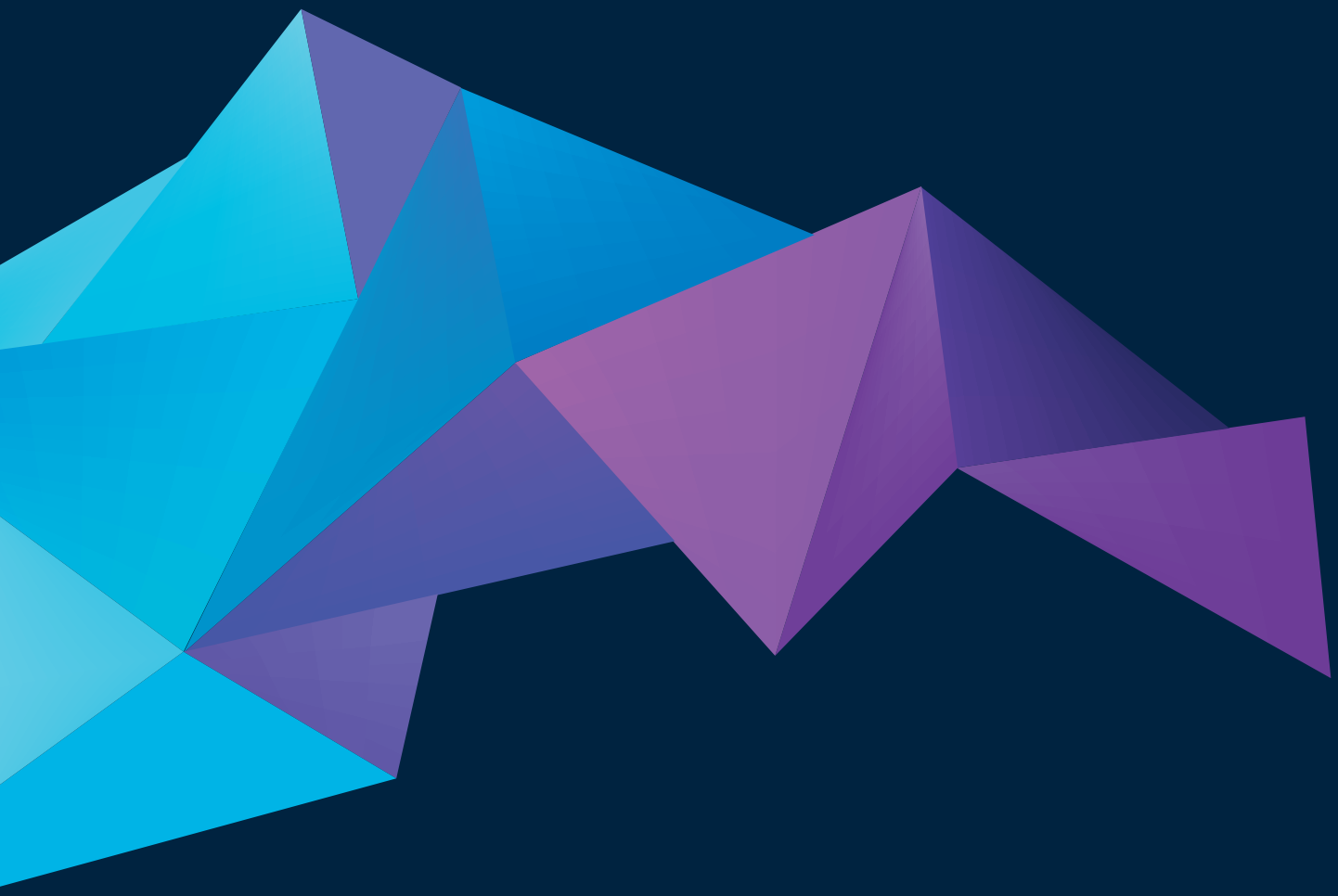


LONGCHEER 龙旗控股

ANNUAL REPORT 2015



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CORPORATE PROFILE

Following the disposal, the remaining business of Longcheer Holdings Limited is mainly in the business of investments in properties, and equity interest in Mentech Investment Limited.

To drive future growth and create shareholder value, our Group has been proactively identifying and evaluating high potential opportunities, particular in property within the region.

For more information,
please visit *http://www.longcheerholdings.net*

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present Longcheer's Annual Report for the financial year ended 30 June 2015 ("FY2015").

CHARTING A NEW PATH

During the year, we achieved our goal of exiting the 3G handset market. Competition has been intense and pressure on gross profit margins unrelenting. Additionally, there have been changes in the promotion policies of telecom companies in the PRC that are likely to erode demand and shipment volume.

The competitive pressure and uncertainties of the 3G business resulted in our share price trading at a significant discount to book value. Exiting the 3G handset market allowed us to unlock shareholder value and recycle capital to shareholders.

In FY2015, we received RMB166.5 million from the balance proceeds on the sale of Mobell Technology Pte. Ltd. and the sale of our residual equity stake in Shanghai Tricheer. These proceeds were used towards the payment of special dividends totalling RMB445.2 million, (representing SGD0.2562 per share) to shareholders in September 2014.

As a result of these changes, the Group has a robust and well cashed up balance sheet. Following the sale of the 3G operation, the Group is primarily engaged in the property business, as well as holding a stake in a 20% associate company.

ENHANCING OUR PROPERTY PORTFOLIO

To drive future growth and create shareholder value, our Group has been proactively identifying and evaluating high potential opportunities. One possible opportunity is in property within the region, where we have some existing expertise.

In June 2015, we entered into a non-binding Memorandum of Understanding to acquire a 51% interest in Puteri Cove Residences. This is a development comprising luxury condominiums in Iskandar, an economically and geographically important region in Malaysia. This project is currently under assessment to see if it can meet our stringent investment criteria. We will update the status on this and any other investment opportunities with a separate announcement as appropriate.

APPRECIATION AND THANKS

Since inception, the hallmark of our Group has been our ability to adapt and innovate as required by the market forces. This is a credit to our talented management and staff and the strong culture that has been built within the Group.

As we embark on our new journey, I thank all our directors, shareholders, valued customers, staff and business partners for your support of the Group.

United, and with a clear vision for our future, we have confidence that the road ahead will create value for all.

DR. DU JUNHONG
Executive Chairman



董事长献词

尊敬的各位股东，

本人非常荣幸的代表董事会向各位股东呈交截至2015年6月30日（“2015财年”）龙旗控股（简称“集团”）的年度报告。

开辟新径

在过去一年，集团退出了3G手机市场。首先，手机行业竞争环境依然激烈，对集团毛利率持续施压。其次，中国运营商对手机的补贴政策的改变，影响手机行业的需求以及出货量。

竞争压力与3G业务的不确定性导致集团股价低于账面价值。退出3G手机市场有利于集团提升股东的价值，并将资金回馈至股东们。

在2015财年，集团通过出售Mobell Technology Pte. Ltd. 公司以及上海三旗通信科技股份有限公司的股权，集团收回人民币1.665亿，并将该收益以股息分派至股东们。总值4.452亿人民币的股息（相当于每股0.2562新币）已在2014年9月支付给各股东。

出售业务及股权之后，加强了集团的资产负债表。在出售3G手机业务后，集团业务主要为物业投资以及联营公司20%的股权投资。

推进房地产投资

为加速集团发展，创造股东价值，集团积极探索、评估潜在发展机遇。目前，集团正在专业评估一个发展机遇。

集团于2015年6月签订了一份没有约束力谅解备忘录，内容为取得Puteri Cove Residences 51%的股份。该开发项目主要为奢华公寓，位于依斯干达地区，是马来西亚重要的经济、地理区域。现在，集团仍在严谨评估该开发项目，如有进展，会在适当时以公告形式通知股东们。

致谢

集团成立至今，管理层和员工竭诚合作，贯彻集团文化，根据市场变化，积极调整集团策略。

集团开始了新的征程，我在此感谢董事、股东、客户、员工与商业伙伴对集团的支持。

团结协作，发展愿景清晰，集团必将在未来为大家创造价值。

杜军红
执行董事长

CEO'S STATEMENT

TRANSITION TO PROPERTY INCOME

Following the disposal of our prior 3G operations, the Group's business is now rental income from our office building in Xi'an, PRC and our holding in a 20% associate. The commentary below relates to these businesses.

FULL YEAR REVIEW

Revenue

Revenue for FY2015 increased to RMB11.3 million, up 7% from the RMB10.6 million recorded in FY2014. This was primarily due to increased rental rates upon the renewal of expired lease agreements and offset by the early termination of lease agreements by several tenants from Q3 FY15.

Gross profit

The increase in rental rates helped boost gross profit to RMB8.6 million in FY2015, up 14% from the prior year.

Administrative expenses

Administrative expenses decreased from RMB11.5 million in FY2014 to RMB9.2 million in FY2015 as a result of reduced staff needs following the disposal of our 3G businesses.

Share of results of associates

The Group's share of results of associates decreased to RMB12.1 million in FY2015 compared to RMB15.5 million in FY2014. This was primarily due to exclusion of results of Shanghai Tricheer, which was sold in Q2 FY2015.

BALANCE SHEET

Following the disposal of our 3G operations, the business and asset of the Group is mainly in investment properties and equity interests in an associate.

Investment properties

The investment property shown on the FY2015 balance sheet is an office building located in Xi'an which was leased out for generating rental income. The prior year included a property held by a subsidiary of Mobell, which the group disposed of during the year.

Interests in associates

The associate shown in the FY2015 balance sheet relates to the Group's investment in our 20% owned associate, Mentech amounting to RMB83.8 million. The prior year included a minority holding in Shanghai Tricheer, which was an equity of during the year.

Cash and deposit balances

Cash and deposit balances decreased from RMB227.7 million as at 30 June 2014 to RMB39.9 million as at 30 June 2015. This was primarily due to the payment of special dividends to reward shareholders following the disposal of our 3G businesses.

Other payables

This mainly relates to the payables to contractors for the Xi'an investment property.

Cashflow

The Group generated net cash from operating activities of RMB11.0 million in FY2015, primarily from profits generated during the year. The Group also received RMB166.5 million from the balance proceeds of the sale of our 3G operations.

To reward shareholders, special dividends totalling RMB445.2 million (at the amount of SGD0.2562 per share) was paid to shareholders during FY2015.

Net Asset Value

The Group balance sheet position at year end was robust. Net assets as at 30 June 2015 was RMB235.1 million, equivalent to RMB 0.67 per share.

DENG HUA
Chief Executive Officer



首席执行官报告

转换至房产收入

在出售3G手机业务之后，现在集团业务收入主要来源于西安物业的房屋租赁以及20%联营公司的股权投资。以下阐述与该两项业务相关。

年度审阅

收入

2015财年集团收入增加7%，由2014财年的1,060万人民币增加至1,130万人民币。这主要是由于在更新租赁合同后，租赁费用有所上涨，但该上涨被部分2015财年第三季度提前终止租赁合同而减少租赁费用相抵消。

毛利

租赁费用上涨，促进了集团2015财年毛利增加14%至860万人民币。

行政费用

在3G手机业务出售后，集团员工减少。行政费用由2014财年的1,150万人民币下降至920万人民币。

应占联营公司收益

2015财年，集团应占联营公司收益减少至1,210万人民币，而2014财年为1,550万人民币。主要是因为集团在2015财年第二季度出售了上海三旗的股份，减少了集团应占联营公司收益。

资产负债表

在出售3G手机业务后，集团业务和资产为物业投资以及联营公司投资。

物业投资

2015财年末资产负债表中的物业投资为一栋位于西安的大楼，该大楼已出租。上一财年的资产负债表中包含了Mobell的子公司所属的物业，该物业已随Mobell一起出售。

联营公司投资收益

2015财年末资产负债表中的联营公司为集团持有20%股份的Mentech，占8,380万人民币。2014财年末的联营公司包含了上海三旗。上海三旗已在本财年出售。

现金和存款余额

现金和存款余额由截至2014年6月30日的2.277亿人民币下降至截至2015年6月30日的3,990万人民币。这主要是因为在出售3G手机业务后，分配特别股息至股东们。

其他应付账款

主要指应支付西安投资物业承包商的费用。

现金流

在2015财年，集团运营产生1,100万人民币现金净额，这主要来源于运营利润。在出售3G手机业务后，集团收回1.665亿人民币的盈余。

总值4.452亿人民币的股息（相当于每股0.2562新币）已在2015财年支付给各股东们，回馈股东。

资产净值

集团财年末的资产负债表为稳健。截至2015年6月30日的净资产为2.351亿人民币，相当于每股0.67人民币。

邓华
首席执行官

BOARD OF DIRECTORS

Dr. Du Junhong
Executive Director and Chairman

Dr. Du Junhong is our Executive Director and Chairman. He is a founder of our Group. Dr. Du was appointed to the Board on 20 August 2004 and was last re-elected on 29 October 2012. He is responsible for the overall operations, corporate policies, business development and investment strategy of our Group. Prior to founding our Group in July 2002, Dr. Du was with ZTE Corporation, one of the largest listed telecommunications equipment providers in the PRC, where he organised and led various research and development projects and project development. After graduating from Zhejiang University, he joined ZTE Corporation in June 1999 as a mobile handset engineer, and was subsequently promoted through the ranks to project manager and to head of department of the systems division. He obtained his Bachelors, Masters and Doctoral degree in Electrical Engineering from Zhejiang University, China.

Dr. Ow Chin Hock
Non-Executive and Independent Director

Dr. Ow Chin Hock was appointed to our Board as an Independent Director on 1 February 2005 and was last re-elected on 29 October 2012. Currently, he is Associate Senior Fellow of ISEAS-Yusof Ishak Institute, Singapore.

Dr. Ow obtained his Bachelor of Art (Honours) in Economics from the University of Singapore in 1966. He was awarded Fulbright Grant and Ford Economics Fellowship to do graduate studies in USA in 1966. He obtained his Master of Arts (Economic Development) and PhD (Economics) from Vanderbilt University, Tennessee, USA in 1968 and 1972 respectively. He held the posts of lecturer, senior lecturer and associate professor with the National University of Singapore from 1972 to 1993. He played a pivotal role in the listing of Pan-United Corporation Ltd in the Singapore Stock Exchange and served as the Company's Executive Chairman, and Chairman of all its three joint ventures in China from 1993 to 1997.

Dr. Ow was elected as a Member of Parliament (MP) from 1976 to 2001. During his six terms as MP, he was appointed Parliamentary Secretary for the Ministry of Culture and subsequently, the Ministry of Education from 1976 to 1981. He also served as Organizing Secretary, People's Action Party from 1985 to 2000, and Chairman of three Town Councils successively from 1988 to 2001. He was Minister of State in the Ministry of Foreign Affairs and Mayor of the Tanjong Pagar Community Development Council from 1997 to 2001. He was Ambassador-at-Large from 2002 to 2004, Adjunct Professor with Nanyang Technological University from 2004 to 2007, independent Director of Singapore Airport Terminal Services Ltd from 2002 to 2009, and Visiting Professor (National Grade) of Xiamen University (Department of Finance, Faculty of Economics), China, from 2008 to 2011.

Mr. David Hwang Soo Chin
Non-Executive and Independent Director

Mr. Hwang joined the Board on 22 October 2007 and was last re-elected on 28 October 2013. Mr Hwang has more than 30 years of working experience in both manufacturing and property development industries and held senior management positions and board appointments in various public listed and private companies both in Singapore and abroad. Mr Hwang sits on the Board of Directors of Singhaiyi Group Limited as an Independent Director.

He holds a Bachelor of Engineering (Chemical) Degree and a Diploma in Computer Science from the University of Queensland.

Mr. Deng Hua
Executive Director and Chief Executive Officer

Mr. Deng Hua is our Executive Director and CEO. He is a founder of our Group. Mr. Deng was appointed to the Board on 1 February 2005 and was last re-elected on 30 October 2014. He is responsible for the day-to-day operations of our Group. Prior to this, Mr. Deng was with Nanjing CRT Factory as section head of the production planning division from August 1992 to July 1995. Thereafter, he joined San Neng Electronic Instruments Co., Ltd as head of the manufacturing division, before

leaving in March1997 to join the quality assurance division of Nanjing Huapu Electronics Co., Ltd. (which manufactures cathode-ray-tubes used in television sets and computers), where he was responsible for quality management and after-sales support. In March 1999, he was appointed head of the planning division, mobile phone department, of ZTE Corporation. Mr. Deng has a Bachelors of Engineering from the Technology and Physics Faculty of Xi Dian University, China. He completed his Executive MBA programme from China Europe International Business School.

Mr. See Yen Tarn
Non-Executive and Independent Director

Mr. See joined the Board as a Non-Executive Director on 22 October 2007 and was last re-elected on 28 October 2013. He holds a Bachelor degree in Accountancy from the National University of Singapore. Mr. See is also a Chartered Accountant from England and Wales. He has more than twenty years of working experience at senior management level in various industries and has held such positions as Chief Financial Officer, Executive Director and Deputy Group Managing Director for both listed and non-listed entities in Singapore, Indonesia, Hong Kong, China and Australia. Mr. See is currently the Group Chief Executive Officer of CSC Holdings Limited, a company listed on the Singapore Stock Exchange.

Mr. Tao Qiang
Non-Executive Director

Mr. Tao Qiang is our Non-Executive Director. He is a founder of our Group and was appointed to the Board on 20 August 2004 and was last re-elected on 30 October 2014. Mr. Tao graduated from Nanjing Polytechnic College, where he majored in auditing. From 1990 to 1995, Mr. Tao was with the auditing department of Nanjing Vessel Radio Research Institute, where he was last an assistant accountant. Subsequently, Mr. Tao ventured into business, and is now a legal representative as well as shareholder of Nanjing Hai Zhi Yuan Yu Le Co., Ltd. amongst others.

Left to right: Mr. Deng Hua, Mr. See Yen Tarn, Dr. Du Junhong, Dr. Ow Chin Hock, Mr. David Hwang Soo Chin, Mr. Tao Qiang



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:
Dr. Du Junhong (Chairman)
Mr. Deng Hua

Non-Executive:
Mr. Tao Qiang
Mr. David Hwang Soo Chin (Independent)
Dr. Ow Chin Hock (Independent)
Mr. See Yen Tarn (Independent)

MANAGEMENT TEAM
Dr. Du Junhong (Executive Chairman)
Mr. Deng Hua (Chief Executive Officer)

AUDIT COMMITTEE
Mr. See Yen Tarn (Chairman)
Mr. David Hwang Soo Chin
Dr. Ow Chin Hock

NOMINATING COMMITTEE
Mr. David Hwang Soo Chin (Chairman)
Dr. Ow Chin Hock
Dr. Du Junhong

REMUNERATION COMMITTEE
Dr. Ow Chin Hock (Chairman)
Mr. David Hwang Soo Chin
Mr. Tao Qiang

COMPANY SECRETARY
Ms. Claudia Teo Kwee Yee

ASSISTANT COMPANY SECRETARY
Codan Services Limited (Bermuda)
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS
Room 11B, Building 1,
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Shanghai, China 200233

SINGAPORE SHARE REGISTRAR/SHARE TRANSFER AGENT
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

BERMUDA SHARE REGISTRAR
Codan Services Limited (Bermuda)
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

JOINT AUDITORS
BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

BDO LLP
Public Accountants and Chartered Accountants
21 Merchant Road, #05-01
Singapore 058267

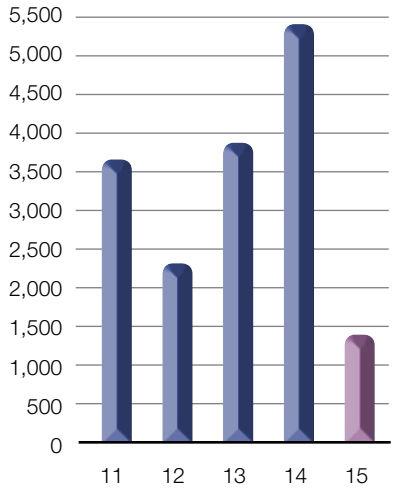
AUDIT PARTNER-IN-CHARGE
BDO Limited
Mr. Cheung Or Ping
(Commencing the financial year ended 30 June 2013)

BDO LLP
Mr. Aw Vern Chun, Philip
(Commencing the financial year ended 30 June 2013)

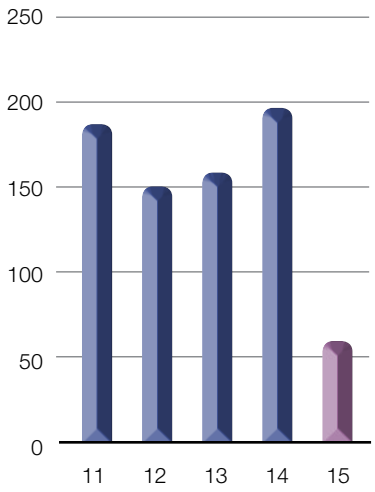
PRINCIPAL BANKERS
DBS Bank Ltd.
IBG-TMT
12 Marina Boulevard
#46-00 DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore 018982

FINANCIAL HIGHLIGHTS

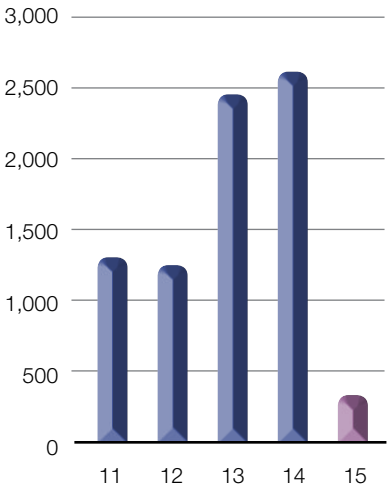
Revenue
(RMB Million)



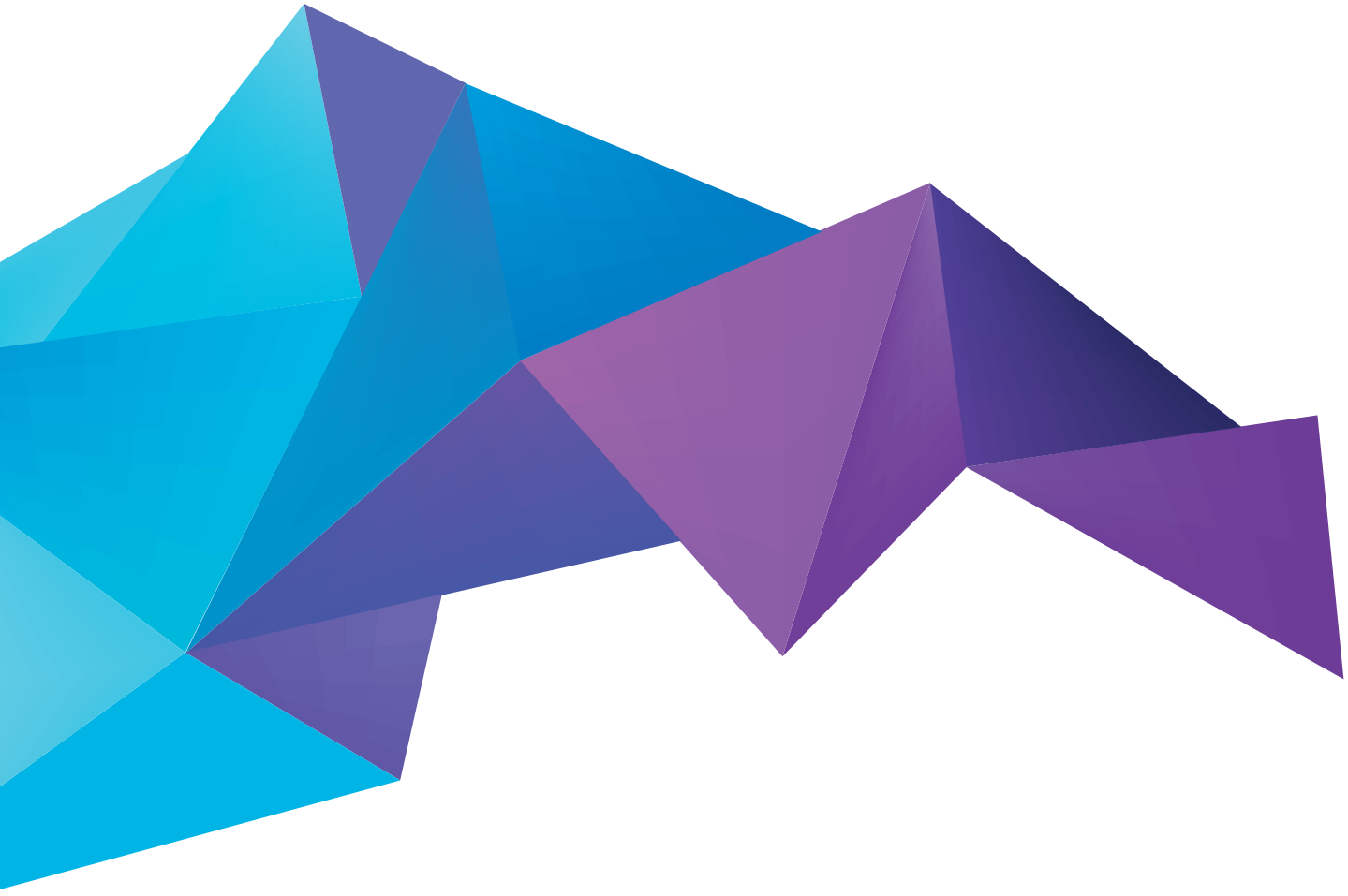
Net Asset Value per Share
(RMB Cents)



Total Assets
(RMB Million)



RMB'000	FY2011	FY2012	FY2013	FY2014	FY2015
Revenue 收入					
Sale of good	3,461,697	2,240,416	3,900,949	5,409,944	1,332,344
Rendering of services	120,495	83,909	34,870	34,141	24,038
Retnal income derived from investment properties	1,378	5,060	10,126	10,890	11,325
Total	3,583,570	2,329,385	3,945,945	5,454,975	1,367,707
Profitability 盈利能力					
Gross Profit 毛利	203,124	219,074	294,572	379,090	51,277
Profit/(Loss) Before Income Tax 税前利润/（亏损）	(74,129)	(95,776)	66,986	116,989	32,425
Net Profit/(Loss) Attributable to Owners 股东应占净利润/（亏损）	(72,248)	(94,793)	59,638	85,841	31,325
Return on Equity 净资产收益率（%）	-11.5%	-17.8%	10.1%	12.5%	13.3%
Earnings/(Loss) per Share 每股收益/（亏损）(RMB Cents)	(20.4)	(26.7)	16.8	24.4	8.9
Financial Position 财务状况					
Total Assets 总资产	1,353,853	1,334,486	2,432,866	2,676,110	252,105
Total Liabilities 总负债	656,538	732,784	1,778,423	1,990,486	17,026
Owners' Equity 股东权益	627,553	533,613	592,218	685,624	235,079
Net Asset Value per Share 每股净资产(RMB Cents)	177.0	150.5	167.5	194.5	66.7



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CORPORATE GOVERNANCE REPORT

Longcheer Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") view good corporate governance as the hallmark of a well-managed organization. The Group is thus fully committed to upholding the highest standards of corporate governance within the Group to promote corporate transparency to protect the interests of its shareholders and enhance long-term shareholder value.

This report sets out the Group's corporate governance processes and structures that are in place during the financial year ended 30 June 2015, with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code") which forms part of the Continuing Obligations of the Singapore Exchange Securities Trading Limited's (the "SGX-ST") Listing Manual.

THE BOARD'S CONDUCT OF ITS AFFAIRS (Principle 1)

The Board of Directors (the "Board") comprises Directors with a wide range of skills, experience and qualities in the field of mobile telecommunications devices design. The Board holds regular scheduled Board meetings throughout the year and ad-hoc meetings are convened as and when warranted by particular circumstances between the scheduled meetings. The Company's Bye-laws provide for meetings may be held by telephone, electronic or other communication facilities which permit all participants to communicate with each other simultaneously and instantaneously.

To facilitate effective execution of its function, the Board is supported by three sub-committees (the "Board Committees"), namely the Audit Committee, the Nominating Committee and the Remuneration Committee. Each of the committees has its own terms of reference setting out its role and has the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board supervises Management and the corporate affairs of the Group. Apart from fulfilling its statutory responsibilities, the Board's principal functions include:

(i) Approving the Group's strategic plans, key operational initiatives, major investments and divestments as well as funding requirements and monitoring the performance of Management towards achieving adequate shareholders' value;

(ii) Approving the budget and reviewing the performance of the Group's business;

(iii) Approving the release of the financial results of the Group to shareholders;

(iv) Providing guidance in the overall management of the business and affairs of the Group;

(v) Overseeing the processes related to risk management and internal control, financial reporting and compliance;

(vi) Approving the recommended framework of remuneration for the Board and key executives by the Remuneration Committee; and

(vii) Appointment of the Company Secretary.

CORPORATE GOVERNANCE REPORT

Directors are provided with regular updates, particularly on relevant new laws, regulations, changing commercial risks and information of the industry. The Directors also have access to the advice and services of the Company Secretary and Management, and may in appropriate circumstances, seek independent professional advice concerning the Group's affairs. Directors also have the opportunity to visit the Group's operating facilities and meet with Management to gain a better understanding of the Group's business operations and governance practices.

Details of Directors' attendance at Board and Committee meetings held during the financial year are set out in the table below:

	Board	Audit Committee	Nominating Committee	Remuneration Committee	Non-Interested Directors' Committee[1]
Name of Director	**No. of meetings attended / No. of meetings held**				
Dr. Du Junhong	6/6	-	1/1	-	-
Mr. Deng Hua	6/6	-	-	-	-
Mr. Tao Qiang	5/6	-	-	1/1	1/1
Dr. Ow Chin Hock	6/6	4/4	1/1	1/1	1/1
Mr. David Hwang Soo Chin	5/6	4/4	1/1	1/1	0/1
Mr. See Yen Tarn	6/6	4/4	-	-	1/1

Notes:

The Directors had met on 4 July 2014 and 29 July 2014 for the proposed disposal of Mobell Technology Pte Ltd ("Mobell Technology") (the "Proposed Dispodal") and the proposed declaration of two special one-tier tax-exempt dividends ("Proposed Special Dividends").

[1] A Non-interested Directors' Committee (NID Committee) was formed on 2 June 2014 for the proposed disposal of Mobell Technology Pte. Ltd. and the proposed declaration of two special one-tier tax-exempt dividends. The NID Committee was dissolved on 29 August 2014.

BOARD COMPOSITION AND GUIDANCE (Principle 2)

The Board currently comprises six members, three of whom are independent non-executive directors. This high representation of independent directors serves the Company well. The Board has, using its collective experience and expertise, at all times exercised independent judgment in decision making to act in the best interests of the Company.

Key information on the Board is found on pages 8 to 9 of the Annual Report. The present composition of the Board complies with the Code's guidelines that independent Directors make up at least one-third of the Board.

The NC (as defined below) and the Board is of the opinion that the present Board size and the number of Board Committees is sufficient, taking into account the scope and nature of the Group's operations. The Directors also bring with them a wealth of experience, an extensive business network and expertise in specialised fields such as accountancy and corporate finance. Accordingly, the current Board comprises persons who, as a group, have the necessary core competencies to lead and manage the Group. The NC reviews the Board's structure, size and composition annually, and as and when circumstances require.

CORPORATE GOVERNANCE REPORT

Non-executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide an alternative perspective 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.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (Principle 3)

In line with the Code, there is a clear demarcation of the roles and responsibilities of the Chairman and the Chief Executive Officer ("CEO") to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. Dr. Du Junhong is the Executive Chairman and Mr. Deng Hua is the CEO. Dr. Du Junhong and Mr. Deng Hua are not related to each other.

As Executive Chairman, Dr. Du Junhong leads Board discussions and deliberations. Dr. Du ensures that Board meetings are held regularly and as and when necessary. He sets the agenda, in consultation with the CEO, and ensures that Directors are provided with complete, adequate and timely information. The Executive Chairman also assists in ensuring compliance with the Group's guidelines on corporate governance. As a general rule, Board papers are sent to Directors in advance of Board meetings so that Directors are well-versed with matters put before the meetings, ensuring that discussions are focused on matters tabled. Board papers include sufficient financial, business and corporate information for the Board members to be effectively engaged on matters to be discussed at Board meetings.

As CEO, Mr. Deng Hua is responsible for the day-to-day management of the Group. Together with Dr. Du Junhong, Mr. Deng Hua executes the strategic plans set out by the Board and ensures that the Directors are kept updated and informed of the Group's business through regular management reports.

All major decisions relating to the operations and management of the Group are jointly and collectively made by the Board after taking into account the opinion of all Directors. As such, there is a balance of power and authority and no one Director individually controls and dominates the decision-making process of the Group.

BOARD MEMBERSHIP (Principle 4)

The Nominating Committee ("NC") is regulated by a set of written terms of reference endorsed by the Board. The NC comprises three members, a majority of whom are independent, including the Chairman of the NC who is not associated in any way with the substantial shareholders of the Company.

The members of the NC as at the date of this report are:

Mr. David Hwang Soo Chin (Chairman)
Dr. Ow Chin Hock
Dr. Du Junhong

Under its terms of reference, the NC is responsible for:

(i) Making recommendations to the Board on all Board appointments, including the development of a set of criteria for Director's appointment and re-appointment;

(ii) Determining annually the independence of a Director;

(iii) Ensuring that all Directors submit themselves for re-nomination and re-election at least once every 3 years;

(iv) In respect of a Director who has multiple Board representations on various companies, deciding whether or not such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced when serving on multiple boards;

(v) Reviewing the Board's performance; and

(vi) Assessing the effectiveness of the Board as a whole.

During the financial year, the NC met once, with full attendance of its members.

In the selection and nomination of new Directors to the Board, the NC reviews and assesses the potential candidates for directorships before making recommendations to the Board. In recommending the potential candidates, the NC takes into consideration the skills and experience required to support the Group, having regard to the attributes, composition and size of the existing Board. The Board is of the view that the process for the appointment of new Director(s) is adequate.

The NC has reviewed the independence of each director for the financial year ended 30 June 2015 as stipulated in the Code and is of the opinion that Mr. David Hwang Soo Chin, Dr. Ow Chin Hock and Mr. See Yen Tarn are independent. The NC notes that the Code requires the Board to subject to rigorous review the independence of any Director who has served for a period of nine years from the date of his first appointment. In view of the above, the NC is of the view that although Dr. Ow Chin Hock has served beyond nine years as an Independent Director since 2005, he continues to express his individual viewpoints, debate issues and objectively and constructively challenge Management's proposals and decisions on business activities and transactions that may involve conflicts of interests and other complexities. The NC has determined that Dr. Ow Chin Hock's tenure in office has not affected his independence and ability to bring independent and considered judgment to bear in his discharge of duties as a member of the Board and Board Committees. The Board concurred with the NC's views after having considered the confirmation of independence forms submitted by the Independent Non-Executive Directors.

Although the independent Directors hold directorships in other companies, the Board is of the view that such multiple Board representations do not impede their performance in carrying out their duties to the Company. These Directors would widen the experience of the Board and give it a broader perspective.

Bye-Law 86 (1) of the Company's Bye-Laws provides that each Director is required to retire at least once in every 3 years by rotation. The retiring Directors are eligible to offer themselves for re-election. The NC has recommended Dr Du Junhong and Dr Ow Chin Hock, who are retiring at this forthcoming Annual General Meeting ("AGM"), and have offered themselves for re-election as Directors of the Company.

BOARD PERFORMANCE (Principle 5)

The Board has a formal process, which is determined and overseen by the NC, for assessing and evaluating the Board's performance as a whole as well as the contributions of each individual Director. The performance criterion for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with Management and standards of conduct of the Directors. The criterion for the individual Director's evaluation includes his commitment and attendance at board and committee meetings, his other contributions to the Group and his standards of conduct.

The evaluation of the Board's performance and individual Director's contribution is conducted by a questionnaire to be completed by each individual Director. The findings are then collated and analysed, and thereafter presented to the NC, which will, in consultation with the Chairman, take appropriate actions to address the findings of the performance assessment.

ACCESS TO INFORMATION (Principle 6)

The Board is provided with detailed Board papers prior to every Board meeting. The Board papers are furnished to Board members with sufficient time for the Directors to obtain additional information or explanations from Management if necessary. Requests for information from the Board are dealt with promptly by the Management. Management is also involved in preparing the Board papers and can provide additional insight into the matters to be discussed. As such, Management is normally invited to attend the Board meeting.

The Board also receives regular reports on the Group's performance and business activities as well as updates of on-going projects and other business matters.

The Directors have separate and independent access to Management and the Company Secretary at all times and on all matters whenever they deem necessary.

The Company Secretary, or his authorised persons, attends all meetings of the Board and Board Committees. The Company Secretary is responsible for ensuring that Board procedures are followed and reviewed so that the Board functions effectively and the Company's Bye-Laws and the relevant rules and regulations (in particular the SGX Listing Manual) applicable to the Company are complied with.

Where necessary, the Company will, upon the request of Directors (whether as a group or individually), provide them with independent professional advice, at the Company's expense to enable the Directors to effectively discharge their duties.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (Principle 7)

The Remuneration Committee ("RC") is regulated by a set of written terms of reference endorsed by the Board. The RC comprises three members, all of whom are non-executive Directors and a majority of whom, including the Chairman, are independent.

The members of the RC as at the date of this report are:

Dr. Ow Chin Hock (Chairman)
Mr. David Hwang Soo Chin
Mr. Tao Qiang

Under its terms of reference, the RC is responsible for:

(i) Determining and recommending to the Board specific remuneration packages and terms of employment for each of the executive Directors;

(ii) Reviewing the remuneration packages of Senior Management of the Group;

(iii) Reviewing and recommending to the Board, a framework of remuneration for executive Directors and key executives. In establishing the remuneration framework, the RC takes into account the performance of the Group as well as the Directors and key executives. The Group adopts an overall remuneration policy comprising a fixed component in the form of a basic salary and a variable component. The variable component is by way of a bonus that is linked to the Group's and the individual's performance; and

(iv) Administering the Group's long-term incentive scheme, the Share Award Plan, and considering the eligibility of Directors for benefits under the scheme.

During the financial year, the RC met three times, with full attendance of its members.

Annual review of the remuneration packages of the executive Directors was carried out by the RC to ensure that the remuneration of the executive Directors commensurate with their performance, giving due consideration to the financial and commercial health and business needs of the Group.

LEVEL AND MIX OF REMUNERATION (Principle 8)

The Board's remuneration policy is intended to attract capable individuals to the Board as well as to retain and motivate them in their roles. The Board believes that it is essential to remunerate Directors equitably to attract and retain individuals with the necessary qualifications and capabilities. The Board ensures that its remuneration policies are in line with the strategic objectives of the Company and are aligned with similar industries in the region.

The Executive Directors namely, Dr. Du Junhong and Mr. Deng Hua are paid based on their service agreements with the Company. The Executive Directors had each entered into a new service agreement with the Company for a period of 3 years commencing from 8 September 2014, with automatic renewal every 3 years thereafter subject to confirmation by the Company. The revised service agreements supersede the previous service agreements entered into by the Executive Directors. The service agreements provide for termination by either the executive Director or the Company with a 6-month written notice period.

The non-executive Directors do not have any service agreements with the Company. The current remuneration of the non-executive Directors is commensurate with the level of contribution, taking into account factors such as effort and time spent for serving the Board and Board Committees, as well as other responsibilities of the Directors. The remuneration of the non-executive Directors takes the form of a fixed fee and share awards.

DISCLOSURE ON REMUNERATION (Principle 9)

Management has recommended to the RC and the Board an amount of S$188,000 (2015: S$188,000) as Directors' fees for the non-executive Directors for the financial year ending 30 June 2016. The Board will table the Directors' fee at the forthcoming AGM for shareholders' approval.

No Director was involved in determining his own remuneration.

The level of remuneration and fees payable to Directors in bands of S$250,000 is as follows:

	Number of Directors	
Remuneration Band	**2015**	**2014**
Above S$500,000	-	2
S$250,000 to S$499,999	-	-
Below S$250,000	6	4

CORPORATE GOVERNANCE REPORT

The mix of the remuneration payable to directors for the financial year ended 30 June 2015 is as follows:

Name of Directors	Status	Fees[1]	Salary	Bonus	Other Benefits
Dr. Du Junhong	Executive	-	99%	-	1%
Mr. Deng Hua	Executive	-	86%	-	14%
Mr. Tao Qiang	Non-executive	100%	-	-	-
Dr. Ow Chin Hock	Independent	100%	-	-	-
Mr. David Hwang Soo Chin	Independent	100%	-	-	-
Mr. See Yen Tarn	Independent	100%	-	-	-

Notes:

(1) Directors' fees in an aggregate amount are subject to approval by shareholders at the forthcoming AGM.

There are no employees who are immediate family members of the Directors and substantial shareholders and whose remuneration is in excess of S$50,000 per year.

The Board is of the view that given the confidentiality and commercial sensitivity attached to remuneration matters, the aggregate remuneration for each Director would not be disclosed. Similarly, given the highly competitive industry situation, the Group believes that disclosure of the remuneration (including the remuneration band) of named individual executives who are not also Directors is disadvantageous to its business interest.

The remuneration of these key executives who are not also Directors is set out below in bands of S$250,000:

	Number of Key Executives	
Remuneration Band	**2015**	**2014**
Above S$1,500,000	-	1
S$1,250,000 to S$1,499,999	-	-
S$1,000,000 to S$1,249,999	-	1
S$750,000 to S$999,999	-	2
S$500,000 to S$749,999	-	1
S$250,000 to S$499,999	-	-
Below S$250,000	1	-

The Company adopted the Longcheer Share Option Scheme (the "SOS") on 25 February 2005. The SOS is administered by the RC. No options were granted for the financial year ended 30 June 2015. Details of the SOS can be found on page 26 to 27 of the Annual Report.

At a Special General Meeting held on 22 October 2007, the Company also adopted the Longcheer Holdings Limited Share Award Plan (the "Plan"). The Plan is administered by the RC. Details of the Plan can be found on pages 27 to 29 of the Annual Report.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY (Principle 10)

The Board provides shareholders with a detailed and balanced explanation and analysis of the Group's performance, financial position and prospects on a quarterly basis, as well as timely announcements of other matters as prescribed by the relevant rules and regulations.

Management provides the Board with appropriately detailed accounts of the Group's performance, financial position and prospects on a quarterly basis, or as and when required or requested by the Board to enable the Board to effectively fulfil its responsibilities.

RISK MANAGEMENT AND INTERNAL CONTROLS (Principle 11)

The Board recognises its responsibilities over the governance of risks and has set in place management procedures for ensuring a sound system of risk management and internal controls.

The Group maintains a robust and effective system of internal controls and risk management policies, addressing financial, operational, compliance and information technology risks, for all companies within the Group, to safeguard shareholders' interests and the Group's business and assets.

The Board reviews, at least annually, the overall adequacy and effectiveness of the Group's internal controls, including financial, operational and compliance controls, and risk management policies and systems established by Management with the assistance of internal and external auditors.

In the course of their annual audit, the external auditors carry out a review of the Group's system of internal controls. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls are reported to the AC. Relying on the these reports and management representation letters, the AC carries out assessments of the effectiveness of key internal controls during the year. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors.

The Board has received report from the CEO and Chief Financial Officer during meetings of the Board and the AC:

(i) that 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) that the Company's risk management and internal control systems are effective.

Based on the review work performed by internal auditors as well as the external audit undertaken by BDO Limited and BDO LLP, the Board, with the concurrence of the AC, is of the view that the internal controls in place are adequate to address the risks of a financial, operational and compliance nature to which the Group is exposed in its current business environment as at 30 June 2015.

The Board will, on a continuing basis, endeavour to further enhance and improve the Group's system of internal controls and risk management policies.

CORPORATE GOVERNANCE REPORT

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group's assets and investments are safeguarded. The Board notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities. The Board reviews the adequacy and effectiveness of the Group's risk management and internal controls systems, including financial, operational, compliance and information technology controls, and risk management systems on an on-going basis.

AUDIT COMMITTEE (Principle 12)

The AC is regulated by a set of written terms of reference endorsed by the Board. The AC comprises three members, all of whom are non-executive independent Directors.

The terms of reference of the AC provides the AC with the authority to investigate any matter within its terms of reference, full access to and co-operation from 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.

The members of the AC as at the date of this report are:

Mr. See Yen Tarn (Chairman)
Dr. Ow Chin Hock
Mr. David Hwang Soo Chin

Under the terms of reference, the AC is responsible for:

(i) Reviewing the quarterly and annual financial statements including disclosures and accounting policies of the Company and the Group prior to their submission to the Board for adoption;

(ii) Reviewing with the external auditors, the Company's:

  (a) annual audit plans;

  (b) findings and recommendations to Management as well as Management's response thereto;

  (c) evaluation of system of internal accounting controls; and

  (d) audit reports;

(iii) Reviewing the assistance given by Management to the external auditors;

(iv) Reviewing the scope and results of the internal audit procedures performed by, Nexia TS Risk Advisory Pte Ltd, the internal auditors;

(v) Reviewing the non-audit services provided by the external auditors to ensure that provision of such services will not affect the independence of the auditors;

(vi) Recommending the appointment, re-appointment or removal of external auditors, taking into consideration the scope and results of the audit as well as the cost effectiveness, independence and objectivity of the external auditors; and

(vii) Reviewing interested person transactions, if any, falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST on a quarterly basis.

During the financial year, the AC met four times, with full attendance of its members.

The AC meets with the external and internal auditors without the presence of Management, at least once annually, to review any matters that might be raised privately and discuss their findings set out in their respective reports to the AC.

Audit fees paid to external joint auditors, BDO Limited, Certified Public Accountants ("BDO Limited") and BDO LLP, Public Accountants and Chartered Accountants ("BDO LLP) for the audit of the Company and its subsidiaries for the financial year ended 30 June 2015 amounted to RMB694,000. For the financial year ended 30 June 2015, there were no non-audit services provided by BDO Limited and BDO LLP.

The Company has re-appointed BDO Limited and BDO LLP as joint auditors of the Company for the year ended 30 June 2015 and accordingly the Company has complied with Rule 712 of the Listing Manual of the SGX-ST. In addition, the AC has recommended to the Board the nomination of BDO Limited and BDO LLP for re-appointment as joint auditors of the Company to act jointly at its forthcoming AGM. The Company confirms that it has complied with Rule 712 of the Listing Manual of the SGX-ST.

The Company and its only significant subsidiary and only principal associated company are audited and/or reviewed by BDO Limited for consolidation purpose and accordingly the Company has complied with Rule 715 of the Listing Manual of the SGX-ST. The Group's only significant subsidiary and only principal associated company are disclosed under Notes 14 and 15 to the Financial Statements on pages 76 to 82 of this Annual Report.

The Group has put in place a whistle-blowing policy to provide a channel for staff and any other persons to raise their concerns about possible improprieties, fraudulent activities and malpractices within the Group in a responsible manner in matters of financial reporting or others. The objective of the whistle-blowing policy is to ensure that arrangements and processes are in place to facilitate independent investigations of such concerns and for appropriate follow-up action.

INTERNAL AUDIT (Principle 13)

The Group has outsourced its internal audit functions to an independent advisory firm, Nexia TS Risk Advisory Pte. Ltd. ("Nexia"), as it is more cost effective than maintaining an in-house internal audit function. The primary role of the internal auditors is to (a) assist the Board to evaluate the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Company (b) to review the internal controls of the Company to ensure proper recording of transactions and safeguarding of assets; and (c) to review the Company's compliance with the relevant laws, regulations and policies established by the Company. Nexia performs a bi-annual internal audit review of the Group and reports directly to the AC.

The AC has reviewed the risk assessment and internal audit approach proposed by Nexia as well as the internal audit report submitted. Based on its assessment, the AC is satisfied with the quality and effectiveness of the internal audit and is satisfied that its internal auditors are currently adequately resourced and have appropriate standing within the Group to perform its functions properly.

SHAREHOLDER RIGHTS, COMMUNICATION WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDER MEETINGS (Principles 14, 15 and 16)

In line with the continuous obligations of the Company pursuant to the SGX-ST Listing Manual, the Company is committed to the clear and timely disclosure of material or price sensitive information such as announcements of the quarterly and full year financial results, material transactions, and other developments relating to the Group. The Group also maintains a website at www.longcheerholdings.net where the public can access to information relating to the Group. The Group continuously reviews ways to enhance its corporate reporting process and the ease of access to information released.

Shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders, and may appoint up to 2 proxies under the Bye-Laws of the Company to attend and vote on their behalf. Shareholders who hold shares through nominees, are allowed, upon prior request through their nominees, to attend and observe the general meetings.

The Company's main forum for dialogue with shareholders is the AGM, where the Board (including Chairman of the respective Board Committees), key executives and the external auditors are in attendance. At the AGM, shareholders are encouraged to participate in the meeting by raising relevant questions or seeking clarification on the motions tabled at the meeting.

All shareholders of the Company receive a copy of the Annual Report or Circulars, and notice of shareholders' meetings. Notices of shareholders' meetings set out all items of business to be transacted at the respective shareholders' meetings, and are also advertised in the newspapers.

The Company records minutes of all general meetings and questions and comments from shareholders together with the responses of the Board and Management.

Resolutions to be passed at general meetings are always separate and distinct in terms of issue so that shareholders are better able to exercise their right to approve or deny the issue or motion.

The Company does not have a formal dividend policy. The Board considers the Company's capital structure, cash requirements and future plans in deciding whether to declare dividends. Where dividends are not declared, the Company discloses the reasons at the general meetings.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION

Code of Business Conduct

The Directors, officers and employees are required to observe and maintain high standards of integrity that are in compliance with laws and regulations and Group policies.

Dealings in Securities

The Group has adopted an internal code of conduct that is consistent with Rule 1207(19) of the Listing Manual of the SGX-ST in relation to dealings in the Company's securities.

The Company, Directors, officers and staff of the Group are prohibited from dealing the Company's securities (a) on short-term considerations; (b) while in possession of unpublished material price-sensitive information in relation to such securities; and (c) during the periods commencing two weeks before the announcement of the Group's quarterly results and one month before the announcement of the Group's annual results, and ending on the date of the announcement of such results.

Directors are required to report to the Company Secretary whenever they deal in the Company's securities and the latter will make the necessary announcements in accordance with requirements of the SGX-ST.

The Company has complied with Rule 1207(19) of the Listing Manual of the SGX-ST.

Interested Person Transactions

Transactions with the Company's interested persons (as defined in the Listing Manual of the SGX-ST) are subject to review and approval by the AC. The AC reviews each transaction to determine that it is on normal commercial terms, and hence, not prejudicial to the interests of the Company and shareholders, before making its recommendation to the Board for approval.

During the year under review, there were no interested person transactions.

Material Contracts

Save for the service agreements between the executive Directors and as disclosed elsewhere in the financial statements, no material contracts (including loans) of the Company or its subsidiaries involving the interest of the CEO or any Director or controlling shareholders subsisting at the end of the financial year have been entered into since the end of the previous financial year.

DIRECTORS' REPORT

The directors present their annual report to the shareholders of the Company together with the audited financial statements for the financial year ended 30 June 2015.

1 DIRECTORS

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

Dr. Du Junhong	(Chairman)
Mr. Deng Hua	(Chief Executive Officer)
Mr. Tao Qiang	
Dr. Ow Chin Hock	
Mr. David Hwang Soo Chin	
Mr. See Yen Tarn	

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the share awards as described in this report.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations except as follows:

	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
The Company				
Ordinary shares of US$0.02 each				
Dr. Du Junhong	-	-	69,514,321	69,514,321
Mr. Deng Hua	-	-	10,189,795	10,189,795
Mr. Tao Qiang	-	-	9,404,349	9,404,349
Dr. Ow Chin Hock	38,625	38,625	-	-
Mr. David Hwang Soo Chin	38,625	38,625	300,000	300,000
Mr. See Yen Tarn	38,625	38,625	-	-

The directors' interests in the shares of the Company at 21July 2015 were the same at 30 June 2015.

DIRECTORS' REPORT

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the beginning of the financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

5 SHARE OPTIONS

a) The Longcheer Share Option Scheme (the "SOS") was adopted on 25 February 2005. The SOS is administered by the Remuneration Committee (the "RC") comprising Dr. Ow Chin Hock, Mr. David Hwang Soo Chin and Mr. Tao Qiang.

b) Under the SOS, the aggregate number of shares that may be issued shall not exceed 5% of the issued share capital excluding treasury shares of the Company from time to time.

Options entitle the option holder to subscribe for a specific number of new ordinary shares in the Company comprised in the option at a subscription price per share determined by reference to the daily official list or other publication published by the Singapore Exchange Securities Trading Limited ("SGX-ST") for a period of five consecutive market days immediately preceding the relevant date of grant. The RC may fix the subscription price at a discount up to 20% of the market price but not lower than the par value of the shares subject to the approval by the shareholders in a separate resolution.

Options granted with the subscription price set at the market price shall only be exercised after the first anniversary but before the tenth anniversary for executive directors and employees (fifth anniversary for non-executive directors) from the date of grant. Options granted with the subscription price set at a discount to the market price shall only be exercised after the second anniversary but before the tenth anniversary for executive directors and employees (fifth anniversary for non-executive directors) from the date of grant. No options with subscription price set at a discount to the market price will be granted to the independent directors.

The shares under option may be exercised in whole or in part on the payment of the relevant subscription price. Options granted will lapse when the option holder ceases to be a full-time employee or non-executive director of the Company or any subsidiary of the Group subject to certain exceptions at the discretion of the RC.

c) During the financial year,

(i) no options were granted to employees or directors of the Company, controlling shareholders or their associates;

(ii) no person has received 5% or more of the total number of shares or options available under the Scheme; and

(iii) no options were granted at a discount to the market price.

DIRECTORS' REPORT

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

6 SHARE AWARDS

a) The Longcheer Holdings Limited Share Award Plan (the "Plan") was approved and adopted by members of the Company at a Special General Meeting ("SGM") held on 22 October 2007. The Plan is administered by the RC comprising Dr. Ow Chin Hock, Mr. David Hwang Soo Chin and Mr. Tao Qiang.

b) Under the Plan, eligible participants are conferred rights by the Company to be issued or transferred fully- paid ordinary shares (the "Awards") in the capital of the Company, free of charge. Performance and service conditions are set by the RC and Awards are granted and released only when these pre-determined conditions are achieved. Awards granted shall vest over a period of 3 years, in proportion of 30%, 30% and 40% after the first, second and third anniversary of the date of grant respectively.

The aggregate number of new shares over which the RC may grant Awards on any date, when added to the number of new shares issued and issuable in respect of all shares granted under this Plan and any other existing share schemes or share option schemes implemented or to be implemented by the Company, shall not exceed ten (10) per cent of the issued share capital less treasury shares of the Company on the day preceding that date.

Duration of the Plan

The Plan shall continue to be in force at the discretion of the RC, subject to a maximum period of ten (10) years commencing on 22 October 2007, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company's Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Plan may be terminated at any time by the RC and by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Company.

The termination of the Plan shall not affect such Awards which have been granted and accepted as provided in the Plan, whether such Awards have been exercised (whether fully or partially) or not.

c) Since the commencement of the Plan, an aggregate of 23,675,000 (2014: 23,675,000) Awards have been granted. As at the end of the financial year, there were outstanding Nil (2014: 2,530,500) Awards not vested. Details of Awards granted to participants pursuant to the Plan are as follows:-

Date of Grant	Vesting Period	Balance as at 1 July 2014 '000	Awards Granted '000	Awards Released '000	Awards Forfeited/ Cancelled '000	Balance as at 30 June 2015 '000
4 February 2013	30% on 4/2/14 30% on 4/2/15 40% on 4/2/16	2,531	-	-	2,531	-
		2,531	-	-	2,531	-

Note: On 10 November 2014, the board of directors of the Company had announced that the shares under the remaining Awards to be vested on 4 February 2015 and 4 February 2016 will no longer be issued and/or transferred to Participants.

Each Award represents a right conferred by the Company on a participant to be issued or transferred one ordinary share, fully paid, in the capital of the Company, free of charge. The participants are not required to pay for any Awards granted to them.

During the financial year, no Awards were vested. (2014: 1,084,500)

d) Details of Awards granted to directors, controlling shareholders and to participants who have received more than 5% of the total number of Awards available under the Plan are as follows:-

	Awards Granted during the financial year '000	Aggregate Awards Granted since commencement of the Plan to 30 June 2015 '000	Aggregate Awards Released since commencement of the Plan to 30 June 2015 '000	Aggregate Awards Cancelled / Forfeited since commencement of the Plan to 30 June 2015 '000	Aggregate Awards as not yet Released as at 30 June 2015 '000
a) Directors					
Dr. Du Junhong	-	900	315	585	-
Mr. Deng Hua	-	7,000*	1,305	5,695	-
Mr. Tao Qiang	-	68	24	44	-
Dr. Ow Chin Hock	-	118	39	79	-
Mr. David Hwang Soo Chin	-	118	39	79	-
Mr. See Yen Tarn	-	118	39	79	-
b) Employees	-	15,353	5,078	10,275	-
Total	-	23,675	6,839	16,836	-

* Exceeds 5% of the total number of Awards available under the Plan.

DIRECTORS' REPORT

Dr. Du Junhong is a controlling shareholder of the Company and his participation in the Plan was approved by members at the SGM held on 22 October 2007. Mr. Tao Qiang ceased to be a controlling shareholder in prior years, but his participation in the Plan previously was approved by members at the SGM held on 22 October 2007.

e) During the financial year, except as disclosed:-

(i) no directors or employees of the Company and its subsidiaries has received 5% or more of the total number of Awards available to all directors and employees of the Company and its subsidiaries under the Plan;

(ii) no Awards were granted to directors and employees of the Company and its subsidiaries; and

(iii) no options or Awards were granted to directors or employees of any parent company or subsidiaries of any parent company.

7 AUDIT COMMITTEE

The Audit Committee ("AC") of the Company is chaired by Mr. See Yen Tarn and includes Dr. Ow Chin Hock and Mr. David Hwang Soo Chin, all of whom are independent directors.

The AC performed the functions as detailed in the Group's Corporate Governance Report.

8 AUDITORS

The AC has recommended to the Board of Directors the re-appointment of BDO Limited, Certified Public Accountants ("BDO Limited") and BDO LLP, Public Accountants and Chartered Accountants ("BDO LLP") as the Company's joint auditors at the forthcoming Annual General Meeting.

BDO Limited and BDO LLP have expressed their willingness to accept re-appointment as the Company joint auditors.

ON BEHALF OF THE DIRECTORS

…….....
Dr. Du Junhong

…….....
Mr. Deng Hua

29 September 2015

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the accompanying consolidated income statement, consolidated statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statements of changes in equity, consolidated statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2015 and the results of the business and cash flows of the Group and changes in equity of the Company and of the Group for the financial year then ended; and

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

The board of the directors authorised these financial statements for issue on 29 September 2015.

ON BEHALF OF THE DIRECTORS

Dr. Du Junhong

Mr. Deng Hua

29 September 2015

INDEPENDENT JOINT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LONGCHEER HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Longcheer Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 33 to 110, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT JOINT AUDITORS' REPORT

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015, and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards.

BDO LLP
Public Accountants and
Chartered Accountants
21 Merchant Road, #05-01
Singapore 058267

29 September 2015

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

29 September 2015

CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2015

	Notes	**2015 RMB'000**	2014 RMB'000 (Restated)
Continuing Operation			
Revenue	5	**11,325**	10,565
Cost of sales		**(2,765)**	(3,033)
Gross profit		**8,560**	7,532
Other gains and losses	5	**(16,453)**	1,704
Distribution costs		**-**	(312)
Administrative expenses		**(9,239)**	(11,537)
Share of results of associates		**12,136**	15,484
(Loss)/profit before income tax	7	**(4,996)**	12,871
Income tax expense	8	**-**	-
(Loss)/profit for the year from continuing operation		**(4,996)**	12,871
Discontinued Operation			
Profit for the year from discontinued operation, after tax	7	**36,321**	73,650
Profit for the year		**31,325**	86,521
Profit for the year attributable to:			
Owners of the Company		**31,325**	85,841
Non-controlling interests		**-**	680
		31,325	86,521
Earnings per share attributable to owners of the Company	9		
Earnings per share (RMB cents)			
- Basic and diluted			
From continuing and discontinued operations		**8.89**	24.40
From continuing operation		**(1.42)**	3.66
From discontinued operation		**10.31**	20.74

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Notes	**2015**	2014
		RMB'000	RMB'000
Profit for the year		**31,325**	86,521
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value on available-for-sale financial assets		**(411)**	662
Reclassification adjustment – Disposal of subsidiaries		**(29,132)**	6,026
Currency translation			
- Group		**865**	(1,518)
- Associates		**(387)**	(237)
- Available-for-sale financial assets		**8**	(13)
Other comprehensive income for the year, net of tax		**(29,057)**	4,920
Total comprehensive income for the year		**2,268**	91,441
Total comprehensive income attributable to:			
Owners of the Company		**2,268**	90,761
Non-controlling interests		**-**	680
		2,268	91,441

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2015

	Notes	Group		Company	
		2015	2014	**2015**	2014
		RMB'000	RMB'000	**RMB'000**	RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	11	**59**	88,748	**-**	-
Land use rights	12	**-**	18,323	**-**	-
Intangible assets	13	**-**	2,832	**-**	-
Deposits paid	22	**-**	20,815	**-**	-
Interests in subsidiaries	14	**-**	-	**-**	166,186
Interests in associates	15	**83,797**	94,236	**-**	-
Available-for-sale financial assets	16	**-**	4,056	**-**	-
Investment properties	17	**110,000**	144,600	**-**	-
		193,856	373,610	**-**	166,186
Current assets					
Cash and deposit balances	18	**39,937**	227,707	**29,337**	2,238
Restricted balances in banks and pledged deposits	18	**-**	1,028,377	**-**	-
Financial assets at fair value through profit or loss	19	**7,500**	23,380	**-**	23,380
Available-for-sale financial assets	16	**10,000**	10,000	**-**	-
Amounts due from subsidiaries	23	**-**	-	**155,654**	143,613
Note receivables	20	**-**	57,455	**-**	-
Trade receivables	21	**-**	456,350	**-**	-
Other receivables	22	**812**	118,601	**-**	-
Trade deposits paid to suppliers		**-**	1,911	**-**	-
Inventories	24	**-**	378,719	**-**	-
		58,249	2,302,500	**184,991**	169,231
Current liabilities					
Trade and bill payables		**-**	1,577,794	**-**	-
Amounts due to subsidiaries	23	**-**	-	**8,253**	44,744
Other payables	25	**17,026**	186,338	**2,092**	27,506
Trade deposits received from customers		**-**	120,210	**-**	-
Income tax payable		**-**	28,290	**-**	-
Bank borrowings	26	**-**	77,854	**-**	-
		17,026	1,990,486	**10,345**	72,250
Net current assets		**41,223**	312,014	**174,646**	96,981
Net assets		**235,079**	685,624	**174,646**	263,167

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2015

	Notes	Group		Company	
		2015	2014	**2015**	2014
		RMB'000	RMB'000	**RMB'000**	RMB'000
EQUITY					
Equity attributable to owners of the Company					
Share capital	28	**65,608**	65,608	**65,608**	65,608
Treasury shares	29	**(90,042)**	(90,042)	**(90,042)**	(90,042)
Reserves	30	**259,513**	710,058	**199,080**	287,601
		235,079	685,624	**174,646**	263,167
Non-controlling interests		**-**	-	**-**	-
Total equity		**235,079**	685,624	**174,646**	263,167

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Director

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Director

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

	Notes	**2015** **RMB'000**	2014 RMB'000 (Restated)
Cash flow from operating activities			
(Loss)/profit before income tax			
From continuing operation		**(4,996)**	12,871
From discontinued operation		**37,421**	104,118
Adjustments for:			
Interest income of bank deposits		**(8,003)**	(45,906)
Interest income of other receivables		**(791)**	(5,589)
Interest expenses		**150**	2,372
Net fair value gain for financial assets at fair value through profit or loss		**(360)**	-
Allowance for and write down of inventories		**12,565**	55,043
Amortisation of land use rights		**67**	399
Amortisation of intangible assets		**439**	3,875
Depreciation of property, plant and equipment		**1,930**	9,689
Fair value change on investment properties	17	**13,225**	-
(Gain)/loss on disposal of property, plant and equipment		**(16)**	263
(Gain)/loss on disposal of subsidiaries	14	**(25,730)**	4,570
Write off of intangible assets	13	**-**	188
Share of results of associates		**(12,136)**	(13,424)
Dividend received from available-for-sale financial assets		**-**	(164)
Gain on disposal of interest in an associate		**(216)**	(147)
Equity-settled share-based payment expenses	27(b)	**(888)**	(801)
Foreign exchange difference		**5,529**	4,452
Operating cash flows before movements in working capital		**18,190**	131,809
(Increase)/decrease in trade and note receivables		**(46,396)**	314,916
Increase in other receivables and trade deposits paid to suppliers		**(64,882)**	(61,952)
Increase in inventories		**(162,726)**	(108,058)
Increase in trade and bill payables		**146,292**	131,002
Increase in other payables and trade deposits received from customers		**120,653**	158,991
Cash generated from operations		**11,131**	566,708
Interest paid		**(150)**	(2,383)
Income tax paid		**-**	(2,179)
Net cash generated from operating activities		**10,981**	562,146

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

	Notes	**2015**	2014
		RMB'000	RMB'000
			(Restated)
Cash flow from investing activities			
Interest received		**9,059**	51,698
Proceeds from disposal of property, plant and equipment		**48**	582
Purchase of property, plant and equipment		**(8,420)**	(15,686)
Purchase of intangible assets		**(52)**	(2,786)
Deposits paid for acquisition of property, plant and equipment		**-**	(20,815)
Dividend received from associates		**7,364**	5,589
Investment in an associate		**-**	(600)
Proceeds from disposal of interest in an associate		**15,040**	1,650
Dividend received from financial assets at fair value through profit or loss		**360**	-
Dividend received from available-for-sale financial assets		**-**	164
Acquisition of available-for-sale financial assets		**(10,000)**	(10,000)
Disposal of financial assets at fair value through profit or loss		**23,380**	-
Acquisition of financial assets at fair value through profit or loss		**(7,500)**	(23,380)
Disposal of subsidiaries (net of cash and cash equivalents disposed)	14	**151,515**	20,879
Decrease/(increase) in restricted balances in banks and pledged deposits		**70,174**	(515,690)
Decrease/(increase) in fixed bank deposits with an original maturity of more than three months		**1,124**	(416)
Net cash generated from/(used in) investing activities		**252,092**	(508,811)
Cash flow from financing activities			
Purchase of treasury shares		**-**	(1,723)
Proceeds from bank borrowings		**-**	77,854
Repayment of bank borrowings		**-**	(78,032)
Distribution to non-controlling interests upon winding-up of subsidiaries		**-**	(5,238)
Dividend paid		**(445,150)**	-
Net cash used in financing activities		**(445,150)**	(7,139)
Net (decrease)/increase in cash and cash equivalents		**(182,077)**	46,196
Cash and cash equivalents at the beginning of year		**226,151**	186,075
Effect of foreign exchange rates changes, net		**(4,569)**	(6,120)
Cash and cash equivalents at end of year		**39,505**	226,151
Analysis of cash and cash equivalents at end of year			
Cash and bank balances (excluding fixed bank deposits with an original maturity of more than three months)	18	**39,505**	1,254,528
Less: Restricted balances in banks and pledged deposits	18	**-**	(1,028,377)
		39,505	226,151

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2015

Group

	Attributable to owners of the Company												
	Share Capital	Treasury shares	Share premium	Capital reserve	Legal reserve	Share award reserve	Translation reserve	Property revaluation reserve	Available-for-sale financial assets revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 July 2013	**65,608**	**(90,231)**	**138,818**	**64,290**	**74,153**	**2,436**	**(55,868)**	**10,994**	**(48)**	**382,066**	**592,218**	**62,225**	**654,443**
Purchase of treasury shares	-	(1,723)	-	-	-	-	-	-	-	-	(1,723)	-	(1,723)
Arising from share award plan	-	-	-	-	-	(801)	-	-	-	-	(801)	-	(801)
Use of treasury shares for share award vested	-	1,912	-	-	-	(747)	-	-	-	(1,165)	-	-	-
Waiver of dividend by non-controlling interests	-	-	-	-	-	-	-	-	-	5,169	5,169	(5,169)	-
Disposal of subsidiaries	-	-	-	(33,744)	(4,462)	-	-	-	-	38,206	-	(52,498)	(52,498)
Winding-up of subsidiaries	-	-	-	-	(858)	-	-	-	-	858	-	(5,238)	(5,238)
Transactions with owners	-	189	-	(33,744)	(5,320)	(1,548)	-	-	-	43,068	2,645	(62,905)	(60,260)
Profit for the year	-	-	-	-	-	-	-	-	-	85,841	85,841	680	86,521
Other comprehensive income													
- Change in fair value on available-for-sale financial assets	-	-	-	-	-	-	-	-	662	-	662	-	662
- Reclassification adjustment – Disposal of subsidiaries	-	-	-	-	-	-	6,026	-	-	-	6,026	-	6,026
- Currency translation													
- Group	-	-	-	-	-	-	(1,518)	-	-	-	(1,518)	-	(1,518)
- Associates	-	-	-	-	-	-	(237)	-	-	-	(237)	-	(237)
- Available-for-sale financial assets	-	-	-	-	-	-	(13)	-	-	-	(13)	-	(13)
Total comprehensive income for the year	-	-	-	-	-	-	4,258	-	662	85,841	90,761	680	91,441
Transfer to legal reserve	-	-	-	-	6,600	-	-	-	-	(6,600)	-	-	-
Balance at 30 June 2014	**65,608**	**(90,042)**	**138,818**	**30,546**	**75,433**	**888**	**(51,610)**	**10,994**	**614**	**504,375**	**685,624**	**-**	**685,624**

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2015

Group

	Attributable to owners of the Company												
	Share Capital	Treasury shares	Share premium	Capital reserve	Legal reserve	Share award reserve	Translation reserve	Property revaluation reserve	Available-for-sale financial assets revaluation reserve	Retained earnings	Total	Non-controlling interests	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 30 June 2014 and 1 July 2014	**65,608**	**(90,042)**	**138,818**	**30,546**	**75,433**	**888**	**(51,610)**	**10,994**	**614**	**504,375**	**685,624**	**-**	**685,624**
Arising from share award plan	-	-	-	-	-	(888)	-	-	-	-	(888)	-	(888)
Fair value change on investment property	-	-	-	-	-	-	-	(6,775)	-	-	(6,775)	-	(6,775)
Disposal of subsidiaries	-	-	-	(30,546)	(75,433)	-	-	(4,219)	(203)	110,401	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	(445,150)	(445,150)		(445,150)
Transactions with owners	-	-	-	(30,546)	(75,433)	(888)	-	(10,994)	(203)	(334,749)	(452,813)	-	(452,813)
Profit for the year	-	-	-	-	-	-	-	-	-	31,325	31,325	-	31,325
Other comprehensive income													
- Change in fair value on available-for-sale financial assets	-	-	-	-	-	-	-	-	(411)	-	(411)	-	(411)
Reclassification adjustment – Disposal of subsidiaries	-	-	-	-	-	-	(29,132)	-	-	-	(29,132)	-	(29,132)
- Currency translation													
- Group	-	-	-	-	-	-	865	-	-	-	865	-	865
- Associates	-	-	-	-	-	-	(387)	-	-	-	(387)	-	(387)
- Available-for-sale financial assets	-	-	-	-	-	-	8	-	-	-	8	-	8
Total comprehensive income for the year	-	-	-	-	-	-	(28,646)	-	(411)	31,325	2,268	-	2,268
Balance at 30 June 2015	**65,608**	**(90,042)**	**138,818**	**-**	**-**	**-**	**(80,256)**	**-**	**-**	**200,951**	**235,079**	**-**	**235,079**

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2015

Company

	Share capital	Treasury shares	Share premium	Share award reserve	Translation reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 July 2013	**65,608**	**(90,231)**	**138,818**	**2,436**	**(83,335)**	**150,991**	**184,287**
Purchase of treasury shares	-	(1,723)	-	-	-	-	(1,723)
Arising from share award plan	-	-	-	(801)	-	-	(801)
Use of treasury shares for share award vested	-	1,912	-	(747)	-	(1,165)	-
Transaction with owners	-	189	-	(1,548)	-	(1,165)	(2,524)
Profit for the year	-	-	-	-	-	81,955	81,955
Other comprehensive income							
- Currency translation	-	-	-	-	(551)	-	(551)
Total comprehensive income for the year	-	-	-	-	(551)	81,955	81,404
Balance at 30 June 2014 and 1 July 2014	**65,608**	**(90,042)**	**138,818**	**888**	**(83,886)**	**231,781**	**263,167**
Arising from share award plan	-	-	-	(888)	-	-	(888)
Dividend paid	-	-	-	-	-	(445,150)	(445,150)
Transaction with owners	-	-	-	(888)	-	(445,150)	(446,038)
Profit for the year	-	-	-	-	-	358,165	358,165
Other comprehensive income							
- Currency translation	-	-	-	-	(648)	-	(648)
Total comprehensive income for the year	-	-	-	-	(648)	358,165	357,517
Balance at 30 June 2015	**65,608**	**(90,042)**	**138,818**	**-**	**(84,534)**	**144,796**	**174,646**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

1. GENERAL INFORMATION

Longcheer Holdings Limited (the "Company") is incorporated in Bermuda with its principal place of business at 11B, No. 401 Caobao Road, Shanghai 200233, the People's Republic of China and registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The shares of the Company are listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in Renminbi ("RMB").

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in note 14 to the financial statements. There were no significant changes in the nature of the Company's and its subsidiaries' principal activities during the year.

The financial statements on page 33 to 110 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (the "IAS") and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretation Committee (the "IFRIC") of the IASB. The financial statements also include the applicable disclosure requirements of the Listing Manual of the SGX-ST (the "Listing Manual").

2. ADOPTION OF NEW OR AMENDED IFRSs

(a) Adoption of new/revised IFRSs effective 1 July 2014

In the current year, the Group has applied, for the first time, all the new and revised standards, amendments and interpretations (the "new IFRSs") issued by IASB and the IFRIC of the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 July 2014.

The adoption of the new IFRSs has no material impact on the Group's financial statements.

(b) New/revised IFRSs that have been issued but are not yet effective

At the date of authorisation, the following new/revised IFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

IFRS Amendments	Annual Improvements 2012-2014 Cycle[1]
Amendments to IAS 1	Disclosure Initative[1]
Amendments to IAS 27	Equity Method in Separate Financial Statements[1]
IFRS 9 (2014)	Financial Instruments[2]
IFRS 15	Revenue from Contracts with Customers[2]

[1] Effective for annual periods beginning on or after 1 January 2016

[2] Effective for annual periods beginning on or after 1 January 2018

Except as disclosed below, the Group's management anticipates that the adoption of the above IFRSs will not have a material impact on the financial statements of the Group in the period of their initial adoption.

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

(b) New/revised IFRSs that have been issued but are not yet effective (Continued)

Amendments to IAS 1 - Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of IAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

As these amendments are recently issued the entity has not yet made a detailed assessment of the impact of these amendments.

IFRS 9 - Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at "fair value through other comprehensive income" ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at "fair value through profit or loss" ("FVTPL").

IFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

IFRS 9 will be effective for accounting period beginning on 1 July 2018. The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the group's financial assets and financial liabilities; especially the Company has financial assets classified as available-for-sale. However, it is not practicable to provide reasonable estimate of the effect of IFRS 9 until the group undertakes a detailed review.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Consequently, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

(b) New/revised IFRSs that have been issued but are not yet effective (Continued)

IFRS 15 - Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18, Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expected to be entitled in exchange for those goods or services. Specifically, IFRS 15 introduces a 5-step approach to revenue recognition.

Under IFRS 15, 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. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 will be effective for accounting period beginning on 1 July 2018. The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared on the historical cost convention, except for certain investment properties and financial instruments, which are measured at revalued amounts or fair values as explained in the accounting policies below. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (see note 3.3 below) made up to 30 June each financial year. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries disposed of during the year are included in the consolidated income statement and consolidated statement of comprehensive income up to the dates of disposal, as appropriate.

3.3 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3.4 Associates

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% and 50% of voting rights but which are neither subsidiaries nor investment in a joint venture. In consolidated financial statements, investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Under the equity method, the Group's interest in the associate is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate's net assets less any identified impairment loss, unless it is classified as held for sale. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on goodwill relating to the investment in associate recognised for the year.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Associates (Continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. At each reporting date, the Group determines whether there is any objective evidence that the investment in associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (see note 3.11) of the associate and its carrying amount.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate's profit or loss in which the investment is acquired.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where the associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's accounting policies to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

3.5 Foreign currency translation

The individual financial statements of each of the Group's entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of the Company is United States dollars. The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in RMB as the Group's transactions are denominated primarily in RMB. All financial information presented in RMB has been rounded to the nearest thousand, unless otherwise stated.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Foreign currency translation (Continued)

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign Operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the translation reserve in equity.

On disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

3.6 Revenue recognition

Revenue comprises the fair value of the consideration received and receivable for sale of goods and rendering of services, net of estimated customer returns, rebates and other similar allowances. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Sale of goods

Revenue from the sale of mobile handset design solutions, mobile handsets and data products is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

These are usually taken as the time when the goods are delivered and the customer has accepted the goods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Revenue recognition (Continued)

Rendering of services

Revenue from the rendering of services that are of short duration is recognised when the services are completed.

Rental income

Rental income receivable from operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease term.

Interest income

Interest income is accrued on time-proportion basis, by reference to the principal outstanding and using the effective interest rate method.

3.7 Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Expenditure on development activities is capitalised when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

3.8 Intangible assets

Intangible assets are licence fee paid for use of software applications and technology platforms and are recognised initially at cost. After initial recognition, intangible assets with estimated useful lives of 1 to 5 years are carried at cost less accumulated amortisation and any impairment loss. Amortisation for intangible assets is provided using straight-line method over the estimated useful lives.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to the working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on straight-line method to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

Leasehold building	20 years
Leasehold improvements	1 to 5 years
Machinery and equipment	5 years
Office equipment and computers	3 to 5 years
Motor vehicles	5 years

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.10 Investment properties

Investment properties are land and/or building which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Investment properties (Continued)

On initial recognition and addition after the initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at fair value, unless it is still in the course of construction or development at the reporting date and its fair value cannot be reliably determined at that time. Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property.

The carrying amounts recognised at the reporting date reflect the prevailing market conditions at the reporting date.

Gains or losses arising from either changes in the fair value or the sale of an investment property are included in profit or loss in the period which they arise.

3.11 Impairment of non-financial assets

Property, plant and equipment, land use rights, intangible assets, interests in subsidiaries and associates are subject to impairment testing.

Other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level.

Any remaining impairment loss is charged *pro rata* to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determined.

In respect of other non-financial assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial assets

The Group's accounting policies for financial assets are set out below.

Classification of financial assets

Financial assets other than hedging instruments are classified into the following categories: (i) loans and receivables, (ii) available-for-sale financial assets and (iii) financial assets at fair value through profit or loss.

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

(i) Loans and receivables

Loans and receivables (including trade receivables, other receivables, note receivables, amounts due from subsidiaries, cash and deposit balances, restricted balances in banks and pledge deposits) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(ii) Available-for-sale financial assets

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sale financial assets.

For the available-for-sale financial assets that have a quoted market price in an active market are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the available-for-sale financial assets revaluation reserve in equity, except for impairment losses and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest rate method is recognised in profit or loss.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date.

For available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial assets (Continued)

Classification of financial assets (Continued)

(iii) Financial assets at fair value through profit or loss

These assets include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which is managed and its performance evaluated on a fair value basis according to a documented management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

Recognition and derecognition of financial assets

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial assets (Continued)

Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Reversals in respect of investment in equity instruments classified as available-for-sale and stated at fair value are not recognised in profit or loss. The subsequent increase in fair value is recognised in other comprehensive income. Impairment losses in respect of investment in debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment losses were recognised. Reversal of impairment losses in such circumstances are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial assets (Continued)

Impairment of financial assets (Continued)

(ii) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

3.13 Land use rights

Land use rights represent upfront payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight line basis over 50 years (the term of the lease/right to use).

3.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lease. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Leases (Continued)

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

3.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis, and in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

3.16 Income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

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

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Income tax (Continued)

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

  (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.17 Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Where any Group company purchases the Company's equity share capital (Treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the equity holders of the Company. No gain or loss is recognised in profit or loss on the purchase, sales, reissue or cancellation of such shares.

3.19 Share-based payments

Share option scheme

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. The value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

Share award plan

The Group operates a share award plan which allows it to issue equity-settled share-based payments to selected employees. For the shares granted to the employees, the fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted. At each reporting date, the Group revises its estimates of the number of shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

All share-based compensation is recognised as an expense in profit or loss with a corresponding credit to equity share award reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share awards expected to vest. Non-market vesting conditions are included in assumptions about the number of awards that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share awards expected to vest differs from previous estimates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.20 Retirement benefit costs

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

Pursuant to the relevant regulations of the People's Republic of China, excluding Hong Kong ("China"), government, the subsidiaries operating in China have participated in a local municipal government retirement benefits scheme, whereby the China subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the scheme to fund their retirement benefits.

The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the China subsidiaries. The only obligation of the Group with respect to the scheme is to pay the ongoing required contributions under the scheme mentioned above. Contributions under the scheme are charged to profit or loss as incurred. There are no provisions under the scheme whereby forfeited contributions may be used to reduce future contributions.

3.21 Financial liabilities

The Group's financial liabilities include trade and other payables and bank borrowings.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

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

Trade and other payables

Trade and other payables (including bill payables and amounts due to subsidiaries) are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest rate method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Financial liabilities (continued)

Bank borrowings

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

3.22 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3.24 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Group for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors of the Group, who are the chief operating decision maker, are determined following the Group's business lines.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.24 Segment reporting (Continued)

The Group has identified the following reportable segments:

(i) "Development and sales of mobile handset, data products and related services" segment, which involves trading, handset design solutions, manufacturing and sales of mobile handset, mobile handset printed circuit, data products and related materials

(ii) "Property investment" segment involves investment of properties for rental income

Each of these operating segment is managed separately as each of the product and service lines requires different resources as well as marketing approaches.

The measurement policies the Group uses for reporting segment results under IFRS 8 are the same as those used in its financial statements prepared under IFRSs, except that equity-settled share-based payment, finance income, foreign exchange difference, finance costs, share of result of associate, corporate expense, impairment of available-for-sale financial assets and income tax expense/credit which are not included within reportable segments as they are not separately reported to the executive directors of the Group.

Segment assets consist primarily of property, plant and equipment, land use rights, other intangible assets, other receivables, investment properties, inventories, trade receivables, note receivables, trade deposits paid to suppliers and mainly exclude corporate assets, interests in associates and available-for-sale financial assets. Segment liabilities comprise operating liabilities and exclude items such as taxation, corporate borrowings and other corporate liabilities.

No asymmetrical allocations have been applied to reportable segments.

3.25 Discontinued operation

A discontinued operation is a component of the group's business, the operation and cash flows of which can be clearly distinguished from the rest of the group and which represents a separate major line of business or geographic area of operation, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operation, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the income statement, which comprise the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.26 Related parties

A related party is defined as follows:

(i) A person or a close member of that person's family is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of key management personnel of the Group or the Company's parent.

(ii) An entity is related to the Group if any of the following conditions apply:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of the employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identifies in (i)(a) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these 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.

(a) Critical judgments in applying accounting policies

Impairment of available-for-sale financial assets

For available-for-sale financial assets, a significant or prolonged decline in fair value below carrying value is considered to be objective evidence of impairment. Judgement is required when determining whether a decline in fair value has been significant or prolonged. In making this judgement, the management of the Group takes into account factors such as industry and sector performance and financial information regarding the investee.

(b) Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these financial statements, other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

Fair value measurement of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions.

The fair value measurement of investment properties utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

- Level 2: observable inputs other than quoted prices included within Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key sources of estimation uncertainty (continued)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

For more detail information in relation to the fair value measurement of the investment properties, please refer to note 17.

5. REVENUE, OTHER GAINS AND LOSSES

An analysis of the Group's revenue, other gains and losses is as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Continuing Operation		
Revenue		
Rental income derived from investment property	**11,325**	10,565
Other gains and losses		
Bank interest income	**146**	112
Gain on disposal of interest in an associate	**216**	147
Net fair value gain for financial assets at fair value through profit or loss	**360**	-
Equity-settled share-based payment expenses (note 27(b))	**888**	801
Fair value change on investment properties	**(13,225)**	-
Other operating expenses	**(12)**	-
Foreign exchange difference, net	**(5,131)**	352
Other income	**305**	292
	(16,453)	1,704

6. SEGMENT INFORMATION

During the year, the Group disposed of its development and sales of mobile handset, data products and related services segment which is presented as discontinued operation. The segment information reported below does not include any amounts for the discontinued operation, detail of which are set out in note 7(b) to the financial statements.

The Group's reportable and operating segment is continuing operation of property investment.

(a) SEGMENT REVENUE AND RESULTS

The following is an analysis of the Group's revenue and results by reportable segment:

Year ended 30 June 2015

	Continuing operation	
	Property investment RMB'000	**Total RMB'000**
Revenue		
Segment revenue (external customers)	11,325	11,325
Segment loss	(7,329)	(7,329)
Unallocated corporate expense		(11,706)
Unallocated corporate income		1,903
Share of results of associates		12,136
Loss for the year		(4,996)

Year ended 30 June 2014

	Continuing operation	
	Property investment RMB'000	**Total RMB'000**
Revenue		
Segment revenue (external customers)	10,890*	10,890
Segment profit	7,503	7,503
Unallocated corporate expense		(11,468)
Unallocated corporate income		1,352
Share of results of associates		15,484
Profit for the year		12,871

* Including the rental income of RMB325,000 generated from the investment properties held by one of disposed subsidiaries.

6. SEGMENT INFORMATION (Continued)

(a) SEGMENT REVENUE AND RESULTS (continued)

The accounting policies of the operating segments are same as the Group's accounting policies described in note 3.24. Segment (loss)/profit represents the loss incurred or profit earned in the segment without allocation of unallocated corporate income which includes bank interest income, gain on disposal of associate, net fair value gain for financial assets at FVTPL. This is the measure reported to the chief operating decision-maker for the purpose of resources allocation and performance assessment.

(b) SEGMENT ASSETS AND LIABILITIES

	2015	2014
Segment assets	**RMB'000**	RMB'000
Continuing operation		
Property investment segment	**110,000**	144,600
Discontinued operation		
Development and sales of mobile handset, data products and related services segment	**-**	1,918,591
Other financial assets	**17,500**	37,436
Interests in associates	**83,797**	94,236
Other corporate assets	**40,808**	481,247
Consolidated assets	**252,105**	2,676,110
Segment liabilities		
Continuing operation		
Property investment segment	**10,862**	11,619
Discontinued operation		
Development and sales of mobile handset, data products and related services segment	**-**	1,872,723
Income tax payables	**-**	28,290
Bank borrowings	**-**	77,854
Other corporate liabilities	**6,164**	-
Consolidated liabilities	**17,026**	1,990,486

For the purposes of monitoring segment performances and allocating resources between segments, all assets and liabilities are allocated to reportable and operating segments other than other financial assets, interests in associates, other corporate assets, income tax payables, bank borrowings and other corporate liabilities.

6. SEGMENT INFORMATION (Continued)

(c) OTHER SEGMENT INFORMATION

Year ended 30 June 2015

	Continuing operation	
	Property investment RMB'000	**Total RMB'000**
Amounts included in the measure of segment loss or segment assets and liabilities		
Fair value change on investment properties	(13,225)	(13,225)
Depreciation and amortisation	(44)	(44)

Year ended 30 June 2014

	Continuing operation	
	Property investment RMB'000	**Total RMB'000**
Amounts included in the measure of segment loss or segment assets and liabilities		
Fair value change on investment properties	-	-
Depreciation and amortisation	(62)	(62)

(d) GEOGRAPHICAL INFORMATION

The Group's revenue from external customers are divided into the following geographical areas for the years ended 30 June 2015 and 2014.

For the year ended 30 June 2015	**Continuing Operation**	**Discontinued Operation**	
	Property investment RMB'000	**Development and sales of mobile handset, data products and related services RMB'000**	**Total RMB'000**
China (domicile)	11,325	904,231	915,556
Hong Kong	-	36,111	36,111
East Asia	-	80,253	80,253
India	-	142,255	142,255
Others	-	193,532	193,532
	11,325	1,356,382	1,367,707

6. SEGMENT INFORMATION (Continued)

(d) GEOGRAPHICAL INFORMATION (Continued)

For the year ended 30 June 2014	Continuing Operation	Discontinued Operation	
	Property investment RMB'000	Development and sales of mobile handset, data products and related services RMB'000	Total RMB'000
China (domicile)	10,890	2,950,392	2,961,282
Hong Kong	-	663,139	663,139
East Asia	-	89,555	89,555
India	-	646,254	646,254
Others	-	1,094,745	1,094,745
	10,890	5,444,085	5,454,975

The geographical analysis of revenue is based on the location of external customers.

84% (2014: over 90%) of the total assets and liabilities of the Group at the respective reporting dates were physically located and substantially employed in China. Accordingly, no geographical segmental analysis of the Group's non-current assets is presented.

(e) INFORMATION ABOUT MAJOR CUSTOMERS

For the year ended 30 June 2015, there are two (2014: two) customers with whom transactions of each exceed 10% of the Group's total revenue. Revenue derived from these customers are approximately RMB773,132,000 and RMB142,065,000 individually from the segment of development and sales of mobile handset, data products and related services (2014: approximately RMB1,906,162,000 and RMB602,703,000 individually from the segment of development and sales of mobile handset, data products and related services).

7. (LOSS)/PROFIT BEFORE INCOME TAX

(a) (Loss)/profit before income tax from continuing operation is arrived at after charging/ (crediting):

	Group	
	2015	2014
	RMB'000	RMB'000 (Restated)
Auditors' remuneration of the Company		
- Audit services	**694**	1,273
- Non-audit services	**-**	-
Depreciation of property, plant and equipment	**39**	50
Employee benefits expense (including equity-settled share-based payment expenses and directors' remuneration and defined contribution plans)	**2,652**	3,891
Defined contribution plans	**32**	35
Directors' remuneration (excluding directors' fees)	**1,717**	2,913
Directors' fees	**915**	915
Fair value change on investment property	**(13,225)**	-
Direct expenses incurred for generating rental income derived from investment properties	**2,765**	3,033
Minimum lease payments under operating leases recognised as an expense	**260**	108

7. (LOSS)/PROFIT BEFORE INCOME TAX (Continued)

(b) Discontinued operation

On 5 September 2014, the Group disposed of Mobell Technology Pte. Ltd. ("Mobell Technology") and its subsidiaries, which were principally engaged in development and sales of mobile handset, data products and related services. The revenue, results, cash flows and net assets of the discontinued operation for the period from 1 July 2014 to the date of disposal were as follow:

	For the period from 1 July 2014 to the date of disposal RMB'000	For the year ended 30 June 2014 RMB'000
Revenue	**1,356,382**	5,444,410
Cost of sales	**(1,313,665)**	(5,072,852)
Gross profit	**42,717**	371,558
Other income	**3,840**	7,528
Distribution costs	**(6,647)**	(57,569)
Finance income	**8,648**	51,383
Administrative expenses	**(36,292)**	(252,287)
Finance costs	**(150)**	(2,372)
Other operating expenses	**(425)**	(7,493)
Share of result of associates	**-**	(2,060)
Profit before income tax expense	**11,691**	108,688
Income tax expenses	**(1,100)**	(30,468)
	10,591	78,220
Gain/(loss) on disposal of subsidiaries (Note 14)	**25,730**	(4,570)
Profit for the period/year from discontinued operation	**36,321**	73,650
Net cash generated from operating activities	**151,316**	536,671
Net cash generated from/(used in) investing activities	**70,615**	(492,350)
Net cash used in financing activities	**(445,150)**	(5,416)
Net cash flows incurred by the discontinued operation	**(223,219)**	(38,905)

For the purpose of presenting discontinued operation, the comparative consolidated income statement and the related notes have been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative year.

8. INCOME TAX EXPENSE

Income tax expense in profit or loss represents:

	Group	
	2015	2014
	RMB'000	RMB'000
Current tax		
Continuing operation		
- Current year	**-**	-
Discontinued operation		
- Current year	**416**	28,103
- Over-provision in prior years	**684**	2,365
	1,100	30,468

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the year.

In accordance with the China enterprise income tax law, enterprise income tax rates for domestic and foreign enterprises are unified at 25%.

In accordance with various approval documents issued by the State Tax Bureau and the Local Tax Bureau of China, Longcheer Technology (Shanghai) Co., Limited, being subsidiary of Mobell Technology established as wholly foreign-owned enterprise ("WOFE") in China, is entitled to an exemption from China and local corporate income tax for the first two profit-making calendar years of their operations and thereafter a 50% relief from the state corporate income tax of China for the next three calendar years (the "Tax Holiday").

Longcheer Electronics (Huizhou) Co., Limited (a subsidiary disposed of during year ended 2015), which obtained the approval from relevant tax bureau, is qualified as High and New Technology Enterprise and is subject to a preferential tax rate of 15% for the calendar years from 1 January 2013 to 31 December 2015.

Sinolong Technology (Shanghai) Co., Limited (a subsidiary disposed of during year ended 2015), which obtained the approval from relevant tax bureau, is qualified as High and New Technology Enterprise and is subject to a preferential tax rate of 15% for the calendar years from 1 January 2012 to 31 December 2014.

No income tax has been provided by the Company as the Company did not derive any assessable profits during the year (2014: Nil).

8. INCOME TAX EXPENSE (Continued)

Reconciliation between tax expense and accounting profit at applicable tax rates:

	Group	
	2015	2014
	RMB'000	RMB'000
(Loss)/profit before tax		
- Continuing operation	**(4,996)**	12,871
- Discontinued operation	**37,421**	104,118
Tax at the applicable rate of 25% (2014: 25%)	**8,106**	29,247
Tax effect of non-allowable items	**5,531**	8,100
Tax concession	**(472)**	(12,697)
Tax effect on non-taxable items	**(8,328)**	(5,239)
Tax effect on tax deduction on qualifying R&D expenses (note a)	**(328)**	(5,705)
Under-provision in prior years	**684**	2,365
Effects of withholding income tax at 10% on dividend declared by a subsidiary in China	**-**	14,980
Effects of different tax rates of local and overseas operations	**(3,558)**	4,528
Tax effect on unused tax losses not recognised	**4,135**	3,403
Tax effect of prior year's unrecognised tax losses utilised this year	**(4,670)**	(8,514)
Tax expense for the year	**1,100**	30,468

Notes:

(a) In December 2008, the Chinese State Administration of Taxation issued a circular, Guoshuifa 2008 No.116 ("Circular 116") with retrospective effective date from 1 January 2008, to provide the implementation rules for the special deduction for research and development expenses ("R&D expenses") under the new enterprise income tax law.

The new enterprise income tax law and implementation rules that came into effect in 2008 provide for a special deduction for qualifying R&D expenses incurred by an enterprise for new technology, new products and new production techniques. R&D expenses charged to profit or loss in the current year are 150% tax deductible allowance.

(b) At the reporting date, the Group has recognised the deferred tax liabilities arising from fair value change on investment property amounting to approximately RMB5,949,000 (2014:RMB9,706,000) and has recognised the deferred tax assets up to the corresponding amount of deferred tax liabilities. The Group has unrecognised tax losses of RMB2,461,000 (2014: RMB52,989,000) available for offsetting against future taxable profits of the Group's companies which incurred the losses. Under the current tax legislation, tax losses can be carried forward for five years since the year the loss is incurred. These unrecognised tax losses are losses of RMB2,461,000 (2014: RMB52,989,000) that will expire at various dates up to and including 2019 (2014: up to and including 2018). Deferred tax assets have not been recognised in respect of these losses due to the unpredictability of future profit streams.

(c) At the reporting date, the Group had temporary differences amounting to nil (2014: RMB132,845,000) associated with undistributed earnings of subsidiaries. No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the dividend policies of these subsidiaries and it is probable that such differences will not reverse in the foreseeable future.

9. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings are calculated as follows:-

	Group	
	2015	2014
	RMB'000	RMB'000
Profit for the year attributable to the owners of the Company	**31,325**	85,841

From continuing operation

The calculation of the basic and diluted (loss)/earnings per share from continuing operation attributable to the owners of the Company is based on the following data:

	Group	
	2015	2014
	RMB'000	RMB'000
Profit for the year from continuing and discontinued operations	**31,325**	85,841
Less:		
Profit for the year from discontinued operation	**(36,321)**	(72,970)
(Loss)/profit from continuing operation	**(4,996)**	12,871

The denominator used for both (loss)/earnings per share from continuing and discontinued operations and continuing operation only is the weighted average number of ordinary shares of 352,445,000 (2014: 351,854,000) in issue, after adjusting the effect of treasury shares held by the Company.

From discontinued operation

Basic and diluted earnings per share from the discontinued operation is RMB10.31 cents (2014: RMB20.74 cents) per share, based on the profit for the year from the discontinued operation.

Diluted earnings per share are the same as basic earnings per share for the years ended 30 June 2015 and 2014 since the Company did not have any dilutive potential ordinary shares outstanding during both years.

10. DIRECTORS' REMUNERATION

For the years ended 30 June 2015 and 2014, the remuneration of the directors of the Company analysed into the following bands is disclosed in compliance with paragraph 1207.11 of Chapter 12 of the Listing Manual of the SGX-ST:

Year ended 30 June 2015

	Group		
	Executive directors	**Non-executive directors**	**Total**
Below S$250,000 (equivalent to approximately below RMB1,175,000)	**2**	**4**	**6**
S$250,000 to below S$500,000 (equivalent to approximately RMB1,175,000 to approximately RMB2,351,000)	**-**	**-**	**-**
Above S$500,000 (equivalent to approximately above RMB2,351,000)	**-**	**-**	**-**
	2	**4**	**6**

Year ended 30 June 2014

	Group		
	Executive directors	**Non-executive directors**	**Total**
Below S$250,000 (equivalent to approximately below RMB1,217,000)	-	4	4
S$250,000 to below S$500,000 (equivalent to approximately RMB1,217,000 to approximately RMB2,434,000)	-	-	-
Above S$500,000 (equivalent to approximately above RMB2,434,000)	2	-	2
	2	4	6

11. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Leasehold building RMB'000	Leasehold improvements RMB'000	Machinery and equipment RMB'000	Office equipment and computers RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 July 2013						
Cost	71,679	675	27,317	34,626	4,496	138,793
Accumulated depreciation	(5,190)	(298)	(18,849)	(23,761)	(3,430)	(51,528)
Net book amount	**66,489**	**377**	**8,468**	**10,865**	**1,066**	**87,265**
Year ended 30 June 2014						
Opening net book amount	66,489	377	8,468	10,865	1,066	87,265
Additions	-	2,269	7,001	4,695	1,721	15,686
Disposal	-	-	(645)	(181)	(19)	(845)
Disposal of subsidiaries (note 14)	-	(211)	(2,759)	(699)	-	(3,669)
Depreciation	(3,622)	(647)	(1,824)	(3,339)	(257)	(9,689)
Closing net book amount	**62,867**	**1,788**	**10,241**	**11,341**	**2,511**	**88,748**
At 30 June 2014 and 1 July 2014						
Cost	71,679	2,671	23,387	34,537	6,030	138,304
Accumulated depreciation	(8,812)	(883)	(13,146)	(23,196)	(3,519)	(49,556)
Net book amount	**62,867**	**1,788**	**10,241**	**11,341**	**2,511**	**88,748**
Year ended 30 June 2015						
Opening net book amount	**62,867**	**1,788**	**10,241**	**11,341**	**2,511**	**88,748**
Additions	-	-	7,115	3,306	186	10,607
Disposal	-	-	-	(7)	(25)	(32)
Disposal of subsidiaries (note 14)	(62,263)	(1,627)	(16,875)	(13,986)	(2,583)	(97,334)
Depreciation	(604)	(122)	(473)	(642)	(89)	(1,930)
Closing net book amount	**-**	**39**	**8**	**12**	**-**	**59**
At 30 June 2015						
Cost	-	176	81	104	-	361
Accumulated depreciation	-	(137)	(73)	(92)	-	(302)
Net book amount	**-**	**39**	**8**	**12**	**-**	**59**

As at 30 June 2014, the Group's property, plant and equipment at the net carrying amount of RMB62,552,000 (2015: Nil) was pledged to certain bill payables of the Group.

12. LAND USE RIGHTS - GROUP

	2015 RMB'000	2014 RMB'000
At beginning of the year		
Cost	**20,085**	20,085
Accumulated amortisation	**(1,762)**	(1,363)
Net book amount	**18,323**	18,722
For the year ended		
Opening net book value	**18,323**	18,722
Amortisation	**(67)**	(399)
Disposal of subsidiaries (Note 14)	**(18,256)**	-
Net book amount	**-**	18,323
At end of the year		
Cost	**-**	20,085
Accumulated amortisation	**-**	(1,762)
Net book amount	**-**	18,323

The Group's land use rights represent up-front payments to acquire interest in the usage of land situated in China. Amortisation of land use right is calculated on a straight line basis up to 2060, the end of lease term.

As at 30 June 2014, the Group's land use rights at the net carrying amount of RMB18,323,000 was pledged to certain bill payables of the Group.

13. INTANGIBLE ASSETS - GROUP

	2015 RMB'000	2014 RMB'000
Software licence		
At beginning of the year		
Cost	**6,720**	54,525
Accumulated amortisation	**(3,888)**	(49,789)
Net book amount	**2,832**	4,736
For the year ended		
Opening net book value	**2,832**	4,736
Additions	**52**	2,786
Write off	**-**	(188)
Disposal of subsidiaries (note 14)	**(2,448)**	(615)
Amortisation	**(439)**	(3,875)
Exchange realignment	**3**	(12)
Net book amount	**-**	2,832
At end of the year		
Cost	**67**	6,720
Accumulated amortisation	**(67)**	(3,888)
Net book amount	**-**	2,832

13. INTANGIBLE ASSETS - GROUP (Continued)

During the year ended 30 June 2014, the Group carried out a review of the recoverable amount of its intangible assets, having regard to rapid technology changes and market shifts. This review led to the write off of certain intangible assets with carrying amount of RMB188,000 and original cost of RMB49,964,000 recognised by the Group. Such losses have been recognised in profit or loss, and included in profit for the year from discontinued operation.

During the year ended 30 June 2015, amortisation of intangible assets of RMB5,000 (2014:RMB12,000) has been included in administrative expenses from continuing operation.

During the year ended 30 June 2015, amortisation of intangible assets of RMB434,000 (2014: RMB3,863,000) has been included in profit for the year from discontinued operation.

As at 30 June 2014, the remaining useful lives of intangible assets ranged from one to five years.

14. INTERESTS IN SUBSIDIARIES – COMPANY

	2015	2014
	RMB'000	RMB'000
Unquoted equity shares, at cost	**-***	-*
Amounts due from subsidiaries	**-**	166,186
	-	166,186

* Denotes a figure less than RMB1,000

The amounts due from subsidiaries are unsecured and interest-free. As the amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less impairment losses, if any.

Details of the Company's subsidiaries at 30 June 2015 and 2014 are as follows:-

Name	**Place of incorporation/ establishment/ principal place of business**	**Particulars of issued capital/ registered capital**	**Percentage of equity interest attributable to the Company**		**Principal activities**
			Direct	**Indirect**	
Mobell Technology	Singapore	2 shares of SGD1 each	- (2014: 100%)	- (2014:-)	Investment holding and trading of mobile handsets
Longcheer Telecommunication (H.K.) Limited	Hong Kong	10,000 shares of HKD1 each	- (2014:-)	- (2014: 100%)	Manufacturing and sales of mobile handset printed circuit and related materials

14. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

Details of the Company's subsidiaries at 30 June 2015 and 2014 are as follows:-

Name	Place of incorporation/ establishment/ principal place of business	Particulars of issued capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Longcheer Telecommunication Limited	Malaysia	1 share of USD1 each	- (2014:-)	- (2014: 100%)	Trading of mobile handsets
国龙信息技术(上海)有限公司(Sinolong Technology (Shanghai) Co., Limited)*	China	Registered capital of USD2,000,000	- (2014:-)	- (2014: 100%)	Mobile handset design solutions
龙旗科技(上海)有限公司(Longcheer Technology (Shanghai) Co., Limite)*	China	Registered capital of USD27,000,000	- (2014:-)	- (2014: 100%)	Mobile handset design solutions, trading of mobile handsets and property investment
上海妙博科技有限公司(Shanghai Mobell Technology Co., Limited) ("Shanghai Mobell")*#	China	Registered capital of RMB18,000,000	- (2014:-)	- (2014: 80%)	Development, sales and distribution of mobile handsets
龙旗电子(惠州)有限公司(Longcheer Electronics (Huizhou) Co., Limited)*	China	Registered capital of USD10,000,000	- (2014:-)	- (2014: 100%)	Manufacturing and sales of mobile handsets and related materials
上海妙博软件技术有限公司(Shanghai Mobell Software Technology Co., Ltd)*#	China	Registered capital of RMB10,000,000	- (2014:-)	- (2014: 80%)	Development, sales and distribution of mobile handsets
惠州市龙和实业有限公司(Huizhou Longhe Industries Co., Limited)*	China	Registered capital of RMB25,000,000	- (2014:-)	- (2014: 100%)	Property holding
Longcheer International Pte. Ltd.	Singapore	2 shares of USD1 each	100% (2014: 100%)	- (2014:-)	Investment holding

14. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

Name	Place of incorporation/ establishment/ principal place of business	Particulars of issued capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
CMD Limited	Maylaysia	1 share of USD 1 each	100% (2014: 100%)	- (2014:-)	Dormant
龙旗(西安)实业有限公司(Longcheer Industrial (Xi'an) Co., Limited)*	China	Registered capital of USD5,000,000	- (2014:-)	100% (2014: 100%)	Investment holdings
西安龙飞软件有限公司(Xi'an Longfei Software Co., Limited)*	China	Registered capital of RMB40,000,000	- (2014:-)	100% (2014: 100%)	Property investment
Longcheer Technology (India) Pvt. Limited (note 1)	India	2,500,000 shares of INR 10 each	- (2014:-)	100% (2014: 100%)	Value-added services
Longcheer Technology (Singapore) Pte. Ltd (note 1)	Singapore	1,000,100 shares of SGD1 each	- (2014:-)	100% (2014: 100%)	Research and experimental development

* The English translation of the company name is for reference only. The official names of these companies are in Chinese.

As at 30 June 2014, the Group does not have legal title in the equity of Shanghai Mobell. Nevertheless, under certain contractual agreements enacted with the registered owner of the Shanghai Mobell, the Company and its subsidiaries controls Shanghai Mobell by way of controlling 80% of the voting rights, governing their financial and operating policies and appointing or removing the majority of the members of the board of directors, and casting the majority of votes at meetings of such authorities. In addition, such contractual agreements also transfer the risks and rewards of Shanghai Mobell to the Group. As a result, it is regarded as consolidated subsidiary of the Group. The non-controlling interest of the Group represented 20% held by non-controlling shareholders.

Note1:

As at 30 June 2015, these companies are not undertaking any significant business activities and their accounting transactions are minimal.

The financial statements of the Company's subsidiaries are audited/reviewed by BDO Limited, Certified Public Accountants ("BDO Limited") for Group consolidation purpose.

14. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

The following table listed out the information relating to disposal of subisidiaries

(a) As referred to in note 7(b), on 5 September 2014, the Group disposed of Mobell Technology and its subsidiaries, which are principally engaged in development and sales of mobile handset, data products and related services which was one of the major components of the Group. The net assets of Mobell Technology and its subsidiaries at the date of disposal were as follows:

	2015 RMB'000
Net assets disposed of:	
Property, plant and equipment	97,334
Land use rights	18,256
Intangible assets	2,448
Deposit paid	18,628
Available-for-sale financial assets	13,653
Investment properties	14,600
Cash and bank balances	85,102
Restricted balances in bank and pledged deposits	958,203
Trade, note and other receivables	743,781
Trade deposits paid to suppliers	737
Inventories	528,880
Trade and bill payables	(1,724,086)
Trade deposits received from customers and other payables	(410,176)
Bank borrowings	(77,951)
Income tax payable	(29,390)
	240,019
Consideration (note (a))	236,617
Less: Net assets disposed of	(240,019)
Release of translation reserve (note (b))	29,132
Gain on disposal of subsidiaries	25,730

Note:

(a) The consideration received included an amount of RMB3,383,000 which mainly comprised the transaction cost and additional directors' fee.

(b) It represented the translation reserve arising from the subsidiaries disposed of under other comprehensive income of RMB29,132,000.

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Mobell Technology was as follows:

	2015 RMB'000
Cash consideration	236,617
Bank balance and cash disposed of	(85,102)
Net inflow of cash and cash equivalents in respect of disposal of subsidiaries	151,515

14. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

(b) During the year ended 30 June 2014, Longcheer Technology (Shanghai) Co., Ltd ("Longcheer Technology"), a wholly-owned subsidiary of the Group, reduced its interests in its 72.70%-owned subsidiary, Shanghai Tricheer Technology Co., Limited ("Shanghai Tricheer") by way of a capital reduction in Shanghai Tricheer. Under the capital reduction, Shanghai Tricheer reduced its registered capital from RMB100,000,000 to RMB32,000,000. Consideration of the capital reduction of RMB133,370,000 was returned to Longcheer Technology through internal resources of Shanghai Tricheer while the equity interest of the other equity holders of Shanghai Tricheer remain unchanged.

Following the capital reduction, the Group's effective interest in Shanghai Tricheer reduced from 72.70% to 14.68% with significant influence over Shanghai Tricheer. Thus, the Group regards its investment in Shanghai Tricheer as "Interests in associates" in September 2013.

	2014 RMB'000
Net assets disposed of:	
Property, plant and equipment	3,669
Intangible assets	615
Trade receivables	29,376
Note receivables	15,817
Other receivables	135,267
Trade deposits paid to suppliers	1,604
Inventories	3,941
Cash and cash equivalents	112,491
Trade payables	(56,109)
Other payables	(42,906)
Income tax payables	(6,853)
Non-controlling interests	(52,498)
	144,414
Less: Fair value of retained interest which became associates	(12,500)
Release of translation reserve	6,026
	137,940
Loss on disposal of subsidiaries	(4,570)
Total consideration	133,370
Satisfied by:	
Cash	133,370
Total consideration	133,370

An analysis of net inflow of cash and cash equivalents in respect of the disposal of Shanghai Tricheer was as follows:

	2014 RMB'000
Cash consideration	133,370
Cash and bank balances disposed of	(112,491)
Net inflow of cash and cash equivalents in respect of disposal of subsidiaries	20,879

15. INTERESTS IN ASSOCIATES – GROUP

	2015	2014
	RMB'000	RMB'000
Share of net assets	**83,797**	94,236

Details of the Group's significant associates at 30 June 2015 and 2014 are as follows:

Name of associate	**Country of incorporation/ establishment/ Principle place of business**	**Particulars of registered capital**	**Held by subsidiary**	**Group's effective interest**	**Principal activities**
			%	%	
Mentech Investment Limited	Hong Kong	1,000,000 shares of HKD1 each	20%	20%	Investment holding
DBG Holdings Ltd.	Hong Kong	297,354,287 ordinary shares of HKD1 each	-	20%	Trading of electronics products, provision of assembly services and investment holding
Huizhou Daya Bay Guanghong Electronics Co. Ltd.	China	Registered capital of USD30,000,000	-	20%	Manufacturing and trading of electronic products
Huizhou Zhonglian Electronics Co. Ltd.	China	Registered capital of USD1,000,000	-	20%	Manufacturing and trading of electronic products
上海三旗通信科技股份有限公司(Shanghai Tricheer Technology Co., Limited)*	China	32,000,000 shares of RMB1 each	- (2014: 14.68%)	- (2014: 14.68%)	Wireless devices design solutions

The primary business of Mentech Investment Limited and its subsidiaries ("Mentech Group") are those of manufacturing and trading of electronic products. This forms part of the Group's long term investment.

During the year ended 30 June 2015, the Group disposed of its investments in Shanghai Tricheer. The above disposal recognised a gain on disposal of approximately RMB216,000 included in "Other gains and losses". For the year ended 30 June 2014, the Group has discontinued recognition of its share of loss of RMB3,022,000 for certain associates. As at 30 June 2015, the accumulated unrecognised share of losses amounted to nil (2014: RMB26,769,000).

During the year ended 30 June 2014, the Group disposed of its investments in Beijing DV Information Technology Co., Limited. The above disposal was recognised a gain on disposal of approximately RMB147,000 included in "Other gains and losses".

15. INTERESTS IN ASSOCIATES – GROUP (Continued)

The financial statements of the Group's principal associates are reviewed by BDO Limited for Group consolidation purpose.

Summarised financial information, adjusted to reflect adjustments made by the Group when using equity method, in relation to the material associates of the Group, Mentech Group and Shanghai Tricheer are presented below:

	Mentech Group		Shanghai Tricheer
	2015	2014	2014
	RMB'000	RMB'000	RMB'000
As at 30 June			
Current assets	457,778	276,387	158,103
Non-current assets	311,676	294,698	4,387
Current liabilities	(291,171)	(133,605)	(78,310)
Non-current liabilities	(65,869)	(48,971)	-
Net assets	412,414	388,509	84,180
Less: Non-controlling interests	158	(599)	-
Net assets attributable to shareholders of the associates	412,572	387,910	84,180
Reconciliation to the Group's interest in the associate:			
Proportion of the Group's ownership	20%	20%	14.68%
Group's share of net assets of the associate	82,514	77,582	12,358
Other reconciliation items	1,283	1,830	2,466
Carrying amount of the investment	83,797	79,412	14,824
Year ended 30 June			
Revenue	781,037	721,574	333,804
Profit from operations	62,598	61,864	25,055
Other comprehensive income	-	-	382
Total comprehensive income	62,598	61,864	25,437
Dividends received from associates	7,364	4,884	705

The aggregated amounts of the following financial information of the Group's other associates, which are not individually material, are extracted from their financial statements:

	2015	2014
	RMB'000	RMB'000
Loss from operation	**-**	(12,660)
Total comprehensive income	**-**	(12,660)

The Group has not incurred any contingent liabilities or other commitments relating to its investments in the associates.

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS – GROUP

	2015	2014
	RMB'000	RMB'000
Non-current assets:		
Equity securities in Taiwan		
- Listed, at fair value (note a)	**-**	4,056
Current assets:		
Debt securities in China		
- Unlisted, at fair value (note b)	**-**	10,000
Investment funds in China		
- at fair value (note c)	**10,000**	-
	10,000	14,056

Notes:

a) Fair value of the listed equity securities had been determined by reference to their quoted bid prices at the reporting date in an active market.

b) During the year ended 30 June 2014, the Group became a limited partner of an entity established in China by investing RMB10,000,000 (the "Investment"). The entity engages in the business of property development in China.

The Investment is designated as available-for-sale financial assets and has no fixed maturity date or coupon rate.

In the opinion of the Group's management, the fair value of the Investment approximated to its cost as at 30 June 2014.

c) During the year ended 30 June 2015, the Group acquired an investment fund for a total cash consideration of RMB10 million. The investment fund is a short term investment with an estimated rate of return of 7.2% and it will be expired in one year.

The investment was designated as available-for-sales financial asset and has no quoted price in an active market.

Significant available-for-sale financial assets of the Group that are not denominated in the functional currencies of the respective entities are as follows:

	2015	2014
	RMB'000	RMB'000
New Taiwan dollars ("NTD")	**-**	4,056

17. INVESTMENT PROPERTIES – GROUP

	RMB'000
At 1 July 2013, 30 June 2014, 1 July 2014	144,600
Disposal of subsidiaries (note 14)	(14,600)
Fair value change recognised in property revaluation reserve	(6,775)
Fair value change recognised in profit or loss	(13,225)
At 30 June 2015	110,000

Investment properties, which are held under leasehold interest, represent various buildings and land use rights located in China held for generating rental income. The land use rights of these investment properties will expire in year 2057 (2014: between 2051 to 2057).

Investment properties were revalued on 30 June 2015 by APAC Asset Valuation and Consulting Limited (2014: Colliers International (Hong Kong) Limited), the independent firms of professional valuers.

The fair value of investment properties is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

	2015 **RMB'000**	2014 RMB'000
Opening balance (level 3 recurring fair value)	**144,600**	144,600
Disposal of subsidiaries	**(14,600)**	-
Fair value change recognised in property valuation reserve	**(6,775)**	-
Fair value change recognised in profit or loss	**(13,225)**	-
Closing balance (level 3 recurring fair value)	**110,000**	144,600

Fair value for the years ended 30 June 2015 and 2014 are determined by applying a combination of income approach and direct comparison approach, in view of the lack of executed transactions of comparable properties in the local real estate market.

Valuation approach	Weight
Income approach (note a)	50%
Direct comparison approach (note b)	50%

Notes:

a) Income approach

Fair value determined by applying the income approach took into account the future net earnings that the investment properties will generate after taking into account of operating expenses but before the deduction of taxes and interest payments, which are then discounted into the value at appropriate capitalisation rate. The capitalisation rate is a required rate of return of the investment properties.

The fair value measurement is positively correlated to the market monthly rental rate and negatively correlated to capitalisation rate.

17. INVESTMENT PROPERTIES – GROUP (Continued)

Notes: (continued)

a) Income approach (Continued)

Significant unobservable inputs	Range	
	2015	2014
Market monthly rental rate taking into account of individual factors such as size, scale, nature, character, location, etc (RMB/sq. meter)	55 to 75	65 to 122
Capitalisation rate	8.25% to 8.75%	6% to 8%

b) Direct comparison approach

Fair value is determined by reference to comparable sales transactions as available in the markets, where comparison is made based on prices realised and/or asking prices of comparable properties.

Significant unobservable inputs	Range	
	2015	2014
Market unit sale rate taking into account of individual factors such as size, scale, nature, character, location, etc (RMB/sq. meter)	6,800 to 8,075	8,000 to 23,000

A significant increase/(decrease) in the market unit sale rate would result in a significant increase/(decrease) in fair value of the investment properties.

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

18. CASH AND DEPOSIT BALANCES AND RESTRICTED BALANCES IN BANKS AND PLEDGED DEPOSITS

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash and bank balances	**39,505**	1,254,528	**29,337**	2,238
Less: Restricted balances in banks and pledged deposits	**-**	(1,028,377)	**-**	-
Cash and cash equivalents	**39,505**	226,151	**29,337**	2,238
Fixed bank deposits with an original maturity of more than three months	**432**	1,556	**-**	-
Cash and deposit balances	**39,937**	227,707	**29,337**	2,238

The carrying amounts of these cash and deposit balances approximate their fair values. These bank balances bear interest rate at a range of 0.35% to 7% (2014: 0.39% to 8.75%) per annum.

Fixed bank deposits with an original maturity of more than three months will be expired within twelve months after years ended 30 June 2015 and 2014. The carrying amount of the asset approximates its fair value. Such fixed bank deposits bear interest rate at 4.8% to 7% per annum (2014: 8.75% per annum).

As at 30 June 2015, certain companies of the Group which are located in China had cash and deposit balances denominated in RMB amounting to approximately RMB1,782,000 (2014: RMB193,755,000) which are deposited with financial institutions in China, are not freely convertible into foreign currencies.

As at 30 June 2014, there were restricted balances in banks with carrying amounts of approximately RMB692,836,000 included in restricted balances in banks and pledged deposits. The restricted balances in banks were principal-protected yield enhancement bank deposits carrying a range of minimum interest rates from 0% to 5.7% per annum and could be enhanced to a range of maximum interest rates of 4.5% to 5.8% per annum which were to be indexed to i) interest rate of 3-month London Interbank Offered Rate; ii) market exchange rate of USD/HKD; iii) fluctuation of price of London gold; and iv) returns of various investments in currency markets and bond markets during a pre-determined period from two weeks to one year.

As at 30 June 2014, restricted balances in banks with carrying amount of RMB477,836,000 and RMB50,000,000 have been pledged to certain bill payables and bank borrowings of the Group, respectively.

As at 30 June 2014, restricted balances in banks and pledged deposits (excluded restricted balances in banks) with carrying amount of RMB335,541,000 have been pledged to certain bill payables of the Group.

18. CASH AND DEPOSIT BALANCES AND RESTRICTED BALANCES IN BANKS AND PLEDGED DEPOSITS (Continued)

As at 30 June 2015, there were no restricted balances in banks and pledged deposits.

Significant cash and deposit balances (including restricted balances in banks and pledged deposits) of the Group and Company that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Singapore dollars	**28,873**	1,387	**28,863**	1,367

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Investment funds				
- at fair value	**7,500**	-	**-**	-
Equity securities				
- Unlisted, at fair value	**-**	23,380	**-**	23,380
	7,500	23,380	**-**	23,380

The above financial assets are classified as held for trading. Fair values for these instruments have been measured as described in note 34(v).

Financial assets at fair value through profit or loss of the Group and Company that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Singapore dollars	**-**	23,380	**-**	23.380

20. NOTE RECEIVABLES – GROUP

All note receivables are promissory notes denominated in RMB, which are denominated in the functional currencies of the respective entities, and are received from customers for settlement of trade receivables balances. As at 30 June 2014, all note receivables are neither past due nor impaired and are guaranteed by established banks in China with maturities of less than six months from 30 June 2014.

At 30 June 2014, the Group's note receivables with carrying amount of RMB2,750,000 were pledged to certain bill payables of the Group.

21. TRADE RECEIVABLES – GROUP

	2015	2014
	RMB'000	RMB'000
Trade receivables	**-**	456,377
Less: Impairment of trade receivables	**-**	(27)
	-	456,350

Movement in the provision for impairment of trade receivables is as follows:

	2015	2014
	RMB'000	RMB'000
Balance at the beginning of the year	**-**	79,716
Impairment loss recognised during the year	**-**	27
Write off	**-**	(79,316)
Reversal of impairment	**-**	(400)
Balance at the end of the year	**-**	27

At each reporting date, the Group reviews receivables for evidence of impairment on both an individual and collective basis. The impaired trade receivables of RMB 27,000 (2015: Nil) during the previous year ended 30 June 2014 was due from customer experiencing financial difficulties that was in default or delinquency of payments.

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on an individual or collective basis.

21. TRADE RECEIVABLES – GROUP (Continued)

Ageing analysis of trade receivables that are not considered to be impaired is as follows:

	2015 RMB'000	2014 RMB'000
Neither past due nor impaired	**-**	454,386
Past due:		
Not more than 3 months past due	**-**	1,937
More than 3 months but not more than 6 months	**-**	10
More than 6 months but not more than 1 year	**-**	17
	-	1,964
	-	456,350

The Group's management considers that no allowance for impairment of trade receivables, which were past due but not impaired, is necessary as there was no recent history of default in respect of these trade debtors.

Trade receivables that were neither past due nor impaired related to a large number of diversified customers that had a good track record of credit with the Group.

As at the end of the reporting period, there were no significant trade receivables of the Group that are not denominated in the functional currencies of the respective entities.

22. DEPOSITS PAID AND OTHER RECEIVABLES – GROUP

	2015 RMB'000	2014 RMB'000
Non-current assets:		
Deposits paid for acquisition of property, plant and equipment	**-**	20,815
Current assets:		
Prepayments	**-**	7,374
Other receivables	**812**	111,227
	812	118,601
	812	139,416

At each reporting date, the Group reviews other receivables for evidence of impairment on both an individual and collective basis.

22. DEPOSITS PAID AND OTHER RECEIVABLES – GROUP (Continued)

Ageing analysis of other receivables that are not considered to be impaired is as follows:

	2015	2014
	RMB'000	RMB'000
Neither past due nor impaired	**624**	106,914
Past due:		
Not more than 3 months past due	**50**	590
More than 3 months but not more than 6 months	**-**	552
More than 6 months but not more than 1 year	**-**	326
More than 1 year	**138**	2,845
	188	4,313
	812	111,227

The Group's management considers that no allowance for impairment of other receivables, which were past due but not impaired, is necessary as there was no recent history of default in respect of these debts.

The deposits paid and other receivables are denominated in RMB.

23. AMOUNTS DUE FROM/(TO) SUBSIDIARIES – COMPANY

The balances with subsidiaries classified under current assets/liabilities are unsecured, interest-free, repayable on demand and to be settled in cash.

24. INVENTORIES – GROUP

	2015	2014
	RMB'000	RMB'000
Raw materials	**-**	296,595
Finished goods	**-**	82,124
	-	378,719

The cost of inventories recognised as an expense and included in "cost of sales" from discontinued operation amounted to RMB1,273,726,000 (2014: RMB5,075,885,000), which included allowance for and write-down of inventory of RMB12,565,000 (2014: RMB55,043,000).

25. OTHER PAYABLES

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Accruals	**1,092**	76,920	**1,064**	2,494
Other payables – purchases of property, plant and equipment and additions to investment properties	**10,896**	12,092	**-**	-
Other payables – others	**5,038**	97,326	**1,028**	25,012
	17,026	186,338	**2,092**	27,506

Significant other payables of the Group and Company that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Singapore dollars	**214**	935	**214**	935

26. BANK BORROWINGS – GROUP

	2015	2014
	RMB'000	RMB'000
Current		
Bank borrowings - secured	**-**	77,854
Analysed into:		
Bank borrowings repayable:		
Within one year	**-**	77,854

Notes:

(i) The Group's bank borrowings as at 30 June 2014 were secured by:

(a) charge over the Group's restricted balances in banks of RMB50,000,000 (note 18) as at 30 June 2014; and

(b) guarantee by two independent third parties as at 30 June 2014.

(ii) The effective interest rates of the Group's bank borrowings ranged from 1.48% to 6.51% per annum at 30 June 2014.

The Group's management estimates that the carrying amounts of the Group's borrowings approximate their fair value due to their short term maturity.

The bank borrowings are denominated in RMB and HKD.

27. SHARE-BASED PAYMENTS

(a) Share option scheme

The Longcheer Share Option Scheme ("the Scheme") was adopted on 25 February 2005. The Scheme is administered by the Remuneration Committee currently comprising Dr. Ow Chin Hock, Mr. David Hwang Soo Chin and Mr. Tao Qiang.

Under the Scheme, the aggregate number of shares that may be issued shall not exceed 5% of the issued share capital of the Company from time to time.

Options entitle the option holder to subscribe for a specific number of new ordinary shares in the Company at a subscription price per share determined by reference to the daily official list or other publication published by the SGX-ST for a period of five consecutive market days immediately preceding the relevant date of grant. The Remuneration Committee may fix the subscription price at a discount up to 20% of the market price but not lower than the par value of the shares subject to the approval by the shareholders in a separate resolution.

Options granted with the subscription price set at the market price shall only be exercised after the first anniversary but before the tenth anniversary for executive directors and employees (fifth anniversary for non-executive directors) from the date of grant. Options granted with the subscription price set at a discount to the market price shall only be exercised after the second anniversary but before the tenth anniversary for executive directors and employees (fifth anniversary for non-executive directors) from the date of grant. No options with subscription price set at a discount to the market price will be granted to the independent directors.

The options may be exercised in whole or in part on the payment of the relevant subscription price. Options granted will lapse when the option holder ceases to be a full-time employee or non-executive director of the Company or any subsidiary of the Group subject to certain exceptions at the discretion of the Remuneration Committee.

Since inception of the Scheme, no options were granted and no ordinary shares were issued by virtue of the exercise of options.

(b) Share award plan

Pursuant to the circular to shareholders of the Company dated 28 September 2007, the Company introduced a share award plan (the "Plan"), whereby eligible participants are conferred rights by the Company to be issued or transferred fully-paid ordinary shares in the capital of the Company (hereinafter referred to as "Award").

The rationale of the Plan is to provide an opportunity for the directors, including non-executive directors, and full-time employees of the Group (the "Participants") to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standard of performance, and give recognition to employees of the Group who have contributed to the success of the Group. The Participants are not required to pay for the grant of Award or for the shares allotted or allocated pursuant to an Award.

27. SHARE-BASED PAYMENTS (Continued)

(b) Share award plan (Continued)

The aggregate number of new shares over which the committee, comprising directors of the Company, duly authorised and appointed by the board of directors to administer the Plan (the "Committee"), may grant Award on any date, when added to the number of new shares issued and issuable in respect of all shares granted under this Plan and any other existing share schemes or share option schemes implemented or to be implemented by the Company, shall not exceed 10% of the issued share capital of the Company on the day preceding that date (the "Plan Limit").

The eligibility of employees to participate in the Plan and number of shares which are the subject of each Award at each date of grant to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee which shall take into account the performance of the Participant and such other general criteria as the Committee may consider appropriate as well as other limitations set forth under the rules of the Listing Manual of the SGX-ST and these rules of the Plan.

The total number of shares to be offered to Participants who are shareholders holding directly or indirectly 15% or more of the normal amount of all voting shares in the Company or in fact exercising control over the Company (the "Controlling Shareholders"), shall not during the entire operation of the Plan exceed 25% of the Plan Limit and the total number of shares to be offered to each Participant who is a Controlling Shareholder shall not during the entire operation of the Plan exceed 10% of the Plan Limit.

In determining the number of shares to be awarded each year the Committee shall have reference to the Group's performance as reflected in the profit before tax of the financial year.

The grant of an Award to a Participant shall be accepted by the Participant within 30 days from the date of grant. The Participant may accept or refuse the whole but part of a grant of an Award. If the grant of an Award is not accepted by the Participant within 30 days from the day of the grant, the offer shall upon the expiry of the 30 days period automatically lapse and shall be null and void.

In accordance with the Plan, an Award shall be released, in accordance with any conditions that the Committee may, in its absolute discretion specify subject to the following proportions and vesting periods:

(a) After the first anniversary of date of grant: maximum of 30% of Award granted;

(b) After the second anniversary of date of grant: maximum of 30% of Award granted; and

(c) After the third anniversary of date of grant: the remaining balance of the Award granted.

27. SHARE-BASED PAYMENTS (Continued)

(b) Share award plan (Continued)

Performance conditions (the "Performance Conditions") refer to the condition or conditions imposed by the Company on a Participant's employment with the Company which must be fulfilled or satisfied by the Participant prior to his eligibility for an Award. Performance period (the "Performance Period") refers to the period of a Participant's employment with the Group which is used to assess the Participant's work performance for the purpose of determining the grant of the Participant's Award.

In relation to an Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Committee shall review the report of the Chief Executive Officer and the management on the job performance of the Participant concerned in respect of the Performance Condition specified in that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied.

The current Performance Conditions proposed by the Committee are (a) the profit before tax of the Group attributable to shareholders; and (b) the pre-determined performance or service condition to be achieved by the individual Participant. The Committee has the right to amend the Performance Conditions if the Committee decides that it would be equitable to do so.

Fair value of an Award at the grant date is determined by reference to the market price immediately available before the grant date. Equity-settled share-based payment expenses/(reversal) recognised in profit or loss for the year ended 30 June 2015 and 2014 are as follows:

	2015	2014
	RMB'000	RMB'000
Expenses recognised for the Awards according to the vesting period	**-**	1,276
Reversal for the forfeited Awards due to failure of non-market vesting condition during the vesting period	**(888)**	(2,077)
Credited to profit or loss	**(888)**	(801)

27. SHARE-BASED PAYMENTS (Continued)

(b) Share award plan (Continued)

Awards granted during the year ended 30 June 2015 are as follows:

Year ended 30 June 2015

Name or category of participant	Date of grant	Balance b/f	Awards granted during the financial year	Awards forfeited during the financial year	Awards released during the financial year	Awards not yet released as at end of financial year
Executive directors						
Dr. Du Junhong	4/2/2013	140,000	-	(140,000)	-	-
Mr. Deng Hua	4/2/2013	1,400,000	-	(1,400,000)	-	-
Sub-total		1,540,000	-	(1,540,000)	-	-
Non-executive directors						
Mr. Tao Qiang	4/2/2013	10,500	-	(10,500)	-	-
Dr. Ow Chin Hock	4/2/2013	35,000	-	(35,000)	-	-
Mr. David Hwang Soo Chin	4/2/2013	35,000	-	(35,000)	-	-
Mr. See Yen Tarn	4/2/2013	35,000	-	(35,000)	-	-
Sub-total		115,500	-	(115,500)	-	-
Employees in aggregate	4/2/2013	875,000	-	(875,000)	-	-
Total		2,530,500	-	(2,530,500)	-	-

Note:

On 10 November 2014, the board of directors of the Company announced that the shares under the remaining Awards which vested on 4 February 2015 and due to be vested on 4 February 2016 will no longer be issued and/or transferred to Participants.

27. SHARE-BASED PAYMENTS (Continued)

(b) Share award plan (Continued)

Awards granted during the year ended 30 June 2014 are as follows:

Year ended 30 June 2014

Name or category of participant	Date of grant	Balance b/f	Awards granted during the financial year	Awards forfeited during the financial year	Awards released during the financial year	Awards not yet released as at end of financial year
Executive directors						
Dr. Du Junhong	10/5/2010	80,000	-	(80,000)	-	-
	4/2/2013	200,000	-	-	(60,000)	140,000
		280,000	-	(80,000)	(60,000)	140,000
Mr. Deng Hua	10/5/2010	400,000	-	(400,000)	-	-
	4/2/2013	2,000,000	-	-	(600,000)	1,400,000
		2,400,000	-	(400,000)	(600,000)	1,400,000
Sub-total		2,680,000	-	(480,000)	(660,000)	1,540,000
Non-executive directors						
Mr. Tao Qiang	10/5/2010	6,000	-	(6,000)	-	-
	4/2/2013	15,000	-	-	(4,500)	10,500
		21,000	-	(6,000)	(4,500)	10,500
Dr. Ow Chin Hock	10/5/2010	6,000	-	(6,000)	-	-
	4/2/2013	50,000	-	-	(15,000)	35,000
		56,000	-	(6,000)	(15,000)	35,000
Mr. David Hwang Soo Chin	10/5/2010	6,000	-	(6,000)	-	-
	4/2/2013	50,000	-	-	(15,000)	35,000
		56,000	-	(6,000)	(15,000)	35,000
Mr. See Yen Tarn	10/5/2010	6,000	-	(6,000)	-	-
	4/2/2013	50,000	-	-	(15,000)	35,000
		56,000	-	(6,000)	(15,000)	35,000
Sub-total		189,000	-	(24,000)	(49,500)	115,500
Employees in aggregate	10/5/2010	280,000	-	(280,000)	-	-
	4/2/2013	1,250,000	-	-	(375,000)	875,000
		1,530,000	-	(280,000)	(375,000)	875,000
Total		4,399,000	-	(784,000)	(1,084,500)	2,530,500

28. SHARE CAPITAL

	Group and Company			
	2015	2014	**2015**	2014
	Number of ordinary shares of US$0.02 each		**Nominal amount**	
Authorised	**2,500,000,000**	2,500,000,000	**US$50,000,000**	US$50,000,000
Issued and paid up at end of year	**396,664,100**	396,664,100	**RMB65,608,000**	RMB65,608,000

The Company has one class of ordinary share which carry no right to fixed income. The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share. The ordinary shares have a par value of US$0.02 each.

29. TREASURY SHARES

	Group and Company			
	2015		2014	
	Number of shares	**Cost of acquisition RMB'000**	Number of shares	Cost of acquisition RMB'000
Balance brought forward	**44,218,750**	**90,042**	43,019,250	90,231
Add: Purchased during the year	**-**	**-**	2,284,000	1,723
Less: Release during the year for the Plan	**-**	**-**	(1,084,500)	(1,912)
Balance carried forward	**44,218,750**	**90,042**	44,218,750	90,042

The Company acquired its own shares in the open market which are held as treasury shares, a portion of which was used to satisfy the equity-settled share-based payments granted under the Plan (note 27(b)).

30. RESERVES

Share premium

Under the Bermuda Companies Act 1981, the funds in the share premium account of the Company may be credited to a contributed surplus account of the Company. Such contributed surplus, may be distributed when the Company is able to settle its liabilities when they fall due after such payment.

Capital reserve

Capital reserve mainly arose from a restructuring exercise carried out in the year 2004 and representing the excess of fair value of the net assets acquired over cost of investment and changes in capital structure of subsidiaries during the years ended 30 June 2006 and 30 June 2010.

30. RESERVES (Continued)

Legal reserve

Legal reserve relates to reserve fund appropriations. In accordance with the relevant China regulations, certain subsidiaries of the Group, being wholly-owned foreign enterprises ("WOFE") established in China, are required to appropriate not less than 10% of their profits after tax to a reserve fund, until the balance in the reserve fund reaches 50% of their registered capital. Subject to certain restrictions as set out in the relevant China regulations, these legal reserves may be used to offset accumulated losses, if any or fund further capital increases.

Share award reserve

The share award reserve represents the fair value of share awards granted which are yet to be released. The amount will be offset against the treasury shares released and the difference will be transferred to retained earnings.

Translation reserve

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

Property revaluation reserve

The property revaluation reserve represents the revaluation surplus arising from the transfer of owner-occupied properties to investment properties at the date of change in use.

Available-for-sale financial assets revaluation reserve

The available-for-sale financial assets revaluation reserve represents gains/losses arising on recognising financial assets classified as available for sale at fair value.

Retained earnings

The retained earnings represent all other net gains and losses and transactions with owners not recognised elsewhere.

31. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

Equity-settled share-based payment expenses of RMB888,000 (2014: RMB801,000) were credited to profit or loss during the year ended 30 June 2015.

The consolidated statement of cash flow of the Group for the year ended 30 June 2014 has been restated to reclassify unrealised foreign exchange differences of the Group amounting to approximately RMB4,452,000. Accordingly, the effect of foreign exchange rates changes net is decreased by RMB4,452,000.

32. COMMITMENTS

At the reporting date, the Group had the following outstanding commitments:

(i) Capital commitment

The Company and the Group did not have any significant capital commitment as at 30 June 2015 and 30 June 2014.

(ii) Commitments under operating leases

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for office properties are typically negotiated for term of two years (2014: one to three years), with an option for renewal after expiry at which time all terms may be renegotiated. The current rent payable on the leases is RMB13,000 (2014: from RMB10,000 to RMB292,000) approximately per month. None of the above leases includes contingent rentals.

	Group	
	2015	2014
	RMB'000	RMB'000
Within one year	**152**	2,179
In the second to fifth year inclusive	**13**	1,633
	165	3,812

The Company did not have any significant commitments as at 30 June 2015 (2014: Nil).

As lessor

The Group leases its investment properties under operating lease arrangements for terms ranging from one to five years. Certain leases contain an option to renew the lease and renegotiated the terms at the expiry dates or at dates mutually agreed between the Group and the lessees. None of the leases include contingent rentals.

At the reporting date, the Group had total future minimum lease receivables under non-cancellable operating leases falling due as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Within one year	**8,206**	8,821
In the second to fifth year inclusive	**14,998**	10,312
	23,204	19,133

33. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost. There is no change to the Group's approach to capital risk management during the year.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debts.

Management regards equity attributable to owners of the Company as capital, for capital management purpose. The amount of capital as at 30 June 2015 amounted to approximately RMB235,079,000 (2014:RMB685,624,000), which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

Other than the requirement to maintain a legal reserve by the Group in the year ended 30 June 2014, the Group and the Company are not subject to any externally imposed material capital requirements for the years ended 30 June 2015 and 2014.

The capital-to-overall financial ratio at the reporting date was as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Capital		
Equity attributable to owners of the Company	**235,079**	685,624
Overall financing		
Bank borrowings	**-**	77,854
Capital-to-overall financing ratio	**N/A**	8.81 times

34. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The Group's financial risk management objectives and policies are as follows:

(i) Foreign exchange risk

Foreign exchange risk refers to the risk that movement in foreign currency exchange rate against the RMB will affect the Group's financial results and its cash flows.

The Group transacts mainly in Singapore dollar ("SGD"), NTD, United States dollars ("USD") and RMB. To the extent possible, exposure to foreign exchange risks are managed as far as possible by natural hedges of matching assets and liabilities. The Group does not use derivative financial instruments to hedge its foreign exchange risk.

The carrying amounts of foreign currency denominated financial assets and liabilities of the Group at the reporting date that are considered significant by management are as follows:

	2015		2014	
	SGD	**NTD**	SGD	NTD
	RMB'000	**RMB'000**	RMB'000	RMB'000
Available-for-sale financial assets	**-**	**-**	**-**	4,056
Financial assets at fair value through profit or loss	**-**	**-**	23,380	**-**
Cash and deposit balances (including restricted balances in banks and pledged deposits)	**28,873**	**-**	1,387	**-**
Other payables	**(214)**	**-**	(935)	**-**

Foreign currency rate sensitivity analysis

The sensitivity analysis has been determined assuming that the reasonably possible change in foreign exchange rate had occurred at the reporting date and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The assumed changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date with reference to the historical trend of the functional currency of the respective entities against and the foreign currencies SGD and NTD. A 5% (strengthening)/weakening of functional currency against NTD and SGD at the reporting date would (decrease)/increase in the Group's profit after tax for the year by the amount shown below.

	(Decrease)/ increase profit or loss	
	2015	2014
	RMB'000	RMB'000
5% (strengthening)/weakening of the functional currency of the respective entities against		
SGD	**(1,075)/ 1,075**	(894)/894
NTD	**-/-**	(152)/152

34. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Interest rate risk

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

The Group's exposure to interest rate risk mainly arises on bank deposits (note 18) and borrowings which bore floating interests (note 26). The Group has not used any derivative contracts to hedge its exposure to interest rate risk or formulated a policy to manage the interest rate risk.

Interest rate sensitivity analysis

If the saving interest rates had been increased/decreased by 10 basis points at the beginning of the year and all other variables were held constant, the Group's profit after tax for the year and retained profits would increase/decrease by approximately RMB29,000 (2014: RMB363,000) respectively. The 10 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rate over the period until the next annual reporting date. Changes in saving interest rates have no impact on the Group's other components of equity.

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the next twelve month period.

The sensitivity analysis included in the financial statements for the year ended 30 June 2014 has been prepared on the same basis.

(iii) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and cash and deposit balances. Management has a credit policy and the exposures to credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

As at 30 June 2015, none of the Group's financial assets are secured by collateral. As at 30 June 2014, other receivables of the Group amounting to RMB50,000,000 were secured by other credit enhancements.

The Group performs ongoing credit evaluation of its customers' financial positions. Provision for impairment is based upon a review of the expected collectability of all receivables.

The Group places its cash and deposit balances with trustworthy financial institutions.

The Company's credit risk is primarily attributable to amounts due from subsidiaries. The Company can control the operating and financing policies of its subsidiaries.

34. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk

Liquidity risk refers to the risk in which the Group has difficulty in meeting its short-term obligations. The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities.

The maturity profile of the Group's financial liabilities as at the reporting dates, based on the contracted undiscounted payments, was as follows:

Group

	2015			
	On Demand RMB'000	**Less than 3 months RMB'000**	**3 to less than 12 months RMB'000**	**Total RMB'000**
Accruals	**1,092**	**-**	**-**	**1,092**
Other payables	**15,934**	**-**	**-**	**15,934**
	17,026	**-**	**-**	**17,026**

	2014			
	On Demand RMB'000	**Less than 3 months RMB'000**	**3 to less than 12 months RMB'000**	**Total RMB'000**
Trade and bill payables	135,857	1,248,029	193,908	1,577,794
Accruals	1,191	75,729	-	76,920
Other payables	36,631	72,787	-	109,418
Bank borrowings	-	633	79,046	79,679
	173,679	1,397,178	272,954	1,843,811

34. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk (Continued)

Company

	2015			
	On Demand RMB'000	**Less than 3 months RMB'000**	**3 to less than 12 months RMB'000**	**Total RMB'000**
Accruals	**1,064**	**-**	**-**	**1,064**
Other payables	**1,028**	**-**	**-**	**1,028**
Amounts due to subsidiaries	**8,253**	**-**	**-**	**8,253**
	10,345	**-**	**-**	**10,345**

	2014			
	On Demand RMB'000	**Less than 3 months RMB'000**	**3 to less than 12 months RMB'000**	**Total RMB'000**
Accruals	1,191	1,303	-	2,494
Other payables	25,012	-	-	25,012
Amounts due to subsidiaries	44,744	-	-	44,744
	70,947	1,303	-	72,250

(v) Fair value measurements recognised in the statement of financial position

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels.

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

34. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(v) Fair value measurements recognised in the statement of financial position (continued)

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Assets				
Available-for-sale financial assets				
- note a	**-**	**-**	**10,000**	**10,000**
Financial assets at fair value through profit or loss				
- note b	**-**	**7,500**	**-**	**7,500**
	-	**-**	**-**	**-**
At fair value	**-**	**7,500**	**10,000**	**17,500**

	2014			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Available-for-sale financial assets				
- Listed (note c)	4,056	-	-	4,056
- Unlisted (note d)	-	-	10,000	10,000
Financial assets at fair value through profit or loss				
- Unlisted (note e)	-	23,380	-	23,380
At fair value	4,056	23,380	10,000	37,436

There have been no transfers between of the fair value measurement hierarchy in the reporting period.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

34. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(v) Fair value measurements recognised in the statement of financial position (continued)

(a) The investment funds are denominated in RMB. The fair value of the investment funds was considered level 3 recurring fair value measurement. From the best knowledge of the Group's management, the fair value of the investment funds approximates to its cost. The highest and best use of the investment funds is their current use.

(b) The investment funds are denominated in RMB and measured at fair value at the year ended 30 June 2015. These investments were valued at bid price for long positions and ask price for short positions. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. Based on the relevant agreement, the Group can require the investment manager to redeem the units at amount calculated based on the daily rate of return which is available at the investment bank website. The fair value of the investment funds are provided by the investment manager.

(c) The listed equity securities are denominated in NTD. Fair values have been determined by reference to their quoted bid prices at the reporting date and have been translated using the spot foreign currency rates at the end of the reporting period where appropriate.

(d) The unlisted equity securities are denominated in RMB. The fair value of the unlisted securities was considered level 3 recurring fair value measurement. From the best knowledge of the Group's management, the fair value of the unlisted securities approximates to its cost. The highest and best use of the unlisted securities is their current use.

(e) The unlisted equity securities are denominated in SGD and measured at fair value at the year ended 30 June 2014. The fair value of the unlisted securities was considered level 2 recurring fair value measurement. Based on the relevant agreements, the Group can require the relevant investment manager to redeem the units at net asset value by giving a written redemption notice. The fair value of the unlisted equity securities are provided by the relevant investment managers.

34. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(vi) Summary of financial assets and liabilities by category

The carrying amounts of the Group's and the Company's financial assets and liabilities as recognised at the reporting dates are also analysed into the following categories.

Financial assets	**Group**		**Company**	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Available-for-sale financial assets				
- At fair value	**10,000**	14,056	**-**	-
Financial assets at fair value through profit or loss				
- At fair value	**7,500**	23,380	**-**	23,380
Loan and receivables at amortised cost				
- Amounts due from subsidiaries	**-**	-	**155,654**	143,613
- Note receivables	**-**	57,455	**-**	-
- Trade receivables	**-**	456,350	**-**	-
- Other receivables	**812**	111,227	**-**	-
	812	625,032	**155,654**	143,613
Cash and deposit balances	**39,937**	227,707	**29,337**	2,238
Restricted balances in banks and pledged deposits	**-**	1,028,377	**-**	-
	40,749	1,881,116	**184,991**	145,851

Financial liabilities	**Group**		**Company**	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial liabilities measured at amortised cost				
- Trade and bill payables	**-**	1,577,794	**-**	-
- Accruals	**1,092**	76,920	**1,064**	2,494
- Other payables	**15,934**	109,418	**1,028**	25,012
- Amounts due to subsidiaries	**-**	-	**8,253**	44,744
- Bank borrowings	**-**	77,854	**-**	-
	17,026	1,841,986	**10,345**	72,250

35. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements as follow:

	Notes	2015 RMB'000	2014 RMB'000
The Group			
Sales of goods to associates	(a)	**27,821**	53
Services rendered by an associate	(b)	**670**	9,941
Rental service to an associate	(c)	**510**	-
Amounts due to associates			
- included in trade and other payables and deposits received from customers	(d)	**-**	1
Amount due from associates			
- included in trade and other receivables	(d)	**-**	35
The Company			
Amounts due from subsidiaries			
- Advances to subsidiaries	(e)	**120,993**	121,006
Amounts due to subsidiaries			
- Advances from subsidiaries	(e)	**8,253**	15,485

(a) Sales of goods were made to associates with reference to the terms negotiated between the relevant parties.

(b) Services were rendered by an associate with reference to the terms negotiated between the relevant parties.

(c) During the year ended 30 June 2015, an associate and the Group entered into an agreement of premises rental of RMB102,000 per month.

(d) The amounts due to or from associates are unsecured, interest-free and repayable on demand and to be settled in cash.

(e) The amounts due from or to subsidiaries are unsecured, interest-free, repayable on demand and to be settled in cash.

35. RELATED PARTY TRANSACTIONS (Continued)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Short-term benefits *	**3,423**	46,866
Post-employment benefits	**21**	718
Equity-settled share-based payment expenses	**-**	949
	3,444	48,533

* Including bonus payment and accrual of RMB33,326,000 for the year ended 30 June 2014.

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

36. POST REPORTING DATE EVENTS

a) On 12 June 2015, the Company entered into a non-binding memorandum of understanding in relation to the proposed acquisition by the Company from Pacific Star Development Pte. Ltd. (the "Vendor") of 51 ordinary shares representing 51% of the entire issued and paid-up share capital of Twin Prosperity Group Ltd (the "Target"), together with its subsidiaries. The Target is a company incorporated in the British Virgin Islands which legally and beneficially holds the entire issued share capital of Tropical Sunrise Development Inc. which, in turn, legally and beneficially holds the entire issued share capital of Pearl Discovery Development Sdn Bhd ("PDD"), a company incorporated in Malaysia. PDD is the registered proprietor of the land and buildings known as Puteri Cove Residences, a property project located in Puteri Harbour, Iskandar, Johor Malaysia. The aggregate consideration for the proposed acquisition ("Purchase Consideration") shall be in the range of SGD120,000,000 to SGD150,000,000. The Purchase Consideration shall be satisfied by the issue and allotment of new ordinary shares in the share capital of the Company to the Vendor and the payment of cash by the Company to the Vendor.

36. POST REPORTING DATE EVENTS (Continued)

(b) On 29 July 2015, the annex (the "Annex") to the building located at Longcheer Science & Technology Park, Xian City, Peoples' Republic of China ("Investment property") had collapsed (the "Incident"). The fair value of the Annex was zero. Due to the consideration process by Government on the plot ratio and clearance of the fire safety measures, the Group is still in the midst of obtaining the building rights certificates for the Annex. The Investment property is registered under the name of Xi'an Longfei Software Co., Limited which is a wholly-owned subsidiary of the Company. The Annex comprises two levels with a total floor area of 512 square meters. Although the use of the Investment property is for rental purposes, the Annex was left vacant, at the time of the Incident. An architectural firm was engaged to assess the architectural structure of the Investment property. Based on their findings, it was concluded that the collapse has no material impact on the structure of main building; and the Investment property can be for normal usage. As at the date of these financial statements, no cases of compensation claims against the Group by any parties came to the attention of management. The Directors consider that the above matter would not have any material impact on the operations or financial performance of the Group. Having considered the estimated compensations or penalty, where applicable, the Directors believe that no provisions for the compensations or penalty were required to be made in the Group's financial statements.

(c) To comply with the minimum trading price requirement as required by the Monetary Authority of Singapore and the SGX-ST, the Company proposes to undertake a share consolidation of every ten existing issued ordinary shares in the share capital. The proposed share consolidation is subject to (a) the approval of the SGX-ST and (b) the approval of shareholders by ordinary resolution at a special general meeting of the Company to be convened. Details of the proposal are set out in the Company's announcement dated 22 September 2015.

37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 September 2015.

STATISTICS OF SHAREHOLDINGS

As at 18 September 2015

No. of authorized shares	: 2,500,000,000
Par velue per share	: US$0.02
No. of issued shares	: 352,445,350 (excluding treasury shares)
No. / % of treasury shares	: 44,218,750 (12.55%)
Class of shares	: Ordinary
Voting Rights	: One vote oer share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	7	0.29	203	0.00
1,00 - 1,000	78	3.24	74,153	0.02
1,000 - 10,000	1,054	43.79	7,417,299	2.10
10,001 - 1,000,000	1,250	51.93	76,579,469	21.73
1,000,001 and above	18	0.75	268,374,226	76.15
TOTAL :	**2,407**	**100.00**	**352,445,350**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	126,764,181	35.97
2	MAYBANK KIM ENG SECURITIES PTE. LTD.	30,067,200	8.53
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	21,383,375	6.07
4	RAFFLES NOMINEES (PTE) LIMITED	15,574,304	4.42
5	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	12,571,000	3.57
6	HONG LEONG FINANCE NOMINEES PTE LTD	10,215,800	2.90
7	CITIBANK NOMINEES SINGAPORE PTE LTD	10,080,326	2.86
8	LONGPARTNER INVESTMENT LIMITED	9,380,724	2.66
9	NG HIAN CHOW	8,880,000	2.52
10	TANG JIPING	5,288,597	1.50
11	BANK OF SINGAPORE NOMINEES PTE. LTD.	4,821,000	1.37
12	DBSN SERVICES PTE. LTD.	3,559,000	1.01
13	CHAN SOH HAR	2,980,000	0.85
14	TAN YONG CHIANG OR TAN HUI LIANG	1,587,000	0.45
15	PHUAY YONG HEN	1,566,000	0.44
16	OCBC SECURITIES PRIVATE LIMITED	1,393,719	0.40
17	PHILLIP SECURITIES PTE LTD	1,132,000	0.32
18	ANG JWEE PHOR	1,130,000	0.32
19	CHONG CHIE SENG @PETER CHONG	935,000	0.27
20	KWAN WAI LOEN	870,000	0.25
	TOTAL:	**270,179,226**	**76.68**

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

As at 23 September 2014, approximately 61.17% of the Company's issued ordinary shares (excluding treasury shares) are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

SUBSTANTIAL SHAREHOLDERS

As at 18 September 2015
(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Dr Du Junhong[1]	-	-	69,514,321	19.72
Longdu Investment Limited[2]	-	-	59,818,597	16.97
Xin Hui[3]	-	-	30,022,190	8.52
Tomorrow Electronic Co., Ltd[4]	13,932,190	3.95	16,090,000	4.57

Notes:-

(1) Dr. Du Junhong is deemed to be interested in the 69,514,321 Shares as follows:-

(i) 59,818,597 Shares held by Longdu Investment Limited ("Longdu Investment") as Dr. Du is the sole shareholder and director of Longdu Investment.

(ii) 9,380,724 Shares held by Longpartner Investment Limited ("Longpartner Investment"), by virtue of Dr. Du's shareholdings of 27.78% in the capital of Longpartner Investment.

(iii) 315,000 Shares held in trust by Triple Bonus Investment Pte. Limited.

(2) Longdu Investment is deemed to be interested in 59,818,597 Shares held through DBS Nominees Pte Ltd and Raffles Nominees (Pte) Ltd.

(3) Mr. Xin Hui is deemed to be interested in the 30,022,190 Shares held by Tomorrow Electronic Co., Ltd ("Tomorrow Electronic") as Mr. Xin is the sole shareholder and director of Tomorrow Electronic.

(4) Tomorrow Electonic Co., Ltd is deemed to be interested in the 16,090,000 Shares held through DBS Nominees Pte. Ltd.

(5) Based on the number of issued Shares (excluding treasury Shares) of 352,445,350 as at the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING

LONGCHEER HOLDINGS LIMITED
(Incorporated in Bermuda)
(Company Registration No. 35673)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of LONGCHEER HOLDINGS LIMITED (the "**Company**") will be held at Anson IV, Level 2, M Hotel, 81 Anson Road, Singapore 079908, on Monday, 26 October 2015 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 30 June 2015 together with the Independent Joint Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Bye-law 86(1) of the Company's Bye-laws:

   Dr. Du Junhong **(Resolution 2)**
   Dr. Ow Chin Hock **(Resolution 3)**

   Dr. Ow will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, the Chairman of the Remuneration Committee and a member of the Nominating Committee.

3. To approve the payment of Directors' fees of S$188,000 for the financial year ending 30 June 2016, to be paid quarterly in arrears (2015: S$188,000). **(Resolution 4)**

4. To re-appoint BDO Limited, Certified Public Accountants, and BDO LLP, Public Accountants and Chartered Accountants as the Company's Joint Auditors to act jointly and severally and to authorise the Directors to fix their remuneration. **(Resolution 5)**

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

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

6. **Share Issue Mandate**

   (a) That, authority be and is hereby given to the Directors of the Company at any time to:

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

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

      (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

NOTICE OF ANNUAL GENERAL MEETING

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

provided always that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the Company's issued share capital (excluding treasury shares) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued share capital (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (ii) below),

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

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

(b) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, and

(c) any subsequent bonus issue, consolidation or subdivision of Shares, and

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX- ST) and the Bye-Laws for the time being of the Company; and

(iv) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)]

(Resolution 6)

By Order of the Board

Claudia Teo
Company Secretary

Singapore, 9 October 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note to Resolution to be passed –

(i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in General Meeting, whichever is the earlier, to allot and issue Shares and convertible securities in the Company. The number of Shares and convertible securities that the Directors may allot and issue under this resolution would not exceed 50% of the issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this resolution. For issue of Shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed 20% of the issued shares (excluding treasury shares) in the capital of the Company.

For the purpose of this resolution, the percentage of issued share capital (excluding treasury shares) is based on the Company's issued share capital (excluding treasury shares) at the time this proposed Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

Notes:

1. A Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore) is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If a Depositor wishes to appoint a proxy/proxies to attend the Meeting, then he/she must complete and deposit the Depositor Proxy Form at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, at least 48 hours before the time of the Meeting.

3. If the Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

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 representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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