

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016**

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE (“HY”) 2016**

1(a)(i) A statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year

**COMBINED STATEMENTS OF COMPREHENSIVE INCOME**

	<u>Group</u>		<u>% Change</u>
	<u>Unaudited</u>	<u>Unaudited</u>	
	<u>HY2016</u>	<u>HY2015</u>	<u>Increase/</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>(Decrease)</u>
<b>Revenue</b>	176,742	355,603	(50)
Cost of sales	(166,938)	(337,225)	(50)
<b>Gross profit</b>	9,804	18,378	(47)
Other income	3,065	1,248	146
Distribution costs	(2,814)	(1,923)	46
Administrative expenses	(14,308)	(11,975)	19
Finance costs	(1,816)	(1,229)	48
Other expenses	(2,515)	(1,105)	128
(Loss)/Profit before tax	(8,584)	3,394	(353)
Tax expense	(55)	(2,783)	(98)
<b>(Loss)/profit for the six months</b>	(8,639)	611	n.m.
<b>Other comprehensive loss:</b>			
Items that are or may be reclassified subsequently to profit and loss:			
Currency translation differences arising on consolidation	3,998	(3,166)	n.m.
<b>Total comprehensive loss for the six months</b>	(4,641)	(2,555)	82
<b>Loss/(profit) attributable to:</b>			
Equity holders of the Company	(10,072)	609	n.m.
Non-controlling interests	1,433	2	n.m.
<b>(Loss)/profit for the six months</b>	(8,639)	611	n.m.
<b>Total comprehensive (loss)/profit attributable to:</b>			
Equity holders of the Company	(6,074)	(2,557)	138
Non-controlling interests	1,433	2	n.m.
	(4,641)	(2,555)	82

n.m.: denotes not meaningful

**1(a)(ii) Profit, net of tax, is arrived at after (charging)/crediting the following:**

	<u>Group</u>		<b>% Change Increase/ (Decrease)</b>
	<b>Unaudited</b>	<b>Unaudited</b>	
	<b>HY2016</b>	<b>HY2015</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	
After (charging)/ crediting:			
Allowance for doubtful debts	(202)	(1,000)	(79.8)
Depreciation and amortisation	(2,206)	(1,892)	16.6
Foreign exchange gain	137	94	45.7
Foreign exchange loss	(2,936)	(46)	n.m
Gain on disposal of plant and equipment	-	73	(100.0)
Interest expenses	(1,816)	(1,229)	47.8
Interest income	1,163	1,079	7.8

1(b)(i) A statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year

STATEMENTS OF FINANCIAL POSITION

	<b>Group</b>		<b>Company</b>	
	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>30.06.2016</b>	<b>31.12.2015</b>	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>				
<b><u>Non-current assets</u></b>				
Property, plant and equipment	25,593	27,189	1,065	1,125
Intangible assets	9,790	9,860	-	-
Land use rights	380	394	-	-
Goodwill	13,434	13,434	-	-
Investment in subsidiaries	-	-	55,316	55,316
Deferred tax assets	902	902	-	-
Trade and other receivables	17,516	15,673	-	-
<b>Total non-current assets</b>	<b>67,615</b>	<b>67,452</b>	<b>56,381</b>	<b>56,441</b>
<b><u>Current assets</u></b>				
Development property	-	43,151	-	-
Inventories	1,714	2,421	-	-
Trade and other receivables	71,078	59,912	27,765	28,240
Cash and cash equivalents	30,552	52,673	12,612	5,214
<b>Total current assets</b>	<b>103,344</b>	<b>158,157</b>	<b>40,377</b>	<b>33,454</b>
<b>Total assets</b>	<b>170,959</b>	<b>225,609</b>	<b>96,758</b>	<b>89,895</b>
<b>EQUITY AND LIABILITIES</b>				
<b><u>Equity</u></b>				
Share capital	122,417	122,417	122,417	122,417
Accumulated losses	(27,860)	(17,788)	(50,767)	(48,680)
Statutory reserve	17,521	17,521	-	-
Currency translation reserve	(7,032)	(11,030)	-	-
<b>Equity, attributable to owners of the parents</b>	<b>105,046</b>	<b>111,120</b>	<b>71,650</b>	<b>73,737</b>
Non-controlling interests	5,550	4,117	-	-
<b>Total equity</b>	<b>110,596</b>	<b>115,237</b>	<b>71,650</b>	<b>73,737</b>
<b><u>Non-current liabilities</u></b>				
Deferred tax liabilities	1,600	1,600	-	-
Borrowings	950	1,613	950	967
<b>Total non-current liabilities</b>	<b>2,550</b>	<b>3,213</b>	<b>950</b>	<b>967</b>
<b><u>Current liabilities</u></b>				
Trade and other payables	47,990	59,829	23,595	10,837
Provision	318	389	-	-
Borrowings	5,985	42,306	494	4,297
Income tax payable	3,520	4,635	69	57
<b>Total current liabilities</b>	<b>57,813</b>	<b>107,159</b>	<b>24,158</b>	<b>15,191</b>
<b>Total liabilities</b>	<b>60,363</b>	<b>110,372</b>	<b>25,108</b>	<b>16,158</b>
<b>Total equity and liabilities</b>	<b>170,959</b>	<b>225,609</b>	<b>96,758</b>	<b>89,895</b>

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

	<b>Group</b>	
	<b>Unaudited</b>	<b>Audited</b>
	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Payable in one year or less, or on demand</b>		
<b>Secured</b>		
Obligation under finance leases (a)	173	158
Term loan (b)	-	25,632
<b>Unsecured</b>		
Term loan	322	4,139
Related party loan	-	287
Amount owing to shareholder	5,490	12,090
	<b>5,985</b>	<b>42,306</b>
<b>Payable after one year</b>		
<b>Secured</b>		
Obligation under finance leases (a)	950	967
<b>Unsecured</b>		
Related party loan	-	646
	<b>950</b>	<b>1,613</b>
<b>TOTAL</b>	<b>6,935</b>	<b>43,919</b>

#### Details of any collateral

- a) The obligations under finance leases are secured by charges of the lessors (banks) over the leased assets of the Group.
- b) The term loan is secured by charges of the finance institution over the development property.

**1 (c) A statement of cash flows (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>Unaudited HY2016 RMB000</b>	<b>Audited HY2015 RMB000</b>
<b><u>Cash flows from operating activities</u></b>		
(Loss)/Profit before tax	(8,584)	3,394
Adjustments for:		
Interest income	(1,163)	(1,079)
Interest expense	1,816	1,229
Depreciation of property, plant and equipment	2,122	1,808
Provision for safety expenses	(71)	-
Amortisation of other intangible assets and land use rights	84	84
Performance shares	-	1,009
Operating cash flows before working capital changes	(5,796)	6,445
Development property	44,966	(2,286)
Inventories	707	2,863
Receivables	(11,702)	(31,320)
Payables	(11,523)	(11,057)
Net effect of exchange rate changes in consolidating foreign operation	2,689	376
Cash from/(used in) operations	19,341	(34,979)
Income tax paid	(1,199)	(289)
Net cash from/(used in) operating activities	18,142	(35,268)
<b><u>Cash flows from investing activities</u></b>		
Purchase of property, plant and equipment	(526)	(57)
Proceeds from disposal of property, plant and equipment	-	396
Payment for acquisition of Orion shares	(1,270)	-
Interest received	1,163	1,079
Net cash flows from / (used in) from investing activities	(633)	1,418
<b><u>Cash flows from financing activities</u></b>		
Interest paid	(1,816)	(1,229)
Finance lease repayment	(83)	(328)
Repayment to shareholder	(6,600)	-
Proceeds from term loan	-	27,701
Repayment of term loan	(30,827)	-
Repayment to related party loan	(933)	(122)
Repayment of advances to related party	-	(606)
Net cash flows from financing activities	(40,259)	25,416
<b>Net decrease in cash and cash equivalents</b>	<b>(22,750)</b>	<b>(8,434)</b>
Cash and cash equivalents, beginning balance	52,673	18,623
Effects of exchange rate changes on cash and cash equivalents	629	-
<b>Cash and cash equivalents, ending balance (see note below)</b>	<b>30,552</b>	<b>10,189</b>
<b>Cash and cash equivalents comprises:</b>		
Bank and cash balances	30,552	10,189
Cash restricted in use	-	-
Bank and cash balances, ending balances	30,552	10,189

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

#### Group

	Share capital	Accumulated losses	Statutory reserve	Translation reserve	Attributable to parent	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2016</b>	122,417	(17,788)	17,521	(11,030)	111,120	4,117	115,237
<b>Movement in equity:</b>							
Loss for the year	-	(10,072)	-	-	(10,072)	1,433	(8,639)
Other comprehensive income							
Currency translation differences arising on consolidation	-	-	-	3,998	3,998	-	3,998
Total comprehensive loss for the year	-	(10,072)	-	3,998	(6,074)	1,433	(4,641)
<b>As at 30 June 2016</b>	122,417	(27,860)	17,521	(7,032)	105,046	5,550	110,596
<b>As at 1 January 2015</b>	86,925	3,075	15,281	(7,658)	97,623	786	98,409
<b>Movement in equity:</b>							
Profit for the year	-	609	-	-	609	2	611
Other comprehensive income							
Currency translation differences arising on consolidation	-	-	-	(3,166)	(3,166)	-	(3,166)
Total comprehensive loss for the year	-	609	-	(3,166)	(2,557)	2	(2,555)
Issuance of new shares pursuant to the Sincap Performance Share Plan	1,009	-	-	-	1,009	-	1,009
<b>As at 30 June 2015</b>	87,934	3,684	15,281	(10,824)	96,075	788	96,863

#### Company

	Share capital	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2016</b>	122,417	(48,680)	73,737
<b>Movement in equity:</b>			
Net loss and total comprehensive loss	-	(2,087)	(2,087)
<b>As at 30 June 2016</b>	122,417	(50,767)	71,650
<b>As at 1 January 2015</b>	86,925	(18,618)	68,307
<b>Movement in equity:</b>			
Issuance of new shares pursuant to the Sincap Performance Share Plan	1,009	-	1,009
Net loss and total comprehensive loss	-	(4,792)	(4,792)
<b>As at 30 June 2015</b>	87,934	(23,410)	64,524

**1(d)(ii) Details of any changes in the company's share capital arising from rights issues, bonus shares, shares buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issues of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares of the issuers, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

	Number of shares	Share capital S\$	Share capital RMB
<b><u>Issued and Paid-Up Capital</u></b>			
As at 31 December 2015 and 30 June 2016	484,004,000	25,200,022	122,416,805

There is no change in the Company's shares from 1 January 2016 to 30 June 2016.

There were no outstanding convertibles or treasury shares as at 30 June 2016 and 30 June 2015.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	<u>Company</u>	
	30.06.2016	31.12.2015
Number of ordinary shares in issue	<u>484,004,000</u>	<u>484,004,000</u>

The Company did not hold any treasury shares as at 30 June 2016 and 31 December 2015.

**1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice**

The figures have neither been audited nor reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable. The figures have neither been audited nor reviewed by the Company's auditors.

**4. Whether the same accounting policies and methods of computation have been applied as in the company's most recently audited annual financial statements**

Save as disclosed in Paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to those used in the most recently audited annual financial statements for the financial year ended 31 December 2015.

**5. If there are any changes in the accounting policies and methods of computation, including any required by the accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has applied the same accounting policies and methods of computation in the preparation of financial statements for the current financial year compared with the most recently audited financial statements for the financial year ended 31 December 2015, except for the adoption of the Financial Reporting Standards (“FRSs”) and Interpretation of FRS (“INT FRS”) that are mandatory for financial years beginning on or after 1 January 2016. The adoption of these new FRS and INT FRS has no material impact to the results of the Group and of the Company for the current financial year reported on.

**6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year**

	<b>Unaudited HY2016</b>	<b>Group</b>	<b>Unaudited HY2015</b>
<b>Loss/Earnings per share ( “LPS” or “EPS”) (RMB cents)</b>			
on weighted average number of ordinary shares		(2.1)	0.2
on fully diluted basis		(2.1)	0.2
<b>Net profit attributable to shareholders (RMB’000) used to compute</b>			
basic LPS/EPS		(10,072)	609
diluted LPS/EPS		(10,072)	609
<b>Weighted average number of ordinary shares in issue used to compute</b>			
basic LPS/EPS		484,004,000	353,210,188 <sup>(1)</sup>
diluted LPS/EPS		484,004,000	353,210,188 <sup>(1)</sup>

**Note:**

- (1) The Company issued and allotted 3,604,000 ordinary shares pursuant to the Sincap Performance Share Plan on 12 March 2015. With the issue of the 3,604,000 shares, the issued and paid-up share capital of the Company was increased from 351,000,000 shares to 354,604,000 shares.

The basic and diluted LPS and EPS for HY2016 and HY2015 respectively were the same as there were no potentially dilutive securities in issue as at 30 June 2016 and 30 June 2015.

**7. Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of: (a) current financial period reported on; and (b) immediate preceding financial year**

	<b>Group</b>		<b>Company</b>	
	<b>Unaudited 30.06.2016</b>	<b>Audited 31.12.2015</b>	<b>Unaudited 30.06.2016</b>	<b>Audited 31.12.2015</b>
Net asset value per ordinary share based on existing issued share capital as at the end of period (RMB cents)	21.70	22.96	14.80	15.23
Net asset value as at the end of the period (RMB’000)	105,046	111,120	71,650	73,737
Number of ordinary shares in issue at the end of the period	484,004,000	484,004,000	484,004,000	484,004,000



**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

#### **8(a). REVIEW OF STATEMENTS OF COMPREHENSIVE INCOME**

##### **Revenue**

The Group's revenue decreased by RMB178.9 million or 50.3%, from RMB355.6 million in HY2015 to RMB176.7 million in HY2016. This was mainly due to a decrease in revenue from the sale of alumina of RMB293.9 million; offset by an increase in revenue from mining and sale of gypsum ore and powder ("Sale of Gypsum") of RMB3.8 million; sale of coal of RMB66.8 million and the recognition on the sales proceeds from the disposal of development property of RMB 44.4 million.

Revenue from sale of alumina decreased by RMB293.9 million or 86.7%, from RMB339.1 million in HY2015 to RMB45.2 million in HY2016, resulting from the management's effort to scale down its operations as the pricing structure is currently not in favour of the Company in view of decreasing commodity prices in PRC and the margin has been falling. The sales volume had decreased by 118,116 tonnes or 80.9% from 146,070 tonnes in HY2015 to 27,954 tonnes in HY2016 and the average selling price had decreased by RMB704 per tonne or 30.3%, from approximately RMB2,321 per tonne in HY2015 to approximately RMB1,617 per tonne in HY2016.

Revenue from the Sale of Gypsum increased by RMB3.8 million or 23.0%, from RMB16.5 million in HY2015 to RMB20.3 million in HY2016. The increase was mainly attributable to an increase in average selling price by RMB25 per tonne or 28.7%, from approximately RMB87 per tonne in HY2015 to RMB112 per tonne in HY2016; offset by a decrease in sales volume of gypsum of 9,129 tonnes or 4.8%, from 190,016 tonnes in HY2015 to approximately 180,887 tonnes in HY2016. The increase in average selling price of gypsum was mainly attributable to the decreased supply of gypsum in view of the PRC authorities' implementation of new mine safety measures following the mine collapse in December 2015, adversely affecting the supply of gypsum and hence, pushing up the price of gypsum.

Revenue from the sale of coal amounting to RMB66.8 million for HY2016 (HY2015: Nil) was contributed by our 51% new subsidiary, Orion Energy Resources Pte Ltd ("Orion") which was acquired in September 2015.

Revenue from development property relates to the disposal of the Group's development property.

##### **Gross profit and gross profit margin**

The Group's gross profit decreased by RMB8.6 million or 46.7%, from RMB18.4 million in HY2015 to RMB9.8 million in HY2016. This was mainly attributable to the decrease of RMB12.5 million in gross profit from the sale of alumina, partly offset by the increase of RMB0.8 million in gross profit from the Sale of Gypsum, RMB2.3 million from sale of coal and RMB0.8 million from the disposal of the Group's development property.

The Group's overall gross profit margin increased from 5.2% in HY2015 to 5.5% in HY2016, as a bigger portion of the revenue was contributed from the Sale of Gypsum, which has a higher gross profit margin, in HY2016.

Gross profit margin from sale of alumina decreased from 4.1% in HY2015 to 3.2% in HY2016, mainly attributable to the pricing structure with suppliers and customers, which was unfavourable to the Group based on the market condition in HY2016.

Gross profit margin from the Sale of Gypsum decreased from 28.1% in HY2015 to 26.8% in HY2016. The unit cost of all gypsum products had increased as a result of higher raw material prices for the production of gypsum powder and labour costs.

## **Other income**

The Group's other income increased by RMB1.9 million or 145.6% from RMB1.2 million in HY2015 to RMB3.1 million in HY2016. The increased is mainly attributable to the commission income of RMB1.5 million recognised by our newly acquired subsidiary, Orion and an increased in interest earned from bills receivables of RMB0.1 million pursuant to the purchase of bill receivables at a discount to be utilised for payments to suppliers.

## **Other items of expenses**

Distribution costs increased by RMB0.9 million or 47.4%, from RMB1.9 million in HY2015 to RMB2.8 million in HY2016 mainly due to an increase in distribution costs of RMB1.0 million in relation to the alumina trading business, the increase of which was primarily due to the retrenchment payment of RMB1.4 million to the sales staff as the Company scales down its alumina operations, partly offset by a decrease of RMB0.1 million in relation to the gypsum business, which is in line with the lower sales volume of gypsum.

Administrative expenses increased by RMB2.3 million or 19.2%, from RMB12.0 million in HY2015 to RMB14.3 million in HY2016. This was mainly due to (i) an increase of RMB1.5 million in relation to the alumina trading business mainly due to retrenchment payment of RMB1.6 million to the administrative staff as the Company scales down its alumina operations; (ii) an increase of RMB1.1 million in relation to the gypsum's trading business mainly due to an increase in staff cost of RMB0.7 million as part of annual salary increments and the employment of a key management; (iii) an increase of RMB1.0 million in relation to expenses incurred for disposal of the development property; and (iv) RMB0.3 million by Orion (HY2015: nil); partly offset by the absence of RMB1.9 million professional fees incurred in relation to corporate actions undertaken in HY2015.

Finance costs increased by RMB0.6 million, from RMB1.2 million in HY2015 to RMB1.8 million in HY2016, mainly due to 3 months interest charged in respect of the AUD5.1 million term loan borrowed by SCL Murray Pty Ltd for HY2015 as compared to 5 months for HY2016.

Other losses increased by RMB1.4 million, from RMB1.1 million in HY2015 to RMB2.5 million in HY2016, mainly due to RMB2.4 million exchange losses realised from the AUD3 million capital reduction of the Group's Australia subsidiaries; offset by the absence in HY2016 of allowance for doubtful debt of RMB1.0 million in HY2015 arising from the misappropriation of funds in the Group's Chinese subsidiary, Luneng Taishan Mining Co., Ltd, as announced by the Company on 28 July 2015.

Depreciation expense has increased by RMB0.3 million from RMB1.8 million in HY2015 to RMB2.1 million in HY2016 due to the additions of property, plant and equipment in HY2015.

## **Income tax**

The Group incurred income tax expenses of RMB0.1 million in HY2016 as compared to RMB2.8 million in HY2015, mainly due to lower profits from its operating subsidiaries in the PRC.

## **Other comprehensive loss**

The Group incurred other comprehensive income of RMB4.0 million in HY2016 mainly due to foreign exchange translation reserves arising from its foreign subsidiaries in Australia and Orion whose books are denominated in Australian and US dollar respectively, which have appreciated against RMB, the reporting currency of the Group.

## **8(b). REVIEW OF THE STATEMENTS OF FINANCIAL POSITION**

The Group recorded positive working capital of RMB45.5 million as at 30 June 2016, as compared to RMB51.0 million as at 31 December 2015.

The Group's equity decreased by RMB4.6 million, from RMB115.2 million as at 31 December 2015 to RMB110.6 million as at 30 June 2016. The decrease was due to the total comprehensive loss of RMB4.6 million incurred in HY2016.

## **Non-current assets**

Non-current assets increased by RMB0.1 million, from RMB67.5 million as at 31 December 2015 to RMB67.6 million as at 30 June 2016. This was mainly due to an increase in trade and other receivables of RMB1.8 million mainly as a result of the appreciation of AUD against RMB and interest accrued in HY2016 in relation to the term loan to Richardson 1 Pty Ltd extended by SCL Murray ("Richardson Loan"); which is offset by (ii) a decrease in property, plant and equipment of RMB1.6 million mainly due to depreciation; (ii) amortisation of intangible assets and land use rights of RMB0.1 million.

## **Current assets**

Current assets decreased by RMB54.9 million from RMB158.2 million as at 31 December 2015 to RMB103.3 million as at 30 June 2016. This was mainly due to (i) the disposal of development property of RMB43.2 million in HY2016; (ii) RMB0.7 million decreased in inventory due to declining gypsum sales and (iii) RMB22.1 million decrease in cash and cash equivalents as the Group repaid part of its borrowings; offset by an increase of RMB11.1 million in trade and other receivables mainly in relation to the coal trading business, in line with the increase of its revenues.

## **Non-current liabilities**

Non-current liabilities decreased by RMB0.6 million, from RMB3.2 million as at 31 December 2015 to RMB2.6 million as at 30 June 2016. Borrowings decreased by RMB0.6 million, from RMB1.6 million as at 31 December 2015 to RMB1 million as at 30 June 2016 due to repayment of the related party loan.

## **Current liabilities**

Current liabilities decreased by RMB49.4 million, from RMB107.2 million as at 31 December 2015 to RMB57.8 million as at 30 June 2016. The decrease was mainly due to (i) a decrease of RMB11.8 million in trade and other payables which is in line with the decreased in alumina sales; and (ii) a decrease of RMB36.3 million in borrowings mainly due to the settlement of a term loan that is secured by a first mortgage over the Group's development property amounting to RMB25.6 million in HY2016; and (iii) a decrease of RMB1.1 million in provision for tax as a result of lower income tax expenses.

## **8(c). REVIEW OF THE STATEMENT OF CASH FLOWS**

In HY2016, the net cash used in operating activities before changes in working capital was RMB5.8 million. The net working capital inflow of RMB25.1 million was mainly due to (i) RMB45.0 million proceeds from the disposal of the Group's development property ("Disposal"); (ii) a decrease of RMB0.7 million in inventories, (iii) an increase of RMB11.7 million in trade and other receivables, (iv) a decrease of RMB11.5 million in trade and other payables. The Group paid income tax of RMB1.2 million. This resulted in net cash generated from operating activities of RMB18.1 million.

In HY2016, the net cash used in investing activities amounted to RMB0.6 million, mainly due to (i) partial repayment of the cash consideration in relation to the acquisition of Orion shares amounting to RMB1.3 million; (ii) purchases of plant and equipment of RMB0.5 million; which is offset by (iii) interest received of RMB1.2 million from the Richardson Loan.

In HY2016, the net cash used in financing activities amounted to RMB40.3 million, mainly due to repayment of (i) term loans of AUD5.1 million (RMB25.2 million) using proceeds from the Disposal and SGD0.8 million (RMB4.0 million); (ii) shareholder's loan (Fu Hao) of RMB6.6 million; and (iii) related party loan of RMB0.9 million.

As a result of the above, cash and cash equivalents stood at RMB30.6 million as at 30 June 2016.

## **9. Where a forecast or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable. No forecast or a prospect statement had been previously disclosed to shareholder.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months**

Our newly acquired 51% subsidiary – a coal trading company “Orion Energy Resources Pte Ltd”, which is in line with the Company's overall growth strategy to expand and grow revenues under its business of mineral and resources trading, has contributed to the Group RMB66.7 million in Revenue and RMB2.9 million in profit after tax for HY2016. Despite the depressed situation for coal worldwide, we are still on track of achieving our target monthly shipments. The Company has expanded its coal trading operations from two shipments per month to 4 shipments per month.

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

With the completion of the disposal of the Group's development property in Perth, Australia on 30 May 2016, the Group has ceased its property business segment.

**11. Dividend**

**(a) Current financial period reported on any dividend declared for the current financial period reported on?**

Nil

**(b) Corresponding period of the immediately preceding financial year any dividend declared for the corresponding period of the immediately preceding financial year?**

Nil

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect.**

No interim dividend has been declared or recommended for HY2016.

**13. Aggregate value of all Interested Person Transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual Section B: Rules of Catalyst**

There was no interested person transaction which of S\$100,000 and above during the period under review. The Group has not obtained a general mandate from shareholders in respect of any interested person transactions.

#### 14. Use of proceeds from the Placement Issue

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

	Amount allocated- initial (S\$'000)	Reallocated amount (S\$'000)	Amount utilised (S\$'000)	Balance (S\$'000)
<b>Use of net proceeds</b>				
Expansion of the business of Orion Resources Pte. Ltd	4,922	4,371	4,371	-
Repayment of existing debts (1)		258	258	-
General working capital for the Group (2), (3)	547	840	840	-
<b>Total</b>	<b>5,469</b>	<b>5,469</b>	<b>5,469</b>	<b>-</b>

Notes:

- (1) S\$258,000 has been re-allocated from "Expansion of the business of Orion Energy Resources Pte. Ltd." to the partial payment of the cash proportion of the revised consideration for Orion Acquisition.
- (2) S\$293,000 has been re-allocated from "Expansion of the business of Orion Energy Resources Pte. Ltd." to "General Working capital for the Group".
- (3) Payment mainly for remuneration, director fees, rental, professionals fees including existing debts.

	Amount allocated- initial (S\$'000)	Reallocated amount (S\$'000)	Amount utilised (S\$'000)	Balance (S\$'000)
<b>Use of net proceeds</b>				
Expansion of the business of Orion Resources Pte. Ltd	4,922	4,371	4,371	-
Payment for acquisition of Orion <sup>(1)</sup>	-	258	258	-
General working capital for the Group <sup>(2)</sup>	547	840	840	-
<b>Total</b>	<b>5,469</b>	<b>5,469</b>	<b>5,469</b>	<b>-</b>

Note:

- 1: S\$258,000 has been re-allocated from "Expansion of the business of Orion Energy Resources Pte. Ltd." to the partial payment of the cash proportion of the revised consideration for Orion Acquisition.
- 2: Payment mainly for remuneration, director fees, rental, professionals fees including existing debts.

#### 15. Confirmation of Undertakings from Directors and Executive Officers under Rule 720(1) of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited ("Listing Manual")

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Listing Manual.

## 16. Confirmation of the Board

We, Chu Ming Kin and Wee Liang Hiam, being 2 directors of the Company, do hereby confirm on behalf of the board of directors ("**Board**") of the Company that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the six months ended 30 June 2016 to be false or misleading in any material aspect.

### BY ORDER OF THE BOARD

**Chu Ming Kin**  
*Executive Chairman and  
Chief Executive Officer*

**Wee Liang Hiam**  
*Lead Independent Director*

**12 August 2016**

This announcement has been prepared by Sincap Group Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

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

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