his career as auditor with Deloitte & Touche, Singapore and became Audit Manager in 2004. During his career as auditor, he managed financial audit of multinationals and local companies in several industries including computers & electronics, shipping, manufacturing, construction, foods and beverages as well as trading and distribution. He also has experiences as Independent Auditor for Initial Public Offerings of PRC companies in Singapore including on-site due diligence. He was also involved in a reverse take over (RTO) exercise of a Singapore Listed Company and upon completion of RTO, he remains as the Chief Financial Officer of its property division until February 2015. Lim Jin Wei graduated from the Queensland University of Technology with a Bachelor of Business (Accountancy) degree and is a Certified Public Accountant with the CPA Australia.

YAU WOON FOONG
Independent Director

Mr Yau was appointed to the Board as Independent Director on 4 April 2017. He currently sits on the board of AA Group Holdings Limited, a public company listed on the Catalist Board of the SGX-ST and Allied Technologies Limited, another public company listed on the SGX-ST. He is also presently a director of several private companies.

Prior to that, he was running a corporate services firm which provided bespoke corporate services solutions to SMEs and listed entities in Singapore and overseas, and was also formerly a director of a boutique advisory firm providing dedicated services to asset management companies in the establishment of funds and provision of fund administration services.

Mr Yau graduated from Nanyang Technological University with a Bachelor of Accountancy (Honours).

ROBBY
Independent Director

Mr Robby was appointed as our Independent Director on 4 April 2017. He is currently a consultant to a coal company and a financial director in a coal trading company. Mr Robby brings to the Group an extensive coal trading experience from holding a variety of senior positions in the Indonesian mining industry.

He started his career as an auditor with Pt Taxforte Consult, and became the Chief Financial Officer in Pt. Grand Mitra Sukses in 2011. Mr Robby has more than 10 years of accounting and finance experience, having been involved in both operational and strategic levels.

Mr Robby graduated from University of Tarumanagara, Jakarta with a Bachelor of Accounting.

Ian Tan Tee Hiang
Independent Director

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

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

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

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

BOARD OF DIRECTORS

Lim Teck Chai, Danny
Independent Director

Mr. Lim Teck Chai, Danny was appointed to the Board as Independent Director on 14 November 2016. He is also an independent director of TEE Land Limited, China Star Food Group Limited, UG Healthcare Corporation Limited and Kimly Limited.

Mr. Danny Lim is currently an equity partner in Rajah & Tann Singapore LLP. He joined the firm in 1998 and has since been practicing and advising on all aspects of corporate legal advisory and transactional work, both locally and regionally. He has a wide range of experience in acquisitions, investments, takeovers, initial public offerings and restructurings, amongst others, and his clients include multi-national corporations, small medium enterprises, private equity and institutional investors, Singapore and foreign listed companies, financial institutions and others.

Mr. Lim graduated with a Bachelor of Law (Honours) degree from the National University of Singapore in 1998 and a Master of Science (Applied Finance) degree from Technological University in 2006.

KEY MANAGEMENT

FU HAO
Head of China Operations

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

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

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

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

NG PEI ENG
Chief Financial Officer

Ms Ng Pei Eng has been appointed as the Company's Chief Financial Officer on 14 November 2016. She is responsible for the overall financial, accounting, compliance reporting and internal control functions of our Group. She is also in charge of liaising with and reporting to our Audit Committee on the Group's accounting and financial matters. Ms Ng has several years of working in listed companies before she joined the Group.

Ms Ng is a fellow with the Association of Chartered Certified Accountants, and a member of the Institute of Singapore Chartered Accountants.

RAJU NANWANI
Group General Manager, Sincap Group Limited

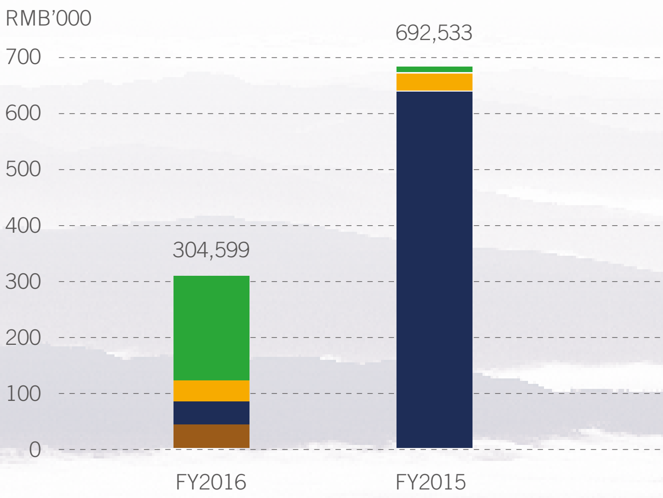
Mr Raju Nanwani appointed in October 2016 as the Group General Manager.

He has been working in management and operations of coal trading business in Jakarta, Indonesia from 2012 and the marketing for the India coal market.

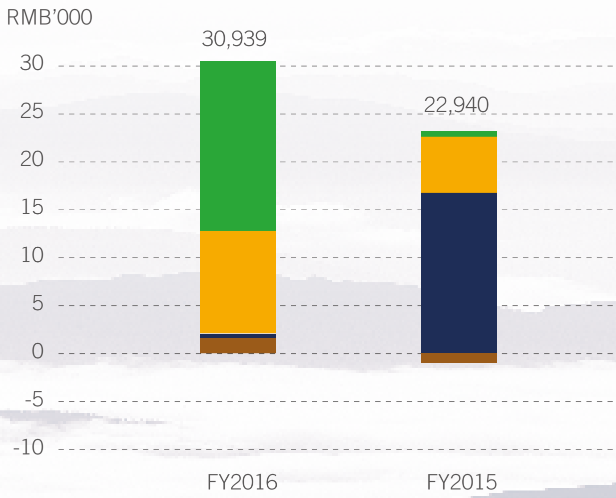
He started his career in marketing from 1980 in Taiwan and has been in many countries. He has more than 25 years of experience in marketing, sales and in the mining industry. He also speaks many languages.

	FY2016	FY2015
FOR THE YEAR (RMB'000)		
Revenue	304,599	692,533
Earning before interest expenses, tax, depreciation and amortisation (EBITDA)	21,958	15,626
Profit / (Loss) before tax	4,776	(12,537)
Net profit / (loss) after tax and non-controlling interest	587	(18,381)
At year end (RMB'000)		
Total Assets	156,469	225,609
Net tangible assets	100,646	87,826
Total shareholders' equity	121,045	111,120
Total liabilities	23,275	110,372
Bank and cash balances	17,979	52,673
Gearing ratio	-2%	35%
Per share (RMB cents)		
Loss		
- basic	(1.37)	(5.05)
- fully diluted	(1.37)	(5.05)
No of shares as at 31 December	520,670,000	484,004,000
Net assets value	23.2	23.0
Net tangible assets	19.3	18.1
Return (%)		
Return to turnover	0.193%	(2.654%)
Return on shareholders' equity	0.485%	(16.542%)
Return on total assets	0.375%	(8.147%)

REVENUE



GROSS PROFIT



ALUMINA PROPERTY GYPSUM COAL

CORPORATE INFORMATION

BOARD OF DIRECTORS
Chu Ming Kin (Executive Chairman and Chief Executive Officer)
Lim Jin Wei (Lead Independent Director)
Yau Woon Foong (Independent Director)
Robby (Independent Director)
Ian Tan Tee Hiang (Independent Director)
Lim Teck Chai, Danny (Independent Director)

JOINT COMPANY SECRETARY
Low Yew Shen
Leow Siew Yon

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Partner-in-charge: Joshua Ong Kian Guan
(a member of the Institute of Singapore Chartered Accountants)
(Since the financial year ended 31 December 2015)

FINANCIAL CONTENTS

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

This report describes the Group's corporate governance processes and structures during the financial year ended 31 December 2016 ("**FY2016**") with specific reference made to the principles and guidelines of the Singapore Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Limited ("**SGX-ST**") in January 2015 (the "**Guide**"). Where there are deviations from the Code and the Guide, appropriate explanations are provided.

BOARD MATTERS

The Board's Conduct of its Affairs

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

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

Guidelines of the Code	Corporate Governance Practices of the Group
1.3 The board may delegate the authority to make decisions to any board committee but without abdicating its responsibility Any such delegation should be disclosed.	Our Directors recognise the importance of good corporate governance and in offering high standards of accountability to our shareholders. The Audit and Risk Committee (the "**ARC**"), the Nominating Committee (the "**NC**") and the Remuneration Committee (the "**RC**") (collectively referred to as the "**Board Committees**") were constituted to assist the Board in the discharge of its duties. These Board Committees function within clearly defined terms of reference which are reviewed on a regular basis to ensure their continued relevance. The Chairman of the respective Committees report to the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the respective Committee by the Board. The effectiveness of each Committee is also constantly reviewed by the Board.
1.4 The board should meet regularly and as warranted by particular circumstances, as deemed appropriate by the board members. Companies are encouraged to amend their articles of association (or other constitutive documents) to provide for telephonic and video-conference meetings. The number of meetings of the board and board committees held in the year, as well as the attendance of every board member at these meetings, should be disclosed in the company's annual report.	The Board conducts regular scheduled meetings and ad-hoc meetings are convened as and when required. The Company's Constitution provide for telephonic and video-conference meetings. The table below illustrates the number of meetings held in FY2016 and each Director's attendance of such meetings:

		Board of Directors		Audit and Risk Committee		Nominating Committee		Remuneration Committee	
Name	Position	Numbers of meeting							
		Held	Attended	Held	Attended	Held	Attended	Held	Attended
Current Directors									
Chu Ming Kin	Executive Chairman and Chief Executive Officer	3	3	3	2*	1	1*	1	1*
Lim Jin Wei (1)	Lead Independent Director	3	1	3	N/A	1	N/A	1	N/A
Ian Tan Tee Hiang	Independent Director	3	2	3	3	1	1	1	1
Lim Teck Chai Danny(2)	Independent Director	3	1	3	N/A	1	N/A	1	N/A
Yau Woon Foong(3)	Independent Director	3	N/A	3	N/A	1	N/A	1	N/A
Robby(4)	Independent Director	3	N/A	3	N/A	1	N/A	1	N/A
Past Directors									
Tan Seow Kheng(5)	Non-Executive Director	3	1	3	2*	1	1*	1	1*
Wee Liang Hiam(6)	Lead Independent Director	3	3	3	3	1	1	1	1
Bay Cheow Guan David(7)	Independent Director	3	3	3	3	1	1	1	1

* By Invitation
N/A – Not Applicable

1. Mr Lim Jin Wei was appointed as Independent Director on 14 November 2016 and re-designated as Lead Independent Director on 18 November 2016.
2. Mr Lim Teck Chai Danny was appointed as Independent Director on 14 November 2016.
3. Mr Yau Woon Foong was appointed as Independent Director on 4 April 2017.
4. Mr Robby was appointed as Independent Director on 4 April 2017.
5. Mr Tan Seow Kheng retired as Non-Executive Director on 26 April 2016.
6. Mr Wee Liang Hiam resigned as the Lead Independent Director on 9 November 2016.
7. Mr Bay Cheow Guan David resigned as the Independent Director on 7 November 2016.

Guidelines of the Code	Corporate Governance Practices of the Group
1.5 Every company should prepare a document with guidelines setting forth: (a) the matters reserved for the board's decision; and (b) clear directions to management on matters that must be approved by the board. The types of material transactions that require board approval under such guidelines should be disclosed in the company's annual report.	The Board has adopted internal guidelines setting the matters which are specifically reserved for its approval and clear directions have also been given to the management of the Company (the "**Management**") on matters that require Board's approval. Such matters are, *inter alia*, as follows: • material acquisitions and disposals of assets; • corporate or financial restructuring; • corporate strategies; • share issuances (including stock options or other equity awards), dividends and other capital transactions and returns to the shareholders; • approval of annual audited financial statements for the Group and the Directors' report thereto; • any public reports or press releases reporting the results of operations; and • matters involving a conflict or potential conflict of interest involving a substantial shareholder or a Director. In particular, in relation to the outstanding amounts owed by the Group to Mr Fu Hao (who is currently the Company's Head of China Operations and previously a substantial shareholder and Executive Chairman and Chief Executive Officer of the Company) and/or his associates, the ARC will, *inter alia*, review all payments and consider the cash flow position of the Group before making recommendations to the Board on repayment of such monies.
1.6 Incoming directors should receive comprehensive and tailored induction on joining the board. This should include his duties as a director and how to discharge those duties as a director and how to discharge those duties, and include an orientation programme to ensure that they are familiar with the company's business and governance practices. The company should provide training for first-time director[3] in areas such as accounting, legal and industry-specific knowledge as appropriate. It is equally important that all directors should receive regular training, particularly on relevant new laws, regulations, and changing commercial risks, from time to time. The company should be responsible for arranging and funding the training of directors. The board should also disclose in the company's annual report the induction, orientation and training provided to new and existing directors.	Newly appointed Directors will receive comprehensive and tailored induction upon joining the Board, including their duties as directors and how to discharge those duties. An orientation program including site visits to the Group's operations will be held where required to ensure that the Directors are familiar with the Group's business, organisation structure, corporate strategies and policies, and governance practices. The Company will also provide training for first-time Directors in areas such as accounting, legal and industry specific knowledge as appropriate. The Company from time to time conducts separate briefings for the Directors on the Company's core business, corporate policies, corporate governance practices and the regulatory requirements concerning disclosure of interests and restrictions on dealing in securities. The Directors are also regularly briefed on any changes in relevant laws and regulations, and industry development. The Directors are also encouraged to attend external programmes, seminars and receive training to enable them to perform effectively as Directors.

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

Guidelines of the Code	Corporate Governance Practices of the Group
1.7 Upon appointment of each director, the company should provide a formal letter to the director, setting out the director's duties and obligations.	When a new director is appointed, the Chief Executive Officer (the "**CEO**") of the Company will send a formal letter to him setting out his duties and responsibilities. A copy of the terms of reference will also be provided to directors who are appointed onto the Board Committees.

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.

Guidelines of the Code	Corporate Governance Practices of the Group
2.1 There should be a strong and independent element on the board, with independent directors making up at least one-third of the board.	As at 31 December 2016 (FY2016), the Board comprised the following Directors: **Executive Chairman and Chief Executive Officer ("CEO")** Chu Ming Kin **Independent Non-Executive Directors** Lim Jin Wei Ian Tan Tee Hiang Lim Teck Chai, Danny As at the date of this report, the Board comprises the following Directors: **Executive Chairman and Chief Executive Officer ("CEO")** Chu Ming Kin **Independent Non-Executive Directors** Lim Jin Wei Ian Tan Tee Hiang Lim Teck Chai, Danny Yau Woon Foong Robby
2.2 The independent directors should make up at least half of the board where: (a) the chairman of the board and the CEO (or equivalent) is the same person; (b) the chairman and the CEO are immediate family[5] members; (c) the chairman is part of the management team; or (d) the chairman is not an independent director.	The Chairman of the Board and CEO is the same person. As Independent Directors make up at least half of the Board, Guideline 2.2 of the Code is met.

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

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

Guidelines of the Code	Corporate Governance Practices of the Group
2.3 An independent director is one who has no relationship with the company, its related corporations[6], its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company. The board should identify in the company's annual report each director it considers to be independent. The board should determine, taking into account the views of the NC, whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. Directors should disclose to the board any such relationship as and when it arises. The board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including the following: (a) a director being employed by the company or any of its related corporations for the current or any of the past three financial years; (b) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the company or any of its related corporations and whose remuneration is determined by the remuneration committee; (c) a director, or an immediate family member, accepting any significant compensation from the company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for board service;	The independence of the Independent Directors is reviewed annually by the NC, based on the definition of independence as set out in the Code. The NC is responsible for annually assessing each Director's independence. Each Independent Director is required to complete a declaration form to confirm his independence based on the guidelines as set out in the Code. The Directors must also confirm whether they view themselves as independent even if they do not have any relationship with the Company, its related companies or its officers. The Independent Directors have also confirmed their independence in accordance with the Code. The Independent Directors, who are members of the NC, have abstained from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the evaluation of his independence. Taking into account the views of the NC, the Board is satisfied as to the independence of all the Independent Directors.

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

Guidelines of the Code	Corporate Governance Practices of the Group
(d) a director: (i) who, in the current or immediate past financial year, is or was; or (ii) whose immediate family member, in the current or immediate past financial year, is or was, a 10% shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organisation to which the company or any of its subsidiaries made, or from which the company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year. As a guide, payments[7] aggregated over any financial year in excess of S$200,000 should generally be deemed significant; (e) a director who is a 10% shareholder or an immediate family member of a 10% shareholder of the company; or (f) a director who is or has been directly associated with[8] a 10% shareholder of the company, in the current or immediate past financial year. The relationships set out above are not intended to be exhaustive, and are examples of situations which would deem a director to be not independent. If the board wishes, in spite of the existence of one or more of these relationships, to consider the director as independent, it should disclose in full the nature of the director's relationship and bear responsibility for explaining why he should be considered independent.	

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

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

Guidelines of the Code	Corporate Governance Practices of the Group
2.4 The independence of any director who has served on the board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the board should also take into account the need for progressive refreshing of the board. The board should also explain why any such director should be considered independent.	No Director of the Company has served more than nine years on the Board since the date of his first appointment for FY2016.
2.5 The board should examine its size, and with a view to determining the impact of the number upon effectiveness, decide on what it considers an appropriate size for the board, which facilitates effective decision making. The board should take into account the scope and nature of the operations of the company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the board and board committees. The board should not be so large as to be unwieldy.	After taking into account the review of the NC and the nature and scope of the Group's business and operations, the Board is of the view that it is of an appropriate size for effective decision making. The NC is of the view that no individual or small group of individuals dominates the Board's decision making process.
2.6 The board and its board committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the company. They should also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer based experience or knowledge.	The current Board has a good mix of core competencies including accounting, finance, legal, business and management experience. The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The Board has taken the following steps to maintain or enhance its balance and diversity: • Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and • Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board. The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.
2.7 Non-executive directors should: (a) constructively challenge and help develop proposals on strategy; and (b) review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.	During the meetings of the Board and Board Committees in FY2016, the Independent Directors actively participated and provided their inputs on matters including the Group's financial performance, corporate governance and the performance of the Management. Independent Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management proposals or; decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.
2.8 To facilitate a more effective check on management, non-executive directors are encouraged to meet regularly without the presence of management.	Where necessary, the Independent Directors meet without the presence of the Management to discuss any matters.

Chairman and Chief Executive Officer

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

Guidelines of the Code	Corporate Governance Practices of the Group
3.1 The chairman and the CEO should in principle be separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between the Chairman and the CEO should be clearly established, set out in writing and agreed by the board. In addition, the board should disclose the relationship between the chairman and the CEO if they are immediate family members.	Mr Chu Ming Kin is both the Executive Chairman and CEO of the Company. Although the roles of Chairman and the CEO are assumed by the same person, the Board determined that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions, without any individual or group of individuals exercising any considerable concentration of power or influence. The Independent Directors have demonstrated high commitment in their role as Independent Directors and have ensured that there is a good balance of power and authority. As such, the Board is of the view that there was no need for the role of the Chairman and CEO to be separated.
3.2 The chairman should: (a) lead the board to ensure its effectiveness on all aspects of its role; (b) set its agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues; (c) promote a culture of openness and debate at the board; (d) ensure that the directors receive complete, adequate and, timely information; (e) ensure effective communication with shareholders; (f) encourage constructive relations within the board and between the board and management; (g) facilitate the effective contribution of non-executive directors in particular; and (h) promote high standards of corporate governance.	In addition to all the responsibilities as set out in the Code, Mr Chu Ming Kin, is also responsible for devising business strategy and direction, and overseeing the Group's operations, including the mining and trading business.
The responsibilities set out above provide guidance and should not be taken as a comprehensive list of all the duties and responsibilities of a chairman.	

Guidelines of the Code	Corporate Governance Practices of the Group
3.3 Every company should appoint an independent director to be lead independent director where: (a) the chairman and the CEO is the same person; (b) the chairman and the CEO are immediate family members; (c) the chairman is part of the management team; or (d) the chairman director is not an independent director The lead independent director (if appointed) should be available to shareholders where they have concerns and for which contact through the normal channels of the chairman, the CEO or the chief financial officer (or equivalent) (the "CFO") has failed to resolve or is inappropriate.	As the Executive Chairman and CEO is the same person, Mr Lim Jin Wei was re-designated as the Lead Independent Director of the Company on 18 November 2016 and he is available to shareholders of the Company ("**Shareholders**") where they have concerns and whereby contact through the normal channels has failed to resolve, or where they have concerns for which such contact is inappropriate.
3.4 Led by the lead independent director, the independent directors should meet periodically without the presence of the other directors, and the lead independent director should provide feedback to the chairman after such meetings.	The Independent Directors will meet without the presence of the Management and the Executive Chairman as and when circumstances require to discuss any matters they wish to discuss without the presence of the Management will provide feedback to the Executive Chairman after such meetings.

Board Membership

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

Guidelines of the Code	Corporate Governance Practices of the Group
4.1 The board should establish a NC to make recommendations to the board on all board appointments, with written terms of reference which clearly set out its authority and duties. The NC should comprise at least 3 directors, a majority of whom, including the NC chairman, should be independent. The lead independent director, if any, should be a member of the NC. The board should disclose in the company's annual report the names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the board.	As at 31 December 2016, the NC comprised Mr Lim Teck Chai Danny as the Chairman and Mr Lim Jin Wei and Mr Ian Tan Tee Hiang as its members, all of whom are independent directors. The NC has adopted written terms of reference defining its members, administration and duties. The NC is responsible for making recommendations to the Board on all Board appointments, among other things.

Guidelines of the Code	Corporate Governance Practices of the Group
4.2 The NC should make recommendations to the board on relevant matters relating to: (a) the review of board succession plans for directors, in particular, the chairman and for the CEO; (b) the development of a process for evaluation of the performance of the board, its board committees and directors; (c) the review of training and professional development programs for the board; and (d) the appointment and re-appointment of directors (including alternate directors, if applicable). Important issues to be considered as part of the process for the selection, appointment and reappointment of directors include composition and progressive renewal of the board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director. All directors should be required to submit themselves for re-nomination and reappointment at regular intervals and at least once every three years.	Apart from all the items listed in Guideline 4.2 of the Code forming part of the terms of reference of the NC, such terms of reference also includes: (a) Evaluate and keep under review the balance of skills, knowledge and experience of the Directors (and the likely changes to such in the future) and make recommendations to the Board in relation to the rotation and succession of the Directors. (b) Make recommendations to the Board relating to all matters of a Director's independence and to review annually each Director's independence including his / her actual, potential or perceived conflicts of interests and commitments in terms of time. (c) Make recommendation to the Board regarding the re-appointment of directors upon their falling due for re-election by shareholders in accordance with the Company's Constitution or their re-appointment at the end of a specified term as set out in their letter of appointment. (d) Make recommendation to the Board relating to the continuation in office of any Director. (e) Consider how the Board's performance may be evaluated and to propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long- term shareholders' value All Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years. Under the Company's Constitution, one-third of the Board is to retire from office by rotation and be subject to re-election at the annual general meeting of the Company. The Constitution of the Company also provides that the Directors to retire in every year shall be those who have been longest in office since the last election, but as between persons who became directors on the same day, those to retire shall be determined by. In addition, any Director appointed as a result of a vacancy occurring in the Board of Directors shall retire from office at the following annual general meeting but shall be eligible for re-election, pursuant to the Constitution of the Company. The NC has recommended the re-election of Mr Lim Jin Wei, Mr Lim Teck Chai Danny, Mr Yau Woon Foong and Mr Robby who are retiring at the forthcoming AGM pursuant to Regulation 81 of the Constitution of the Company. However, Mr Lim Teck Chai Danny had indicated that he does not wish to seek re-election as Director of the Company at the forthcoming AGM due to other commitments. Accordingly, Mr Lim Teck Chai Danny would be retiring as Director at the conclusion of the AGM.

Guidelines of the Code	Corporate Governance Practices of the Group
4.3 The NC is charged with the responsibility of determining annually, and as and when circumstances require, if a director is independent, bearing in mind the circumstances set forth in guidelines 2.3 and 2.4 and any other salient factors. If the NC considers that a director who has one or more of the relationships mentioned therein can be considered independent, it shall provide its views to the board for the board's consideration. Conversely, the NC has the discretion to consider that a director is not independent even if he does not fall under the circumstances set forth in guideline 2.3 or guideline 2.4, and should similarly provide its views to the board for the board's consideration.	As at 31 December 2016, the NC has conducted an annual review of the Directors' independence and is of the opinion that the Independent Directors, namely Mr Lim Teck Chai Danny, Mr Ian Tan Tee Hiang and Mr Lim Jin Wei are independent. The Independent Directors have also confirmed their independence in accordance with the Code.
4.4 When a director has multiple board representations, he must ensure that sufficient time and attention is given to the affairs of each company. The NC should decide if a director is able to and has been adequately carrying out his duties as a director of the company, taking into consideration the director's number of listed company board representations and other principal commitments[9]. Guidelines should be adopted that address the competing time commitments that are faced when directors serve on multiple boards. The board should determine the maximum number of listed company board representations which any director may hold, and disclose this in the company's annual report.	The NC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards and/ or have other principal commitments. The NC has set the maximum number of listed company board representations which any Director may hold shall at any time be six (6) (the "**Cap**"). A Director who proposes to hold any additional appointments on the board of a listed company in excess of the Cap will have to submit an application in writing to the NC, of which will deliberate and make recommendation to the Board for its approval. A Director who is the subject of such application shall not participate in the deliberation, recommendation and approvals of the NC and Board as applicable. The NC has from time to time, evaluated the performance of each Director to ensure that he has devoted adequate and sufficient time to carry out his duties and responsibilities effectively, taking into consideration the Director's other board representations and/ or principal commitments. In assessing the capacity of the Directors, the NC has taken into consideration, *inter alia*, the following: - Expected and/or competing time commitments of Directors; - Geographical location of Directors; - Size and composition of the Board; and - Nature and scope of the Group's operations and size. The NC, having reviewed the time spent and attention given by each of the Directors to the Company's affairs, is satisfied that all Directors have discharged their duties adequately for FY2016.

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

Guidelines of the Code	Corporate Governance Practices of the Group
4.5 The board should generally avoid approving the appointment of alternate directors. Alternate directors should only be appointed for limited periods in exceptional cases such as when a director has a medical emergency. If an alternate director is appointed, the alternate director should be familiar with the company affairs, and be appropriately qualified. If a person is proposed to be appointed as an alternate director to an independent director, the NC and the board should review and conclude that the person would similarly qualify as an independent director, before his appointment as an alternate director. Alternate directors bear all the duties and responsibilities of a director.	The Company does not have any alternate directors in FY2016.
4.6 A description of the process for the selection, appointment and re-appointment of directors to the board should be disclosed in the company's annual report. This should include disclosure on the search and nomination process.	The process for the selection and appointment of new Directors is as follows: 1. **Determination of selection criteria**: The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge to complement and strengthen the Board. 2. **Search for suitable candidates:** The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary. 3. **Assessment of shortlisted candidates**: The NC would deliberate on the competencies of each shortlisted candidate against the needs of the Board to select a candidate for the directorship role. 4. **Appointment of director**: The NC would recommend the selected candidate to the Board for consideration and approval. The process for re-electing incumbent Directors is as follows: 1. **Assessment of director**: The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and the NC would also consider the current needs of the Board. 2. **Re-appointment of director**: Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and acceptance.

<table>
<tr><th>Guidelines of the Code</th><th>Corporate Governance Practices of the Group</th></tr>
<tr><td>4.7 Key information regarding directors, such as academic and professional qualifications, shareholding in the company and its related corporations, board committees served on (as a member or chairman), date of first appointment as a director, date of last re-appointment as a director, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments, should be disclosed in the company's annual report.

In addition, the company's annual disclosure on corporate governance should indicate which directors are executive, non-executive or considered by the NC to be independent. The names of the directors submitted for appointment or re-appointment should also be accompanied by such details and information to enable shareholders to make informed decisions. Such information, which should also accompany the relevant resolution, would include:

(a) any relationships including immediate family relationships between the candidate and the directors, the company or its 10% shareholders;

(b) a separate list of all current directorships in other listed companies; and

(c) details of other principal commitments.</td><td>Profiles of the Directors' professional qualifications and background are set out on page 5 and 6 of the Annual Report.

<table>
<tr><th>Name of Director</th><th>Position held on the Board</th><th>Date of first appointment to the Board</th><th>Date of last re-election as Director</th></tr>
<tr><td>Chu Ming Kin</td><td>Executive Chairman and Chief Executive Officer</td><td>6 April 2015</td><td>26 April 2016</td></tr>
<tr><td>Lim Jin Wei</td><td>Lead Independent Director</td><td>14 November 2016</td><td>Not applicable</td></tr>
<tr><td>Ian Tan Tee Hiang</td><td>Independent Director</td><td>7 July 2015</td><td>26 April 2016</td></tr>
<tr><td>Lim Teck Chai, Danny</td><td>Independent Director</td><td>14 November 2016</td><td>Not applicable</td></tr>
<tr><td>Yau Woon Foong</td><td>Independent Director</td><td>4 April 2017</td><td>Not applicable</td></tr>
<tr><td>Robby</td><td>Independent Director</td><td>4 April 2017</td><td>Not applicable</td></tr>
</table>

The list of directorship in other listed companies, both current and those held over the preceding 3 years, and other principal commitments for each of the current Directors are as follows:

<table>
<tr><th>Name of Director</th><th>Directorship in Other Listed Companies</th><th>Past directorships in other listed companies (preceding three years)</th><th>Details of Other Principal Commitment, if any</th></tr>
<tr><td>Chu Ming Kin</td><td>Nil</td><td>Nil</td><td>Member of Alush Thailand</td></tr>
<tr><td>Lim Jin Wei</td><td>Epicentre Holdings Limited</td><td>Nil</td><td>Director, Choon Hua Trading Corporation Sdn Bhd</td></tr>
<tr><td>Ian Tan Tee Hiang</td><td>Nil</td><td>Nil</td><td>Eternal Asia (M) Sdn Bhd</td></tr>
<tr><td>Lim Teck Chai Danny</td><td>• UG Healthcare Corporation Limited
• China Star Food Group Limited
• TEE Land Limited
• Kimly Limited</td><td>• Trans-cab Holdings Ltd.
• Deskera Holdings Ltd.</td><td>Partner, Rajah & Tann Singapore LLP</td></tr>
<tr><td>Yau Woon Foong</td><td>• AA Group Holdings Limited
• Allied Technologies Limited</td><td>Nil</td><td>Executive Director, AA Group Holdings Limited</td></tr>
<tr><td>Robby</td><td>Nil</td><td>Nil</td><td>Nil</td></tr>
</table>
</td></tr>
</table>

Board Performance

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

Guidelines of the Code	Corporate Governance Practices of the Group
5.1 Every board should implement a process to be carried out by the NC for assessing the effectiveness of the board as a whole and its board committees and for assessing the contribution by the chairman and each individual director to the effectiveness of the board. The board should state in the company's annual report how the assessment of the board, its board committees and each director has been conducted.	The NC has developed a process to evaluate the performance and effectiveness of the Board as a whole, its Board Committees and the contribution by individual Directors to the effectiveness of the Board, based on the performance criteria approved by the Board. At the end of each financial year, all Directors are requested to complete a Board evaluation questionnaire designed to seek their views on the various aspects of the Board performance so as to assess the overall effectiveness of the Board and the Board Committees. The responses are collated independently by the Company Secretary and the results are reviewed by the NC before submitting to the Board for discussing and determining areas for improvement and enhancement of the Board's, the Board Committees' and Directors' effectiveness.

Guidelines of the Code	Corporate Governance Practices of the Group
If an external facilitator has been used, the board should disclose in the company's annual report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's annual report.	The Chairman of the Board will act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the board or seek the resignation of directors. The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole, is of the view that the performance of the Board has been satisfactory in FY2016 and that the Board has met its performance objectives in FY2016. No external facilitator has been used in the assessment process.
5.2 The NC should decide how the board's performance may be evaluated and propose objective performance criteria. Such performance criteria, which allow for comparison with industry peers, should be approved by the board and address how the board has enhanced long term shareholders value. These performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the board to justify this decision.	The performance criteria approved by the Board addresses how the Board has enhanced long term shareholders value, and are not changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such decision. The performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board are as follows: Board composition; (i) Board Information; (ii) Board Process; (iii) Board Accountability; and (iv) Standards of Conduct.
5.3 Individual evaluation should aim to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the board and board committees, and any other duties). The chairman should act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the board or seek the resignation of directors.	Each member of the Board will, on an annual basis, carry out a performance review to assess the effectiveness of the other Directors as part of the questionnaire as mentioned above. Through the evaluation process and intensity of participation by the Directors at the Board and Board Committees meetings and their quality of contribution, the NC is satisfied that the Directors are able to continue contributing effectively and the results of the assessment has been communicated to and accepted by the Board.

<u>**Access to Information**</u>

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

Guidelines of the Code	Corporate Governance Practices of the Group
6.1 The management has an obligation to supply the board with complete, adequate information in a timely manner. Relying purely on what is volunteered by the management is unlikely to be enough in all circumstances and further enquiries may be required if the particular director is to fulfil his duties properly. Hence, the board should have separate and independent access to the management.	The management keep the Board informed of the Group's operations and performance on an on-going basis, through updates and reports as well as through informal discussions. Prior to the meetings of the Board and/or Board Committees, Directors are provided, where appropriate, with information to enable them to participate at the meetings. The Board has separate and independent access to senior management executives of the Group at all times in carrying out its duties.

<table>
<tr><th colspan="2">Guidelines of the Code</th><th>Corporate Governance Practices of the Group</th></tr>
<tr><td></td><td>Directors are entitled to request from the management and should be provided with such additional information as needed to make informed decisions. The management shall provide the same in a timely manner.</td><td>Management will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</td></tr>
<tr><td>6.2</td><td>Information provided should include board papers and related materials, background or explanatory information relating to matters to be brought before the board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.</td><td>The Board has unrestricted access to the Company's records and information. The types of information provided by Management to Independent Directors are in the table as follows:
<table>
<tr><th>Information</th><th>Frequency</th></tr>
<tr><td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>Half yearly</td></tr>
<tr><td>Updates to the Group's operations and the markets in which the Group operates in</td><td>Half yearly</td></tr>
<tr><td>Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis), and EA' report(s)</td><td>NA</td></tr>
<tr><td>Reports on on-going or planned corporate actions</td><td>As and when required</td></tr>
<tr><td>Enterprise risk framework and internal auditors' (“IA”) report(s)</td><td>Yearly</td></tr>
<tr><td>Research report(s)</td><td>NA</td></tr>
<tr><td>Shareholding statistics</td><td>Yearly</td></tr>
</table></td></tr>
<tr><td>6.3</td><td>Directors should have separate and independent access to the company secretary. The role of the company secretary should be clearly defined and should include responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the chairman, the company secretary's responsibilities include ensuring good information flows within the board and its committees and between the management and non-executive directors, advising the board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The company secretary should attend all board meetings.</td><td>Directors have separate and independent access to, and are provided with the contact details of, the Company Secretary. The role of the Company Secretary is clearly defined. The Company Secretary is responsible for good information flows within the Board and the Board Committees and between the management and the Independent directors as well as assist on governance matters.</td></tr>
<tr><td>6.4</td><td>The appointment and the removal of the company secretary should be a matter for the Board as a whole.</td><td>The appointment and removal of the Company Secretary is a matter for consideration for the Board as a whole.</td></tr>
<tr><td>6.5</td><td>The board should have a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, and at the company's expense.</td><td>The Board is encouraged to take independent professional advice when necessary to enable the Board to discharge its responsibilities effectively, and such professional costs will be borne by the Company.</td></tr>
</table>

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Guidelines of the Code	Corporate Governance Practices of the Group
7.1 The Board should establish a RC with written terms of reference which clearly set out its authority and duties. The RC should comprise at least three directors, the majority of whom, including the RC chairman, should be independent. All of the members of the RC should be non-executive directors. This is to minimise the risk of any potential conflict of interest. The board should disclose in the company's annual report the names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the board.	As at 31 December 2016, the RC comprises Mr Ian Tan Tee Hiang who is the Chairman of the RC, and Mr Lim Jin Wei and Mr Lim Teck Chai Danny as its members, all of whom are independent directors. The terms of reference of the RC includes, *inter alia*, (a) to review and recommend to the Board a policy of remuneration for the Board and key executives, and to determine the terms of employment and remuneration packages for each Executive Director, which covers all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind; (b) to approve any compensation packages or arrangements following the severance of any Executive Director's service contract; (c) to review whether Executive Directors and key management personnel should be eligible for benefits under long-term incentive schemes, including share schemes; and (d) to review working environments and succession planning for the management.
7.2 The RC should review and recommend to the board a general framework of remuneration for the board and key management personnel[10]. The RC should also review and recommend to the board the specific remuneration packages for each director as well as for the key management personnel. The RC's recommendations should be submitted for endorsement by the entire board. The RC should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share based incentives and awards, and benefits in kind.	The RC recommends to the Board a framework of remuneration for the Directors and key management personnel, and determines specific remuneration package for each Executive Director as well as for the key management personnel. The recommendations will be submitted for endorsement by the Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. The RC will also review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees. Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his remuneration package or that of employees related to him.
7.3 If necessary, the RC should seek expert advice inside and/or outside the company on remuneration of all directors. The RC should ensure that existing relationships, if any, between the company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.	The RC is encouraged to engage an external remuneration consultant for the purposes of recommending to the Board a framework of remuneration for the Directors and executive officers and determining the specific remuneration packages for each Executive Director as necessary.

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

Guidelines of the Code	Corporate Governance Practices of the Group
The company should also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the company.	The Company will disclose the names and firms of any expert advise from remuneration consultants in its annual remuneration report, and will include a statement on whether such remuneration consultants have any such relationships with the Company. Company did not engaged any external remuneration consultants in FY2016.
7.4 The RC should review the company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance.	The RC regularly reviews the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service to ensure that such contracts of service, if any, contain fair and reasonable termination clauses which are not overly generous.

Level and Mix of Remuneration

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

Guidelines of the Code	Corporate Governance Practices of the Group
8.1 A significant and appropriate proportion of executive directors and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance. Such performance-related elements of remuneration should be aligned with the interests of shareholders and promote the long-term success of the company. It should take account of the risk policies of the company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. There should be appropriate and meaningful measures for the purpose of assessing executive and key management personnel's performance.	The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market. The remuneration of the Executive Directors and key management personnel of the Group are reviewed by the RC to ensure that the interests of the Executive Directors and key management personnel of the Group are aligned with the interests of the Shareholders and to ensure that the remuneration is commensurate with their performance and the performance of the Company. No Director is involved in deciding his or her own remuneration. The Company has entered into a service agreement with Mr Ken Chu Ming Kin which commenced on 7 July 2015. The service agreement is for an initial period of 3 years to be renewed thereafter as may be agreed unless otherwise agreed in writing between the Company and the executive or terminated in accordance with the terms of the service agreement.

Guidelines of the Code	Corporate Governance Practices of the Group
8.2 Long-term incentive schemes are generally encouraged for executive directors and key management personnel. The RC should review whether executive directors and key management personnel should be eligible for benefits under long-term incentive schemes. The costs and benefits of long-term incentive schemes should be carefully evaluated. In normal circumstances, offers of shares or grants of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged. Executive directors and key management personnel should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability.	The Company's employee share option scheme ("**2014 ESOS**") is a long-term incentive plan and the mechanism involves deferring incentive compensation over a time horizon to ensure that the Group's employees focus on generating shareholders' value over a longer term. Conditions to entitlement to such long-term incentives include the assessment and recognition of potential progressive performance, and enhancement to asset value and shareholders' value over time, taking into consideration current and future plans of the Company. The Company's Sincap Performance Share Plan ("**2012 PSP**") is another long-term incentive plan that seeks to recognise and reward past contributions and services and motivate executive directors and key management personnel to continue to strive for the Group's long term growth. Further details on the 2014 ESOS and 2012 PSP can be found in the Company's offer document dated 17 July 2012 and circular dated 9 April 2014 and page 43 of this Annual Report.
8.3 The remuneration of non-executive directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of directors. Non-executive directors should not be over-compensated to the extent that their independence may be compromised. The RC should also consider implementing schemes to encourage non-executive directors to hold shares in the company so as to better align the interests of such non-executive directors with the interests of shareholders.	The recommendations made by the RC in respect of the Non-Executive Directors' fees are subject to Shareholders' approval at the annual general meeting. Executive Directors do not receive Directors' fees. The RC takes into consideration the level of contribution, effort and time spent, and responsibilities of each Director during its review of the Non-Executive Directors' remuneration.
8.4 Companies are encouraged to consider the use of contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company.	The Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from executive directors and key management in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company. The Company will review the use of such contractual provisions as and when deemed necessary.

Disclosure on Remuneration

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

Guidelines of the Code	Corporate Governance Practices of the Group
9.1 The company should report to the shareholders each year on the remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. This annual remuneration report should form part of, or be annexed to the company's annual report of its directors. It should be the main means through which the company reports to shareholders on remuneration matters. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO).	The RC makes recommendations on an appropriate framework of remuneration taking into account employment conditions within the industry and the Group's performance to ensure that the package is competitive and sufficient to attract, retain and motivate the Directors and key Management. On the other hand, the Company avoids paying more than it is necessary for this purpose. Elements of the Group's relative performance and the performance of the individual Directors form part of the Executive Directors' remuneration packages so as to align their interests with those of shareholders and promote long-term success of the Company. The annual remuneration band of each individual Director and key Management for the financial year ended 31 December 2016, are set out below:

Name of Director	Fixed salary	Defined contribution plan	Directors' fees	Variable bonus	Total remuneration
	%	%	%	%	
Chu Ming Kin	100	–	–	–	**Band A**
Ian Tan Tee Hiang	–	–	100	–	**Band A**
Lim Jin Wei(2)	–	–	100	–	**Band A**
Lim Teck Chai Danny(3)	–	–	100	–	**Band A**

Notes:
(1) Band A: Compensation from S$0 to S$250,000 per annum.
(2) Lim Jin Wei was appointed as a Director of the Company on 14 November 2016.
(3) Lim Teck Chai Danny was appointed as a Director of the Company on 14 November 2016.

Remuneration of Key Executive Officers

Name of Executive Officer	Fixed Salary	Defined Contribution Plan	Variable Bonus	Shares	Total Remuneration(1)
	(%)	(%)	(%)	(%)	
Liu Cheng(2)	93.0	7.0	–	–	**Band A**
Cheong Kuei Jung(3)	87.8	12.2	–	–	**Band A**
Raju Teckchand Nanwani(4)	100	–	–	–	**Band A**
Ng Pei Eng(5)	91.6	8.4	–	–	**Band A**
Fu Hao	100.0	–	–	–	**Band A**

Notes:
(1) Band A: Compensation from S$0 to S$250,000 per annum.
(2) Liu Cheng ceased to be the Chief Financial Officer with effect from 3 February 2016.
(3) Cheong Kuei Jung ceased to be the Financial Controller with effect from 31 August 2016.
(4) Raju Teckchand Nanwani was appointed as the Group General Manager with effect from 7 October 2016.
(5) Ng Pei Eng was appointed as the Chief Financial Officer with effect from 14 November 2016.

Guidelines of the Code	Corporate Governance Practices of the Group
	The Company believes that it is not in the best interest to disclose the precise remuneration of the Directors due to the confidentiality and sensitivity of the matter and the highly competitive market for talents. The Company has, however, disclosed the remuneration of the Directors in bands of S$250,000. The annual aggregate remuneration paid to the top four (4) key management personnel of the Company (who are not Directors or the CEO) for FY2016 is equivalent to approximately S$351,000. There were no terminations, retirement or past employment benefits granted to Directors, the CEO and the top management personnel of the Company. The Board is of the view that the current disclosure information on remuneration matter provides sufficient overview of the remuneration policies of the Group while maintaining the confidentiality of the Directors and staff remuneration matters.
9.2 The company should fully disclose the remuneration of each individual director and the CEO on a named basis. For administrative convenience, the company may round off the disclosed figures to the nearest thousand dollars. There should be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.	After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment. Please refer to the table on remuneration of Directors on page 28 of this Annual Report.
9.3 The company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.	After due consideration, the Board has decided not to disclose the remuneration of the top five management personnel who are not Directors or the CEO (in aggregate or otherwise), due to its sensitive nature as there is strong competition within the industry for key talent. Please refer to the table on the level of remuneration of key management personnel on page 28 of this Annual Report.

Guidelines of the Code	Corporate Governance Practices of the Group
9.4 For transparency, the annual remuneration report should disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000. The company need only show the applicable bands.	There was no employee of the Group who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000.
9.5 The annual remuneration report should also contain details of employee share schemes to enable their shareholders to assess the benefits and potential cost to the companies. The important terms of the share schemes should be disclosed, including the potential size of grants, methodology of valuing stock options, exercise price of options that were granted as well as outstanding, whether the exercise price was at the market or otherwise on the date of grant, market price on the date of exercise, the vesting schedule, and the justifications for the terms adopted.	In FY2016, there were no grant of awards and options under the 2012 PSP and 2014 ESOS respectively. Further details on the 2014 ESOS and 2012 PSP can be found in the Company's offer document dated 17 July 2012 and circular dated 9 April 2014 and page 43 of this Annual Report.
9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met.	The remuneration received by the Independent Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2016. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives. The following performance conditions for short-term incentives such as performance bonus were chosen for the Group to remain competitive and to motivate the Executive Director(s) and key management personnel to work in alignment with the goals of all stakeholders: 1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors

ACCOUNTABILITY AND AUDIT

Accountability

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

Guidelines of the Code	Corporate Governance Practices of the Group
10.1 The board's responsibility to provide a balanced and understandable assessment of the company's performance, position and prospects extends to interim and other price sensitive public reports, and reports to regulators (if required).	The Board provides Shareholders with a balanced and understandable assessment of the Group's performance, position and prospects through its announcements of half year and full year financial statements, as well as other announcements required under the Catalist Rules via the SGXNET.
10.2 The board should take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange, for instance, by establishing written policies where appropriate.	The Board receives regular updates and briefings on any changes to the laws and regulations to ensure compliance with legislative and regulatory requirements, and observes the obligations of continuing disclosure under the Catalist Rules.
10.3 The management should provide all members of the board with management accounts and such explanation and information on a monthly basis and as the board may require from time to time to enable the board to make a balanced and informed assessment of the company's performance, position and prospects.	The Management provides the Board with management accounts which present a balanced and understandable assessment of the Company's performance, position and prospects on a monthly basis.

Risk Management and Internal Controls

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

Guidelines of the Code	Corporate Governance Practices of the Group
11.1 The board should determine the company's levels of risk tolerance and risk policies, and oversee the management in the design, implementation and monitoring of the risk management and internal control systems.	The Board determines the Company's levels of risk tolerance and risk policies, and oversees the Management in the design, implementation and monitoring of the Group's risk management and internal control systems. The Board is responsible for approving the Company's policies on risk oversight and management, and satisfying itself, with the assistance of the ARC that the Management has developed and implemented a sound system of risk management and internal control.

Guidelines of the Code	Corporate Governance Practices of the Group
11.2 The board should, at least annually, review the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.	The Board will, at least annually, review the adequacy and effectiveness of the Company's risk management and internal control system, including financial, operational, compliance and information technology controls. To assist the ARC and Board in reviewing the adequacy and effectiveness of the Company's risk management and internal control systems, the Board has engaged the assistance of its external and internal auditors. During FY2016, the Company's external auditors had conducted their annual review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls as well as risk management policy. The Company's internal auditor had conducted their annual review on Orion Energy Resources Pte. Ltd.'s ("Orion")'s controls in: (1) Revenue and Trade Receivables; and (2) Cash management. The Company's external and internal auditors reported the same to the ARC.
11.3 The board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's annual report. The board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The board should also comment in the company's annual report on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.	The Board received assurance from the Executive Chairman and CEO, and the Financial Controller that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) the Group's risk management and internal control systems in place are effective as at 31 December 2016 ("**Assurance**"). Based on the internal controls established and maintained by the Group, work carried out by the external and internal auditors, the Assurance and reviews performed by the Management and the various Board Committees, the Board, with the concurrence of the ARC, are of the opinion that, the Group's internal controls and the risk management system are adequate and effective addressing financial, operational, compliance and information technology risks as at 31 December 2016.
11.4 The board may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the company's risk management framework and policies.	The ARC assists the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies.

Audit Committee

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

Guidelines of the Code	Corporate Governance Practices of the Group
12.1 The ARC should comprise at least three directors, the majority of whom, including the AC chairman, should be independent. All of the members of the ARC should be non-executive directors. The board should disclose in the company's annual report the names of the members of the ARC and the key terms of reference of the ARC, explaining its role and the authority delegated to it by the board.	As at 31 December 2016, the ARC comprised Mr Lim Jin Wei who is the Chairman, and Mr Lim Teck Chai Danny and Mr Ian Tan Tee Hiang as members, all of whom are independent directors. The ARC's key terms of reference and duties are set out below.
12.2 The board should ensure that the members of the ARC are appropriately qualified to discharge their responsibilities. At least two members, including the ARC chairman, should have recent and relevant accounting or related financial management expertise or experience, as the board interprets such qualification in its business judgement.	The members of the ARC, collectively, have accounting or related financial management expertise or experience and are qualified to discharge their responsibilities.
12.3 The ARC should have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.	The ARC shall have the authority to initiate, and to oversee, any investigation of matters within its terms of reference. For this purpose it shall have full access to and be entitled to full co-operation from the Management, and full discretion to invite and permit any Director, executive, or employee of the Company, or any external consultant or professional advisor to attend its meetings, and to provide information and feedback to the ARC. In the performance of its duties, the ARC is authorised to obtain any information it requires from any employee of the Company. The ARC may commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on our Company's operating results or financial position.
12.4 The duties of the ARC should include: (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance; (b) reviewing and reporting to the board at least annually the adequacy and effectiveness of the company's internal controls including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);	The ARC reviews the scope, results and cost effectiveness of the audit carried out by external auditors. The ARC also reviews the independence and objectivity of the external auditors. The ARC always seeks to balance the maintenance of objectivity of the external auditors and the ability of the external auditors to provide services which are value for money. The ARC reviews any significant financial reporting issues and judgments to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance. The ARC reviews the adequacy of the Company's internal controls through their discussions with Management and the internal auditors. The ARC reviews the effectiveness of the Company's internal audit function. The ARC recommends to the Board the appointment, reappointment and removal of the external auditor, and approves the remuneration and terms of engagement of the external auditor.

Guidelines of the Code	Corporate Governance Practices of the Group
(c) reviewing the effectiveness of the company's internal audit function; (d) reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors; and (e) making recommendations to the board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.	In addition, the ARC also performs, *inter alia*, the following duties: • review and discuss with external auditors and internal auditors, any suspected fraud, irregularity, infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the management's response; • review the co-operation given by Management to the external auditors; • review the cash management, controls and procedures of the Group; • review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules; • review the report of the internal audit and to consider and make recommendations to the board whether to continue with such reviews; • review any potential conflicts of interest; • review the adequacy and supervision of the finance and accounting team on an annual basis; and • review the register of all sale and purchase transactions with companies with whom our Group conducts both sale and purchase transactions and its supporting documents, at least on a half-yearly basis, to assess the veracity of such transactions, and shall highlight its findings to the Board and follow up on any actions where necessary.
12.5 The ARC should meet (a) with the external auditors, and (b) with the internal auditors, in each case without the presence of the company's management, at least annually.	The ARC had met with the external auditors, and with the internal auditors, once without the presence of the Management in FY2016. Baker Tilly TFW LLP has been appointed as the external auditors of the Company. Baker Tilly China Certified Public Accountants, independent member of Baker Tilly International, has been appointed as the external auditors of the Company's China-incorporated subsidiaries. The Company has complied with Rules 712 and 715 of the Catalist Rules in appointing the auditing firms for the Group. The ARC confirms that Baker Tilly TFW LLP is registered with the Accounting and Corporate Regulatory Authority.
12.6 The ARC should review the independence of the external auditors annually and should state (a) the aggregate amount of fees paid to the external auditors for that financial year, and (b) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in the company's Annual Report. Where the external auditors also supply a substantial volume of non-audit services to the company, the ARC should keep the nature and extent of such services under review, seeking to maintain objectivity.	The ARC reviews the independence and objectivity of the external auditors annually, taking into consideration the nature and extent of any non-audit services provided to the Company by the external auditors, and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The aggregate amount of fees paid or payable to external auditors of the Group amounted to approximately S$130,400 , broken down into audit and non-audit services during FY2016 as follows: Audit fees: S$128,000 Non-Audit fees: S$2,400 The ARC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.

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

Internal Audit

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

Guidelines of the Code	Corporate Governance Practices of the Group
13.1 The internal auditor's primary line of reporting should be to the ARC chairman although the internal auditor would also report administratively to the CEO. The ARC approves the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced. The internal auditor should have unfettered access to all the company's documents, records, properties and personnel, including access to the ARC.	The primary line of reporting of the internal auditors is to the Chairman of the ARC. The internal auditors report administratively to the CEO. The ARC approves any hiring, removal, evaluation and compensation of the internal auditors. The internal auditors have unfettered access to all the Company's documents.
13.2 The ARC should ensure that the internal audit function is adequately resourced and has appropriate standing within the company. For the avoidance of doubt, the internal audit function can either be in-house, outsourced to a reputable accounting/auditing firm, or performed by a major shareholder, holding company, parent company or controlling enterprise with an internal audit staff.	As the size of the operations of the Group does not warrant the Group having an in-house internal audit function, the Group has therefore appointed a professional internal audit firm, RT LLP to undertake the functions of its internal audit for FY2016.
13.3 The internal audit function should be staffed with persons with the relevant qualifications and experience.	The ARC has reviewed and assessed, and is satisfied with the qualifications and experience of the appointed internal audit firm's team which undertakes the function of its internal audit within the Group.
13.4 The Internal Auditor should carry out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.	The internal auditors have carried out their function according to the Standards for the Professional Practice for Internal Auditing issued by The Institute of Internal Auditors, which is consistent with the standards set by nationally or internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.
13.5 The ARC should, at least annually, review the adequacy and effectiveness of the internal audit function.	The ARC reviews annually and ensures that the internal audit function is adequate and effective. The audit plan is submitted to the ARC for approval prior to the commencement of the internal audit work. After the internal audit work is completed, the findings of the internal auditors are presented in a report. The report is reviewed by the ARC and the ARC conducts discussions with the internal auditors on areas of internal controls which require improvement. The ARC then monitors the implementation of improvements required on internal control weaknesses identified.

SHAREHOLDER RIGHTS

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

Guidelines of the Code	Corporate Governance Practices of the Group
14.1 Companies should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the company's shares.	In recognition of the importance of Shareholders' rights and treating all Shareholders fairly and equitably, the Company aims to protect and facilitate the exercise of ownership rights by all Shareholders, and continually review and update such governance arrangements. In line with continuous disclosure obligations, the Group is committed to regular and proactive communication with its shareholders. It is the Board's policy that the shareholders be informed of all major developments and events that impact the Group. The Company believes in regular and timely communication with shareholders as part of its organisational development to build systems and procedures. The Company firmly believes in high standards of transparent corporate disclosure, in line with continuous obligations of the Company under the Catalist rules. The Board is mindful of the obligation to provide shareholders with information on all major developments that affect the Group in accordance with the Catalist rules and the Singapore Companies Act, Cap 50.
14.2 Companies should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders.	The Company will ensure that all Shareholders have equal opportunity to participate effectively in and vote at general meetings and brief Shareholders on the rules, including voting procedures that govern general meetings. The Company's general meetings are held in Singapore to provide Shareholders with an opportunity to meet the Directors and the Management and vote at such general meetings.
14.3 Companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.	The Constitution of the Company allow the Shareholders to appoint proxies to attend and vote in their stead at general meetings. The maximum number of proxies that may be appointed by any shareholder is two. A relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

COMMUNICATION OF SHAREHOLDERS

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

Guidelines of the Code	Corporate Governance Practices of the Group
15.1 Companies should devise an effective investor relations policy to regularly convey pertinent information to shareholders. In disclosing information, companies should be as descriptive, detailed and forthcoming as possible, and avoid boilerplate disclosures.	In compliance with continuous disclosure obligations under the Catalist Rules, the Company releases pertinent and other material information to Shareholders in a timely manner through announcements via the SGXNET system, annual reports and press releases. Notices of the annual general meeting and all extraordinary general meetings are advertised in a national newspaper in Singapore as well as on SGXNET.

Guidelines of the Code	Corporate Governance Practices of the Group
15.2 Companies should disclose information on a timely basis through SGXNET and other information channels, including a well maintained and updated corporate website. Where there is inadvertent disclosure made to a select group, companies should make the same disclosure publicly to all others as promptly as possible.	In line with the continuous disclosure obligations under the relevant rules, the Board informs shareholders promptly of all major developments that may have a material impact on the Group in a timely manner. Half-year and full year results and other major developments of the Company are announced on SGXNET, as required by the Catalist Rules. The Company ensures that price-sensitive information is publicly released, and is announced within the mandatory period. Apart from the SGXNET announcements and its annual report, the Company may release press releases or organise media/analyst briefings to keep shareholders informed of corporate developments.
15.3 The board should establish and maintain regular dialogue with shareholders, to gather views or inputs, and address shareholders' concerns.	The Board welcomes Shareholders to attend all general meetings of the Company, which represent the principal forum for dialogue and interaction between the Board, Management and the Company, and for Shareholders to share their concerns and views.
15.4 The board should state in the company's annual report the steps it has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or investors' day briefings.	If the need arises, the Company may organise media/analyst briefings to enable a better appreciation of the Group's performance and developments, which will also act as platforms to solicit and understand the views of shareholders and investors.
15.5 Companies are encouraged to have a policy on payment of dividends and should communicate it to shareholders. Where dividends are not paid, companies should disclose their reasons.	The Company does not have a dividend policy. The dividend that the Directors may recommend or declare in respect of any particular financial year or periods will be subject to, *inter alia*, the factors outlined below: (a) level of cash and retained earnings; (b) actual and projected financial performance; (c) projected levels of capital expenditure and other investment plans; and (d) restrictions on payment of dividends imposed on the Company by its financing arrangements, if any. Any final dividends paid by the Company shall be approved by an ordinary resolution of the Shareholders at a general meeting. The Board may, without the approval of Shareholders, also declare an interim dividend. No dividend has been declared or recommended for FY2016.

CONDUCT OF SHAREHOLDER MEETINGS

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

Guidelines of the Code	Corporate Governance Practices of the Group
16.1 Shareholders should have the opportunity to participate effectively in and to vote at general meetings of shareholders. Companies should make the appropriate provisions in their articles of association (or other constitutive documents) to allow for absentia voting at general meetings of shareholders.	Shareholders of the Company are informed of the general meetings through notices contained in the annual reports or circulars which are sent to all Shareholders. These notices are also issued via SGXNET and advertised in a newspaper in Singapore. Pursuant to the Company's Constitution, a Shareholder may appoint not more than two (2) proxies to attend and vote at the same general meeting on his behalf through proxy forms deposited 48 hours before the meeting. The Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the Shareholders' identities through the web is not compromised.
16.2 There should be separate resolutions at general meetings on each substantially separate issue. Companies should avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.	The Company practices having separate resolutions at general meetings on each distinct issue.
16.3 All directors should attend general meetings of shareholders. In particular, the chairman of the Board and the respective chairman of the ARC, NC and RC should be present and available to address shareholders' queries at these meetings. The external auditors should also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.	The chairpersons of the ARC, NC and RC are present and available to address any questions from the Shareholders at general meetings. The Company's external auditors are also invited to attend general meetings and are present to address Shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.
16.4 Companies should prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the board and management, and to make these minutes available to shareholders upon their request.	All minutes of general meetings that include substantial and relevant comments or queries from the shareholders and responses from the Board and the Management are made available to the Shareholders upon their request.
16.5 Companies should put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. Companies are encouraged to employ electronic polling.	In line with the Code, the Company shall put all resolutions to vote by poll and make an announcement via SGXNET of the detailed results showing the number of votes cast for and against each resolution and the respective percentages after the conclusion of the general meeting.

DEALING IN SECURITIES

The Company has adopted policies in line with Rule 1204(19) of the Catalist Rules on dealings in the Company's securities.

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

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

MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interest of any Director or controlling Shareholder, either still subsisting at the end of the financial year ended 31 December 2016 or if not then subsisting, entered into since the end of the financial year ended 31 December 2015.

INTERESTED PERSON TRANSACTIONS

The aggregate values of the interested person transactions entered into during FY2016 are as follows:

	Aggregated value of all interested person transactions during the financial period under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregated value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	FY2016	FY2015
	RMB'000	RMB'000
Rental expenses incurred for lease of office premises owned by NHW Pte. Ltd. (which is owned by Ng Hong Whee)[(1)]	–	87

Note:

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

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

USE OF PROCEEDS FROM THE PLACEMENT ISSUE

The net proceeds of approximately S$2,187,960.00 from the placement completed on 12 August 2016 has been fully utilised as at 31 December 2016 as follows:

	Amount allocated	Amount utilised	Balance as at the date of this announcement
Intended purposes	**(S$'000)**	**(S$'000)**	**(S$'000)**
Balance payment for acquisition of Orion Energy Resources Pte. Ltd. shares	1,353	1,353	–
Expansion of the business of Orion	835	835	–
Total	**2,188**	**2,188**	–

The above utilisations are in accordance with its intended uses.

NON-SPONSOR FEES

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company as at 31 December 2016 was PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**"). The continuing sponsor of the Company as at the date of this report is Stamford Corporate Services Pte. Ltd. ("**SCS**").

For the purposes of Rule 1204(21) of the Catalist Rules of the SGX-ST, non-sponsor fees of an aggregate of approximately $62,408 were paid to PPCF in FY2016.

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Sincap Group Limited (the "Company") and its subsidiary corporations (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2016.

In the opinion of the directors:

(i) except for the possible effects of the matters described in Note 27 to the financial statements, the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company as set out on pages 50 to 98 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standards in Singapore; and

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

Directors

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

Chu Ming Kin
Ian Tan Tee Hiang
Lim Jin Wei (appointed on 14 November 2016)
Lim Teck Chai, Danny (appointed on 14 November 2016)

Arrangement to enable directors to acquire benefits

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

Directors' interest in shares or debentures

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

	Number of ordinary shares Shareholding registered in their own names		
Name of directors	**At 1.1.2016**	**At 31.12.2016**	**At 21.1.2017**
The Company			
Chu Ming Kin	–	16,878,500	16,878,500

Share options

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

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

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

Sincap Performance Share Plan

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

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

The Company had not granted awards ("Award") to eligible employees ("Participants") pursuant to the Share Plan during the year (on 12 March 2015, granted 3,604,000 ordinary shares under the Awards to Participants. The Award Shares were vested on 12 March 2015).

Audit and Risk Committee

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

Lim Jin Wei	(Chairman of Audit and Risk Committee and Lead Independent Director)
Lim Teck Chai, Danny	(Independent Director)
Ian Tan Tee Hiang	(Independent Director)

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

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

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

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

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

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

Audit and Risk Committee (cont'd)

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

The Audit and Risk Committee is satisfied with the independence and objective of the independent auditor and has recommended to the Board of Directors that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

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

On behalf of the directors

Chu Ming Kin
Director

Lim Jin Wei
Director

3 April 2017

To the members of Sincap Group Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Sincap Group Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 50 to 98, which comprise the statements of financial position of the Group and of the Company as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Qualified Opinion

As disclosed in Note 27 to the financial statements, the Company received letters from the management and the employees' union of Shandong Luneng Taishan Mining Co., Ltd. ("Shandong Luneng"), requesting from the Company, the amounts of RMB31,000,000 for the completion of mine refilling project and RMB26,690,000 for settlement of outstanding employees' social security insurance respectively as at 31 December 2016. At the date of this report, the Company is still in the process of investigating all the above claims and is unable to determine the merits of the claims. Consequently, these claims have not been provided for in the financial statements. We are unable to obtain sufficient appropriate audit evidence and explanation nor perform any procedures to ascertain the impact of the above claims, if any, on the financial statements of the Company and of the Group. As such, we are unable to determine whether any adjustments are needed for these claims.

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate evidence about the claims and whether any adjustments are necessary in respect of the claims. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined the matters described below to the key audit matters to be communicated in our report.

Impairment of goodwill

As disclosed in Note 14 to the financial statements, the Group's goodwill of RMB13,434,000 (2015: RMB13,434,000), accounted for more than 8.6% (2015: 6.0%) of the Group's total assets as at 31 December 2016. The goodwill arose from the Group's acquisition of Orion Energy Resources Pte. Ltd. in 2015.

The goodwill is required to be tested for impairment annually. Impairment assessment of goodwill is considered a key audit matter due to the significant management judgement involved in the estimation of the value-in-use ("VIU") of the cash generating unit ("CGU"). Cash flow projection used for determining VIU involved significant management judgement and is based on assumptions of the future results of the CGU that are affected by expected future market and economic conditions and the discount rate applied for future cash forecasts.

Our procedures to address the key audit matter

We obtained an understanding of management's impairment assessment process.

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

Key Audit Matters (cont'd)

Our procedures to address the key audit matter (cont'd)

Our audit procedures focused on the assessment of key assumptions in forming the CGUs' VIU calculation, including the cash flow projection and discount rate.

We obtained management's assumptions used in the cash flow projection which the outcome of the impairment test is most sensitive to, and evaluated the reasonableness of these assumptions by comparing the cash flow projection against recent performances and trends. This include obtaining an understanding of management's revenue growth strategies and cost initiatives and the review of secured contracts. Furthermore, we evaluated management's budgeting process by comparing actual results to historical cash flow projections. We performed sensitivity analysis on forecast revenue growth rate, gross profit margin and discount rate assumptions to the cash flow projection.

We also considered the adequacy of the descriptions in the financial statements in describing the inherent degree of subjectivity and assumptions in the estimates.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ong Kian Guan.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

3 April 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

	Note	Group 2016 RMB'000	Group 2015 RMB'000
Revenue	4	**304,599**	692,533
Cost of sales		**(273,660)**	(669,593)
Gross profit		**30,939**	22,940
Other income	5	**3,457**	5,897
Distribution costs		**(3,055)**	(4,472)
Administrative expenses		**(18,984)**	(20,837)
Finance costs	6	**(2,113)**	(5,769)
Other expenses		**(5,468)**	(10,296)
Profit/(loss) before tax	7	**4,776**	(12,537)
Tax expense	9	**(4,189)**	(5,844)
Profit/(loss) for the financial year		**587**	(18,381)
Other comprehensive loss:			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**6,535**	(3,372)
Total comprehensive income/(loss) for the financial year		**7,122**	(21,753)
Loss attributable to:			
Equity holders of the Company		**(6,819)**	(18,623)
Non-controlling interests		**7,406**	242
Profit/(loss) for the financial year		**587**	(18,381)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(910)**	(21,995)
Non-controlling interests		**8,032**	242
		7,122	(21,753)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted	10	**(1.37)**	(5.05)

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

At 31 December 2016

		Group		Company	
		2016	2015	**2016**	2015
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Non-current assets					
Property, plant and equipment	11	**25,030**	27,189	**1,013**	1,125
Intangible assets	12	**6,965**	9,860	**–**	–
Land use rights	13	**366**	394	**–**	–
Goodwill	14	**13,434**	13,434	**–**	–
Investments in subsidiaries	15	**–**	–	**42,559**	55,316
Deferred tax assets	16	**145**	902	**–**	–
Trade and other receivables	17	**–**	15,673	**–**	–
		45,940	67,452	**43,572**	56,441
Current assets					
Development property	18	**–**	43,151	**–**	–
Inventories	19	**2,389**	2,421	**–**	–
Trade and other receivables	17	**90,161**	59,912	**45,622**	28,240
Bank and cash balances		**17,979**	52,673	**467**	5,214
		110,529	158,157	**46,089**	33,454
Total assets		**156,469**	225,609	**89,661**	89,895
Non-current liabilities					
Deferred tax liabilities	16	**1,600**	1,600	**–**	–
Borrowings	20	**839**	1,613	**839**	967
		2,439	3,213	**839**	967
Current liabilities					
Trade and other payables	21	**9,318**	59,829	**18,199**	10,837
Provision	22	**227**	389	**–**	–
Borrowings	20	**5,976**	42,306	**486**	4,297
Income tax payable		**5,315**	4,635	**67**	57
		20,836	107,159	**18,752**	15,191
Total liabilities		**23,275**	110,372	**19,591**	16,158
Net assets		**133,194**	115,237	**70,070**	73,737
Equity					
Share capital	23	**133,252**	122,417	**133,252**	122,417
Accumulated losses		**(24,745)**	(17,788)	**(66,279)**	(48,680)
Statutory reserve	24	**17,659**	17,521	**–**	–
Currency translation reserve	25	**(5,121)**	(11,030)	**3,097**	–
Equity attributable to equity holders of the Company, total		**121,045**	111,120	**70,070**	73,737
Non-controlling interests		**12,149**	4,117	**–**	–
Total equity		**133,194**	115,237	**70,070**	73,737

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

For the financial year ended 31 December 2016

	Note	Share capital RMB'000	Accumulated profits/ (losses) RMB'000	Statutory reserve RMB'000	Currency translation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		← Attributable to equity holders of the Company				→		
Group								
Balance at 1 January 2015		86,925	3,075	15,281	(7,658)	97,623	786	98,409
Loss for the financial year		–	(18,623)	–	–	(18,623)	242	(18,381)
Other comprehensive loss								
Currency translation differences arising on consolidation		–	–	–	(3,372)	(3,372)	–	(3,372)
Total comprehensive loss for the financial year		–	(18,623)	–	(3,372)	(21,995)	242	(21,753)
Issue of shares	23	35,527	–	–	–	35,527	–	35,527
Share issue expenses	23	(35)	–	–	–	(35)	–	(35)
Acquisition of a subsidiary	15	–	–	–	–	–	3,089	3,089
Transfer to statutory reserve fund		–	(2,240)	2,240	–	–	–	–
Balance at 31 December 2015		122,417	(17,788)	17,521	(11,030)	111,120	4,117	115,237
Loss for the financial year		–	(6,819)	–	–	(6,819)	7,406	587
Other comprehensive income								
Currency translation differences arising on consolidation		–	–	–	5,909	5,909	626	6,535
Total comprehensive loss for the financial year		–	(6,819)	–	5,909	(910)	8,032	7,122
Issue of shares	23	10,864	–	–	–	10,864	–	10,864
Share issue expenses	23	(29)	–	–	–	(29)	–	(29)
Transfer to statutory reserve fund		–	(138)	138	–	–	–	–
Balance at 31 December 2016		**133,252**	**(24,745)**	**17,659**	**(5,121)**	**121,045**	**12,149**	**133,194**

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

For the financial year ended 31 December 2016

	Note	Share capital RMB'000	Accumulated losses RMB'000	Currency translation reserve RMB'000	Total Equity RMB'000
Company					
Balance at 1 January 2015		86,925	(18,618)	–	68,307
Net loss and total comprehensive loss for the financial year		–	(30,062)	–	(30,062)
Issue of share capital	23	35,527	–	–	35,527
Share issue expenses	23	(35)	–	–	(35)
Balance at 31 December 2015		122,417	(48,680)	–	73,737
Net loss for the financial year		–	(17,599)	–	(17,599)
Other comprehensive income					
Currency translation differences arising from translation into the presentation currency		–	–	3,097	3,097
Total comprehensive loss for the financial year		–	(17,599)	3,097	(14,502)
Issue of share capital	23	10,864	–	–	10,864
Share issue expenses	23	(29)	–	–	(29)
Balance at 31 December 2016		**133,252**	**(66,279)**	**3,097**	**70,070**

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

For the financial year ended 31 December 2016

	Note	Group 2016 RMB'000	Group 2015 RMB'000
Cash flows from operating activities			
Profit/(loss) before tax		**4,776**	(12,537)
Adjustments for:			
Interest income		**(2,530)**	(3,115)
Interest expense		**2,041**	5,558
Depreciation of property, plant and equipment		**4,152**	4,265
Gain on disposal of property, plant and equipment		**(1)**	(73)
Impairment loss on development property		**495**	9,336
Provision for safety expenses		**(162)**	187
Amortisation of intangible assets and land use rights		**171**	169
Impairment loss on intangible assets		**2,848**	–
Performance shares		**–**	1,009
Unrealised foreign exchange gains		**(67)**	–
Operating cash flows before working capital changes		**11,723**	4,799
Development property		**44,518**	(2,713)
Inventories		**32**	3,178
Receivables		**(8,082)**	(20,243)
Payables		**(43,010)**	23,500
Currency translation adjustments		**(1,671)**	563
Cash generated from operations		**3,510**	9,084
Income tax paid		**(2,559)**	(2,723)
Net cash from operating activities		**951**	6,361
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,135)**	(2,627)
Purchase of intangible assets		**(96)**	(602)
Proceeds from disposal of property, plant and equipment		**190**	402
Net increase in loan to third party		**–**	(13,044)
Interest received		**147**	486
Acquisition of a subsidiary, net of cash acquired	15(d)	**–**	538
Net cash used in investing activities		**(1,894)**	(14,847)
Cash flows from financing activities			
Interest paid		**(2,041)**	(3,749)
Finance lease repayment		**(46)**	(535)
Repayment to shareholder		**(7,309)**	(5,206)
Proceed from term loan		**–**	29,471
Repayment of term loan		**(34,931)**	(2,352)
Repayment of related party loan		**(933)**	(249)
Proceeds from issuance of new shares, net of issuance expenses		**10,721**	25,156
Net cash (used in)/from financing activities		**(34,539)**	42,536
Net (decrease)/increase in cash and cash equivalents		**(35,381)**	34,061
Cash and cash equivalents at beginning of financial year		**52,673**	18,623
Effects of exchange rate changes on cash andcash equivalents		**687**	(11)
Cash and cash equivalents at end of financial year		**17,979**	52,673

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

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

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

1. Corporate information

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

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

2. Summary of significant accounting policies

(a) Basis of preparation

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

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3 to the financial statements.

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

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

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

(a) Basis of preparation (cont'd)

At the end of the reporting period, the following FRS and INT FRS were issued, revised or amended but not effective and which the Group has not early adopted:

FRS 109: Financial Instruments

FRS 115: Revenue from Contracts with Customers

FRS 116: Leases

Amendments to FRS 110 and FRS 28: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to FRS 7: Disclosure Initiative

Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers

Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions

Amendments to FRS 40: Transfers of Investment Property

Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts

Improvements to FRSs (December 2016)

INT FRS 122: Foreign Currency Transactions and Advance Consideration

The Group anticipates that the adoption of these FRSs and INT FRSs (where applicable) in future periods will have no material impact on the financial statements of the Company and the consolidated financial statements of the Group, except as disclosed below:

FRS 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in FRS 115 by applying a 5-step approach.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Management is currently assessing the impact of applying the new standard on the Group's financial statements. The Group plans to adopt the standard when it becomes effective in financial year ending 31 December 2018.

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

(a) Basis of preparation (cont'd)

FRS 116 Leases

FRS 116 replaces the existing FRS 17: *Leases*. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their balance sheets to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group will assess the potential impact of FRS 116 and plans to adopt the standard on the required effective date.

Convergence with International Financial Reporting Standards (IFRS)

The Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange ("SGX") will be required to apply a new financial reporting framework identical to the International Financial Reporting Standards (full IFRS convergence) in 2018. The Group will adopt the new financial reporting framework on 1 January 2018.

(b) Revenue recognition

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

Sale of goods

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

Commission income

Commission income is recognised during the financial year in which the services are rendered.

Interest income

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

Dividend income

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

Development properties and land sales

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

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

(c) **Subsidiaries**

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

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

(d) **Basis of consolidation**

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

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

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

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

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

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

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

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

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

(d) **Basis of consolidation (cont'd)**

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

(e) **Goodwill**

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

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

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

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

(f) **Government grants**

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

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

(g) **Employee benefits**

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. The Group participates in the national pension scheme as defined by the laws of the countries in which it has operations. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

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

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

(h) Borrowing costs

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

(i) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

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

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

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

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

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

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

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

(j) Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

(k) Land use rights

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

(l) Intangible assets

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

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

(l) **Intangible assets (cont'd)**

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

	Years
Software	5
Mining rights	60

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

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

(m) **Exploration and evaluation assets**

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

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

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

Exploration and evaluation assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an exploration and evaluation assets with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gain or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

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

(n) **Impairment of non-financial assets excluding goodwill and indefinite life intangible assets**

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

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

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

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

(o) **Inventories**

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

(p) **Development properties**

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

(q) **Cash and cash equivalents**

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

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

(r) **Financial assets**

Classification

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

Loans and receivables

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

Recognition and derecognition

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

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

Initial measurement

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

Subsequent measurement

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

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

Impairment

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

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

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

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

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

(s) Financial liabilities

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

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

(t) Provisions for other liabilities

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

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

(u) Leases

When the Group entity is the lessee:

Finance leases

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

Operating leases

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

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

(v) Share capital

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

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

(w) **Foreign currencies**

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates ('the functional currency').

With effect from 1 July 2016, the Company changed its functional currency from Chinese Renminbi ("RMB") to United States Dollar ("USD") due to changes in funding and financing arrangement which changes the currency in which the funds are generated.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company are presented in RMB, which is the functional currency of the principal entities in the PRC.

Transactions and balances

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

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

Translation of Group entities' financial statements

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

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

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

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

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

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

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

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

(x) **Segment reporting**

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

(y) **Dividends**

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

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

3. Critical accounting judgements and key sources of estimation uncertainty

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below):

Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed these factors in determining the functional currency of each entity within the Group.

Key sources of estimation uncertainty

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

Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at the end of each reporting period. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired.

Significant management's judgement is involved in the determination as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

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

Key sources of estimation uncertainty (cont'd)

Impairment of loans and receivables (cont'd)

Where there is objective evidence of impairment, management assesses as to whether an impairment loss should be recorded as an expense in profit or loss. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

The carrying amounts of the Group's and the Company's loans and receivables at the end of the reporting period are disclosed in Note 29. If the present value of estimated future cash flows differ from management's estimates, the allowance for impairment for loans and receivables and the loans and receivables balance at the end of the reporting period will be affected accordingly.

Impairment of non-financial assets

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

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

Income taxes

The Group has exposure to income taxes in Singapore, PRC and Australia. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables and deferred tax at the end of the reporting period is as disclosed on the statement of financial position and Note 16 respectively.

Impairment of investments in subsidiaries

The Company assesses whether there are any indicators of impairment for its investment in subsidiaries at each end of the reporting date. An impairment exists when the carrying value of the investment exceeds its recoverable amounts, which is the higher of its fair value less costs of disposal and its value in use.

The value in use calculation uses discounted cash flow projections which take into account management's estimation of revenue growth, gross profit margin and a pre-tax discount rate based on industry average weighted average cost of capital.

The carrying amount of the Company's investment in subsidiaries is disclosed in Note 15 to the financial statements.

4. Revenue

	Group 2016 RMB'000	Group 2015 RMB'000
Mining and sale of gypsum ore and powder	**40,672**	34,459
Sale of alumina	**44,715**	643,785
Sale of coal	**163,791**	14,185
Sale of development property	**45,706**	–
Commission income	**9,715**	104
	304,599	692,533

5. Other income

	Group 2016 RMB'000	Group 2015 RMB'000
Interest income		
- Non-current other receivable	**2,383**	2,629
- Others	**147**	486
Income from discounting of bills	**489**	2,607
Government grant	**16**	5
Gain on disposal of property, plant and equipment	**1**	73
Others	**421**	97
	3,457	5,897

6. Finance costs

	Group 2016 RMB'000	Group 2015 RMB'000
Imputed interest expense on amounts owing to related parties (non-current)	**–**	1,809
Interest expense – bank	**1,924**	3,284
Interest expense – term loans	**117**	465
Bank charges	**72**	211
	2,113	5,769

7. Profit/(loss) before tax

	Group	
	2016	2015
	RMB'000	RMB'000
Profit/(loss) before tax is arrived at after charging:		
Impairment loss on development property (Note 18)	**495**	9,336
Amortisation of intangible assets (Note 12)	**143**	143
Amortisation of land use right (Note 13)	**28**	26
Bad debts written off	**–**	1,000
Depreciation of property, plant and equipment (Note 11)	**4,152**	4,265
Impairment loss on intangible assets (Note 12)	**2,848**	–
Directors' fees	**746**	850
Audit fee paid/payable to:		
- auditor of the Company	**448**	425
- other auditors*	**160**	391
Non-audit services paid/payable to:		
- auditor of the Company	**13**	–
- other auditors*	**76**	9
Loss on foreign exchange, net	**2,316**	–
Operating lease expenses'	**490**	719
Staff costs (Note 8)	**28,830**	26,257

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

8. Staff costs

	Group	
	2016	2015
	RMB'000	RMB'000
Employee benefits expense	**23,873**	20,467
Contribution to defined contribution plans	**4,957**	4,781
Performance share plan	**–**	1,009
	28,830	26,257

9. Tax expense

	Group	
	2016	2015
	RMB'000	RMB'000
Tax expense attributable to losses is made up of:		
Income tax:		
- Current year	**3,629**	2,532
- Over provision in prior years	**(205)**	–
Deferred income tax (Note 16)		
- Current year	**–**	1,454
- Reversal of deferred tax assets	**757**	–
Withholding tax	**8**	1,858
	4,189	5,844

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax due to the following factors:

	Group	
	2016	2015
	RMB'000	RMB'000
Profit/(loss) before tax	**4,776**	(12,537)
Tax calculated at tax rate of 17% (2015: 17%)	**812**	(2,132)
Effect of different tax rates in other countries	**(348)**	(545)
Income not subject to tax	**(360)**	(39)
Expenses not deductible for tax purposes	**3,773**	6,720
Effect of tax incentive	**(248)**	(18)
Reversal of deferred tax assets	**757**	–
Over provision of income tax in prior years	**(205)**	–
Withholding tax	**8**	1,858
	4,189	5,844

The statutory income tax rate applicable to the Company is 17% (2015: 17%). Pursuant to the relevant laws and regulations in PRC, the subsidiaries of the Group which were incorporated in PRC are required to pay PRC enterprise income tax of 25% from 2008 onwards.

10. Loss per share

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

	Group	
	2016	2015
	RMB'000	RMB'000
Loss for the financial year	**(6,819)**	(18,623)
Weighted average number of ordinary shares for basic loss per share ('000)	**498,269**	368,851

Diluted loss per share is same as basic loss per share as there was no potential dilutive ordinary shares for the financial years ended 31 December 2016 and 31 December 2015.

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

11. Property, plant and equipment

	Construction in progress RMB'000	Leasehold buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Group						
Cost						
At 1 January 2015	33	66,721	31,414	1,438	6,398	106,004
Additions	–	1,983	351	65	228	2,627
Disposals	–	–	–	(28)	(823)	(851)
Reclassification	(33)	–	33	–	–	–
At 31 December 2015	–	68,704	31,798	1,475	5,803	107,780
Additions	1,179	–	212	244	500	2,135
Disposals	–	–	–	(208)	(436)	(644)
Reclassification	(1,179)	1,179	–	–	–	–
Translation differences	–	–	–	3	74	77
At 31 December 2016	**–**	**69,883**	**32,010**	**1,514**	**5,941**	**109,348**
Accumulated depreciation						
At 1 January 2015	–	47,737	24,452	1,148	3,511	76,848
Charge for the year	–	2,812	551	66	836	4,265
Disposals	–	–	–	(28)	(494)	(522)
At 31 December 2015	–	50,549	25,003	1,186	3,853	80,591
Charge for the year	–	2,882	490	69	711	4,152
Disposals	–	–	–	(180)	(275)	(455)
Translation differences	–	–	–	–	30	30
At 31 December 2016	**–**	**53,431**	**25,493**	**1,075**	**4,319**	**84,318**
Net carrying value						
At 31 December 2016	**–**	**16,452**	**6,517**	**439**	**1,622**	**25,030**
At 31 December 2015	–	18,155	6,795	289	1,950	27,189

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

	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Company			
Cost			
At 1 January 2015	27	2,333	2,360
Additions	13	–	13
Disposals	–	(728)	(728)
As at 31 December 2015	40	1,605	1,645
Additions	35	–	35
Translation differences	3	72	75
At 31 December 2016	**78**	**1,677**	**1,755**
Accumulated depreciation			
At 1 January 2015	26	687	713
Charge for the year	3	208	211
Disposal	–	(404)	(404)
At 31 December 2015	29	491	520
Charge for the year	14	178	192
Translation differences	–	30	30
At 31 December 2016	**43**	**699**	**742**
Net carrying value			
At 31 December 2016	**35**	**978**	**1,013**
At 31 December 2015	11	1,114	1,125

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

(ii) At the end of the reporting period, the net carrying value of property, plant and equipment of the Company acquired under finance lease agreements amounted to RMB978,000 (2015: RMB1,114,000).

12. Intangible assets

	Definite life		Indefinite life	
	Software RMB'000	Mining rights RMB'000	Exploration and evaluation assets RMB'000	Total RMB'000
Group				
Cost				
At 1 January 2015	96	7,725	2,150	9,971
Additions	–	–	602	602
At 31 December 2015	96	7,725	2,752	10,573
Additions	–	–	96	96
At 31 December 2016	**96**	**7,725**	**2,848**	**10,669**
Accumulated amortisation and impairment loss				
At 1 January 2015	56	514	–	570
Charge for the year	14	129	–	143
At 31 December 2015	70	643	–	713
Charge for the year	14	129	–	143
Impairment loss for the year	–	–	2,848	2,848
At 31 December 2016	**84**	**772**	**2,848**	**3,704**
Net carrying value				
At 31 December 2016	**12**	**6,953**	**–**	**6,965**
At 31 December 2015	26	7,082	2,752	9,860

The indefinite life exploration and evaluation assets was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of the asset has been measured based on the fair value less costs of disposal method or the value in use method as appropriate for the asset.

During the financial year, an impairment loss was recognised to write down the carrying amount of the exploration and evaluation assets as the outlook for gypsum segment will continue to be soft and increase in operation costs to comply with new PRC environmental laws and standards. The impairment loss of RMB2,848,000 has been recognised in profit or loss under the line item "other expenses". No impairment charges were recognised in 2015 because the carrying amount of the asset was lower than its recoverable amount.

In 2015, the impairment test has been carried out using a discounted cash flow model covering a 10-year period. Cash flow projects are based on 1 year budget and plans approved by the management. Cash flows projections beyond that 1 year budget have been extrapolated on the basis of 5% growth rates. Such growth rates do not exceed the long-term average growth rate of the segment. The pre-tax discount rate applied was 13%.

13. Land use rights

	Group 2016 RMB'000	Group 2015 RMB'000
Cost		
At 1 January and 31 December	**1,412**	1,412
Accumulated amortisation		
At 1 January	**1,018**	992
Amortisation for the year	**28**	26
At 31 December	**1,046**	1,018
Net carrying value		
At 31 December	**366**	394

The land use rights were acquired for the lease of the land from the authorities in the People's Republic of China. The factory building and production lines of the Company's subsidiary, Shandong Luneng Taishan Mining Co., Ltd, are located on the said land. The land use rights have remaining tenure of 12 to 30 years.

14. Goodwill

	Group 2016 RMB'000	Group 2015 RMB'000
Carrying amount (Note 15d)	**13,434**	13,434

Impairment testing of goodwill

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

	Group 2016 RMB'000	Group 2015 RMB'000
Coal trading	**13,434**	13,434

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

	Coal trading 2016	Coal trading 2015
Pre-tax discount rates	**28%**	26%

14. Goodwill (cont'd)

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

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

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

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

During the financial year ended 31 December 2016 and 2015, no impairment charge was recognised.

Sensitivity to changes in assumptions

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

15. Investments in subsidiaries

	Company	
	2016	2015
	RMB'000	RMB'000
Unquoted equity shares at cost		
At 1 January	**80,123**	63,474
Acquisition during the financial year	**–**	16,649
Translation differences	**3,674**	–
	83,797	80,123
Less: Allowance for impairment in value	**(41,238)**	(24,807)
At 31 December	**42,559**	55,316

Movement in allowance for impairment in value:

	Company	
	2016	2015
	RMB'000	RMB'000
Balance at beginning of financial year	**24,807**	–
Allowance made	**14,893**	24,807
Translation differences	**1,538**	–
Balance at end of financial year	**41,238**	24,807

15. Investments in subsidiaries (cont'd)

(a) The subsidiaries as at 31 December 2016 are as follows:

Name of subsidiary	Country of Incorporation	Principal activities	Proportion of ownership interest 2016 %	2015 %
Subsidiaries held by the Company				
Sincap Australia Pte. Ltd. [1]	Singapore	Investment holding	**100**	100
Orion Energy Resources Pte. Ltd. [1]	Singapore	Mineral trading and logistic management	**51**	51
Beijing Raffles Investment Advisory Co., Ltd.[3]	People's Republic of China	Investment holding	**100**	100
Subsidiaries held by Beijing Raffles Investment Advisory Co., Ltd.				
Beijing Sino-Lonther International Trading Co., Ltd. [2]	People's Republic of China	Sale of alumina	**100**	100
Shandong Luneng Taishan Mining Co., Ltd. [2]	People's Republic of China	Mining and sale of gypsum and gypsum related products	**98.69**	98.69
Shandong Sincap International Trading Co., Ltd. [3]	People's Republic of China	Dormant	**100**	100
Subsidiaries held by Sincap Australia Pte Ltd.				
Sincap Land (Aus) Pty Ltd [2]	Australia	Dormant	**100**	100
SCL Murray Pty Ltd [3]	Australia	Dormant	**100**	100

1 Audited by Baker Tilly TFW LLP
2 Audited by independent member firms of Baker Tilly International
3 Not required to be audited under the law of incorporation, audited by Baker Tilly TFW LLP for the purpose of preparation of the consolidated financial statements

(b) Significant restrictions

Cash and cash equivalents of RMB7,580,000 (2015: RMB41,354,000) are held in the People's Republic of China and are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported from country other than through dividends.

15. Investments in subsidiaries (cont'd)

(c) Summarised financial information of subsidiary with material non-controlling interests ('NCI")

The Group has the following subsidiary that has NCI that is considered by management to be material to the Group:

Name of subsidiary	Principal place of business	Ownership interests held by NCI
31 December 2016 and 31 December 2015		
Orion Energy Resources Pte. Ltd. ("Orion")	Singapore	49%

The following are the summarised financial information of each of the Group's subsidiary with NCI that are considered by management to be material to the Group. These financial information include consolidation adjustments but before inter-company eliminations.

Summarised statement of financial position

	Orion	
	2016	2015
	RMB'000	RMB'000
Current assets	**66,414**	28,196
Current liabilities	**(43,270)**	(21,285)
Net assets	**23,144**	6,911
Net assets attributable to NCI	**11,341**	3,386

Summarised statement of comprehensive income

	Orion	
	2016	2015
	RMB'000	RMB'000
Revenue	**163,791**	14,185
Profit before tax	**17,561**	564
Income tax expense	**(2,483)**	(79)
Profit after tax	**15,078**	485
Other comprehensive income	**1,154**	123
Total comprehensive income	**16,232**	608
Profit allocated to NCI	**7,388**	238

Summarised cash flows

	Orion	
	2016	2015
	RMB'000	RMB'000
Cash flows for operating activities	**(6,446)**	(19,798)
Cash flows from financing activities	**15,543**	20,076
Net increase in cash and cash equivalents	**9,097**	278

15. Investment in subsidiaries (cont'd)

(d) Acquisition of subsidiary in 2015

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

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

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

Equity instruments issued as part of consideration transferred

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

15. Investment in subsidiaries (cont'd)

(d) Acquisition of subsidiary in 2015 (cont'd)

(ii) Transaction costs

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

(iii) Goodwill arising from acquisition

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

(e) Impairment review of investments in subsidiaries

During the financial year, management performed an impairment test on the investment in a subsidiary as the subsidiary had been persistently making losses. An impairment loss of RMB14,893,000 (2015: RMB24,807,000) was recognised for the year ended 31 December 2016 to write down the subsidiary to its recoverable amount of RMB18,774,000 (2015: RMB33,667,000). The recoverable amount of the investment was determined by management based on the forecast cash flows from the sale of the subsidiary's major asset net of settlement its liabilities.

16. Deferred tax

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

The movements in deferred tax account are as follows:

	Group	
	2016	2015
	RMB'000	RMB'000
At 1 January	**(698)**	756
Tax charge to profit or loss	**(757)**	(1,454)
At 31 December	**(1,455)**	(698)
Representing:		
Non-current		
Deferred tax assets	**145**	902
Deferred tax liabilities	**(1,600)**	(1,600)
	(1,455)	(698)

16. Deferred tax (cont'd)

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

	Provision for safety expenses	Accrual for mineral resources tax	Accrual for price adjustment fund	Relating to interest free related party loan	Distributable earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
At 1 January 2016	97	423	382	–	(1,600)	(698)
Charge to profit or loss (Note 9)	–	(375)	(382)	–	–	(757)
At 31 December 2016	**97**	**48**	**–**	**–**	**(1,600)**	**(1,455)**
At 1 January 2015	144	537	382	(307)	–	756
(Charge)/credited to profit or loss (Note 9)	(47)	(114)	–	307	(1,600)	(1,454)
At 31 December 2015	97	423	382	–	(1,600)	(698)

The PRC subsidiaries' distributable earnings generated from 1 January 2008 are subjected to withholding tax when the subsidiary declares dividend to its foreign investor. The Group recognised deferred tax liabilities based on the expected PRC subsidiaries' earnings that are expected to be distributed to the Company in the foreseeable future, based on the forecasted cash flow requirements of the Company.

17. Trade and other receivables

	Group		Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current				
Other receivables	**–**	15,673	**–**	–
Current				
Trade receivables:				
Third parties	**14,137**	17,290	**–**	–
Bills receivables	**3,660**	5,185	**–**	–
	17,797	22,475	**–**	–
Other receivables	**20,894**	2,933	**–**	–
Subsidiaries (non-trade)	**–**	–	**45,477**	28,233
Advance to suppliers	**51,325**	34,347	**–**	–
Prepayment	**108**	–	**108**	–
Deposits	**37**	157	**37**	7
	90,161	59,912	**45,622**	28,240

17. Trade and other receivables (cont'd)

Included in other receivables is a loan of RMB19,035,000 (2015: RMB15,673,000) to Richardson 1 Pty Ltd ("Richardson loan") pursuant to a loan extended by a subsidiary, SCL Murray Pty Ltd. The loan is unsecured, bears interest of 17.5% (2015: 17.5%) per annum and is repayable by 1 September 2017 (2015: 29 March 2017).

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

At 31 December 2016, the Group endorsed certain bills receivables in the PRC (the "Derecognised Bills") with a carrying amount in aggregate of RMB3,002,000 (2015: RMB241,400,000) to certain of its suppliers in order to settle the trade payables due to such suppliers. The Derecognised Bills have a maturity period of one to twelve months at the balance sheet date. In accordance with the laws in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default. In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, the Group has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the continuing involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's continuing involvement in the Derecognised Bills are not significant.

18. Development property

	Group	
	2016	2015
	RMB'000	RMB'000
Statement of Financial Position		
Development property held for sale in the process of development, at net realisable value	**–**	43,151
Statement of Profit or Loss and Other Comprehensive Income		
Impairment loss on development property (Note 7)	**495**	9,336

During the financial year, the development property had been disposed off at a price of A$9,000,000 (equivalent to RMB45,706,000).

19. Inventories

	Group	
	2016	2015
	RMB'000	RMB'000
Gypsum ore and powder, at cost	**1,306**	1,426
Ancillary materials, spare parts and small tools	**1,083**	995
Total	**2,389**	2,421
The amount of inventories included in cost of sales	**227,303**	666,889

20. Borrowings

	Group 2016 RMB'000	Group 2015 RMB'000	Company 2016 RMB'000	Company 2015 RMB'000
Non-current				
Finance lease liabilities (Note 20(a))	**839**	967	**839**	967
Related party loan (Note 20(b))	**–**	646	**–**	–
	839	1,613	**839**	967
Current				
Finance lease liabilities (Note 20(a))	**173**	158	**173**	158
Related party loan (Note 20(b))	**–**	287	**–**	–
Amount owing to a shareholder (Note 20(c))	**5,490**	12,090	**–**	–
Term loans I (Note 20(d))	**313**	4,139	**313**	4,139
Term loan II (Note 20(e))	**–**	25,632	**–**	–
	5,976	42,306	**486**	4,297
	6,815	43,919	**1,325**	5,264

(a) Finance lease liabilities

	Group and Company 2016 Minimum lease payments RMB'000	2016 Present value RMB'000	2015 Minimum lease payments RMB'000	2015 Present value RMB'000
Not later than one financial year	**212**	**173**	203	158
Later than one financial year but not later than five financial years	**850**	**769**	812	705
Later than five financial years	**70**	**70**	270	262
Total minimum lease payments	**1,132**		1,285	
Less future finance charges	**(120)**		(160)	–
Present value of lease payments	**1,012**	**1,012**	1,125	1,125
Representing lease liabilities:				
Current	**173**		158	
Non-current	**839**		967	
	1,012		1,125	
Effective interest rate (%)	**4.25**		4.25	

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

20. Borrowings (cont'd)

(b) Related party loan

The related party loan was repayable by monthly instalments over 10 years from March 2009. It was unsecured and bore a floating interest rate at 110% of the prevailing prime lending rate of the People's Bank of China. The effective interest rate for 2015 was 5.39% per annum.

During the financial year, the related party loan had been fully repaid.

(c) Amount owing to a shareholder

Pursuant to a revised agreement in August 2015, repayment terms have been amended to be at the Company sole discretion when the following conditions are met:

(i) Beijing Raffles Investment Advisory Co., Ltd ("Beijing Raffles"), wholly-owned subsidiary of the Company has sufficient distributable profits;
(ii) Aggregate annual repayment sum are not allowed to be higher than dividend paid by Beijing Raffles to the Company; and
(iii) Approval of audit committee.

A letter of demand was received by the Company claiming immediate payment of RMB6,815,000 owing by the Company to shareholder. The directors of the Company are of the view that no additional liabilities are required to be recognised in the financial statements for the financial year ended 31 December 2016 in respect of the above claim.

(d) Term loans I

The short-term loans are unsecured and bear a fixed interest rate range of 12% (2015: 12%) per annum and repayable on demand.

(e) Term loan II

The term loan II of the Group was secured by a first mortgage over the Group's development property (Note 18) and bore interest at 11.75% to 14.75% per annum and was repayable by 8 March 2016. The term loan had been fully repaid during the financial year.

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

21. Trade and other payables

	Group		Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**2,737**	14,849	**–**	–
Accrued operating expenses	**5,871**	4,676	**1,785**	1,327
Other payables	**–**	4,276	**–**	1,568
Due to a subsidiary	**–**	–	**16,414**	–
Advances from customers	**710**	28,086	**–**	–
Payable to acquisition of a subsidiary (Note 15(d))	**–**	7,322	**–**	7,322
Due to a director	**–**	620	**–**	620
	9,318	59,829	**18,199**	10,837

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

22. Provision

	Group	
	2016	2015
	RMB'000	RMB'000
Provision for safety expenses	**227**	389

Movement in provision for safety expenses:

Balance at beginning of the year	**389**	576
Provision for the year	**1,748**	1,665
Utilisation during the year	**(1,910)**	(1,852)
Balance at end of the year	**227**	389

Under the PRC regulations, a subsidiary is required to provide the safety expenses which is made at a rate of RMB 4 per tonne (2015: RMB4 per tonne) of gypsum extracted during the year. The provision of safety expenses is to be used to improve the safety of the working environment.

23. Share capital

	Group and Company			
	2016		2015	
	Number of issued shares	**Issued share capital**	Number of issued shares	Issued share capital
	'000	**RMB'000**	'000	RMB'000
At 1 January	**484,004**	**122,417**	351,000	86,925
Issuance of ordinary shares	**36,666**	**10,864**	95,004	26,200
Issuance of share pursuant to the acquisition of subsidiary (Note 15(d))	**–**	**–**	38,000	9,327
Share issue expenses	**–**	**(29)**	–	(35)
	520,670	**133,252**	484,004	122,417

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

On 12 August 2016, the Company issued 36,666,000 ordinary share of $0.06 (approximately RMB0.296) per share for cash to period fund for the expansion of the Group's operations.

On 12 March 2015, the Company issued 3,604,000 ordinary shares of $0.06 (approximately RMB0.276) each in the capital of the Company pursuant to the Sincap Performance Share Plan.

On 18 September 2015, 38,000,000 ordinary shares of no par value were issued at the market price of $0.05 (approximately RMB0.245) each and used as part of the purchase consideration for the acquisition of subsidiaries (note 15).

On 16 December 2015, the Company issued 91,400,000 ordinary shares of $0.06 (approximately RMB0.276) per share for cash to provide fund for the expansion of the Group's operations.

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

24. Statutory reserve

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

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

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

25. Currency translation reserve

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

26. Operating lease commitments

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

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

	Group	
	2016	2015
	RMB'000	RMB'000
Not later than one year	**300**	217

27. Contingent liabilities

On 6 March 2017, the Company received letters from management and employees' union of Shandong Luneng Taishan Mining Co., Ltd ("Shandong Luneng") (collectively referred to as "they").

(i) They claimed that based on the directives of National and Provincial City Safety Supervisory Department, Shandong Luneng has to complete the mine refilling project as soon as possible. They have informed the Board that it will require RMB31,000,000 to complete this project.

(ii) They claimed that they have historically been owing the employees' social security insurance of an amount of RMB26,690,000 ("Social Security Outstanding"). Additionally, they claimed that if the Social Security Outstanding are not resolved, it may lead to a closure of the mine or cessation of its mining right.

(iii) They proposed that in order to avoid such closure/cessation of the mine, further unrest of the employees of Shandong Luneng and to maintain good relationships with the government, they have requested for the funds from the Company to be used for the above matters in relation to Shandong Luneng.

27. Contingent liabilities (cont'd)

The Company is still in the process of investigating the above claims and is unable to determine the merits of the claims. Consequently, the management is unable to determine whether any provision for additional liabilities that are necessary for the above in respect of financial year ended 31 December 2016.

28. Related party transactions

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

	Group	
	2016	2015
	RMB'000	RMB'000
Rental expenses charged by a company in which a director has controlling interest	**–**	87

Other related party is the family members and associates of Fu Hao, a former director, and entities controlled by Fu Hao. However, Fu Hao had ceased to be a related party with effect from 1 July 2015 as his shareholding in the Company declined below 15%, pursuant to the Company's placement completed in FY2015. The amount of approximately RMB50,000 represented the interest paid by the Group on loan extended by Wang Liming (spouse of Fu Hao) during the period which Fu Hao remained as an interested person, i.e. from 1 January 2015 to 30 June 2015.

(b) Key management personnel compensation

Total key management personnel compensation is analysed as follows:

	Group	
	2016	2015
	RMB'000	RMB'000
Directors of the Company:		
- remuneration of directors	**955**	967
- defined contribution benefits	**–**	28
- directors' fees	**746**	850
	1,701	1,845
Other key management personnel:		
- short-term employee benefits	**1,623**	3,138
- defined contribution benefits	**65**	303
	1,688	3,441
	3,389	5,286

29. Financial instruments

(a) Categories of financial instruments

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

	Group		Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Bank and cash balances	**17,979**	52,673	**467**	5,214
Trade and other receivables	**38,728**	41,238	**45,514**	28,240
Loan and receivables	**56,707**	93,911	**45,981**	33,454
Financial liabilities				
Borrowings	**6,815**	43,919	**1,325**	5,264
Trade and other payables	**8,608**	31,743	**18,199**	10,837
At amortised cost	**15,423**	75,662	**19,524**	16,101

(b) Financial risk management

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

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

Foreign currency risk

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

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

29. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Foreign currency risk (cont'd)

	2016			2015		
	SGD	**AUD**	**USD**	SGD	AUD	USD
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Group						
Cash and cash equivalents	**331**	**61**	**79**	5,266	10	20
Trade and other receivables	**5,533**	**673**	**–**	5,700	2,606	20,076
Borrowings	**(1,325)**	**–**	**–**	(5,264)	–	–
Trade and other payables (including intra-group balances)	**(23,384)**	**–**	**–**	(16,022)	(395)	–
Net financial (liabilities)/assets denominated in foreign currencies	**(18,845)**	**734**	**79**	(10,320)	2,221	20,096
Company						
Cash and cash equivalents	**193**	**–**	**–**	5,213	–	14
Trade and other receivable	**5,493**	**673**	**–**	5,558	2,606	20,076
Borrowings	**(1,325)**	**–**	**–**	(5,264)	–	–
Trade and other payables	**(18,199)**	**–**	**–**	(10,837)	–	–
Net financial assets denominated in foreign currencies	**(13,838)**	**673**	**–**	(5,330)	2,606	20,090

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

	Group		Company	
	Increase/(decrease) in profit/(loss) after tax		Increase/(decrease) in loss after tax	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
SGD/RMB				
- strengthened 10% (2015: 10%)	**(1,564)**	857	**1,149**	442
- weakened 10% (2015: 10%)	**1,564**	(857)	**(1,149)**	(442)
AUD/RMB				
- strengthened 10% (2015: 10%)	**61**	(184)	**(56)**	(216)
- weakened 10% (2015: 10%)	**(61)**	184	**56**	216
USD/RMB				
- strengthened 10% (2015: 10%)	**7**	(1,668)	**–**	(1,667)
- weakened 10% (2015: 10%)	**(7)**	1,668	**–**	1,667

29. Financial instruments (cont'd)

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

Interest rate risk

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

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

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

Credit risk

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

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

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

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due and/or impaired

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

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

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

29. Financial instruments (cont'd)

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

Credit risk (cont'd)

Financial assets that are either past due and/or impaired (cont'd)

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

	Group	
	2016	2015
	RMB'000	RMB'000
Trade receivables past due:		
Less than 90 days	**12,408**	3,171
Over 90 days	**–**	758
	12,408	3,929

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

The Group's trade receivables comprise 1 (2015: 2) debtor that individually represented 88% (2015: 10% - 82%) of the trade receivables. In addition, the Richardson loan as disclosed in Note 17 is a significant portion of other receivables of the Group.

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

Liquidity risk

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

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

29. Financial instruments (cont'd)

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

Liquidity risk (cont'd)

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

	Within 1 year RMB'000	Within 2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Group				
2016				
Borrowings	**5,803**	**–**	**–**	**5,803**
Finance lease liabilities	**212**	**850**	**70**	**1,132**
Trade and other payables	**8,608**	**–**	**–**	**8,608**
	14,623	**850**	**70**	**15,543**
2015				
Borrowings	46,347	697	–	47,044
Finance lease liabilities	203	812	270	1,285
Trade and other payables	31,743	–	–	31,743
	78,293	1,509	270	80,072

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

	Within 1 year RMB'000	Within 2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Company				
2016				
Borrowings	**313**	**–**	**–**	**313**
Finance lease liabilities	**212**	**850**	**70**	**1,132**
Trade and other payables	**18,199**	**–**	**–**	**18,199**
	18,724	**850**	**70**	**19,644**
2015				
Borrowings	4,504	–	–	4,504
Finance lease liabilities	203	812	270	1,285
Trade and other payables	10,837	–	–	10,837
	15,544	812	270	16,626

30. Fair values of financial instruments

(a) Fair value hierarchy

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

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

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

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

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

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

31. Capital management

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

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

There were no changes in the objectives, policies or processes during the financial years ended 31 December 2016 and 31 December 2015.

31. Capital management (cont'd)

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

	Group	
	2016	2015
	RMB'000	RMB'000
Trade and other payables	**9,318**	59,829
Borrowings	**6,815**	43,919
Less: cash and cash equivalents	**(17,979)**	(52,673)
Net (cash)/debt	**(1,846)**	51,075
Equity attributable to the equity holders of the Company	**121,045**	111,120
Less: statutory reserve (Note 24)	**(17,659)**	(17,521)
	103,386	93,599
Total capital	**101,540**	144,674
Gearing ratio	**–**	35%

The Group is currently in a net cash position. The Group will continue to be guided by prudent policies of which gearing is monitored.

32. Segment information

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

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

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

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

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

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

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

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

32. Segment information (cont'd)

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

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

Profit or loss from operations and reconciliations

	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Property RMB'000	Unallocated RMB'000	Total RMB'000
2016						
Revenue by Segment	40,672	44,715	173,506	45,706	–	**304,599**
Total revenue	40,672	44,715	173,506	45,706	–	**304,599**
Recurring EBITDA	7,212	(4,652)	19,752	(354)	–	**21,958**
Depreciation and amortisation	(4,018)	(109)	(3)	–	(193)	**(4,323)**
Development property written down	–	–	–	(495)	–	**(495)**
Impairment on intangible assets	(2,848)	–	–	–	–	**(2,848)**
ORBIT	346	(4,761)	19,749	(849)	(193)	**14,292**
Interest income	–	131	11	2,383	5	**2,530**
Finance costs	(70)	–	–	(1,838)	(205)	**(2,113)**
Unallocated corporate expenses						**(9,933)**
Profit before tax						**4,776**
Tax expense						**(4,189)**
Profit for the year						**587**

32. Segment information (cont'd)

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

	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Property RMB'000	Unallocated RMB'000	Total RMB'000
2015						
Revenue by Segment	34,459	643,785	14,289	–	–	692,533
Total revenue	34,459	643,785	14,289	–	–	692,533
Recurring EBITDA	4,722	11,819	403	(1,318)	–	15,626
Depreciation and amortisation	(4,064)	(143)	(16)	–	(211)	(4,434)
Development property written down	–	–	–	(9,336)	–	(9,336)
ORBIT	658	11,676	387	(10,654)	(211)	1,856
Interest income	60	426	–	2,629	–	3,115
Finance costs	–	(34)	–	(3,184)	(2,340)	(5,558)
Unallocated corporate expenses					(11,950)	(11,950)
Loss before tax						(12,537)
Tax expense						(5,844)
Loss for the year						(18,381)

Assets and reconciliation

	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Property RMB'000	Unallocated RMB'000	Total RMB'000
2016						
Total assets for reportable segment	48,312	251	86,473	19,326	–	154,362
Unallocated						
Property, plant and equipment					1,015	1,015
Deferred tax asset					145	145
Other receivables					190	190
Cash and cash equivalents					757	757
Total group assets	**48,312**	**251**	**86,473**	**19,326**	**2,107**	**156,469**

32. Segment information (cont'd)

Assets and reconciliation (cont'd)

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

Liabilities and reconciliation

	Gypsum ore and powder RMB'000	Alumina products RMB'000	Coal products RMB'000	Property RMB'000	Unallocated RMB'000	Total RMB'000
2016						
Total liabilities for reportable segment	7,344	50	151	48	–	7,593
Unallocated						
Deferred tax liabilities					1,600	1,600
Income tax payables					5,315	5,315
Trade and other payables					1,953	1,953
Borrowings					6,814	6,814
Total group liabilities	**7,344**	**50**	**151**	**48**	**15,682**	**23,275**
2015						
Total liabilities for reportable segment	7,998	39,141	151	27,542	–	74,832
Unallocated						
Deferred tax liabilities					1,600	1,600
Income tax payables					4,635	4,635
Trade and other payables					11,018	11,018
Borrowings					18,287	18,287
Total group liabilities	7,998	39,141	151	27,542	35,540	110,372

32. Segment information (cont'd)

Geographical information

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

	Revenue		Non-current assets	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Singapore	**173,506**	14,289	**14,448**	14,559
China	**85,387**	678,244	**31,347**	36,318
Australia	**45,706**	–	**–**	–
	304,599	692,533	**45,795**	50,877

Information about major customer

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

		Group	
		2016	2015
	Attributable segments	**RMB'000**	RMB'000
Customer 1	Alumina segment	**–**	401,518
Customer 2	Alumina segment	**–**	79,820
Customer 3	Alumina segment	**–**	86,995
Customer 4	Coal segment	**171,886**	–
		171,886	568,333

33. Subsequent event

On 5 December 2016, the Company announced the proposed renounceable non-underwritten rights issue of up to 2,603,350,000 new ordinary shares of the Company at the issue price of S$0.01 per Rights Share, on the basis of five (5) Rights Shares for every one (1) existing ordinary share in the capital of the Company held by the shareholders (the "Right Issue"). The net proceeds arising from the proposed Rights Issue, after deducting estimated costs and expenses of S$150,000 relating to the Rights Issue, is approximately S$25.88 million (equivalent to RMB124.36 million).

34. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors dated 3 April 2017.

As at 17 March 2017

STATISTICS OF SHAREHOLDINGS

Issued and fully paid-up capital	S$27,394,051 (RMB133,251,518)#
No. of Shares	520,670,000
Class of shares	Ordinary shares
Voting rights	One vote per share

The Company does not hold any treasury shares

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	77	12.56	22,525	0.01
1,001 - 10,000	43	7.02	322,500	0.06
10,001 - 1,000,000	435	70.96	91,694,000	17.61
1,000,001 AND ABOVE	58	9.46	428,630,975	82.32
TOTAL	**613**	**100.00**	**520,670,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE) LIMITED	33,935,200	6.52
2	PHILLIP SECURITIES PTE LTD	30,746,300	5.91
3	UOB KAY HIAN PRIVATE LIMITED	30,525,875	5.86
4	OCBC SECURITIES PRIVATE LIMITED	19,547,000	3.75
5	MAYBANK KIM ENG SECURITIES PTE LTD	19,009,000	3.65
6	WONG SZE PONG	18,333,000	3.52
7	XU JINJI	18,333,000	3.52
8	IP MIU HING	17,500,000	3.36
9	JERRY TAN SIANG HUP	17,000,000	3.27
10	WEI FANGYANG	15,960,000	3.07
11	CHEN GUOBIAO	15,960,000	3.07
12	ZHU CANXING	14,000,000	2.69
13	VSTL INVESTMENT LTD	13,000,000	2.50
14	CHUA CHIONG BOON	12,500,000	2.40
15	CHUA EE WEE (CAI YIWEI)	12,500,000	2.40
16	WANG LINGLING	12,500,000	2.40
17	NAM LEONG CO PTE LTD	12,000,000	2.30
18	ZHU SHIYAN	10,500,000	2.02
19	CHOO CHIN LIN (ZHU JINLIN)	8,580,000	1.65
20	NOMURA SINGAPORE LIMITED	8,000,000	1.54
	TOTAL	**340,429,375**	**65.40**

As at 17 March 2017

SUBSTANTIAL SHAREHOLDERS

The Company does not have any Substantial Shareholders.

SHARES HELD BY PUBLIC

Approximately 96.76% of the Company's issued shares (excluding preference shares, convertible equity securities and treasury shares) are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

As per the Company's accounting records as at 17 March 2017.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sincap Group Limited (the "**Company**") will be held at 60 Benoi Road, #03-02 EMS Building, Boardroom, Singapore 629906 on Wednesday, 26 April 2017 at 9.30 a.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To note the retirement of Mr Lim Teck Chai, Danny pursuant to Regulation 81 of the Constitution of the Company.

3. To re-elect the following Directors of the Company retiring pursuant to Regulation 81 of the Constitution of the Company:

   (i) Mr Lim Jin Wei [**See Explanatory Note 1**] **(Resolution 2)**
   (ii) Mr Yau Woon Foong [**See Explanatory Note 2**] **(Resolution 3)**
   (iii) Mr Robby [**See Explanatory Note 3**] **(Resolution 4)**

4. To approve the payment of Directors' fees of S$155,000 for the financial year ended 31 December 2016. (2015: S$185,000). **(Resolution 5)**

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

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

AS SPECIAL BUSINESS

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

7. **Authority to allot and issue shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50, the Constitution of the Company and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

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

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

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

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

   provided that:

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

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

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

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

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

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

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.
[See Explanatory Note 4] **(Resolution 7)**

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

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant awards under the Sincap Performance Share Plan (the "**Plan**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Plan, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Plan and other share-based incentive schemes shall not exceed fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note 5] **(Resolution 8)**

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

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant options under the Sincap Group Employee Share Option Scheme 2014 (the "**Scheme**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note 6] **(Resolution 9)**

By Order of the Board

Low Yew Shen
Leow Siew Yon
Joint Company Secretaries

Singapore, 11 April 2017

Explanatory Notes on Resolutions to be passed:

1. Mr Lim Jin Wei will, upon re-election as a Director of the Company, remain as the Lead Independent Director, Chairman of the Audit & Risk Committee, member of the Nominating Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

2. Mr Yau Woon Foong will, upon re-election as a Director of the Company, remain as the Independent Director.

3. Mr Robby will, upon re-election as a Director of the Company, remain as the Independent Director.

4. The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares in the capital of the Company, of which up to 50% may be issued other than on a *pro rata* basis to shareholders.

   For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares 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 any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

5. The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted or to be granted under the Scheme. The aggregate number of shares which may be issued pursuant to the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

6. The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of the options under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting ("**AGM**") is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company.

2. A member who is not a relevant intermediary (as defined in section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies and where two proxies are appointed, shall specify the proportion of shareholding to be represented by each proxy.

3. A member who is a relevant intermediary is entitled to appoint more than two proxies and where such member's form of proxy appoints more than one proxy, the number of and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Each proxy must be appointed to exercise the rights attached to the different share or shares held by such member.

4. In any case where a more than one proxy is appointed, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.

5. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be either under its common seal or under the hand of any duly authorised officer or attorney duly authorised. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company), if required by law, be duly stamped and be deposited at the office of the Company, 15 Upper Circular Road #04-01, Singapore 058413 not less than 48 hours before the time appointed for the AGM, failing which the instrument may be treated as invalid shall be attached to the instrument of proxy.

6. The instrument appointing a proxy must be deposited at the office of the Company, 15 Upper Circular Road #04-01, Singapore 058413 not less than 48 hours before the time of the AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representative appointed for the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to company with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representatives to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representatives for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representatives for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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SINCAP GROUP LIMITED

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

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

PROXY FORM

(Please see notes overleaf before completing this Form)

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

of ____ (Address)

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

Name	**NRIC/Passport No.**	**Proportion of Shareholdings to be represented by proxy**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings to be represented by proxy**	
		No. of Shares	**%**
Address			

or failing *him/her/them, the Chairman of the meeting as *my/our proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 60 Benoi Road, #03-02 EMS Building, Boardroom, Singapore 629906 on 26 April 2017 at 9.30 a.m. and at any adjournment thereof.

Note: Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the notice of general meeting. In the absence of specific directions or in the event of any item arising at the Annual General Meeting not summarised below, the proxy/proxies may vote or abstain from voting as he/they may think fit.

No.	**Resolutions relating to:**	**By way of poll**	
		For	**Against**
Ordinary Business			
1.	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016		
2.	Re-election of Mr Lim Jin Wei as a Director		
3.	Re-election of Mr Yau Woon Foong as a Director		
4.	Re-election of Mr Robby as a Director		
5.	Approval of Directors' fees of S$155,000 for the financial year ended 31 December 2016		
6.	Re-appointment of Messrs Baker Tilly TFW LLP as Auditors and to authorise the Directors to fix their remuneration		
Special Business			
7.	Authority to issue shares		
8.	Authority to issue shares under the Sincap Performance Share Plan		
9.	Authority to issue shares under the Sincap Group Employee Share Option Scheme 2014		

Dated this __________ day of ______________ 2017.

Total Number of Shares in:	**No. of Shares**
CDP Register	
Register of Members	

____

Signature(s) of Member(s) and
Common Seal of Corporate Member

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in the relevant sections of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at the Annual General Meeting ("**AGM**") of the Company is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. A member who is not a relevant intermediary (as defined in section 181 of the Companies Act (Cap. 50)) is entitled to appoint not more than two proxies and where two proxies are appointed, shall specify the proportion of shareholding to be represented by each proxy.

4. A member who is a relevant intermediary is entitled to appoint more than two proxies and where such member's form of proxy appoints more than one proxy, the number of and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Each proxy must be appointed to exercise the rights attached to the different share or shares held by such member.

5. In any case where a more than one proxy is appointed, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no such proportion or number is specified, the first name proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.

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

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

8. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof shall, if required by law, be duly stamped and be deposited at the office of the Company, 15 Upper Circular Road #04-01, Singapore 058413, not less than 48 hours before the time appointed for the AGM, failing which the instrument may be treated as invalid.

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

10. Subject to note 11 below, completion and return of this appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

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

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 April 2017.

General:

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

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SINCAP GROUP

SINCAP GROUP LIMITED

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

(Company Registration No.: 201005161G)

15 Upper Circular Road

#04-01

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