CEDAR
Strategic
世达

Annual Report 2014

CONTENTS

The contact person for the Company's Sponsor is Mr Ng Joo Khin

Telephone number: 6389 3000

Email: jookhin.ng@morganlewis.com

CORPORATE **PROFILE**

Listed on the Catalist board of the Singapore Exchange Securities Trading Limited, Cedar Strategic Holdings Ltd. ("CSH" or the "Company", and together with its subsidiaries, the "Group") was incorporated in Singapore on 17 October 1980. Formerly known as China Titanium Ltd., the Company adopted the name Cedar Strategic Holdings Ltd. on 7 December 2012 following the restructuring of its business model, effectively changing its core business to real estate.

On 22 February 2013, CSH successfully completed the divestment of its 51% equity stake in Jade Marketing & Distribution Pte. Ltd. and 100% stake in Jade Real Estate Pte. Ltd.

On 29 October 2013, the Group completed the acquisition of the entire issued and paid-up share capital of Trechance Holdings Limited, the holding company of Guizhou Cedar Huacheng Property Development Co., Ltd ("Huacheng"), which in turn owns Guizhou Shengxiang Investment Management Co., Ltd ("Shengxiang"), Guiyang Shunhe Real Estate Development Co., Ltd. ("Shunhe") and Guizhou Huamao Assets Operation Management Co., Ltd. ("Huamao")(collectively, the "Trechance Group").

As at 31 December 2014, a 'control' assessment was performed in accordance with the Financial Reporting Standards and it was concluded that the Group no longer has the practical ability to direct the relevant activities of Huacheng, Shengxiang, Shunhe and Huamao and on this basis, these People's Republic of China ("PRC") subsidiaries ceased to be subsidiaries of the Company by 31 December 2014.

On 4 November 2015, CSH has, through its wholly-owned subsidiary Cedar Properties Pte Ltd, acquired 60% of the registered capital of Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited ("Daya Bay"), for an aggregate consideration of RMB 48 million.This is part of the Company's corporate turnaround strategy to not only secure shareholders' value but to allow shareholders to recover part of the value lost. Daya Bay is the sole developer of a project in No. 3 Xia Guang Road West, Xiao Chong Town, Daya Bay District, Huizhou, Guangdong Province, PRC and comprised of, inter alia, 1,099 suites of decorated apartments (the "**Property**"). Construction of the Property has been substantially completed and the handover of the apartments for sale to purchasers have commenced from 3Q2015. The remaining apartments in the Property will continue to be owned by Daya Bay, and will be rented out as holiday apartments for recurring income. An independent and well-established hotel operator who has experience in the hotel management business in the PRC, has been hired as the hotel management company.

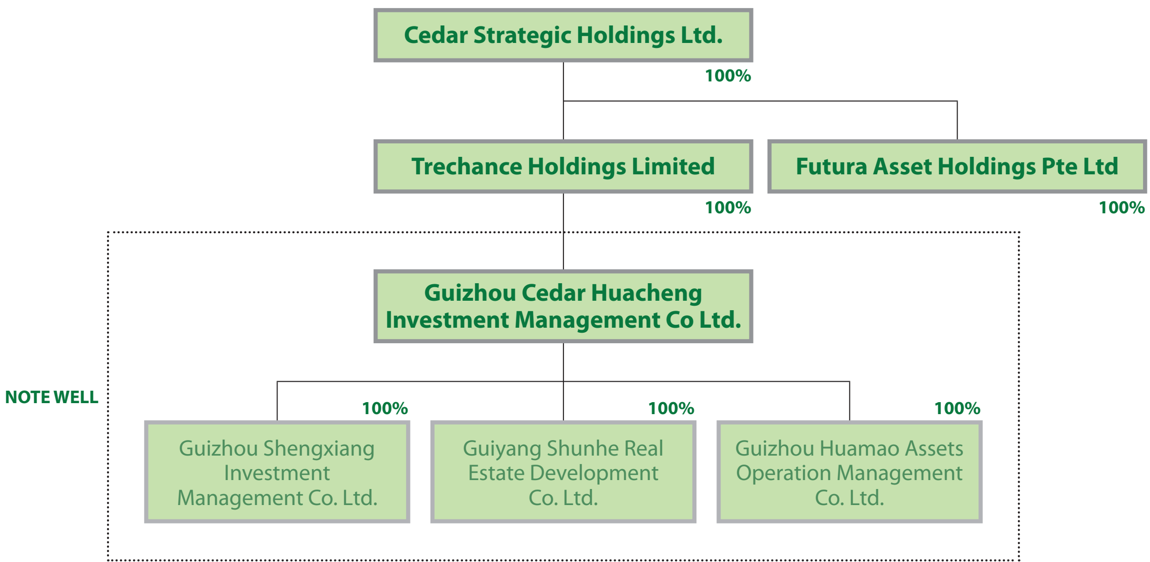
Going forward, the Group intends to continue to focus on property investment and development. However, the Group intends to execute such a strategy differently in three respects, namely:

a. The Group is committed to finding a balance between long term recurrent rental income and short term development profit;

b. Given the Group's modest financial ability, the Group intends to maximize profit by focusing on emerging cities and areas. The Group believes that Daya Bay is fast becoming the beachside holiday resort of many middle and working class families from Hong Kong and surrounding regions; and

c. The Group is committed to ensure that its projects produce sufficient cash profit so that it can make distributions and pay dividends.

GROUP **STRUCTURE** AS AT 31 DECEMBER 2014



NOTE WELL
As at 31 December 2014, a 'control' assessment was performed in accordance with the Financial Reporting Standards and it was concluded that the Group no longer has the practical ability to direct the relevant activities of Huacheng, Shengxiang, Shunhe and Huamao and on this basis, these PRC subsidiaries ceased to be subsidiaries of the Company by 31 December 2014.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the new Board of Directors, I am pleased to present to you Cedar Strategic Holdings Ltd's ("CSH" or the "Company") annual report for the financial year ended 31 December 2014 ("FY2014"). To say that it has been a challenge to get this annual report out is probably an understatement given that when the new Board took over there were only debts and no accessible monies, given the issues raised by the special auditor, given nasty surprises like the apparent theft of two of our PRC subsidiaries, and given the continued and additional regulations that the Company has had to meet in its crippled state. But the new Board recognizes that the inability to trade the shares of the Company has also been a trial. Accordingly, the new Board would like to thank shareholders for their patience during this period of trading suspension of the Company's shares.

Review of Events To-date

Given that history is important to understand the developments to date, you may wish to note the following:

a. On 14 April 2015, the Company's shares were suspended from trading.

b. On 21 April 2015, the then Chief Financial Officer ("CFO") resigned citing non-payment of his salary as the reason for his departure.

c. On 22 April 2015, the Company has applied to update its waiver applications to seek waivers from the strict requirements of Rule 705 (1) and Rule 707 (1) of the Catalist Rules.

d. There were no further announcements/developments until 11 June 2015.

e. On 11 June 2015, fearful that the Company would collapse due to a deadlock amongst the previous directors on the previous Board, I, your Chairman, put in a requisition to hold an Extraordinary General Meeting ("EGM") to remove all the previous directors. The previous Board refused to act on the requisition. I therefore initiated a shareholders' action and called for an EGM.

f. After the start of the shareholders' action and before the EGM date of 10 July 2015, the previous directors agreed to resign or retire. On 24 June 2015, two other competent professionals and I were appointed as directors. The three of us constituted the new Board.

g. Despite the balance sheet showing that the Company had funds, the new Board found only debts. Thus and as a priority, the new Board sourced for additional funds. On 3 July 2015, the Board announced that the Company has secured short term loans of about S$2 million.

h. Armed with these funds, and on 3 July 2015, the Company confirmed the appointment of a special auditor.

i. To strengthen the new Board and management, the Company appointed 2 additional directors and a Chief Operating Officer ("COO") on 21 July 2015, and a CFO on 1 October 2015. The new Board now consists of 5 persons.

j. On 12 October 2015, during the course of the new Board's own review and investigation of its business (independent of the Special Audit), the new Board discovered that shares in Guiyang Shunhe Real Estate Development Co., Ltd and Guizhou Huamao Assets Operation Management Co., Ltd were transferred without the knowledge or consent of the Company. The new Board has also discovered that contrary to previous statements by the old Board, Futura was not an operating company. The new Board thus determined that neither the Trechance nor the Futura business were likely to be businesses that the Company could rely on for revenue, profit or cash flow in the future.

k. On 19 November 2015, the Company further updated that, notwithstanding that the Company is still listed as the sole shareholder of each of Guizhou Cedar Huacheng Investment Management Co., Ltd, and Guizhou Shengxiang Investment Management Co., Ltd, the Company can no longer, *prima facie*, exercise effective control over the aforesaid PRC subsidiaries.

l. The Special Auditor have just released their findings and a copy of their Executive Summary was announced by the Company on 24 November 2015.

m. The new Board has, as a priority, the implementation of a new strategic plan and the lifting of the share trading suspension. The new strategic plan, which will be described in greater detail at the coming AGM, seeks to capitalize on niche and opportunistic developments in emerging cities and regions. We intend to do so in a manner that will give us a balance between profits, recurrent rental income and real cash flow that will allow us to pay dividends. With respect to the lifting of the share trading suspension, the new Board has been advised that it must:
   - Identify all the significant issues facing the Company. This requires completion of the Special Audit and any additional work arising from issues identified by the Special Audit;
   - Take steps to recover, rectify or take such other action so that all significant issues are addressed;
   - Comply with all regulations including those of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Accounting and Corporate Regulatory Authority ("ACRA"). These include issuing the FY2014 accounts, publishing the FY2014 annual report, holding an AGM approving the FY2014 accounts and to prepare and file the first quarter, second quarter and third quarter 2015 financial statements;
   - Ensure that the Company has a real business and can undertake such a business in compliance with the regulations and the Code of Corporate Governance; and
   - Address any other issues that may arise.

n. Whilst cleaning up the Company is essential to preserving shareholder value, it is insufficient if we wish to enhance shareholder value. Given the new Board's view that the Company cannot rely on either the Trechance or the Futura business for future revenue, profit or cash flow, the Company entered into an agreement to acquire 60% equity interest in Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited ("Daya Bay Project") on 21 July 2015. The acquisition is exciting in several respects. Its pre-sale of residential property and long term lease of the apartments provide the Company with a promise of profits and cash flow. The growing popularity of Daya Bay with Hong Kong and Guangzhou residents provides the Company with a promise of capital gain. Given this we are pleased to announce that the Company completed the acquisition on 4 November 2015.

The Company is working with the professional advisers to address the issues leading to the share trading suspension and release of the 2015 financials subsequent to the AGM and hope to present a resumption of trading proposal to the SGX-ST for approval as soon as possible.

Appreciation

On behalf of the Board of Directors, I would like to express my utmost appreciation to our shareholders for your continued patience during this difficult period.

There is much work to be done and we hope that you can continue to give us your support as we strive to get the Company back on its feet and trade on the SGX-ST again.

Yours sincerely

Christopher Chong Meng Tak
Non-Executive Chairman

BOARD OF **DIRECTORS**

Mr Christopher Chong Meng Tak

Non-executive Chairman and member of each of the Audit, Nominating & Corporate Governance and Remuneration Committees.

Appointed to the Board on 24 June 2015

Mr Chong is a partner and co-founder of ACH Investments Pte Ltd, a specialist corporate advisory firm in Singapore. He has significant experience as a director of listed companies, and he, at the date of his appointment, is an independent director of several listed companies including ASL Marine Holdings Ltd, Singapore O&G Ltd and Ying Li International Real Estate Limited on the SGX-ST and GLG Corp Ltd and Koon Holdings Limited on the Australian Securities Exchange. Mr Chong is also a director of several private companies.

Mr Chong has significant experience in capital markets, securities law, corporate governance and corporate affairs. He was a multi-award winning analyst and the Managing Director of HSBC Securities (Singapore) Pte Ltd, formerly known as HSBC James Capel Securities (Singapore) Pte Ltd, and prior to this was an Executive Director of UOB Kay Hian Holdings Ltd, formerly known as Kay Hian James Capel Ltd.

Mr Chong holds a Bachelor of Science degree in Economics (1st class Honours) from the University College of Wales and a MBA degree from the London Business School. He is a member of the Institute of Chartered Accountants of Scotland, a Fellow of the Australian Institute of CPAs, a Fellow of the Hong Kong Institute of Certified Public Accountants, a Fellow of the Singapore Institute of Directors, a Fellow of the Australian Institute of Company Directors and a Master Stockbroker of the Australian Association of Stock Brokers.

Mr Tan Thiam Hee

Independent Director, Chairman of the Audit Committee and member of each of the Nominating & Corporate Governance Committee and the Remuneration Committee.

Appointed to the Board on 24 June 2015

Mr Tan is the Non-executive Chairman of GPS Alliance Holdings Limited, a company listed on the Australian Securities Exchange. GPS Alliance is a group with business interest in real estate agency, property development and investment and interior design and fit-out. He is also a director of ACH Investments Pte Ltd, a specialist corporate advisory firm in Singapore.

Mr Tan is a professional accountant by training and has garnered more than 20 years of experience as CFO or CEO in various industries, including marine, construction, property development and investments, pharmaceutical, leisure, manufacturing, trading and investments holding. He is also active in the corporate scene, having helped companies to IPO in both the Singapore as well as the Australian Securities Exchanges. He has also driven several merger and acquisition exercises as well as corporate restructuring or divestment exercises. Mr Tan is also very familiar with the various financial institutions and has helped many companies secure their financing needs.

On a softer note, Mr Tan assists in mentoring SMEs and listed companies' owners and senior management as a strategic partner of Leadership Management Singapore. On a voluntary basis, he also mentored both undergraduates and graduates at the Nanyang Technological University and as a member of the CFO committee and the SME and Corporates committee for CPA Australia in Singapore.

Mr Tan has a Master of Business Administration in International Business and a Bachelor of Accountancy (Merit) from the Nanyang Technological University of Singapore. He is also a Fellow of the Institute of Singapore Chartered Accountants and CPA Australia, a member of the Singapore Institute of Directors and a Graduate member of the Australian Institute of Company Directors.

BOARD OF DIRECTORS

Mr Peter Tan
Independent Director, Chairman of the Nominating & Corporate Governance Committee and the Remuneration Committee and a member of the Audit Committee.

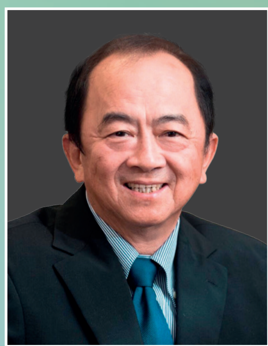
Appointed to the Board on 24 June 2015

Mr Tan has more than 30 years' experience in corporate accounting and management in Australia, Singapore and Indonesia. He has worked in various companies involved in manufacturing, venture capital, sand mining, telecommunications, and oil and gas support services. He is currently the CFO of Golden Orange Materials Pte Ltd, a newly established Company in Singapore involved in the global wholesale, and retail distribution of nano composite materials.

Prior to that he was the Group CFO of another SGX-ST listed Company, Sinija Land Limited from March 2011 to November 2014. His other positions in chronological order were, CFO of another SGX-ST listed Company, MFS Technology Ltd from March 2001 to February 2010, Financial Controller of OCBC Wearnes & Walden Management (Singapore) Pte Ltd from June 2000 to February 2001 and the CFO of Pacific Silica Pty Ltd, a silica sand mining company which is a joint-venture company between Wearnes International Limited and Southern Pacific Sands Pty Ltd, a Queensland-based company, from March 1998 to May 2000.

From 1996 to 1998, he was the Financial Controller of SEM Communications Pte Ltd, a cellular telecommunication network company with investments in GSM networks in PRC. Financial Controller with Chuan Hup Group of companies in Offshore/Marine Support Services based in Australia from 1984 until the final assignment as Financial Controller of PT Rig Tenders Indonesia, from 1991 to 1995.

Mr Tan holds a Bachelor of Commerce degree majoring in Accounting and Management from the University of Western Australia. He is a fellow member of CPA (Australia), a member of the Australian Institute of Management, a fellow Chartered Accountant of Singapore, ISCA and a member of the Singapore Institute of Directors.



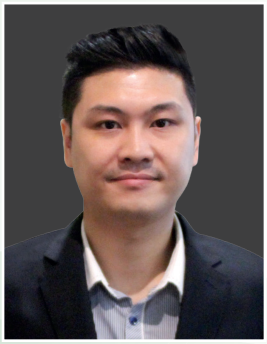
Mr Teo Cheng Kwee
Non-executive Director

Appointed to the Board on 21 July 2015

Mr Teo is the founder and a Non-executive Director of Sapphire Corporation Limited, a company listed on the SGX-ST.

Mr Teo brings with him more than 30 years of experience in the building and construction industry and his vast experience and acute business acumen would value-add to the Company going forward.

BOARD OF DIRECTORS



Mr Patrick Wong Pak Him
Independent Director

Appointed to the Board on 21 July 2015

Mr Wong was the director and CFO of Far City Mining Limited, a company listed on the Canadian Securities Exchange. Far City Mining Limited is a group with business interest in mining exploration and acquisition.

Mr Wong is a professional accountant by training and has garnered more than 15 years of experience in accounting aspect. He is also active in the corporate scene, having helped companies to IPO in both Hong Kong and Canada. He has also driven several merger and acquisition exercises as well as corporate restructuring or divestment exercises in Hong Kong.

Mr Wong has a Bachelor of Business Administration (Accounting) from the Hong Kong Baptist University. He is also a member of the Association of Chartered Certified Accountants.

KEY EXECUTIVES

Mr Ou Haijie
Chief Operating Officer

Appointed on 21 July 2015

Mr Ou is responsible for overseeing the operations of the Group and will be advising the Board of directors on our existing businesses as well as potential new investment.

He has more than 20 years' experience in the China property industry and is familiar with the operation, internal controls, marketing and sale. He is also kept abreast of up and coming trends of the property market.

Mr Ou holds a Bachelor of Science degree in Textile Engineering and Industrial Management from Donghua University. He is a Certified Asset Appraiser (China), a senior member of the professional Managers of Real Estate in China and a registered Real Estate Agent.

Mr Joseph Lim
Chief Financial Officer

Appointed on 1 October 2015

Joseph oversees the finance, accounting and treasury functions of the Group. He brings with him more than 20 years of post-graduation experience in accounting, auditing, treasury, risk management and investments with extensive background in public companies listed on SGX-ST and the Australian Securities Exchange.

Joseph graduated from the Nanyang Technological University of Singapore with a Bachelor of Accountancy. He is a Fellow of the Institute of Singapore Chartered Accountants, a Certified Internal Auditor and a Chartered Financial Consultant.

OPERATING AND FINANCIAL **REVIEW**

The Group, for the financial year ended 31 December 2014 ("FY2014"), has recorded a net loss of RMB 252.9 million.

The Special Auditor just released its findings and a copy of its Executive Summary was announced by the Company on 24 November 2015. The Special Auditor noted weaknesses and/or lapses in corporate governance, internal controls and possible non-compliance with the Catalist Rules and has advised the current Board to seek legal advice and follow up on the various matters noted in the Special Audit Report.

The new Board has acted to rectify such weaknesses. The Board has also appointed Baker Tilly Consultancy (Singapore) Pte Ltd ("**Baker Tilly**") to carry out a more extensive review to evaluate the adequacy and effectiveness of the Company's system of internal controls and work procedures and processes including new policies and controls. This review is to ensure that the internal controls are adequate to safeguard the shareholders' investment and the Company's assets, and to ensure that the Company's financial statements give a true and fair view of the Company's operations and finances. Upon the completion of the review, the Board will seek to implement any additional recommendations made by Baker Tilly so as to further strengthen and enhance the Company's internal controls. Baker Tilly will also assist the new Board in implementing an enterprise risk management ("**ERM**") initiative for the Group. The Board has been actively looking at the issues that the Company is currently facing including those raised by the Special Auditor and has appointed various professionals, including Drew & Napier LLC and Shanghai Yuan Tai Law Offices to look into the various matters, including but not limited to taking legal actions or reporting the incident(s) to the relevant authorities.

The consolidated financial statements of the Group contained the results of the following wholly owned subsidiaries, (i) Guizhou Cedar Huacheng Investment Management Co., Ltd, (ii) Guiyang Shunhe Real Estate Development Co., Ltd, (iii) Guizhou Shengxiang Investment Management Co., Ltd and (iv) Guizhou Huamao Assets Operation Management Co., Ltd (collectively known as "PRC entities") for the period from 1 January 2014 to 30 September 2014. No accounting records were furnished to the current management in Singapore for the period from 1 October 2014 to 31 December 2014 following the resignation of the entire finance team in the People's Republic of China ("PRC").

Due to the unavailability of the accounting records and the purported loss of control of the PRC entities (as the Company no longer has the practical ability to direct the relevant activities of the said PRC entities), the new Board has made full impairment provisions on (i) property, plant and equipment (RMB 72.8 million) and (ii) carrying amounts of the net current assets (RMB 15.6 million) comprising gross current assets of RMB 489.7 million and gross current liabilities of RMB 474.1 million, based on the management accounts of the PRC entities as at 30 September 2014.

Financial Results

Revenue was contributed by the Trechance Group, which was acquired on 29 October 2013, (and hence contributed only around 2 months of revenue in FY2013) and arose mainly from the sale of property units in the "Xiao Cheng Gu Shi" project. Gross profit of approximately RMB 60.0 million was recorded for FY2014, after deducting direct costs of approximately RMB 110.7 million for the same year. Direct cost of RMB 110.7 million for FY2014 was derived from the cost of property units in "Xiao Cheng Gu Shi" project.

Other income declined by 99% from RMB 9.9 million in FY2013 to RMB 90,000 in FY2014 as approximately RMB 9.9 million for FY 2013 was derived mainly from interest income on the loans to the vendor of the Trechance Group. The Company has assessed the collectability of these loans and with the advice of its PRC lawyers have fully impaired these loans. As such, no interest income was recognized on the loans for FY2014.

Administration expenses decreased from RMB 34.1 million in FY2013 to RMB 25.2 million in FY2014, due mainly to lower mergers and acquisitions activity in FY2014 which resulted in lower staff costs, professional and related fees, partially offset by cessation benefits paid to certain management and staff in FY2014.

Other non-operating expenses of RMB 284.7 million was recorded in FY2014 as the Company made full impairment provisions on (i) property, plant and equipment (RMB 72.8 million) and (ii) carrying amounts of the net current assets (RMB 15.6 million), based on the management accounts of the PRC entities as at 30 September 2014 due to the unavailability of the accounting records and the loss of control of the PRC entities as the Company no longer has the practical ability to direct the relevant activities of the said PRC entities. Impairment losses on consideration receivables from the vendor of the Trechance Group of RMB 189.9 million and impairment losses on other receivables of RMB 6.3 million were also recognised in FY2014.

Depreciation of plant and equipment in FY2014 was approximately RMB 3.8 million as compared to approximately RMB 1.3 million in FY2013 mainly due to the acquisition of the Trechance Group, which holds properties including the "Xiao Cheng Gu Shi" project.

Finance costs increased from RMB 151,000 in FY2013 to RMB 3.1 million in FY2014 mainly due to finance costs relating to a 5% bond, with a principal amount of S$3.6 million, issued to the vendor of the Trechance Group and credit facility fee of USD 0.4 million paid to secure a bank loan.

Financial Position

Property, plant and equipment, trade and other receivables (both current and non-current) and the current assets and liabilities have decreased significantly as the Company made full impairment provisions on (i) property, plant and equipment (RMB 72.8 million) and (ii) carrying amounts of the net current assets (RMB 15.6 million), based on the management accounts of the PRC entities as at 30 September 2014 due to the unavailability of the accounting records and the loss of control of the PRC entities as the Company no longer has the practical ability to direct the relevant activities of the said PRC entities. Impairment losses on consideration receivables from the vendor of the Trechance Group of RMB 189.9 million and impairment losses on other receivables of RMB 6.3 million were also recognised in FY2014. The financial liability of RMB 17.3 million was fully repaid in 2014.

As at 31 December 2014, the Group's assets and liabilities mainly comprised of a motor vehicle recorded at net book value of RMB 169,000, consideration receivable from New Inspiration of RMB 7.0 million (which arose from the disposal of subsidiaries in FY2013), cash and cash equivalents of RMB 987,000 and payables and accrued operating expenses of RMB 5.3 million relating to legal, professional and other ancillary expenses.

Cash Flow

Net cash used in operating activities was approximately RMB 38.4 million for FY2014 (largely as a result of the net loss before taxation), compared with RMB 41.3 million in FY2013. There was a net cash outflow from investing activities of RMB 0.3 million for FY2014 due to the acquisition of a motor vehicle whilst there was a net cash inflow from investing activities of approximately RMB 16.0 million in FY2013 mainly due to the Company's acquisition of Yess Le Green Pte. Ltd. and West Themes Pte. Ltd.. Net cash generated in financing activities was RMB 5.3 million for FY2014 from the proceeds from an issue of ordinary shares, which was partially offset by the repayment of a bank loan whilst net cash used in financing activities was RMB 6.0 million in FY2013 (largely because of the repayment of a bank loan to the Group's previous subsidiaries).

CORPORATE INFORMATION

BOARD OF DIRECTORS

Christopher Chong Meng Tak
Non-Executive Chairman

Tan Thiam Hee
Independent Director

Peter Tan
Independent Director

Teo Cheng Kwee
Non-Executive Director

Patrick Wong Pak Him
Independent Director

AUDIT COMMITTEE

Tan Thiam Hee
Chairman

Christopher Chong Meng Tak
Peter Tan

NOMINATING & CORPORATE GOVERNANCE COMMITTEE

Peter Tan
Chairman

Christopher Chong Meng Tak
Tan Thiam Hee

REMUNERATION COMMITTEE

Peter Tan
Chairman

Christopher Chong Meng Tak
Tan Thiam Hee

COMPANY SECRETARIES

Ong Beng Hong. LLB (Hons)
Tan Swee Gek. LLB (Hons)

REGISTERED OFFICE

80 Raffles Place #26-05 UOB Plaza 1 Singapore 048624
Tel: (65) 6532 0933 Fax: (65) 6733 3458
Email: info@cedarstrategic.com
Website: www.cedarstrategic.com

COMPANY REGISTRATION

No. 198003839Z

REGISTRAR & SHARE TRANSFER OFFICE

B.A.C.S. Private Limited
8 Robinson Road #03-00 ASO Building Singapore 048544

CATALIST SPONSOR

Stamford Corporate Services Pte. Ltd.
10 Collyer Quay #27-00 Ocean Financial Centre Singapore 049315

AUDITORS

Foo Kon Tan LLP
Public Accountants and Chartered Accountants
47 Hill Street #05-01 Singapore Chinese Chamber of Commerce & Industry Building Singapore 179365

Partner-in-charge: Kong Chih Hsiang Raymond
(w.e.f financial year ended 31 December 2013)

BANKERS

Citibank N.A.
8 Marina View #16-01 Asia Square Tower 1 Singapore 018960

DBS Bank
6 Shenton Way #02-02 DBS Building Tower 1 Singapore 068809

CORPORATE **GOVERNANCE**

The Listing Manual – Section B: Rules of Catalist ("**Catalist Rules**") issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") require an issuer to describe its corporate governance practices with specific reference to the principles of the Code of Corporate Governance 2012 (the "**Code**") in its annual report. An issuer is also required to disclose any deviation from any guideline of the Code together with an appropriate explanation for such deviation in the annual report.

The new Board of Directors ("**Current Board**" or "**Board**") and the new management of Cedar Strategic Holdings Ltd. ("**CSH**" or the "**Company**") wish to assure its shareholders that they are committed to maintaining a high standard of corporate governance to protect the interests of shareholders, employees and customers, and to promote investors' confidence.

In accordance with Rule 710 of the Catalist Rules, this Report sets out the Company's corporate governance practices, which have been adopted based on the Code. The Company believes that it has largely complied with the spirit and intent of the Code and in areas where the Company's practices have deviated from the Code, rationale for the same is provided herein.

In addition to the Code, the Company has also adopted a code of ethics ("**Ethics**") to provide its employees with guidance on how to act in ways to prevent the Group, its employees and all those who come into contact with the Group from being exposed to harm. Copies of the Company's Ethics have been circulated to the Group's employees and may also be found at the Company's registered office.

Due to the previous directors effectively being removed as a result of shareholders' action, there was no proper handover between the former Board of Directors and the Current Board who took over on 24 June 2015. Accordingly, the Current Board is unable to opine on the Company's corporate governance practices for the period commencing 1 January 2014 to 24 June 2015 save where there were official written records of such practices. As an illustration, the Current Board would not be in a position to opine on the effectiveness of the individual Directors nor the Board composition prior to its appointment. Instead, this Corporate Governance Report is prepared on the basis of the action and/or corporate governance practices adopted by the Current Board.

The Company's Special Auditor, Baker Tilly Consultancy (Singapore) Pte Ltd ("**Baker Tilly**"), noted weaknesses and/or lapses in corporate governance, internal controls and possible non-compliance with the Catalist Rules and has advised the Current Board to seek legal advice and follow up on the various matters noted in the Special Auditor Report.

Baker Tilly has since been appointed to review and evaluate the adequacy and effectiveness of the Company's system of internal controls and work procedures and processes. This review is to ensure that the internal controls are adequate to safeguard the shareholders' investment and the Company's assets, and to ensure that the Company's financial statements give a true and fair view of the Company's operations and finances. Upon the completion of the review, the Board would look into the recommendations made by Baker Tilly and take the necessary steps to further strengthen and enhance the Company's internal controls, as well as to assist the new Board in implementing an enterprise risk management ("**ERM**") initiative for the Group. The Board has been actively looking at issues including those raised by the Special Auditor and has appointed various professionals, including Drew & Napier LLC and Shanghai Yuan Tai Law Offices to look into the various matters, including but not limited to taking legal actions or reporting the incident(s) to the relevant authorities.

BOARD MATTERS

Board's Conduct of Its Affairs

Principle 1: Effective Board to lead and control the Company

The Board's principal roles include promoting long-term shareholder value, ensuring that the businesses of the Company and its subsidiaries (collectively referred herein as the "**Group**") are effectively managed and properly conducted by management and ensuring proper observance of corporate governance practices.

In addition to statutory duties and responsibilities, the Board's duties include the following:

a) reviewing and approving the annual budget;

b) reviewing and approving key business and financial strategies and objectives for the Group;

c) reviewing and approving major corporate and/or financial restructuring and/or share issuance;

d) reviewing and approving major transactions, including acquisitions, divestments, investments and capital expenditure;

e) ensuring internal controls are in place and functional for the Group's continuing operations and which enables risks to be assessed and managed;

f) overseeing risk management strategies;

g) reviewing and approving quarterly and annual results announcements;

h) reviewing and approving the annual report and audited financial statements;

i) reviewing and providing guidance to the management of the Company;

j) ensuring the adequacy of necessary financial and human resources to meet the Group's objectives;

k) providing entrepreneurial leadership and setting strategic directions;

l) establishing and maintaining the Company's values and standards and ensuring obligations to shareholders and others are understood and met;

m) approving nominations to the Board and appointments of key personnel;

n) ensuring the Group's compliance with all relevant and applicable laws and regulations; and

o) assuming responsibility for the corporate governance of the Group.

The Board has set up three committees to assist in the execution of the Board's responsibilities. These committees ("**Board Committees**") include the Nominating and Corporate Governance Committee ("**NCGC**"), Remuneration Committee ("**RC**") and Audit Committee ("**AC**"). Each Committee functions within clearly defined terms of its respective Charter. In particular, the NCGC reviews the effectiveness of the Board, AC, and RC, as well as each individual Director annually, while the Board reviews the effectiveness of the NCGC annually.

Directors' Attendance at Board, Board Committee Meetings and other Additional Meetings

The Board meets at least four times each year and at other times as required. Board Committees meet at certain time periods in accordance with their respective Charters or as needed. Meetings are held in person and by telephone conference to enable the widest possible participation by Directors, taking into account those who may be in different geographical locations. The Directors also engage in discussions via email correspondence. Where a decision has to be made before a Board meeting is convened, directors' resolutions in writing are circulated in accordance with the Articles of Association ("**Articles**") of the Company and the Directors are also provided with all relevant information and documents to allow them to make informed decisions.

The attendance of the Directors at meetings of the Board and Board Committees in the financial period from 1 January 2013 to the date of this Report is tabulated below and on the next page, which does not include an internal Board of Directors' Meeting held on 19 May 2014 in Guizhou, the People's Republic of China ("**PRC**").

Directors' Attendance at Board, Board Committee Meetings and other Additional Meetings held during the financial year ended 31 December 2014

	Board of Directors	Audit Committee	Nominating & Corporate Governance Committee	Remuneration Committee
Number of Meetings per Charter	4	4	2	2
Number of Meetings Held	5	5	2	1

Name of Directors	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
In Nany Sing Charlie (Dr) [1]	5[A]	6[A] (attended as invitee)	2	1 (attended as invitee)
Chua Cheow Khoon Michael [2]	4	5	1	1
Azman Hisham Bin Jaafar [3]	4[B]	4[B]	1	1
Huang Chuan [4]	5[C]	5[C]	2[D]	1[D]
Tay Hun Kiat[5]	4[D]	5[D]	1	1
Chan Kum Ee[6]	3	3 (attended as invitee)	N/A	N/A
Yin Zhenwei Joyce [14]	N/A	N/A	N/A	N/A
Teo Moh Gin[7]	1[E]	1	1	N/A
Yang Luoqing[8]	N/A	-	-	-

Directors' Attendance at Board, Board Committee Meetings and other Additional Meetings held since 1 January 2015 up to the date of this Report

	Board of Directors	Audit Committee	Nominating & Corporate Governance Committee	Remuneration Committee
Number of Meetings per Charter (on the basis of a full financial year)	4	4	2	2
Number of Meetings Held	11	2	1	1

Name of Directors	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
In Nany Sing Charlie (Dr) [1]	4[A]	N/A	N/A	N/A
Huang Chuan [4]	4[C]	N/A	N/A	N/A
Teo Moh Gin[7]	2[E]	N/A	N/A	N/A
Yang Luoqing[8]	1[F]	N/A	N/A	N/A
Christopher Chong Meng Tak [9]	7[G]	2[G]	1	1
Tan Thiam Hee [10]	7	2[H]	1	1
Peter Tan [11]	6	2[I]	1	1
Wong Pak Him Patrick [12]	5[J]	1[J]	1 (attended as invitee)	1 (attended as invitee)
Teo Cheng Kwee [13]	5[K]	1	N/A	N/A

N/A - not applicable

[A] Attended 1 AC Meeting as a Member of the AC and 4 Board of Directors' Meeting via teleconference.
[B] Attended 1 Board of Directors' Meeting and 1 AC Meeting via teleconference.
[C] Attended 8 Board of Directors' Meeting, 4 AC Meeting, 1 NCGC Meeting and 1 RC Meeting via teleconference.
[D] Attended 1 Board of Directors' Meeting, 1 AC Meeting, 1 NCGC Meeting and 1 RC Meeting as an invitee.
[E] Attended 2 Board of Directors' Meeting via teleconference.
[F] Attended 1 Board of Directors' Meeting via teleconference
[G] Attended 1 Board of Directors' Meeting and 1 AC Meeting via teleconference
[H] Attended 1 AC Meeting via teleconference
[I] Attended 1 AC Meeting via teleconference
[J] Attended 4 Board of Directors' Meeting and 1 AC Meeting via teleconference
[K] Attended 2 Board of Directors' Meeting via teleconference

Notes:

1. Appointed as a Member of the NCGC on 20 January 2012. Served as an Executive Director until 31 December 2012. Re-designated as Executive Chairman on 1 January 2013. Re-designated as Non-Executive Chairman on 31 October 2014. Announcement on re-designation as Non-Executive Chairman was released via SGXNET on 31 October 2014.

2. Appointed as an Independent Director on 19 December 2011. Re-designated as Lead Independent Director and appointed as the Chairman of AC and a Member of NCGC & RC on 20 January 2012. Resigned as Director of the Company, stepped down as Chairman of AC and a Member of NCGC & RC on 15 October 2014. Announcement in relation to the cessation of appointment as Director was release via SGXNET on 15 October 2014.

Notes: (cont'd)

3. Appointed as an Independent Director, the Chairman of RC and a Member of AC and NCGC on 20 January 2012. Re-designated as Chairman of NCGC on 1 October 2012. Resigned as Director of the Company, stepped down as Chairman of RC and a Member of AC & NCGC on 15 October 2014. Announcement in relation to the cessation of appointment as Director was released via SGXNET on 15 October 2014.

4. Appointed as an Independent Director and a Member of AC, RC & NCGC on 1 October 2012. Re-designated as Chairman of NCGC on 31 October 2014. Announcements in relation to the appointment as Independent Director and to the Board Committees were released via SGXNET on 1 October 2012 and 31 October 2014.

5. Appointed as an Independent Director, the Chairman of NCGC and a Member of AC and RC on 15 April 2014. Resigned as Director of the Company, stepped down as Chairman of NCGC and a Member of AC and RC on 31 October 2014. Announcement in relation to cessation of appointment as Director was released via SGXNET on 31 October 2014.

6. Appointed as an Executive Director on 1 July 2014. Resigned as Director of the Company on 3 December 2014. Announcement in relation to cessation of appointment as Director was released via SGXNET on 4 December 2014.

7. Appointed as Lead Independent Director, the Chairman of AC & RC and a Member of NCGC on 15 October 2014. Announcements in relation to the appointment as Independent Director and to the Board Committees were released via SGXNET on 15 October 2014.

8. Appointed as an Executive Director on 4 December 2014 and accordingly, he did not attend any board meetings for the financial year ended 31 December 2014 ("**FY2014**").

9. Appointed as Acting Chairman on 24 June 2015. Re-designated as Non-Executive Chairman and as a Member of AC, NCGC & RC on 29 June 2015 and accordingly, he did not attend any board meetings in FY2014.

10. Appointed as an Independent Director on 24 June 2015. Re-designated as Chairman of AC and a Member of NCGC & RC on 29 June 2015 and accordingly, he did not attend any board meetings in FY2014.

11. Appointed as an Independent Director on 24 June 2015. Re-designated as Chairman of NCGC & RC and a Member of AC on 29 June 2015 and accordingly, he did not attend any board meetings in FY2014.

12. Appointed as an Independent Director on 21 July 2015 and accordingly, he did not attend any board meetings in FY2014.

13. Appointed as a Non-Executive Director on 21 July 2015 and accordingly, he did not attend any board meetings in FY2014.

14. Appointed as an Executive Director on 8 May 2013 and resigned as an Executive Director on 31 March 2014. Accordingly, she did not attend any board meetings in FY2014.

The Current Board noted that the previous Board(s) do not have any formal documents setting out the matters normally reserved for the Board's decisions. The Current Board is however of the view that its approval is required for all major matters such as corporate restructuring, mergers and acquisitions, investments, disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly and annual results, interested person transactions of a material nature, and declaration of interim dividends and proposal of final dividends and has engaged Baker Tilly to advise the Current Board on the Group's internal controls. The Current Board will take Baker Tilly's recommendations into consideration and will take the necessary steps to strengthen and enhance the Company's internal control, including but not limited to the preparation of formal documents setting out the matters normally reserved for the Board's decisions. All other matters are delegated to committees whose actions are reported to and monitored by the Board.

The Company also has a training budget for its Directors to attend courses and seminars, which is utilised as and when needed. The Company relies on and encourages its Directors to update themselves on new laws, regulations and changing commercial risks in the industry. Accordingly, information on courses or seminars in relation to the roles and responsibilities as a director of a listed company as well as revisions to laws or regulations (which are applicable to the Group) are disseminated to Directors.

The Company also has in place orientation programs for newly-appointed Directors to ensure that they are familiar with the Group's structure, the Group's business, and its operations. New Directors will be expected to undergo orientation with the Company which includes meeting with the Chairman and/or the Non-Executive Directors for an introduction to the business of the Group. For example, the Directors newly appointed to the Board have visited the Property to familiarise themselves with the Group's new business. Newly appointed Directors are also encouraged to attend formal courses to familiarise themselves with the regulatory environment in Singapore and the roles and responsibilities as a director of a listed company. To illustrate, Mr Wong Pak Him Patrick, a Director with no prior experience as a director of listed companies in Singapore and who was appointed only in 21 July 2015, has attended a formal course on compliance, regulatory and corporate governance matters conducted by the Singapore Institute of Directors. Furthermore, the external auditors also briefed the AC members on the developments in accounting standards (where applicable) during AC meetings whilst the Company Secretary periodically updates the Board on any changes in the regulatory environment in Singapore as well as those pertaining to the roles and responsibilities of a director of a listed company. The Company does not currently provide a formal letter of appointment (setting out the Director's duties and obligations) to the Directors. The Current Board has, however, engaged Baker Tilly to advise the Current Board on the Group's internal controls and will take Baker Tilly's recommendations into consideration and will take the necessary steps to strengthen and enhance the Company's corporate governance procedures, including but not limited to the preparation of such formal letters of appointment to be issued to the Directors.

In the event that a Director is interested in any transactions of the Group, he shall be obliged to inform the Board accordingly and abstain from making any recommendations or decisions in relation to that transaction.

Board Composition & Balance

Principle 2: Strong and independent element on the Board

As at the date of this Report, the Current Board comprises the following members:

Christopher Chong Meng Tak	Non-Executive Chairman
Tan Thiam Hee	Independent Director
Peter Tan	Independent Director
Wong Pak Him Patrick	Independent Director
Teo Cheng Kwee	Non-Executive Director

At 31 December 2014, the previous Board comprised of the following members:

In Nany Sing Charlie	Non-Executive Chairman
Yang Luoqing	Executive Director
Huang Chuan	Independent Director
Teo Moh Gin	Independent Director

Under the Articles of the Company, the Board must comprise a minimum of two members. However, the Articles of the Company do not impose any limit on the maximum number of Directors the Company may appoint. The composition of the Board is also reviewed on an annual basis by the NCGC to ensure that the Board has the appropriate mix of diversity, expertise and experience, and collectively possess the necessary core competencies for the effective functioning of and informed decision-making in the Company.

Pursuant to its review for the financial period from 1 January 2015 to the date of this Report, the NCGC is of the view that the current Board size of five Directors is appropriate, taking into account the scope and nature of the Company's current operations. The Current Board is of the view that the immediate responsibilities of the Board includes, *inter alia*, to address the issues highlighted by the Company's Special Auditor, source for additional funds and to look for new business which the Company could rely on for revenue, profit or cash flow. In meeting these immediate objectives, the NCGC believes that the Current Board comprises persons who as a group provide core competencies necessary to meet the Company's objectives. Notwithstanding that the expertise of a majority of the Directors is accounting-related, the NCGC further believes that the Current Board comprise Directors who as a group (taking into consideration their current fields) provides an appropriate balance of skills, experience and knowledge of the industry.

The Board considers an "independent" Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment on the conduct of the Company's affairs. The Current Board and the NCGC is of the opinion that the Independent Directors satisfy the criteria. As more than half of the Board is made up of Independent Directors, the Board and the NCGC are also of the view that the Board is able to exercise independent judgement on corporate affairs and that no one individual or group(s) of individuals dominates any decision-making process.

Key information on each Director is set on pages 3 to 5 of the Annual Report.

The Current Board has no dissenting views on the Chairman's statement for the year under review.

Access to Information & Accountability

Principle 6: Board members to have complete, adequate and timely information

Principle 10: Board's accountability to the shareholders, management's accountability to the Board

Changes to regulations and accounting standards are monitored closely by the management of the Company. To keep pace with regulatory changes, where these changes have an important bearing on the Company's or Director's disclosure obligations (as determined by the management of the Company in consultation with professionals), Directors are briefed either during board meetings or at specially-convened sessions conducted by professionals. Information relating to such regulatory changes is also circulated to the Board via email for their attention. Newly-appointed Directors will be briefed by the Chairman and the Non-Executive Director(s) on the business activities of the Group and its strategic directions.

In order to ensure that the Current Board is able to contribute in a meaningful manner during board meetings, the management provides the members of the Board with management accounts at each quarterly board meeting, as well as relevant background information and documents relating to the items of business to be discussed at such board meeting, such as copies of disclosure documents, budgets, forecasts and monthly internal financial statements, before the scheduled meeting. In light of the Group's current situation where it only has the Property as its revenue generator, the Current Board is of the view that there is no need for the management of the company to provide Directors with monthly management accounts. Key information relating to the Group's operations and finances are also circulated to the Current Board via email so that the Directors may monitor with ease the Group's performance as well as the management's fulfilment of goals and objectives set by the Current Board.

The Directors are also regularly briefed by the management of the Company on the business activities of the Group. The Directors are responsible for the Group's strategic directions as well as its corporate practices, and are accordingly also regularly briefed by the management of the Company on the day-to-day implementation of such strategic direction and corporate practices

The Directors have separate and independent access to the management of the Company, including the COO, CFO and Company Secretary of the Group. The Company Secretary attends all meetings of the Board and Board Committee and prepares the minutes of such meetings. The minutes of such meetings are then circulated to the Board and the Board Committees, as the case may be. The Company Secretary also advise the Board on governance matters and ensures that the procedures for such meetings are in accordance with the Articles and all applicable rules and regulations (including the requirements of the Singapore Companies Act, Cap. 50 and the Catalist Rules) are complied with. Further to the above, the Company Secretary helps to facilitate communications within the Board and its Board Committees and between management and the Directors. The appointment and removal of the Company Secretary is a matter for the Board to consider as a whole.

The Company allows Directors to take independent professional advice on matters affecting the Group, and such costs will be borne by the Company. Further to the above, Directors have, at all times, unrestricted access to the Company's records and information.

The Group has also adopted the Ethics which sets out the principles and guidelines relating to, among other things, conflict of interests, transactions with suppliers and customers, transactions with related persons, confidentiality, and insider trading.

One of the Board's principal duties is to protect and enhance the long-term value and returns to the Company's shareholders. This accountability to shareholders is demonstrated through the provision of quarterly announcements on the financial results of the Group as well as timely announcements on news releases of significant corporate developments and activities of the Group such that shareholders will have information to evaluate and assess the Group's financial position and prospects.

The Group was late in releasing its fourth quarter financial results for FY2014, for reasons which are disclosed in the announcement made by the Company on 27 February 2015. The first three quarterly financial statements for FY2014 are signed by two Directors, thereby confirming that it is to the previous Board's knowledge that nothing has come to the attention of the previous Board which may render the unaudited interim financial results contained in that announcement to be false or misleading in material aspects. Going forward, the Current Board will similarly ensure that the Company's quarterly financial statements are signed by two Directors to confirm that it is to the Board's knowledge that nothing has come to the attention of the Board which may render the unaudited interim financial results contained in that announcement to be false or misleading in material aspects.

The Company announced various significant corporate developments during the review period and up to the date of this Report, including on the acquisition of a 60% stake in Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited, among numerous updates on the Group's businesses.

Further to the above, the Company also completes and submits compliance checklists to its Sponsor (if applicable and when required) to ensure that all announcements, circulars or letters to our shareholders comply with the requirements set out in the Catalist Rules.

Executive Chairman, Executive Director and CEO

Principle 3: Clear division of responsibilities at the top of the Company

As at the date of this Report, the Company has a Non-Executive Chairman, three Independent Directors and a Non-Executive Director. The Company does not currently have any Executive Directors or Chief Executive Officers ("**CEO**"). As the Company does not have any Executive Directors or CEOs, the Group's COO reports to the Current Board directly. There is a clear division of responsibilities between the Non-Executive Chairman, the Independent Directors, and the COO, who are also not related to each other.

The responsibilities of the Non-Executive Chairman include the following:

a) leading the Board, ensuring its effectiveness in all aspects of its role, and setting out its agenda;

b) ensuring that the Directors receive complete, adequate, accurate, timely and clear information;

c) critiquing key proposals by management before they are presented to the Board;

d) ensuring effective communication with shareholders;

e) encouraging constructive relations between the Board and management;

f) facilitating the effective contribution of the Non-Executive / Independent Directors towards the Company;

g) encouraging constructive relations between the Non-executive and Independent Directors; and

h) promoting high standards of corporate governance.

The COO is engaged in the overall management of the Group's property business in the PRC. In addition to managing the business of the Company, the COO also implements the Current Board's decisions and monitors the translation of the Board's decisions into executive action.

The Current Board is of the view that the roles of the Non-Executive Chairman, Independent Directors and COO are separate, thereby ensuring an appropriate balance of power between and increased accountability in both the Board and Management, as well as enabling greater capacity of the Board for independent decision-making.

NOMINATING & CORPORATE GOVERNANCE COMMITTEE

Nominations

Principle 4: Formal and transparent process for appointment of new Directors and requirement for re-nomination and re-election of Directors

The NCGC as at the date of this Report comprises the following members:

Peter Tan (Chairman)	Independent Director
Christopher Chong Meng Tak	Non-Executive Chairman
Tan Thiam Hee	Independent Director

The NCGC at 31 December 2014 comprised of the following members:

Huang Chuan (Chairman)	Independent Director
Teo Moh Gin	Lead Independent Director
In Nany Sing Charlie (Dr)	Non-Executive Chairman

The NCGC meets twice each year in accordance with its Charter and at other times as required. The NCGC performs a dual function as set out in its Charter. It provides assistance to the Board of Directors in the selection and assessment of Directors, and it has oversight of the Group's corporate governance practices.

The responsibilities of the NCGC in relation to Board appointments include the following:

a) recommending to the Board the appropriate structure, size and composition of the Board, taking into account the size and needs of the Group, as well as the skill mix, qualities and experience required of Directors (including the recommendation of personal professional development programs for the Directors, as the case may be) to advance the business interests of the Group and promote long-term shareholder value;

b) recommending to the Board the size and composition of Board Committees that would enable each Committee to function competently and effectively;

c) considering the suitability of nominees for appointment as new Directors, having regard to each nominee's background, potential contribution to the Group based on his experience and expertise, and his ability to exercise independent business judgment;

d) considering the suitability of Directors for re-nomination, having regard to their past contributions and performance, including their attendance and degree of participation at meetings;

e) assessing, on an annual basis, the independence of the Directors;

f) evaluating, on an annual basis, the performance of each individual Director, the performance of each Board Committee, and the performance of the Board as a whole, as well as the development and review of the actual process for such evaluation;

g) recommending to the Board the termination of membership of individual Directors in accordance with corporate policy on terminations for cause or other appropriate reasons; and

h) reviews and recommends to the Board other policies related to the Board from time to time.

As the Current Board was appointed only from June 2015 onwards, the NCGC will not be considering Board succession planning as its immediate priority. In the event that there is a need to change the structure of the Board, the chairmanship of the Company or the membership of the Board Committees, the NCGC will review the change to be implemented and make recommendations to the Board accordingly. For the appointment of new Directors, the NCGC will, in consultation with the Board, examine the existing Board's strength, capabilities and the existing Directors' contribution of skills, knowledge and experience to the Group and the Board. The NCGC will take into account the future needs of the Group and together with the Board, it will seek candidates who are able to contribute to the Group. The NCGC seeks candidates widely and beyond persons directly known to the existing Directors. The NCGC recommends suitable candidates to the Board and if such candidates are appointed, announcements relating to their appointment shall be released via SGXNET. In the event of cessation of any individuals as Director or executive officer, the NCGC will conduct exit interviews with the Director or executive officer, as the case may be, and announcements relating to such cessation will also be released via SGXNET.

The dates of initial appointment and last re-election of each Director are set out as follows:

Name of Directors	Appointment	Date of Initial Appointment	Date of last re-election/ re-appointment
In Nany Sing Charlie (Dr) [1]	Non-Executive Chairman	30 April 2010	10 April 2013
Chua Cheow Khoon Michael	Lead Independent Director	19 December 2011	10 April 2013
Azman Hisham Bin Jaafar	Independent Director	20 January 2012	10 April 2013
Huang Chuan	Independent Director	1 October 2012	10 April 2013
Tay Hun Kiat	Independent Director	15 April 2014	Not applicable
Chan Kum Ee	Executive Director	1 July 2014	Not applicable
Teo Moh Gin	Lead Independent Director	15 October 2014	Not applicable
Yang Luoqing	Executive Director	3 December 2014	Not applicable
Christopher Chong Meng Tak[2]	Non-Executive Chairman	24 June 2015	Not applicable
Tan Thiam Hee	Independent Director	24 June 2015	Not applicable
Peter Tan	Independent Director	24 June 2015	Not applicable
Wong Pak Him Patrick	Independent Director	21 July 2015	Not applicable
Teo Cheng Kwee	Non-Executive Director	21 July 2015	Not applicable

Notes:

1 On 31 October 2014, Dr In Nany Sing Charlie, Executive Chairman of the Company, was re-designated as Non-Executive Chairman.

2 On 24 June 2015, Mr Christopher Chong Meng Tak was designated as Non-Executive Chairman.

The NCGC also reviews the composition of the Board and the independence of each Director annually. To determine the independence of the Independent Directors, the NCGC reviews disclosures/declarations made by Mr Tan Thiam Hee, Mr Peter Tan and Mr Wong Pak Him Patrick. The forms for these disclosures/declarations are drawn up based on the guidelines in the Code. Pursuant to its review, the NCGC is of the view that Mr Tan Thiam Hee, Mr Peter Tan, Mr Wong Pak Him Patrick are deemed to be independent of the Group and its management.

A list of directorships of the Directors of the Current Board in other listed companies, as well as their interests in the Company and related corporations (if any) are set out below:

Name of Directors	Directorship in Listed Company: Present	Directorship in Listed Company: Past Preceding 5 years	Shareholding in the Company and related corporations: Direct	Shareholding in the Company and related corporations: Indirect
Christopher Chong Meng Tak	Ying Li International Real Estate Limited GLG Corp Ltd. Koon Holdings Limited ASL Marine Holdings Ltd. Singapore O&G Ltd.	Lorenzo International Ltd. Koda Ltd. Imagi International Holdings Ltd. Xpress Holdings Ltd. Sky China Petroleum Services Ltd.	277,777,777 ordinary shares of the Company	N.A.
Tan Thiam Hee	GPS Alliance Holdings Limited	Koon Holdings Limited JES International Holdings Limited Passion Holdings Limited	N.A.	N.A.
Peter Tan	Nil	Nil	N.A.	N.A.
Wong Pak Him Patrick	Nil	Nil	Mr Wong Pak Him Patrick has invested S$990,000 in the Company pursuant to an Investment Agreement signed on 3 July 2015. Under the terms of Investment Agreement, the Company shall repay such loan by issuing 450,000,000 ordinary shares at S$0.0022 for each share.[(1)]	N.A.
Teo Cheng Kwee	Sapphire Corporation Limited	China Vanadium Titano-Magnetite Mining Company Limited	Mr Teo Cheng Kwee has invested S$1,100,000 in the Company pursuant to an Investment Agreement signed on 3 July 2015. Under the terms of Investment Agreement, the Company shall repay such loan by issuing 500,000,000 ordinary shares at S$0.0022 for each share.[(1)]	N.A.

Note:

(1) The allotment and issue of the ordinary shares is conditional upon the approval of the shareholders of the Company.

Each Director of the Current Board does not have any relationships, including immediately family relationships, with the other Directors, the Company or its 10% shareholders.

Whilst the NCGC does not currently set a cap on the maximum number of directorship which Directors may hold, given that there has been no issue with the current Directors not being able to devote adequate time and attention to the affairs of the Company, the NCGC has in place internal guidelines to address the competing time commitments of Directors serving on multiple boards. If a Director is on the board of other companies, the NCGC shall consider whether adequate time and attention have been devoted to the affairs of the Company. In the event there are sufficient grounds for complaint, the Chairman of the Board will discuss the issue with the Director, and if necessary, remind him of the consequences of failure to rectify the situation within the period required.

After conducting reviews, the NCGC is satisfied that the current Directors have been able to devote adequate time and attention to the affairs of the Company and that they are able to satisfy their duties as Directors of the Company.

In its selection and appointment of new Directors, the NCGC receives recommendations from existing Directors and the Company's professional advisors. At least two members of the NCGC will conduct interviews with the potential new Director before recommending their appointments to the Board for approval.

The NCGC also recommends all appointments and re-nominations of Directors to the Board. Article 87 of the Company's Articles provides *inter alia* and subject to the other provisions in the Articles, that at each annual general meeting of the Company, one-third of the Directors for the time being, or, if their number is not three or multiples of three, then the number nearest one-third (rounded upwards where necessary) shall retire from office at least once every three years by rotation from the date of his appointment or last re-election, but he shall also be eligible for re-election. The Directors to retire in every year shall be those who have been in office for the longest period since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Pursuant to Article 94 of the Company's Articles, any Director appointed within a financial year shall hold office only until the next annual general meeting, but shall then be eligible for re-election and shall not be taken into account in determining the Directors who are to retire by rotation pursuant to Article 87 of the Company's Articles, at that meeting.

Based on the above, Mr Christopher Chong Meng Tak, Mr Tan Thiam Hee, Mr Peter Tan, Mr Wong Pak Him Patrick and Mr Teo Cheng Kwee are required to retire pursuant to Article 94 of the Company's Articles at the forthcoming Annual General Meeting.

It be noted that Mr Christopher Chong Meng Tak, Mr Tan Thiam Hee, Mr Peter Tan, Mr Wong Pak Him Patrick and Mr Teo Cheng Kwee have all given their consent to stand for re-election as Directors of the Company at the forthcoming Annual General Meeting. The NCGC and the Current Board have recommended Mr Christopher Chong Meng Tak, Mr Tan Thiam Hee, Mr Peter Tan, Mr Wong Pak Him Patrick and Mr Teo Cheng Kwee who shall be retiring pursuant to Article 94 of the Company's Articles of Association at the forthcoming AGM, to be re-elected.

Consistent with the spirit of the Articles, the NCGC has also determined that commencing from January 2004, members of Board Committees shall assume the chairmanship by rotation, and the term of office as Chairman shall not exceed five consecutive years. The Board Committees shall be re-constituted at a later date when required.

Corporate Governance

Principle 5: Formal assessment of the effectiveness of the Board and contributions of each Director

In addition to the above, the NCGC is also responsible for adopting and implementing corporate governance measures to achieve good stewardship of the Company. In this respect, its responsibilities include:

a) proposing objective performance criteria which incorporates qualitative and quantitative factors to evaluate on an annual basis the performance of the Board as a whole and that of each Director (other than Executive Directors, who are evaluated by the RC);

b) implementing appropriate programmes for orientation and training of new Directors, and to update the Board on relevant new laws, regulations, and changing commercial risks in the industry, from time to time;

c) advising the Board on corporate governance issues, generally where they are not covered by other Board Committees, including but not limited to shareholders' issues; and

d) performing other functions assigned by law, the Company's Memorandum and Articles of Association, or by the Board from time to time.

In assessing the performance of the Directors in fulfilling their duties, the NCGC takes into account, among other factors, the Director's qualifications in relation to general commercial knowledge, specific industry experience, political and social knowledge of the countries the Group operates in, attendance at Board or Board Committee meetings in person or via teleconference, availability at all reasonable times and the degree of participation at Board and Board Committee meetings, quality of interventions or difference of opinion expressed, and any special contributions. The NCGC also considers whether the Director has a reasonable understanding of the Company's business and the industry, the Director's working relationship with the other members of the Board, as well as feedback from other Directors.

In assessing the performance of the current Board Committees and the Current Board, the NCGC takes into account, among other factors, the Board Committees' and the Current Board's ability to work with the senior management of the Company, the discussions and due deliberations of the Board Committees and the Current Board, and whether objectives and target set at the commencement of the relevant financial years have been met.

After evaluation by the NCGC, the NCGC considered the performance of each individual current Director, each Board Committee (other than itself), and the Current Board as a whole, to be satisfactory. The Current Board as a whole considered the performance of the NCGC to be satisfactory. For the avoidance of doubt, each member of the NCGC abstains from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

Informal reviews of each individual Board member's performance, as well as the performance of the current Board Committees and the Current Board are undertaken on a continuous basis by the NCGC with inputs from the various Board members. Renewals or replacements of Directors do not necessarily reflect their contributions to date; it may be driven by the need to position and shape the Board in line with the medium-term needs of the Company and its business.

REMUNERATION COMMITTEE

Principle 7: Formal and transparent procedure for fixing remuneration packages of Directors and key management executives

Principle 8: Remuneration of Directors should be adequate, not excessive and linked to performance

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration and procedure for setting remuneration

The RC as at the date of this Report comprises the following members:

Peter Tan (Chairman)	Independent Director
Christopher Chong Meng Tak	Non-Executive Chairman
Tan Thiam Hee	Independent Director

The RC of the Board at 31 December 2014 comprised of the following members:

Teo Moh Gin (Chairman)	Lead Independent Director
In Nany Sing Charlie (Dr)	Non-Executive Chairman
Huang Chuan	Independent Director

The RC is governed by its own Charter and its primary function is to advise the Board on compensation issues. In particular, in relation to the Directors and key management, the RC bears in mind that a meaningful portion of their compensation should be contingent upon the financial performance of the Company, in order to foster the creation of long-term shareholder value.

Its responsibilities include the following:

a) advising the Board of Directors on compensation theory and practice, as well as best practice with regard to non-cash compensation and trends;

b) reviewing management's appraisal on current market situation (as it relates to compensation issues) and management's recommendation of the overall aggregate adjustments to be made at the next annual review of compensation for all staff, management, and Directors, including stock options and other equity incentive schemes;

c) recommending to the Board compensation packages for Executive Directors, Non-Executive Directors, CEO, COO, and CFO;

d) determining the allocation of share options and other equity incentives, if any, to Directors, management, and staff;

e) reviewing and assessing the performance of management and adopting appropriate measures to assess such performances; and

f) ensuring that appropriate structures for management succession and career development are adopted.

The RC meets twice each year and at other times as required, in accordance with its Charter.

The management, together with the RC, recommends the compensation for Non-Executive Director(s) and Independent Directors, taking into account factors such as time spent and the responsibilities of the Directors, the current market circumstances, and the need to attract directors of experience and standing. The Directors' fees are compared against a benchmark to ensure that they are in line with market norms. As the members of the RC do not participate in any decisions concerning their own remuneration, management takes on that role and the Board accepts the management's recommendation. Payment of Directors' fees is subject to shareholders' approval at the Annual General Meeting. The RC and the Board are of the view that the compensation of the current Non-Executive Directors is adequate and not excessive.

The RC administers the CSH Employee Share Option Scheme (previously known as CTL Employee Share Option Scheme and which was approved by the Company's shareholders at the Extraordinary General Meeting held on 21 August 2009). The performance-related elements of remuneration are designed to align the interests of Directors, management, and staff with those of shareholders and to link their rewards to corporate and individual performance. Details of the CSH Employee Share Option including awards made are found in the Report of Directors as well as the Company's Circular to shareholders dated 29 July 2009 which may be found on SGXNET.

Non-Executive Directors receive basic Directors' fees and additional fees for serving as a Board Committee Chairman. Executive Directors do not receive Directors' fees. Long-term incentive scheme for Executive Directors, management, and staff includes share options.

Directors' fees of S$300,000 for the financial year ending 31 December 2016, which are to be paid quarterly in arrears, will be recommended to the shareholders for approval at the forthcoming AGM. The actual Directors' fees paid out will be disclosed in the Company's Annual Report for the relevant financial year.

It was noted that Directors' fees of S$341,000 for the financial year ended 31 December 2014 has been accrued (of which S$272,000 has been paid out).

The management, together with the RC, determines and recommends to the Board the compensation package of Executive Directors, taking into account his experience and knowledge as well as the existing circumstances in the employment market.

With regard to the remuneration of other key management executives, the RC, together with the management, reviews proposals which are made by the Executive Directors. The remuneration policy for the key management executives is guided by the National Wage Council guidelines, and also takes into consideration the Company's performance as well as the responsibilities and performance of individual key management executives. The latter is measured by goals and objectives set for each key management executive in congruence with the Company's overall goals and objectives. None of the employees in the Company or any of its principal subsidiaries whose remuneration exceed S$50,000 during the year is a relative of a Director or substantial shareholder of the Company or any of its principal subsidiaries.

The Executive Directors have service contracts which include terms for termination under appropriate notice.

The Current Board is of the view that it is not necessary to present its remuneration policy before shareholders for approval at the AGM as remuneration policy for executives is a management decision that the Board is generally entitled to make.

In addition, the Current Board is of the view that there is no need to institute contractual provisions to allow the Company to reclaim incentive components of Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss, as they owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such a breach of fiduciary duties.

Details of the share option scheme are set out in the Report of the Directors.

Details of the Directors and key management executives' remuneration for FY2014 are set out on the below. Disclosure of the Directors' remuneration is also made in Note 16 of the financial statements.

Directors' Remuneration

	Fees %	Salary %	Bonus %	Retrenchment Benefits %	Other Benefits* %	Total %
Directors						
Between S$500,000 – S$599,999 In Nany Sing Charlie (Dr)[1]	-	38.68	12.57	46.42	2.33	100
Between S$200,000 – S$299,999 Chan Kum Ee[2]	-	34.67	11.99	52.00	1.34	100
Between S$0 – S$99,999 Yin Zhenwei, Joyce	-	92.59	-	-	7.41	100
Chua Cheow Khoon Michael[3]	100	-	-	-	-	100
Azman Hisham Bin Jaafar[4]	100	-	-	-	-	100
Huang Chuan[5]	100	-	-	-	-	100
Tay Hun Kiat[6]	100	-	-	-	-	100
Yang Luoqing[7]	-	-	-	-	-	-
Teo Moh Gin[8]	-	-	-	-	-	-

Notes:

* Other Benefits include benefits in kind and employer's contribution to Central Provident Fund.

1. Includes salary, bonus, severance-related payments and Directors' fees (accrued but not paid) on which the Company is now seeking legal advice on.
2. Includes salary, bonus, severance-related payments on which the Company is now seeking legal advice on.
3. Directors' fees paid for FY2014 was S$87,083.
4. Directors' fees paid for FY2014 was S$72,569.
5. Directors' fees paid for FY2014 was S$62,500.
6. Directors' fees paid for FY2014 was S$49,653.
7. No salary or payment was recorded for Mr Yang Luoqing.
8. No Directors' fees was paid for FY2014.

Key Management Executives' Remuneration

	Fees %	Salary %	Bonus %	Retrenchment Benefits %	Other Benefits* %	Total %
Key Management Executives						
Between S$400,000 – S$499,999 Lim Chai Har @ Ng Kwee Wah (CFO)[(1)] (Appointed on 20 February 2014 and resigned on 23 January 2015)	-	33.66	14.27	50.48	1.59	100
Between S$300,000 – S$399,999 Lucy Zhang (Director of a wholly-owned subsidiary)[(1)] (Ceased to be the director of the wholly-owned subsidiary with effect from 17 July 2015)	-	54.98	15.03	29.99	-	100
Between S$200,000 – S$299,999 Soh Chun Bin (CEO) (Resigned on 30 September 2014)	-	96.90	-	-	3.10	100
Between S$0 – S$99,999 Chng Kang Hai (Financial Controller) (Resigned on 20 March 2014)	-	91.21	-	-	8.79	100

Notes:

* Other benefits include benefits in kind and employer's contribution to the Central Provident Fund.

1. Includes salary, bonus and severance-related payments on which the Company is now seeking legal advice on.

2. The Company only has 4 key management personnel (including the CEO) in FY2014.

The breakdown of the remuneration of the top executives of the Group is not disclosed in this Annual Report due to confidentiality reasons so as to prevent competitors from knowing the salaries offered by the Company to its top executives of similar status in the Group.

The Company is not disclosing the remuneration of the Executive Directors and other key management personnel to the nearest thousand but in bands of S$100,000 for confidentiality reasons so as to prevent competitors from knowing the salaries offered by the Company to its key management personnel of similar status in the Group.

As the Current Board has highlighted, due to the previous Directors effectively being removed as a result of shareholders' action, there was no proper handover between the former Board and the Current Board who took over on 24 June 2015. Accordingly, the Current Board is unable to opine on the link between remuneration paid to the top executives and key management personnel of the Group, and their performance.

Save for Yin Zhenwei, Joyce, who is the daughter of In Nany Sing Charlie (Dr), the Group has no other person who is related to any Director, Chief Executive Officer or Substantial Shareholders of the Group ("**Related Employee**") for FY2014. The breakdown of the remuneration of the Related Employee for FY2014 is as follows:

Between S$10,000 to S$50,000	**Salary and Bonus %**	**Other Benefits* %**	**Total %**
Yin Zhenwei Joyce	92.59	7.41	100

Note:

* Other benefits include benefits in kind and employer's contribution to the Central Provident Fund.

AUDIT COMMITTEE

Principle 12: Establishment of Audit Committee with written terms of reference

To ensure that corporate governance is effectively practiced, the current Directors have established self-regulatory and monitoring mechanisms, including the establishment of the AC, which as at the date of this Report comprises the following members:

Tan Thiam Hee (Chairman)	Independent Director
Christopher Chong Meng Tak	Non-Executive Chairman
Peter Tan	Independent Director

The AC at 31 December 2014 comprised of the following members:

Teo Moh Gin (Chairman)	Lead Independent Director
Huang Chuan	Independent Director
In Nany Sing Charlie (Dr)	Non-Executive Chairman

The roles and responsibilities of the AC are established in accordance with the Code. The Charter provides for a minimum of four meetings a year, and at such other times as required.

The AC's primary function is to provide assistance to the Board of Directors by fulfilling its responsibilities relating to corporate accounting and auditing reporting practices of the Company, the quality and integrity of the financial reports of the Company, and the Company's system of internal controls regarding finance, accounting, legal compliance and ethics as established by the management and the Board.

The responsibilities of the AC include the following:

a) recommending the appointment or dismissal of external auditors (subject to shareholders' approval) and in relation to this, the AC considers the independence and objectivity of the external auditors, reviews and recommends to the Board the compensation of the external auditors, and reviews the scope and results of the audit and its cost effectiveness. Where the auditors also supply a substantial volume of non-audit services to the Company, the AC reviews the nature and extent of such services with the objective of balancing between maintaining auditors' objectivity against cost-effectiveness;

b) considering, in consultation with the external auditors, the audit scope and the plans of external auditors on the coverage and effective use of audit resources;

c) reviewing, with the external auditors, their audit reports;

d) reviewing the assistance given by the Company's officers to the external auditors;

e) reviewing the quarterly announcements and annual financial statements of the Company;

f) reviewing and assessing management processes, including but not limited to strategic planning, operations, performance measurement, and reporting, in order to resist over-ambitious and unethical behaviour;

g) inquiring from management and external auditors about significant risks or exposures, and assessing steps taken by management to minimise or control the Company's exposure to such risks;

h) considering and reviewing with the external auditors and internal auditors (as the case may be) at least annually the adequacy, effectiveness, and efficiency of management processes, internal financial systems and operating controls (including computerised information system controls and security, compliance controls and risk management, and all other material controls), and any related significant findings and recommendations of the auditors, together with management's responses thereto;

i) maintaining free and open communications between Directors, external auditors, and management;

j) meeting with the external auditors, management, and any others considered appropriate in separate executive sessions to discuss any matters that the AC believes should be discussed privately; and

k) reviewing all non-audit services provided by the Group's external auditors, Foo Kon Tan LLP, if any.

The AC has in place "Whistle Blowing" arrangements by which staff may, in confidence, raise concerns either verbally or in writing (via email) about possible improprieties in matters of financial reporting or other matters within the Company to the members of the AC directly. The objective is to ensure that arrangements are in place for independent investigations of such matters and for appropriate follow-up action to be taken. Copies of the "Whistle Blowing" policy have been circulated to the employees and are also available at the Company's registered office.

Foo Kon Tan LLP is an audit firm registered with the Singapore Accounting & Corporate Regulatory Authority and its appointment as the Company's external auditors was approved by the Company's shareholders at the Extraordinary General Meeting held on 21 August 2009. The AC noted that there were no non-audit services rendered by Foo Kon Tan LLP in the financial year ended 31 December 2014. In accordance with Rule 1204(6) of the Catalist Rules, the audit fees paid to Foo Kon Tan LLP for their audit services in FY2014 was S$230,000 (excluding disbursements and GST).

Foo Kon Tan LLP was also appointed in FY2014 to audit the accounts of the Company, its subsidiaries and its significant associated companies. The Company has therefore acted in compliance with Rule 712 and Rule 715 of the Catalist Rules. As at 31 December 2014, a 'control' assessment was performed in accordance with the Financial Reporting Standards and it was concluded that the Group no longer has the practical ability to direct the relevant activities of Huacheng, Shengxiang, Shunhe and Huamao and on this basis, these PRC subsidiaries ceased to be subsidiaries of the Company by 31 December 2014. As such, Foo Kon Tan LLP was unable to audit the aforesaid PRC Subsidiaries.

The AC reviewed the independence and objectivity of the external auditors as required under Section 206(1A) of the Companies Act and determined that the external auditors were independent in carrying out their audit of the Group's financial statements. The AC had also reviewed the scope and quality of the external auditors' work before recommending the external auditors to the Board for re-appointment. After taking into account the resources and experience of Foo Kon Tan LLP and the audit engagement partner assigned to the audit, Foo Kon Tan LLP's other audit engagement, the size and complexity of the audit for the Group as well as the number and experience of the staff assigned by Foo Kon Tan LLP for the audit, the AC is of the view that Foo Kon Tan LLP is able to meet its audit obligations. Together with the Board, the AC recommends the re-appointment of Foo Kon Tan LLP at the forthcoming Annual General Meeting.

The external auditors also brief the AC members on the developments in accounting standards (where applicable) during AC meetings to keep the AC members abreast of changes to the accounting standards and issues which have a direct impact on financial statements. The AC has full access to the external auditors without the presence of management and is authorised to have full and unrestricted access to management and all personnel, records, operations, properties, and other informational sources of the Company as required or desirable to properly discharge its responsibilities. The AC has full discretion to invite any Director or executive officer to its meetings and has the authority to conduct or authorise investigations into any matters within its scope of responsibilities.

Internal Controls & Internal Audit

Principle 11: Sound system of internal controls

Principle 13: Setting up independent internal audit function

The Current Board acknowledges that it is responsible for the overall internal control framework but also recognises that all internal control systems contain inherent limitations and that no cost-effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risks of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against misstatements or losses. The AC reviews regularly the effectiveness of the Group's internal controls, including but not limited to financial, operational, and compliance controls. In particular, the Group has adopted the Ethics as well as a "Whistle Blowing" policy to ensure that there are no irregularities in the Company's business dealings and there is a system of integrity and reliability.

Whilst the Company recognises the importance of having a system of internal controls designed to provide reasonable assurance that assets are safeguarded and financial reporting is reliable, the Board recognises that no internal control system could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud and other irregularities. The system is designed to manage rather than eliminate all risks of failure in the Company's pursuit of its business objectives.

The Company has engaged Baker Tilly to conduct internal audits on the Company as well as to implement ERM initiatives within the Group to assist in determining whether the Group's checks and balances and control systems are adequate. Baker Tilly will report directly to the AC and would provide reports to the AC Chairman and the AC on a timely basis.

At present, the Current Board relies on external audit reports and management letters prepared by the external auditors on any material non-compliance or internal control weaknesses. Going forward, the Board would be able to, in addition to the aforesaid, rely on Baker Tilly's internal audit findings and ERM report to better determine whether the Group's checks and balances and control systems are adequate.

The Group's external auditors, Foo Kon Tan LLP, contribute by providing an independent perspective on the relevant internal controls arising from their audit, the findings of which are reported to the AC. The AC is satisfied that the independence of the external auditors is not compromised by any other material relationship with the Company and that, with the assistance of Foo Kon Tan LLP (in the course of their audit), the review by the management of the Company and the appointment of Baker Tilly as the Group's internal auditors, there are currently adequate internal controls in the Group including financial, operational, information technology and compliance controls, and risk management systems in light of the Group's existing structure and business.

Due to several factors, such as the relatively recent constitution of the Current Board in June 2015, Mr Ou Haijie's appointment as COO on 21 July 2015, Mr Joseph Lim's appointment as CFO on 1 October 2015, and the fact that the previous directors were removed as a result of shareholders' action, there was no proper handover of any of the Group's documents to the new Board. The Current Board also noted that the Company had no management personnel at the time the Current Board took over. In this regard, the Company has engaged Baker Tilly to conduct a review of the Company's financials for, *inter alia*, FY2014 and accordingly, the CFO is unable to opine on:

(a) whether the financial records have been properly maintained and whether the financial statements give a true and fair view of the Company's operations and finances; and

(b) the effectiveness of the Company's risk management and internal controls system.

For the same reason mentioned above, the Board, with the concurrence of the AC, is of the opinion that it cannot at the moment opine on the adequacy of the Group's internal controls systems (including financial, operational, compliance and information technology risks, and risk management systems) for the period commencing 1 January 2014 to 24 June 2015.

The AC has however set in place certain internal controls (for example, setting limits on transactions amounts and having different bank signatories) and risk management practices, taking into consideration the risks which the Group is exposed to, the likelihood of occurrence of such risks, and the costs of implementing the corresponding controls. Furthermore, as mentioned above, the Company is assisted by Foo Kon Tan LLP (in the course of their audit), and has engaged Baker Tilly to conduct internal audits on and to introduce ERM initiatives for the Group to assist in determining whether the Group's checks and balances and controls are adequate going forward.

KEY OPERATIONAL RISKS

The Current Board is aware of the risk profiles which may adversely affect the Company's financial performance, financial position and cash flows in the event that any of these risk factors develop into actual events. The Current Board thinks that the following risks could affect the Company (please note that this is a non-exhaustive list):

Risk of business integration and continuity of sale and property management arrangements: The Company's management will face new challenges in integrating the business and the employees of Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited ("**Daya Bay**") into the Group. As such, to facilitate the integration and ensure continuity of management, key employees of Daya Bay will be entering into new employment contracts. The Company is expecting certain risks to be involved in the course of finalising the final accounts with contractors and all professionals involved in the Daya Bay development, the continuing sale of the remaining development units, the continued leasing of the investment units, and efforts to comply with PRC regulations.

To mitigate such risks, the Company has hired Mr Ou Haijie as COO of the Company, as announced on SGXNET on 21 July 2015. Mr Ou Haijie has more than 20 years' experience in the property industry of PRC and is familiar with the operation, internal controls, marketing procedures, and upcoming trends of the Chinese property market. Mr Ou Haijie is also a certified asset appraiser in China and is registered as a senior professional manager of real estate in the PRC.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Recognise, protect and facilitate the exercise of shareholders' rights

Principle 15: Regular, effective and fair communication with shareholders

Principle 16: Shareholders participation at AGM

Information is communicated to shareholders on a timely basis. Where disclosure is inadvertently made to a selected group, the Company will make the same disclosure publicly as soon as practicable for it to do so. Communication is made through:

- annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual reports include all relevant information about the Group, including future developments and other disclosures required under the Catalist Rules and the relevant accounting standards;
- quarterly financial statements containing a summary of the financial information and affairs of the Group for the period;
- notices of annual general meetings and extraordinary general meetings ("**Notices**");
- replies to email queries from shareholders;
- disclosures to the SGX-ST and the shareholders by releasing announcements via SGXNET; and
- circulars or letters to shareholders to provide the shareholders with more information on its major transactions.

The Notices are advertised in the press and published via SGXNET. The results of all general meetings are also published via SGXNET. To facilitate participation by the shareholders, the Articles of the Company allow the shareholders to attend and vote at all general meetings of the Company by proxies. Proxy forms can be sent to the Company's Share Registrar by mail. At all general meetings, each distinct issue is voted via a separate resolution.

The Current Board has written to the shareholders in a series of open letters (as announced on SGXNET) and invites shareholders to communicate directly with the Company as a means to update shareholders on the current events of the Company, as well as to solicit and understand the views of shareholders. The Current Board also regards the general meetings as opportunities to communicate directly with the shareholders and encourages greater shareholder participation. As such, the shareholders are encouraged to attend general meetings of the Company to grasp a better understanding of the Group's businesses and be informed of the Group's strategic goals and objectives. Notices of general meetings are dispatched to the shareholders at least 14 days before the meeting if ordinary businesses are to be transacted at the meeting or at least 21 days before the meeting if special businesses are to be transacted at the meeting.

General meetings of the Company will be chaired by the Chairman and are also attended by other Directors, the management, the Company Secretary and if necessary, the external auditors. At all general meetings, shareholders are given the opportunity to air their views and to ask the Chairman, the individual Directors and the Chairmen of Board Committees questions regarding the Company. The external auditors are also present to assist the Board in answering the shareholders' queries, where it is able to do so. The Company will also be putting all resolutions to be decided in its AGM to vote by poll in accordance with the recommendation made in the Code.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, development plans and other factors as the Directors may deem appropriate.

Shareholders and the public can access information on the Group via its website at: www.cedarstrategic.com

INTERNAL COMPLIANCE CODE ON DEALINGS IN COMPANY'S SECURITIES

The Company has its own internal compliance code to provide guidance for both itself, and its Directors and employees (including employees with access to price-sensitive information on the Company's shares) on dealings in the Company's securities, the implications of insider trading and general guidance on the prohibition against such dealings.

In line with Rule 1204 (19) of the Catalist Rule, the Company issues a directive informing the Directors and employees that they are not allowed to deal in the Company's shares during the period commencing two weeks before the date of results announcement for each of the first three quarters of the Company's financial year and one month before the date of announcement of the annual results. These trading restrictions end on the date of the results announcement. Additionally, both Directors and employees are prohibited from dealing in securities of the Company while in possession of price-sensitive information. They are required to report to the Company Secretary whenever they deal in the Company's shares. The Company Secretary assists the AC and the Board to monitor such share transactions and to make the necessary announcements.

An officer of the Company should not deal in the Company's securities on short-term considerations.

The Current Board confirms that as at the date of this Report, the Company has complied with Rule 1204(19) of the Catalist Rules.

INTERESTED PERSON TRANSACTIONS

(Catalist Rule 907)

The Group has established procedures to ensure that all transactions with interested persons are properly documented and reported in a timely manner to the AC on a quarterly basis, and that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders, in accordance with the internal controls set up by the Company on interested person transactions. In the event that a member of the AC is involved in any interested person transaction, he will abstain from reviewing that particular transaction.

As the members of the Current Board were not appointed in FY2014, they are not aware of any interested person transactions which occurred in FY2014. The Current Board noted however from the special audit conducted by Baker Tilly that there were payments made by the Group for and on behalf of In Nany Sing Charlie (Dr) in FY2014.

Name of interested person and transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) RMB'000
In Nany Sing Charlie (Dr)	(1,696)	Nil
Payment on behalf of a director [1]		

Note 1: This relates to payment on behalf of a Director, Dr In Nany Sing Charlie, who resigned on 26 June 2015. During the year, there were repayment of loans of RMB 5.4 million made to him. During FY2014, the Group recorded retrenchment benefits, bonus and other salary related costs amounting to approximately RMB 4.4 million paid/payable to its ex-Executive Directors and ex-key management personnel of the Company and its subsidiary in the Group's statement of comprehensive income. We were unable to obtain sufficient evidence to determine that such retrenchment benefits, bonus and other salary related costs have been appropriately approved and are currently seeking legal advice on some of the transactions.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Catalist Rule 920.

MATERIAL CONTRACTS

(Catalist Rule 1204(8))

There were no material contracts of the Company or its subsidiary involving the interests of any director or controlling shareholders subsisting at the end of FY2014 or if not then subsisting, entered into since the end of the previous financial year.

RISK MANAGEMENT

(Catalist Rule 1204(4)(b)(iv))

The Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to manage and mitigate these risks. The management reviews all the significant control policies and procedures and highlights all significant findings to the Directors and the AC.

NON-SPONSOR FEES

(Catalist Rule 1204(21))

No non-sponsor fees were paid to Stamford Corporate Services Pte Ltd for FY2014.

USE OF PROCEEDS

(Catalist Rule 1204(22))

Pursuant to the terms of the subscription agreements, the Company raised the sum of S$4,600,000 by issuing an aggregate of 1,277,777,777 new shares in the share capital of the Company at an issue price of S$0.0036 per share, with 1,277,777,777 free detachable unlisted warrants, on the basis of one (1) free warrant for every one (1) share at an exercise price of S$0.0036 on 29 August 2014. The net proceeds of approximately S$4,350,000 (after deducting estimated expenses of approximately S$250,000) as at 29 August 2014 had been fully utilised to fund the development of real estate projects and/or investment in real estate and/or related assets (i.e. payment made in connection with the acquisition of Trechance Holdings Ltd. and its subsidiaries). The Current Board however noted that the Company's announcement dated 29 August 2014 may contain factual inaccuracies as payment amounting to S$752,096 may have already been paid out of the aforesaid proceeds prior to the said announcement. In addition, the Current Board is following up on S$3,600,000 of the placement proceeds which may not have been properly verified.

EMPLOYEE SHARE OPTION SCHEME

(Catalist Rule 1204(16))

On 21 August 2009, shareholders approved the CSH Employee Share Option Scheme (previously known as CTL Employee Share Option Scheme). Information on the scheme can be found on page 83 of the Annual Report.

FINANCIAL **STATEMENTS**

DIRECTORS' REPORT

For the financial year ended 31 December 2014

The directors submit this annual report to the members together with the audited financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2014.

Names of directors

The directors of the Company ("Current Board") in office at the date of this report are:

Christopher Chong Meng Tak (Non-Executive Chairman) (Appointed on 24/6/2015)
Tan Thiam Hee (Independent Director) (Appointed on 24/6/2015)
Peter Tan (Independent Director) (Appointed on 24/6/2015)
Teo Cheng Kwee (Non-Executive Director) (Appointed on 21/7/2015)
Wong Pak Him Patrick (Independent Director) (Appointed on 21/7/2015)

The directors of the Company ("Ex-Board") in office as at the balance sheet date are:

Dr In Nany Sing Charlie (Non-Executive Chairman) (Resigned on 26/6/2015)
Huang Chuan (Independent Director) (Resigned on 26/6/2015)
Teo Moh Gin (Independent Director) (Appointed on 15/10/2014 and resigned on 19/6/2015)
Yang Luoqing (Executive Director) (Appointed on 3/12/2014 and resigned on 19/6/2015)

Arrangements to acquire shares, debentures, warrants or options

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares, debentures, warrants or options of the Company or of any other corporate body, other than as disclosed below and in this report.

On 3 July 2015, the Company entered into investment agreements with Teo Cheng Kwee ("TCK") and Wong Pak Him Patrick ("WPHP"), pursuant to which TCK and WPHP agreed to invest S$1.1 million and S$0.99 million respectively in the Company (collectively, the "Investment Amount"). It is intended that the Company shall repay the Investment Amount by issuing and allotting an aggregate of 500,000,000 new ordinary shares and 450,000,000 new ordinary shares respectively at a price of S$0.0022 for each Investment Share, subject to the approval of the shareholders of the Company.

Directors' interest in shares, debentures, warrants or options

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year was interested in shares, debentures or warrants of the Company or its related corporations.

As at 21 January 2015, none of the directors who held office then hold any shares or are deemed to have an interest in shares, debentures or warrants of the Company or its related corporations.

Directors' benefits

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50, except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Note 16 to the financial statements.

Share Option Scheme

At an Extraordinary General Meeting of the Company held on 21 August 2009, the shareholders approved the Cedar Strategic Holdings Ltd. (formerly known as China Titanium Ltd.) Employee Share Option Scheme (previously known as Jade Technologies Holdings Ltd. Employee Share Option Scheme) (the "Scheme"). The Scheme is administered by the Company's RC whose members are all independent directors of the Company. Under the Scheme, the Company may grant options to employees and directors of the Company and its subsidiaries in recognition of their services and contributions to the growth and development of the Group. The Scheme aligns the interest of the participants with those of shareholders so as to motivate them to contribute towards future growth and profitability of the Group and maximisation of shareholder value in the longer term.

The total number of new shares over which options may be granted pursuant to the Scheme, when added to the number of shares issued and issuable under such other share-based incentive plans of the Company, shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of grant.

Options granted to employees who, as of the date of grant, have been in the employment of the Group for a period of twelve months or more, may be exercised one year after the date of grant. Options which are granted to employees who have been in the employment of the Group for less than twelve months as of the date of grant may be exercised two years after the date of grant. Options which are granted to directors may be exercised one year after the date of grant.

Options granted to employees and non-executive directors expire after ten and five years from the date of grant respectively.

Irrespective of an employee's period of employment with the Group as of the date of grant, all options with exercise prices which represent a discount to the market price may be exercised two years after the date of grant.

If a variation in the issued share capital of the Company occurs (whether by way of a capitalisation of profits or reserves or a rights issue or the conversion of convertible loan stock or other debt securities or a reduction, subdivision or consolidation of shares), the subscription price in respect of shares comprised in an option to the extent unexercised, the class and/or number of shares comprised in an option to the extent unexercised or in respect of which additional options may be granted under the Scheme and the maximum entitlement in any financial period shall be adjusted in such a manner as the RC may determine to be appropriate.

There were no outstanding options granted to the directors, controlling shareholders of the Company or their associates (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited) as at the end of the financial year. No employee has received 5% or more of the total number of options available under the Scheme. No options were granted during the financial year. An aggregate of 275,500,000 options were granted since commencement of the Scheme to 31 December 2013 (details of which are set out in the Company's Annual Report for the financial year ended 31 December 2013) and no options were exercised since commencement of the Scheme.

There were no unissued shares of subsidiaries under option as at the end of the financial year. No shares have been issued during the financial year by virtue of the exercise of the options to take up unissued shares of the Company.

Warrants

On 14 February 2014, the Company announced the subscription of 1,277,777,777 new ordinary shares at an issue price of S$0.0036 for each subscription shares and 1,277,777,777 free detachable unlisted warrants on the basis of one free warrant for every one subscription share at an exercise price of S$0.0036 within the exercisable period from issuance. They were allotted and issued in June 2014.

As part of the purchase consideration to acquire 100% equity interests in West Themes Pte Ltd and Yess Le Green Pte. Ltd., in FY2013, the Company issued 250 million warrants, with each warrant carrying the right to subscribe for one share in the Company at an exercise price of S$0.008 on 15 April 2013.

In FY2012, the Group issued 582.5 million warrants to Tian-An Pty Ltd in connection with the proposed acquisition of two properties located in Tasmania, Australia. In FY2013, 582.5 million warrants were exercised and converted into ordinary shares in the capital of the Company.

Except as mentioned above, no shares have been issued during the financial year by virtue of the exercise of warrants to take up unissued shares of the Company.

Audit Committee

The AC at the date of report comprises the following members:

Tan Thiam Hee (Chairman)
Christopher Chong Meng Tak
Peter Tan

The AC at the balance sheet date comprised the following members:

Teo Moh Gin (Chairman)
Dr In Nany Sing Charlie
Huang Chuan

The respective AC carried out its functions in accordance with Section 201B(5) of the Companies Act and the Catalist Rules. The functions performed are detailed in the Report on Corporate Governance set out in the Annual Report of the Company for the financial year ended 31 December 2014.

The AC has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The AC also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The AC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, Chartered Accountants, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Full details regarding the AC are provided in the Report on Corporate Governance.

Internal Control

On 9 April 2015, the Company announced that it has requested for mandatory trading suspension over the Company's shares from the Singapore Exchange Securities Trading Limited ("SGX-ST"). On 14 April 2015, the Company announced that it will be engaging an independent auditor to conduct a special audit to, *inter alia*, review and/or ascertain (as the case may be) the accounts and transactions of the Group, and whether there are any irregularities in the accounts and transactions of the Group for the financial years ended 31 December 2013 and 2014.

On 3 July 2015, the Current Board announced that the Company has appointed Baker Tilly Consultancy (Singapore) Pte Ltd as its independent auditor ("Special Auditor") to carry out an independent review of the disbursements of the Company and its subsidiaries, namely Trechance Holdings Limited and Futura Asset Holdings Pte Ltd, for the financial years ended 31 December 2013 and 2014.

Based on the findings of the Special Auditor announced by the Company on 24 November 2015, the Special Auditor analysed the Company's investment and fund raising transactions, namely (i) divestment of the titanium dioxide business, (ii) acquisition and proposed divestment of Trechance Holdings Limited and its subsidiaries, (iii) acquisition and disposal of Yess Le Green Pte. Ltd. and West Themes Pte. Ltd., (iv) acquisition of Futura Asset Holdings Pte Ltd, (v) severance payments and (vi) disbursements, in order to understand the disbursements made in context.

The Special Auditor noted weaknesses and/or lapses in corporate governance, internal controls and possible non-compliance with the Catalist Rules and has advised the current Board to seek legal advice and follow up on the various matters noted in the Special Auditor Report.

Based on the findings and reasons set out in the Special Auditor Report, the Current Board and the AC are presently not in a position to express an opinion on the adequacy of the Company's internal controls addressing financial, operational, compliance and information technology risks for the financial year ended 31 December 2014.

However, going forward, the Current Board has appointed Baker Tilly Consultancy (Singapore) Pte Ltd ("Baker Tilly") to review and evaluate the adequacy and effectiveness of the Company's system of internal controls and work procedures and processes. This review is to ensure that the internal controls are adequate to safeguard the shareholders' investment and the Company's assets and to ensure that the Company's financial statements give a true and fair view of the Company's operations and finances.

Upon the completion of the review, the Current Board would look into the recommendations made by Baker Tilly and take the necessary steps to further strengthen and enhance the internal controls of the Group.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

....
CHRISTOPHER CHONG MENG TAK

....
TAN THIAM HEE

24 November 2015

STATEMENT BY **DIRECTORS**

For the financial year ended 31 December 2014

We, Christopher Chong Meng Tak and Tan Thiam Hee, being two directors of Cedar Strategic Holdings Ltd., do hereby state on behalf of the Current Board that we are not in a position to express any true and fair view over the financial position and performance of the Group and the Company for the financial year ended 31 December 2014 for the reasons set out below *inter alia*:

(i) On 9 April 2015, the Company announced that it has requested for mandatory trading suspension over the Company's shares from the Singapore Exchange Securities Trading Limited ("SGX-ST"). On 14 April 2015, the Company announced that it will be engaging an independent auditor to conduct a special audit to, *inter alia*, review and/or ascertain (as the case may be) the accounts and transactions of the Group, and whether there are any irregularities in the accounts and transactions of the Group for the financial years ended 31 December 2013 and 2014;

(ii) On 3 July 2015, the Current Board announced that the Company has appointed Baker Tilly Consultancy (Singapore) Pte Ltd as its independent auditor ("Special Auditor") to carry out an independent review of the disbursements of the Company and its subsidiaries, namely Trechance Holdings Limited and Futura Asset Holdings Pte Ltd, for the financial years ended 31 December 2013 and 2014;

(iii) Based on the findings of the Special Auditor announced by the Company on 24 November 2015, the Special Auditor analysed the Company's investment and fund raising transactions, namely (i) divestment of the titanium dioxide business, (ii) acquisition and proposed divestment of Trechance Holdings Limited and its subsidiaries, (iii) acquisition and disposal of Yess Le Green Pte. Ltd. and West Themes Pte. Ltd., (iv) acquisition of Futura Asset Holdings Pte Ltd, (v) severance payments and (vi) disbursements, in order to understand the disbursements made in context;

(iv) The Special Auditor noted weaknesses and/or lapses in corporate governance, internal controls and possible non-compliance with the Catalist Rules and has advised the Current Board to seek legal advice and follow up on the various matters noted in the Special Auditor Report; and

(v) The Current Board has appointed Baker Tilly Consultancy (Singapore) Pte Ltd ("Baker Tilly") to review and evaluate the adequacy and effectiveness of the Company's system of internal controls and work procedures and processes. This review is to ensure that the internal controls are adequate to safeguard the shareholders' investment and the Company's assets and to ensure that the Company's financial statements give a true and fair view of the Company's operations and finances. Upon the completion of the review, the Current Board would look into the recommendations made by Baker Tilly and take the necessary steps to further strengthen and enhance the internal controls of the Group. The Current Board has also appointed various professionals such as Drew & Napier LLC and Shanghai Yuan Tai Law Offices to look into the various matters noted in the Special Auditor Report, including but not limited to taking legal actions or reporting the incident(s) to the relevant authorities.

In view of the above concerns, we are reserving our views on the financial statements of the Group and the Company for the financial year ended 31 December 2014.

STATEMENT BY **DIRECTORS**

For the financial year ended 31 December 2014

Notwithstanding this, in the opinion of the directors, these factors will enable the Company to meet their liabilities as and when they fall due:

(a) The directors are confident that the charges over the assets as disclosed in Note 8(B) will be registered with the relevant government authorities and the proceeds from the sale of the assets would be sufficient to meet the Group and the Company's operation needs;

(b) The Company managed to secure short term loans of S$2.09 million for a period of six months from two unrelated and independent individuals in July 2015 for working capital purposes of the Company. These two individuals have since been appointed as directors of the Company;

(c) The Company has entered into share subscription agreements dated 3 July 2015 (the "Share Subscription Agreements") with two investors, namely Zhu Xiaolin and Tao Xucheng respectively (the "Placement Subscribers"), pursuant to which the Placement Subscribers have agreed to subscribe for 500,000,000 new ordinary shares and 450,000,000 new ordinary shares respectively (the "Subscription Shares") at a price of S$0.0026 for each Subscription Share. As at the date of this report, the proceeds of S$2.47 million have not been received;

(d) The Company has, through its wholly-owned subsidiary, entered into a conditional Sale and Purchase Agreement dated 28 September 2015 to purchase 60% of the registered capital of Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited, who developed 1,099 suites of decorated apartments at Daya Bay, PRC, for an aggregate consideration of RMB 48 million. The Current Board believes that the acquisition provides a valuable opportunity for growth and would benefit the Company and its shareholders. The acquisition was completed on 4 November 2015; and

(e) The Company is carrying out the necessary work and engaging various professionals and authorities to apply for the resumption of trading of the Company's shares.

Based on the above factors, the current information available and to the best of the Directors' knowledge, at the date of the statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

....
CHRISTOPHER CHONG MENG TAK

....
TAN THIAM HEE

24 November 2015

INDEPENDENT **AUDITOR'S REPORT**

To the members of Cedar Strategic Holdings Ltd.

Report on the financial statements

We were engaged to audit the accompanying financial statements of Cedar Strategic Holdings Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Company and the Group as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1. *Consolidation of subsidiaries*

   The consolidated financial statements of the Group contained the results of the following wholly owned subsidiaries, (i) Guizhou Cedar Huacheng Investment Management Co., Ltd, (ii) Guiyang Shunhe Real Estate Development Co., Ltd, (iii) Guizhou Shengxiang Investment Management Co., Ltd and (iv) Guizhou Huamao Assets Operation Management Co., Ltd (collectively known as PRC entities" or the "Investees") for the period from 1 January 2014 to 30 September 2014. No accounting records were furnished to the current management in Singapore for the period from 1 October 2014 to 31 December 2014 following the resignation of the entire finance team in the People's Republic of China ("PRC").

   Due to the unavailability of the accounting records and the loss of control of the PRC entities as mentioned in (2), the current management eventually made full impairment provisions on (i) property, plant and equipment (RMB 72.8 million) and (ii) carrying amounts of the net current assets of RMB 15.6 million, comprising gross current assets of RMB 489.7 million and gross current liabilities of RMB 474.1 million, based on the management accounts of the PRC entities as at 30 September 2014, as disclosed in Note 16 to the financial statements.

   Accordingly, we were unable to obtain sufficient appropriate audit evidence over the completeness of liabilities incurred, existence and ownership of assets, accuracy and presentation of financial numbers as reported and disclosed, including the amount of impairment losses made to reflect the reported amounts in the consolidated statement of comprehensive income and the consolidated statement of cash flows for the financial year ended 31 December 2014.

   FRS 110 – *Consolidated Financial Statements* requires the consolidation of the investees from the date the Company gains control of the investees and ceases when the Company loses control over the investees. Based on the findings noted in (2), we were unable to conclude when the control over the PRC entities was lost.

Basis for Disclaimer of Opinion (cont'd)

2. *Loss of control of PRC entities*

On 24 September 2014, the shareholding, shareholders, legal representative and other related information of Guizhou Huamao Assets Operation Management Co. Ltd have been changed from Guizhou Cedar Huacheng Investment Management Co., Ltd ("Cedar Hua Cheng"), the current immediate holding company, to Ms Ji Lei, a related party of Mr Ji Yu Dong ("JYD"), where the latter is purported to be the sole shareholder of Talented Creation International Limited ("TCI"), together with two other third party individuals.

On 13 July 2015, the shareholding, shareholders and other related information of Guiyang Shunhe Real Estate Development Co., Ltd have also been changed from Cedar Hua Cheng to two third party individuals. All these changes were made without knowledge from ex-management.

On 19 November 2015, the Current Board was informed by the ex-Non-Executive Chairman that he does not possess any documents or company seals of Guizhou Cedar Huacheng Investment Management Co., Ltd and Guizhou Shengxiang Investment Management Co., Ltd. Furthermore, there is currently no management personnel in the two entities who are reporting to the Current Board.

Arising from the above, the Current Board is of the view that the Company no longer has the practical ability to direct the relevant activities of the PRC entities and on this basis, the PRC entities ceased to be legal subsidiaries of the Company by 31 December 2014. We have not been able to obtain satisfactory explanations from the ex-management of the Company concerning the reasons of the said modifications as well as the loss of control over the PRC entities. Consequently, we were unable to satisfy ourselves on the Company's rights and ownership over the PRC entities as at the balance sheet date.

3. *Beneficial owner of TCI*

JYD appeared to be treated interchangeably with TCI for the purposes of granting authorisation and receiving payments in numerous instances. The Company's announcement dated 22 May 2013 in relation to the acquisition of Trechance Holdings Limited ("Trechance") states that Ms Ji Lei as the beneficial owner of TCI. This was not consistent with TCI's Register of Members which indicated that the sole shareholder of TCI is JYD. Accordingly, we were unable to ascertain who the beneficial owner of TCI is and whether it was appropriate for the ex-management to consider TCI as being interchangeable with JYD. Furthermore, we noted inconsistencies in the various documents furnished, which granted an ex-key management personnel of the Company, authority to approve certain critical documents on behalf of JYD or TCI, as mentioned in (10) below.

4. *Related party transactions*

FRS 24 - *Related Party Disclosures* requires the disclosure of significant related party relationships, transactions and outstanding balances in the accompanying financial statements. We have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the completeness, existence and accuracy of related parties and transactions with related parties as disclosed in Note 22 to the financial statements due to missing accounting and financial records of the PRC entities based on the reasons cited in (1). Consequently, we were unable to establish whether any significant related party information has been omitted from the financial statements of the Group and the Company for the financial year ended 31 December 2014.

In addition, the Group made certain payments on behalf of an ex-key management personnel during the financial year, which met the definition of "interested person transactions" in accordance with Rule 904 of the Catalist Rules. These interested person transactions totalled S$1.47 million (equivalent to RMB 7.1 million as disclosed in Note 22 to the financial statements) approximated 3% of the Group's latest audited net tangible assets as at 31 December 2013, have not been approved by the ex-AC and the ex-Board of the Company. Consequently, it may constitute a breach of Rule 905 of the Catalist Rules, which requires immediate announcement of the interested person transactions.

Basis for Disclaimer of Opinion (cont'd)

5. *Impairment losses recognised on the cost of investment in subsidiaries and amounts due from subsidiaries*

As at 31 December 2014, the current management fully impaired its cost of investment in subsidiaries as well as amounts due from its subsidiaries amounting to RMB 22.5 million and RMB 204.9 million, as disclosed in Notes 5 and 8(A), respectively, in the Company's statement of comprehensive income. The accounting and financial records of the subsidiaries were not available based on the reason cited in point 1.

Accordingly, we were unable to satisfy ourselves as to the appropriateness of the carrying amounts of the Company's investment in subsidiaries and the amounts due from subsidiaries as at 31 December 2014 as well as the impairment losses recognised in the Company's statement of comprehensive income for the financial year ended 31 December 2014.

6. *Recoverability of amount due from New Inspiration Development Limited ("New Inspiration")*

Included in trade and other receivables (Note 8(B)) in the Group and the Company's statement of financial position as at 31 December 2014 was the remaining consideration receivable of RMB 7.0 million (equivalent to S$ 1.5 million) arising from the disposal of subsidiaries in FY2013.

The Settlement Agreement referred to in Note 8(B) to the financial statements was not approved by the then-Board of Directors as at that point of time. In addition, conflicts of interest arose as part of the settlement process. The Company has not obtained control over the assets referred to in Note 8(B) to the financial statements. On this basis, we were unable to obtain sufficient appropriate audit evidence on the recoverability of the consideration receivable as at 31 December 2014.

7. *Impairment loss recognised on amounts due from TCI*

As at 31 December 2014, the current management fully impaired the consideration receivable from TCI amounting to RMB 189.9 million, as disclosed in Notes 8(A) and 16, respectively, in the consolidated statement of comprehensive income. We were unable to satisfy ourselves as to the appropriateness of the impairment losses recognised in the consolidated statement of comprehensive income for the financial year ended 31 December 2014.

8. *Remuneration matters*

During the financial year ended 31 December 2014, management recorded retrenchment benefits, bonus and other salary related costs amounting to approximately RMB 4.4 million (Company: RMB 3.7 million) paid/payable to its ex-executive directors and ex-key management personnel of the Company and its subsidiary in the statement of comprehensive income. The Group paid retrenchment benefits, bonus and other salary related costs of RMB 3.0 million (Company: RMB 2.3 million) in October 2014. We were unable to obtain sufficient appropriate audit evidence to determine that such retrenchment benefits have been appropriately approved.

9. *Supporting accounting documents*

Other than those already mentioned in other paragraphs in our basis of disclaimer of opinion, we have not been able to obtain satisfactory explanations from the ex-management concerning a series of payment transactions of (i) at least RMB 147,000 in FY2014, where we cannot determine whether such transactions were incurred in the ordinary course of business of the Group and the Company and (ii) payments of at least RMB 4.0 million that were without proper supporting accounting and approval documents.

Basis for Disclaimer of Opinion (cont'd)

10. *Use of Share Proceeds and Settlement of Consideration Payable*

In June 2014, the Company raised gross proceeds amounting to S$4.6 million pursuant to the issuance of 1,277,777,777 new subscription shares at an issue price of S$0.0036 per share to 3 investors. The proceeds were intended to repay the consideration payable arising from the acquisition of Trechance in FY2013.

Only S$1 million has been received by the Company. S$3.6 million of the gross proceeds were purportedly used to settle the outstanding bond issued to TCI as disclosed in Note 12 to the financial statements. We were unable to perform any substantive audit procedures and obtain sufficient appropriate audit evidence that the gross proceeds of S$3.6 million were used to settle the outstanding bond as disclosed in Note 12 to the financial statements.

The ex-management paid S$752,096 of the Cash Consideration as disclosed in Note 21 to the financial statements, to JYD in January 2014 prior to the approval of the Second Supplemental Agreement by the then-Board on 25 August 2014.

The ex-management paid S$210,000, being the remaining portion of the Cash Consideration as disclosed in Note 21 to the financial statements to one of the investors instead of TCI on 16 September 2014. We have not sighted any written instructions from TCI or JYD for the payment to be remitted to the investor.

Payments totalling S$962,095 were made during the year to settle the amounts arising from the acquisition of Trechance. The Company announced on 25 August 2014 that an amount of S$900,039 was paid to settle the consideration payable. There was a discrepancy of S$62,056 between the actual payment made and the amount stated in the announcement. We have not been able to obtain satisfactory explanations from the ex-management concerning the discrepancy noted.

In addition, conflicts of interest arose in the execution of the above transactions. Accordingly, we were unable to satisfy ourselves as to whether the liabilities arising from the outstanding bond and the Cash Consideration payable, as disclosed in Notes 12 and 21 to the financial statements, have been appropriately discharged as at the balance sheet date. Arising from this, it may constitute a breach of Rule 704(30) of the Catalist Rules in relation to the accuracy of the announcement made on the use of the share placement proceeds dated 29 August 2014.

11. *Non-compliance with disclosure requirements under respective FRSs*

Management has not complied with the respective FRSs in relation to the respective Notes 3, 6, 7, 8, 14, 15, 16, 17, 19, 24 and 26 in the consolidated financial statements as required by the respective FRSs, which include but not limited to FRS 1 - *Presentation of Financial Statements*, FRS 16 - *Property, Plant and Equipment*, FRS 18 - *Revenue*, FRS 24 - *Related Party Disclosures*, FRS 33 - *Earnings Per Share*, FRS 36 - *Impairment of Assets*, FRS 39 - *Financial Instruments: Recognition and Measurement* and FRS 108 - *Operating Segments*.

We were unable to obtain sufficient audit evidence over the completeness, existence and accuracy of the disclosures made in the consolidated financial statements as the accounting and financial records of these PRC entities were not available and the consolidated financial statements were also not prepared in accordance with FRS 110 - *Consolidated Financial Statements*.

Furthermore, there were certain non-disclosures of information as required by the respective FRS, which included but not limited FRS 12 - *Income Taxes*, FRS 16 - *Property, Plant and Equipment* and FRS 36 - *Impairment of Assets*, which was not in accordance with the relevant FRSs.

Basis for Disclaimer of Opinion (cont'd)

12. *Appropriateness of going concern assumptions of the Group and the Company*

We draw attention to Note 2(a) to the financial statements. The Company had announced on 9 April 2015 that trading in its shares was halted and on 14 April 2015, trading of the Company's shares was subsequently suspended. As at 31 December 2014, the Group and the Company reported a surplus in net assets of RMB 3.1 million and RMB 4.8 million respectively, despite registering net losses and net operating cash outflows of RMB 253.0 million and RMB 38.4 million (The Company: Net losses of RMB 244.1 million and net operating cash outflows of RMB 27.0 million) respectively for the financial year then ended. The surplus in net assets comprised mainly the consideration receivable of RMB 7.0 million as mentioned in (6) above.

The announcement dated 25 February 2015 stated that Futura Asset Holdings Pte Ltd ("Futura") is operational and is expected to contribute to the Group's financials in FY 2015. We were unable to obtain sufficient audit evidence to verify this assertion.

The viability of the Group and the Company's operations to a large extent is highly dependent on (A) the receipt of the remaining consideration receivable and (B) the resumption of trading of the Company's shares, which is subject to the approval from SGX-ST, which would allow the management to raise fresh funds to meet the Group's and the Company's operational needs. The above-mentioned conditions cast doubt on the Group and the Company's ability to continue as a going concern.

There are material uncertainties that may cast doubts about the Group's and the Company's ability to continue as a going concern as we were unable to obtain sufficient appropriate audit evidence on the recoverability of the consideration receivable and whether SGX-ST would approve the resumption of trading of the Company's shares that would enable management to raise fresh funds to meet the Group's and the Company's operational needs.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis of Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Other matters

Based on the findings note in the preceding paragraphs, under such circumstances, we brought some of these discrepancies to the attention of the relevant authorities in accordance with the statutory obligations imposed on us as auditors of the Company.

Report on other legal and regulatory requirements

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion paragraphs, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore
24 November 2015

CONSOLIDATED STATEMENTS OF **FINANCIAL POSITION**

As at 31 December 2014

	Note	The Group **31 December 2014 RMB'000**	The Group 31 December 2013 RMB'000 (restated)	The Company **31 December 2014 RMB'000**	The Company 31 December 2013 RMB'000 (restated)
ASSETS					
Non-Current					
Property, plant and equipment	3	**170**	76,497	**170**	24
Intangible assets	4	**-**	2	**-**	2
Subsidiaries	5	**-**	-	**467**	22,500
Trade and other receivables	8	**-**	192,320	**-**	192,320
		170	268,819	**637**	214,846
Current					
Development properties	6	**-**	164,625	**-**	-
Land for development	7	**-**	4,257	**-**	-
Trade and other receivables	8	**7,328**	248,125	**7,328**	15,097
Cash and cash equivalents	9	**987**	34,421	**22**	22,004
		8,315	451,428	**7,350**	37,101
Total assets		**8,485**	720,247	**7,987**	251,947
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	10	**471,355**	462,913	**471,355**	462,913
Reserves	11	**(468,210)**	(229,469)	**(466,562)**	(236,651)
Total equity		**3,145**	233,444	**4,793**	226,262
LIABILITIES					
Non-Current					
Financial liability	12	**-**	17,337	**-**	17,337
Current					
Trade and other payables	13	**5,340**	443,816	**3,194**	8,348
Current tax payable		**-**	25,650	**-**	-
		5,340	469,466	**3,194**	8,348
Total equity and liabilities		**8,485**	720,247	**7,987**	251,947

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

CONSOLIDATED STATEMENTS OF **COMPREHENSIVE INCOME**

For the financial year ended 31 December 2014

	Note	**The Group Year ended 31 December 2014 RMB'000**	The Group Year ended 31 December 2013 RMB'000
Revenue	14	**170,669**	61,133
Cost of sales		**(110,690)**	(43,826)
Gross profit		**59,979**	17,307
Other income	15	**90**	9,936
Administrative expenses		**(25,176)**	(34,050)
Other non-operating expenses	16	**(284,742)**	-
Finance costs		**(3,056)**	(151)
Loss before taxation from continuing operations	16	**(252,905)**	(6,958)
Taxation	17	**-**	(3,238)
Loss after taxation from continuing operations		**(252,905)**	(10,196)
Profit from discontinued operations, net of tax	18	**-**	86,264
(Loss)/Profit for the year		**(252,905)**	76,068
Other comprehensive income after tax:			
Items that will be reclassified subsequently to profit or loss			
Reclassification adjustment of foreign currency translation reserve to profit and loss arising from the disposal of subsidiaries		**-**	835
Currency translation difference		**(3)**	-
Other comprehensive income for the year, net of tax of nil		**(3)**	835
Total comprehensive (loss)/income for the year		**(252,908)**	76,903
(Loss)/Profit attributable to:			
Owners of the Company			
- Loss from continuing operations, net of tax		**(252,905)**	(10,196)
- Profit from discontinued operation, net of tax	18	**-**	86,264
Total comprehensive income for the year		**(252,905)**	76,068
Total comprehensive income attributable to:			
Owners of the Company		**(252,908)**	76,903
(Loss)/ Earnings per share (Fen) attributable to owners of the Company			
From continuing and discontinued operations			
- basic	19.1	**(3.42)**	1.42
- diluted	19.2	**(3.42)**	1.39
From continuing operations			
- basic	19.1	**(3.42)**	(0.19)
- diluted	19.2	**(3.42)**	(0.19)
From discontinued operation			
- basic	19.1	**-**	1.61
- diluted	19.2	**-**	1.57

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

CONSOLIDATED STATEMENTS OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2014

The Group	Note	Share capital RMB'000	Capital reduction reserve RMB'000	Statutory common reserve RMB'000	Share option reserve RMB'000	Warrant reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total attributable to equity holders of the company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2013		407,932	79,151	2,198	4,132	2,920	25,925	(417,719)	104,539	13,013	117,552
Total comprehensive income for the year		-	-	-	-	-	835	76,068	76,903	-	76,903
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issue of consideration shares	10	13,117	-	-	-	-	-	-	13,117	-	13,117
Issue of shares from exercise of warrants	10	14,193	-	-	-	(2,920)	-	-	11,273	-	11,273
Issue of remuneration shares	10	1,689	-	-	-	-	-	-	1,689	-	1,689
Rights issue	10	25,982	-	-	-	-	-	-	25,982	-	25,982
Equity-settled share option expenses		-	-	-	2,139	-	-	-	2,139	-	2,139
Equity-settled share options cancelled		-	-	-	(3,684)	-	-	3,684	-	-	-
Transfer to statutory common reserve		-	-	971	-	-	-	(971)	-	-	-
Total contributions by and distributions to owners		54,981	-	971	(1,545)	(2,920)	-	2,713	54,200	-	54,200
Changes in ownership interest in subsidiaries											
Disposal of subsidiaries		-	-	(2,198)	-	-	-	-	(2,198)	(13,013)	(15,211)
Balance at 31 December 2013		**462,913**	**79,151**	**971**	**2,587**	**-**	**26,760**	**(338,938)**	**233,444**	**-**	**233,444**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**(3)**	**(252,905)**	**(252,908)**	**-**	**(252,908)**
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issue of ordinary shares	10	**8,442**	**-**	**-**	**-**	**14,167**	**-**	**-**	**22,609**	**-**	**22,609**
Equity-settled share options cancelled		**-**	**-**	**-**	**(2,587)**	**-**	**-**	**2,587**	**-**	**-**	**-**
Total contributions by and distributions to owners		**8,442**	**-**	**-**	**(2,587)**	**14,167**	**-**	**2,587**	**22,609**	**-**	**22,609**
Changes in ownership interest in subsidiaries											
Loss of control in subsidiaries		**-**	**-**	**(971)**	**-**	**-**	**-**	**971**	**-**	**-**	**-**
Balance at 31 December 2014		**471,355**	**79,151**	**-**	**-**	**14,167**	**26,757**	**(588,285)**	**3,145**	**-**	**3,145**

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

CONSOLIDATED STATEMENTS OF **CASH FLOWS**

For the financial year ended 31 December 2014

	Note	**The Group Year ended 31 December 2014 RMB'000**	The Group Year ended 31 December 2013 RMB'000
Cash Flows from Operating Activities			
Loss before taxation from continuing operations		**(252,905)**	(6,958)
Profit before taxation from discontinued operation		**-**	86,264
Total (loss)/profit before taxation		**(252,905)**	79,306
Adjustments for:			
Amortisation of intangible assets	4	**2**	22
Depreciation of plant and equipment	3	**3,791**	1,337
Write off of property, plant and equipment	3	**21**	-
Equity-settled share option expenses		**-**	2,138
Impairment losses on property, plant and equipment	3	**72,817**	-
Impairment losses on net current assets of PRC subsidiaries	16	**15,645**	-
Impairment losses on consideration receivables from a vendor	8	**189,912**	-
Impairment losses on other receivables	16	**6,347**	-
Gain on disposal of subsidiaries, net	21	**-**	(92,977)
Loss on disposal of plant and equipment	16	**-**	65
Issue of remuneration shares	16	**-**	1,689
Interest income	15	**(3)**	(9,912)
Interest expenses		**600**	147
Operating profit/(loss) before working capital changes		**36,227**	(18,185)
Trade and other receivables		**(187,621)**	240,173
Trade and other payables		**14,083**	(301,206)
Development properties		**98,907**	37,927
Cash used in operations		**(38,404)**	(41,291)
Income tax paid		**-**	-
Net cash used in operating activities		**(38,404)**	(41,291)
Cash Flows from Investing Activities			
Interest received		**3**	-
Purchase of plant and equipment	3	**(302)**	(287)
Proceeds from disposal of property, plant and equipment		**-**	30
Acquisition of subsidiaries (net of cash acquired)	21	**-**	16,816
Disposal of subsidiaries (net of cash disposed of)	21	**-**	(601)
Net cash (used in)/generated from investing activities		**(299)**	15,958
Cash Flows from Financing Activities			
Issue of ordinary shares from exercise of warrants, net of expenses incurred		**-**	11,273
Issue of ordinary shares		**22,609**	-
Rights issue	10	**-**	25,982
Repayment of financial liabilities		**(17,337)**	(43,247)
Net cash generated from/ (used in) financing activities		**5,272**	(5,992)
Net decrease in cash and cash equivalents		**(33,431)**	(31,325)
Cash and cash equivalents at beginning of year		**34,421**	66,241
Exchange differences on translation of cash and cash equivalents at beginning of year		**(3)**	(495)
Cash and cash equivalents at end of year	9	**987**	34,421

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

1 General Information

1.1 The Company

The financial statements of Cedar Strategic Holdings Ltd. (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company is incorporated as a limited liability company and domiciled in Singapore.

The registered office is located at 80 Raffles Place, #26-05 UOB Plaza 1, Singapore 048624.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are as stated in Note 5.

1.2 Independent investigation

On 9 April 2015, the Company announced that it has requested for mandatory trading suspension over the Company's shares from the Singapore Exchange Securities Trading Limited ("SGX-ST"). On 14 April 2015, the Company announced that it will be engaging an independent auditor to conduct a special audit to, *inter alia*, review and/or ascertain (as the case may be) the accounts and transactions of the Group, and whether there are any irregularities in the accounts and transactions of the Group for the financial years ended 31 December 2013 and 2014.

On 3 July 2015, the current Board announced that the Company has appointed Baker Tilly Consultancy (Singapore) Pte Ltd as its independent auditor ("Special Auditor") to carry out an independent review of the disbursements of the Company and its subsidiaries, namely Trechance Holdings Limited and Futura Asset Holdings Pte Ltd ("Futura"), for the financial years ended 31 December 2013 and 2014.

Based on the findings of the Special Auditor announced by the Company on 24 November 2015, the Special Auditor analysed the Company's investment and fund raising transactions, namely (i) divestment of the titanium dioxide business, (ii) acquisition and proposed divestment of Trechance Holdings Limited and its subsidiaries, (iii) acquisition and disposal of Yess Le Green Pte. Ltd. and West Themes Pte. Ltd., (iv) acquisition of Futura Asset Holdings Pte Ltd, (v) severance payments and (vi) disbursements, in order to understand the disbursements made in context.

The Special Auditor noted weaknesses and/or lapses in corporate governance, internal controls and possible non-compliance with the Catalist Rules and has advised the current Board to seek legal advice and follow up on the various matters noted in the Special Auditor Report.

2(a) Going concern

The Company had announced on 9 April 2015 that trading in its shares was halted and on 14 April 2015, trading of the Company's shares was subsequently suspended. As at 31 December 2014, the Group and the Company reported a surplus in net assets of RMB 3.1 million and RMB 4.8 million respectively, despite registering consolidated net losses and consolidated net operating cash outflows of RMB 253.0 million and RMB 38.40 million (The Company: Net losses of RMB 244.1 million and net operating cash outflows of RMB 27.0 million) respectively for the financial year then ended. The surplus in net assets comprised mainly the consideration receivable of RMB 7.0 million. The viability of the Group and the Company's operations to a large extent is highly dependent on (A) the receipt of the remaining consideration receivable and (B) the resumption of trading of the Company's shares, which is subject to the approval from SGX-ST, which would allow the management to raise fresh funds to meet the Group's and the Company's operational needs. The above-mentioned conditions cast doubt on the Group and the Company's ability to continue as a going concern.

2(a) Going concern (cont'd)

Notwithstanding this, the directors are of the view that the going concern assumption is appropriate for the presentation of these financial statements as:

(A) Receipt of the remaining consideration receivable

(a) The directors are confident that the charges over the assets as disclosed in Note 8(B) will be registered with the relevant government authorities and the proceeds from the sale of the assets would be sufficient to meet the Group and the Company's operation needs;

(B) Resumption of trading of the Company's shares

(a) The Company managed to secure short term loans of S$2.09 million for a period of six months from two unrelated and independent individuals in July 2015 for working capital purposes of the Company. These two individuals have since been appointed as directors of the Company;

(b) The Company has entered into share subscription agreements dated 3 July 2015 with two investors, namely Zhu Xiaolin and Tao Xucheng respectively (the "Placement Subscribers"), pursuant to which the Placement Subscribers have agreed to subscribe for of 500,000,000 new ordinary shares and 450,000,000 new ordinary shares respectively (the "Subscription Shares") at a price of S$0.0026 for each Subscription Share. As at the date of the report, the proceeds of S$2.47 million have not been received;

(c) The Company has, through its wholly-owned subsidiary, entered into a conditional Sale and Purchase Agreement dated 28 September 2015 to purchase 60% of the registered capital of Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited, who developed 1,099 suites of decorated apartments at Daya Bay, PRC, for an aggregate consideration of RMB 48 million. The directors believe that the acquisition provides a valuable opportunity for growth and would benefit the Company and its shareholders. The acquisition was completed on 4 November 2015.; and

(d) The Company is carrying out the necessary work and engaging the various professionals and authorities to apply for of the resumption of trading of the Company's shares.

In the opinion of the directors, these factors will enable the Company to meet their liabilities as and when they fall due.

2(b) Basis of preparation

The financial statements have been prepared on a going concern basis, which contemplate the realisation of assets and the satisfaction of liabilities in the normal course of business. As described above, management is of the view that they have a reasonable expectation that the Group and the Company has adequate resources to continue in operational existence for the foreseeable future. If the Group and the Company are unable to continue to generate sufficient revenues and/or raise new funds from lenders, third parties and shareholders or through the injection or acquisition of new businesses, and are unable to discharge their liabilities in the normal course of business, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Company may need reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide further liabilities that may arise. No such adjustments have been made to these financial statements.

2(b) Basis of preparation

Financial year ended 31 December 2014

The consolidated statement of comprehensive income of the Group contained the results of (a) the Company, Trechance Holdings Limited and Futura Asset Holdings Pte. Ltd. for the financial period from 1 January 2014/ or date of acquisition to 31 December 2014 and (b) the following wholly owned subsidiaries, (i) Guizhou Cedar Huacheng Investment Management Co., Ltd, (ii) Guiyang Shunhe Real Estate Development Co., Ltd, (iii) Guizhou Shengxiang Investment Management Co., Ltd and (iv) Guizhou Huamao Assets Operation Management Co., Ltd (collectively known as PRC entities" or the "Investees") for the period from 1 January 2014 to 30 September 2014. No accounting records were furnished to the current management in Singapore for the period from 1 October 2014 to 31 December 2014 following the resignation of the entire finance team in the People's Republic of China ("PRC").

Due to the unavailability of the accounting records and the loss of control of the PRC entities, the current management eventually made full impairment provisions on the net assets of the PRC entities, comprising (i) property, plant and equipment (RMB 72.8 million) and (ii) carrying amounts of the net current assets of RMB 15.6 million, comprising gross current assets of RMB 489.7 million and gross current liabilities of RMB 474.1 million, based on the management accounts of the PRC entities as at 30 September 2014.

Balance sheet as at 31 December 2014

The 31 December 2014 consolidated statement of financial position comprised of the financial positions of the Company, Trechance and Futura.

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. The financial statements are presented in Renminbi which is the Group's functional currency. All financial information is presented in Renminbi and rounded to the nearest thousand, unless otherwise stated.

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The significant accounting estimates and assumptions used and areas involving a high degree of judgement are detailed below:

2(b) Basis of preparation (cont'd)

Significant judgements made in applying accounting policies

(i) Identification of functional currencies

The functional currency for each entity in the Group is the currency of the primary economic environment in which it operates. The financial statements are presented RMB, which is the functional and presentational currency of most of the Group entities. Determination of the functional currency involves significant judgement and other companies may make different judgements based on similar facts.

The functional currency of each of the Group entities is principally determination by the primary economic environment in which the respective entity operates. The Group reconsiders the functional currency of its entities if there is a change in the underlying transactions, events and conditions which determine their primary economic environment. The determination of functional currency affects the carrying value of the non-current assets included in the statement of financial position and, as a consequence, the amortisation of those assets included in the statement of comprehensive income. It also impacts exchange gains and losses included in the statement of comprehensive income.

(ii) Recoverability of amount due from Trechance (Note 8)

The Group has previously recorded an amount due from Talented Creation International Limited ("TCI") amounting to RMB 189.9 million, comprising a loan of RMB 180 million and interest receivable of RMB 9.9 million respectively. The loan amount represented the consideration receivable from TCI arising from the sale of the Company's equity interest in Jade Marketing & Distribution Pte Ltd ("JMD"), Jade Real Estate Pte. Ltd ("JRE"), Daqing Xinde Chemical Marketing & Distribution Ltd ("XinDe") and Daqing XinLong Chemical Company Ltd ("XinLong") in FY2013.

As at 31 December 2014, management impaired the entire amount due from TCI in the Group's statement of comprehensive income. Management has assessed that the recoverable amount due from TCI to be NIL on the basis that there was evidence of significant financial difficulty faced by Mr Ji Yu Dong ("JYD"), the sole owner of TCI.

(iii) Recoverability of consideration receivable due from New Inspiration Development Limited ("New Inspiration") (Note 8)

As at 31 December 2014, the amount due from New Inspiration amounted to RMB 7.0 million (equivalent to S$1.5 million). The amount represented 82% and 87% of the Group and the Company's total assets as at 31 December 2014. The amount due from New Inspiration arose from the disposal of the Company's entire interest in West Theme Pte Ltd ("West Theme") and Yess Le Green Pte Ltd ("YLG") in FY2013 to Yess Management International Pte Ltd ("YESS"). Management is confident that charges over the assets of West Theme will be registered with the relevant government authorities and the proceeds arising from the sale of the assets be sufficient to repay the amount owed to the Company.

(iv) Control over Guizhou Cedar Huacheng Investment Management Co., Ltd, Guizhou Huamao Assets Operation Management Co., Ltd, Guizhou Shengxiang Investment Management Co., Ltd and Guizhou Shunhe Real Estate Development Co., Ltd ("PRC subsidiaries")

On 29 October 2013, the Group completed the acquisition of the entire issued and paid-up capital of Trechance for a consideration of RMB 22.5 million. Trechance is the intermediate holding company of the abovementioned wholly owned PRC subsidiaries.

2(b) Basis of preparation (cont'd)

Significant judgements made in applying accounting policies (cont'd)

(iv) Control over Guizhou Cedar Huacheng Investment Management Co., Ltd, Guizhou Huamao Assets Operation Management Co., Ltd, Guizhou Shengxiang Investment Management Co., Ltd and Guizhou Shunhe Real Estate Development Co., Ltd ("PRC subsidiaries") (cont'd)

As at 31 December 2014, the directors assessed whether or not the Group has control over the PRC subsidiaries based on whether the Group has the practical ability to direct the relevant activities of the PRC subsidiaries unilaterally in making the judgement.

Following a detailed company search conducted on the PRC subsidiaries, the directors became aware that the shareholding status of two PRC subsidiaries have been modified without prior knowledge and approval from the management and the Company's designated officer was no longer the legal representative of the said PRC subsidiaries. Accordingly, the directors concluded that the Group does not have practical ability to direct the relevant activities of the PRC subsidiaries and on this basis, these PRC subsidiaries ceased to be subsidiaries of the Company by 31 December 2014.

Significant assumptions used and accounting estimates in applying accounting policies

Allowance for bad and doubtful debts (Note 8)

Allowances for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Group's allowance for impairment will increase by RMB 0.7 million (2013: increase by RMB 0.7 million)

2(c) Interpretations and amendments to published standards effective in 2014

On 1 January 2014, the Group adopted the FRSs that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required in accordance with the transitional provisions in the respective FRS. This includes the following FRSs which are relevant to the Group:

Reference	Description	Effective date (Annual periods beginning on or after)
FRS 110	*Consolidated Financial Statements*	1 January 2014

2(c) Interpretations and amendments to published standards effective in 2014 (cont'd)

The directors do not anticipate that the above FRSs in the current year will have a material impact on the financial statements of the Group in the period of their initial adoption except for the following:-

FRS110 *Consolidated Financial Statements*

FRS 110 establishes a single control model that applies to all entities including special purpose entities.

The changes introduced by FRS 110 will require management to exercise significant judgement to determine whether entities are controlled and therefore are required to be consolidated by the Group, compared with the requirements that were in FRS 27. Therefore, FRS 110 may change which entities are consolidated within a group. The revised FRS 27 was amended to address accounting for subsidiaries, jointly controlled entities and associates in the separate financial statements.

As at 31 December 2014, management has reassessed of which entities the Group controls and concluded that they did not have the practical ability to direct the relevant activities of the said PRC subsidiaries as mentioned in 2(b) (iv) and accordingly, the Group ceased to consolidate the results of the said PRC subsidiaries as at 31 December 2014.

2(d) FRS and INT FRS not yet effective

At the date of authorisation of these financial statements, the following relevant FRS and INT FRS were issued but not yet effective and which the Group has not early adopted:

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
Improvements to FRSs (January 2014)		1 July 2014
- FRS 24	*Related Party Transaction*	
- FRS 108	*Operating Segments*	
FRS 1	*Amendments to FRS 1: Disclosure Initiative*	1 January 2016
FRS 115	*Revenue from Contracts with Customers*	1 January 2017
FRS 109	*Financial Instruments*	1 January 2018

Improvements to FRSs (January 2014) FRS 24 *Related Party Disclosures*

Improvements to FRSs (January 2014) FRS 24 *Related Party Disclosures* clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The improvements to FRSs (January 2014) FRS 24 *Related Party Disclosures* are effective from annual periods beginning on or after 1 July 2014. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Group and the Company when implemented.

2(d) FRS and INT FRS not yet effective (cont'd)

Improvements to FRS (January 2014) FRS 108 *Operating Segments*

The Improvements to FRSs (January 2014) FRS 108 *Operating Segments* clarify that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. In addition, the entity is required to disclose the judgements made by management in applying the aggregation criteria to operating segments. As this is a disclosure standard, it will not have any impact on the Group's financial statements.

Amendments to FRS 1 *Presentation of Financial Statements*

The amendments to FRS 1 *Presentation of Financial Statements* clarify that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Group and the Company when implemented.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 *Revenue from Contracts with Customers* requires the entity to recognize revenue which depict transfer of promised goods or services to customers in an amount that reflects the consideration (payment) to which the entity expects to be entitled in exchange for those goods or services. FRS 115 is effective for annual periods beginning on or after 1 January 2017. Management is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 *Financial Instruments*

FRS 109 *Financial Instruments* replaces FRS 39 and it is a package of improvements introduced by FRS 109 includes a logical model for:

- classification and measurement,
- a single, forward – looking "expected loss" impairment model and
- a substantially reformed approach to hedge accounting

FRS 109 is effective for annual periods beginning on or after 1 January 2018. The adoption of FRS 109 will have an impact on the classification and measurement of financial assets, but no impact on the classification and measurement of financial liabilities.

The directors do not anticipate that the adoption of the above FRSs in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

2(e) Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Consolidation of the subsidiaries in the People's Republic of China ("PRC") is based on the subsidiaries' financial statements prepared in accordance with FRS. Profits reflected in the financial statements prepared in accordance with FRS may differ from those reflected in the PRC statutory financial statements of the subsidiary, prepared for PRC reporting purposes. In accordance with the relevant laws and regulations, profit available for distribution by the PRC subsidiaries are based on the amounts stated in the PRC statutory financial statements.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Change in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs).

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

Consolidation (cont'd)

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Transactions eliminated on consolidation

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only.

Transactions with Non-Controlling Interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the statement of financial position, separately from equity attributable to owners of the Company.

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

Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Company are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in the statement of comprehensive income. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to statement of comprehensive income, as part of the gain or loss on disposal.

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

Conversion of foreign currencies (cont'd)

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "finance cost". Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

<u>Group entities</u>

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

(i) Assets and liabilities are translated at the closing rates at the end of that statement of financial position;
(ii) Income and expenses for each statements presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

In the Company's separate financial statements, shares in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

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

Intangible assets

Intangible assets are accounted for using the cost model. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

<u>Computer software</u>

Costs relating to computer software acquired, which are not an integral part of the related hardware, are capitalised and amortised on a straight-line basis over the estimated useful life of 3 to 5 years.

Land use rights

The land use rights held by the Group are regarded as operating leases. The amounts paid for these rights are treated as prepayments and are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised in the statement of comprehensive income over the lease term of 50 years.

Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold buildings	20 to 30 years
Carpark lots	20 years
Office equipment	5 to 8 years
Furniture and fittings	3 years
Renovations	5 years
Motor vehicles	1 to 8 years

Construction-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

Development properties

Development properties are properties being construed or developed for future sale. Costs capitalised include cost of land and other directly related development expenditure, including borrowing costs incurred in developing the properties.

Capitalisation of borrowing costs ceases on issue of Temporary Occupation Permit. The capitalisation rate is determined by reference to the actual rate payable on borrowings for development property, weighted as applicable.

Development properties are initially stated at cost plus attributable profit less progress billings. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as an asset. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as a liability.

Unsold development properties

Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete development and selling expenses.

Sold development properties

Revenue and cost on development properties that have been sold are recognised using the percentage of completion method. The stage of completion is measured by reference to the development costs incurred to-date to the estimated total costs for the property. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

Completed properties are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

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

Financial assets

Financial assets can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

De-recognition of financial instruments 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. An assessment for impairment is undertaken at least at each reporting date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in the statement of comprehensive income when received, regardless of how the related carrying amount of financial assets is measured. The Group does not hold any financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets.

Loans and receivables include trade and other receivables (excluding advances received and prepayments) and cash and bank balances. They are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in the statement of comprehensive income.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the consolidated statements of cash flows, cash and cash equivalents are presented net of bank overdrafts which are payable on demand and which form an integral part of cash management.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Financial liabilities

Financial liabilities include borrowing and trade and other payables.

Financial liabilities are recognised when the Group and the Company becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance cost" in the statement of comprehensive income. Financial liabilities are derecognised if the Group's and the Company's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process. Financial liabilities are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

Leases

Where the Group and the Company is the lessee,

<u>Operating leases</u>

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in statement of comprehensive income when incurred.

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

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

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

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in statement of comprehensive income, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred income tax arising from a business combination is adjusted against goodwill on acquisition.

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

Employee benefits

Pension obligations

The Group and the Company participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. The contributions to national pension schemes are charged to the statement of comprehensive income in the period to which the contributions relate.

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

Employee benefits (cont'd)

Employee leave entitlements

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

Employee Share Option Scheme

The Company has an employee share option plan for the granting of non-transferable options.

The Group issues equity-settled share options to certain employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant.

Non-market vesting conditions are included in the estimation of the number of shares under option that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under option that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve is credited to the share capital account when new ordinary shares are issued.

In the Company's separate financial statements, the fair value of options granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase in equity over the vesting period.

Remuneration shares

The fair value of shares issued to employees for services to be received over the service period is classified as prepaid remuneration shares at the date of issue of the shares, and recognised as an expense in the statement of comprehensive income when services are rendered by the employees over the service period.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain management executives are considered key management personnel.

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

Related parties

A related party is defined as follows:

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

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company

(b) An entity is related to the Group and the Company if any of the following conditions applies:

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

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

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third party and the other entity is an associate of the third entity.

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

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

Impairment of non-financial assets

The carrying amounts of the Group's and the Company's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

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

Impairment of non-financial assets (cont'd)

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit'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, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the statement of comprehensive income.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss is recognised as income in the statement of comprehensive income.

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Sale of properties

Revenue from sale of properties is recognised when the control and risk and rewards of the properties have been transferred to the buyer, i.e. when the legal title passes to the buyer or when the equitable interest in the property vests in the buyer upon signing of the property handover notice by the buyer, whichever is the earlier. Payments received from buyers prior to this stage are recorded as advances from customers for sales of properties and are classified as current liabilities.

Rental and car park income

Rental and car park income receivable under operating leases are accounted for on a straight-line basis over the lease terms.

Interest income

Interest income is recognised as it accrues in the statement of comprehensive income, using the effective interest method.

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

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees and warrants.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. All operating segments' operating results are reviewed regularly by the Group's directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Additional disclosures on operating segments are shown in Note 24 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

3 Property, plant and equipment

The Group	Leasehold building RMB'000	Car park lots RMB'000	Office equipment RMB'000	Furniture and fittings RMB'000	Renovation RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost							
At 1 January 2013	-	-	198	-	-	-	198
Acquisitions through business combinations (Note 21)	6,287	76,756	237	-	924	721	84,925
Other additions	-	-	137	19	131	-	287
Disposals of subsidiaries	(6,287)	-	(298)	(19)	(1,055)	-	(7,659)
Disposals	-	-	-	-	-	(71)	(71)
At 31 December 2013	**-**	**76,756**	**274**	**-**	**-**	**650**	**77,680**
Additions	**-**	**-**	**15**	**-**	**-**	**287**	**302**
Written off	**-**	**-**	**(121)**	**-**	**-**	**-**	**(121)**
At 31 December 2014	**-**	**76,756**	**168**	**-**	**-**	**937**	**77,861**
Accumulated depreciation/ impairment losses							
At 1 January 2013	-	-	160	-	-	-	160
Depreciation charge for the year (Note 16)	50	979	65	2	217	24	1,337
Disposals of subsidiaries	(50)	-	(39)	(2)	(217)	-	(308)
Disposals	-	-	-	-	-	(6)	(6)
At 31 December 2013	**-**	**979**	**186**	**-**	**-**	**18**	**1,183**
Depreciation charge for the year (Note 16)	**-**	**3,656**	**17**	**-**	**-**	**118**	**3,791**
Impairment losses recognised (Note 16)	**-**	**72,121**	**65**	**-**	**-**	**631**	**72,817**
Written off	**-**	**-**	**(100)**	**-**	**-**	**-**	**(100)**
At 31 December 2014	**-**	**76,756**	**168**	**-**	**-**	**767**	**77,691**
Net carrying amount							
At 31 December 2014	**-**	**-**	**-**	**-**	**-**	**170**	**170**
At 31 December 2013	-	75,777	88	-	-	632	76,497

3 Property, plant and equipment (cont'd)

The Company	Office equipment RMB'000	Motor vehicle RMB'000	Total RMB'000
Cost			
At 1 January 2013	99	-	99
Additions	12	-	12
At 31 December 2013	111	-	111
Additions	**15**	**287**	**302**
Written-off	**(121)**	**-**	**(121)**
At 31 December 2014	**5**	**287**	**292**
Accumulated depreciation			
At 1 January 2013	61	-	61
Depreciation for the year	26	-	26
At 31 December 2013	87	-	87
Depreciation for the year	**18**	**117**	**135**
Written-off	**(100)**	**-**	**(100)**
At 31 December 2014	**5**	**117**	**122**
Net carrying amount			
At 31 December 2014	**-**	**170**	**170**
At 31 December 2013	24	-	24

As at 31 December 2014, management performed an assessment and concluded that the Group no longer has the practical ability to direct the relevant activities of the PRC subsidiaries and on this basis, management made a full impairment loss of RMB 72.8 million on the carrying amount of the property, plant and equipment recorded in the books of the PRC subsidiaries in the consolidated statement of comprehensive income.

As at 31 December 2013, the Group's carrying amount of car park lots amounting to RMB 75.8 million related to the portion of construction costs incurred for the construction of 1,939 car park lots for 小城故事project located at No. 117 Zhujiang Road, Xiaohe District, Guiyang City. The cost of construction was depreciated over a useful life of 20 years following its completion in FY 2007. Based on the legal opinion obtained, the directors are of the opinion that the Group has title over the carpark lots constructed since the costs to construct the car park lots have been incurred and the Group is enjoying the use of the land and accordingly, the risks and rewards of these car park lots have been transferred to the Group.

The motor vehicle was subsequently disposed of in August 2015 for a consideration of RMB 188,000.

4 Intangible assets

The Group and Company	Computer software RMB'000
Cost	
At 31 December 2013 and 1 January 2014	**141**
Written off	**(141)**
At 31 December 2014	**-**
Accumulated amortisation	
At 1 January 2013	117
Amortisation for the year (Note 16)	22
At 31 December 2013	**139**
Amortisation for the year (Note 16)	**2**
Written off	**(141)**
At 31 December 2014	**-**
Net carrying amount	
At 31 December 2014	**-**
At 31 December 2013	2

5 Subsidiaries

The Company	**2014 RMB'000**	2013 RMB'000
Unquoted equity investments, at cost	**22,967**	22,500
Accumulated impairment loss:-		
At 1 January	**-**	-
Impairment losses recognised	**(22,500)**	-
At 31 December	**(22,500)**	-
Unquoted equity investment, net	**467**	22,500

Details of the subsidiaries are:

Name of subsidiaries	**Country of incorporation/ principal place of business**	**Principal activities**	**Effective percentage of equity held by the Company**		**Cost of Investment**	
			2014 %	2013 %	**2014 RMB'000**	2013 RMB'000
Held by the Company						
Futura Asset Holdings Pte. Ltd. ("Futura") @	Singapore	Inactive	**100**	-	**467**	-
Trechance Holdings Limited ("Trechance") @^	Hong Kong	Investment holding	**100**	100	**22,500**	22,500
					22,967	22,500

5 Subsidiaries (cont'd)

Details of the subsidiaries are:

Name of subsidiaries	Country of incorporation/ principal place of business	Principal activities	Effective percentage of equity held by the Company		Cost of Investment	
			2014	2013	**2014**	2013
			%	%	**RMB'000**	RMB'000
Held by Trechance						
Guizhou Cedar Huacheng Investment Management Co., Ltd ("Cedar Hua Cheng") ^	PRC	Investment holdings	**Note 1**	100	++	++
Held by Cedar Hua Cheng						
Guizhou Shengxiang Investment Management Co., Ltd ("Guizhou Shengxiang) ^	PRC	Inactive	**Note 1**	100	++	++
Guiyang Shunhe Real Estate Development Co., Ltd ("Guiyang Shunhe") ^	PRC	Property development	**Note 1**	100	++	++
Guizhou Huamao Assets Operation Management Co., Ltd ("Guizhou Huamao") ^	PRC	Property leasing	**Note 1**	100	++	++

@ *Audited by Foo Kon Tan LLP for FY2014 consolidation purposes*

^ *Audited by Foo Kon Tan LLP for FY2013 consolidation purposes*

++ *Interest held through subsidiaries*

Note 1:

As at 31 December 2014, management performed a 'control' assessment in accordance with FRS 110 - *Consolidated Financial Statements* and concluded that the Group no longer has the practical ability to direct the relevant activities of Guizhou Cedar Hua Cheng, Guizhou Shengxiang, Guiyang Shunhe and Guizhou Huamao and on this basis, these PRC subsidiaries ceased to be subsidiaries of the Company by 31 December 2014. As such, management recorded an impairment loss of RMB 22.5 million in the cost of investment of Trechance, being the investment holding company of the PRC subsidiaries, based on estimated recoverable amount of the subsidiaries. The impairment loss has been recognised in the Company's statement of comprehensive income.

Acquisition of Futura

On 27 October 2014, the Company entered into a conditional Sale and Purchase Agreement with a third party individual - Ms. Yan Qin (the "Vendor") to purchase one ordinary share, representing the entire issued and paid-up share capital of Futura Assets Holdings Pte Ltd for a consideration of S$1. The Vendor subsequently increased the issued and paid up share capital by S$100,000 (equivalent to RMB 467,000) prior to the completion of the acquisition. The acquisition of Futura was completed on 5 December 2014. As at the balance sheet date, the Company owed the Vendor an amount of RMB 467,000, which was reflected as "accrued consideration payable" included under "trade and other payables" as disclosed in Note 13 to the financial statements.

6 Development properties

Completed properties for sale, at cost

The Group	**2014 RMB'000**	2013 RMB'000
At 1 January	**164,625**	-
Acquisition through business combination (Note 21)	**-**	202,552
Units handed over	**(98,907)**	(37,927)
Less: impairment losses on development properties	**(65,718)**	-
	-	164,625

Completed properties for sale are as follows:

Location (Guizhou, PRC)	**Description**	**Existing use**	**Gross floor area (sq. meters)**	**Group's effective interest**
No. 117 Zhujiang Road, Xiaohe District, Guiyang City	Commercial and residential units	Commercial and residential units	465,000	100%

Development properties are capitalised in the accounting records of Guiyang Shunhe and included capitalised interest expense amounting to RMB 44.3 million arising from loans taken out to fund the construction of the 小城故事 project.

As at 31 December 2014, management made full impairment loss on the carrying amount of development properties amounting to RMB 65.7 million in the consolidated statement of comprehensive income, following its assessment that the Group no longer has the practical ability to direct the relevant activities of Guiyang Shunhe.

7 Land for development

The amount related to a payment made to 贵州省国土资源厅贵阳经济技术开发区国土资源分局 amounting to RMB 4.26 million in connection with a piece of land with an area of 1,670.19 square meters located at Zhujiang Road, Xiaohe District. The carrying amount of the land for development is recorded in the accounting records of Guiyang Shunhe. The Group has also paid relocation costs amounting to RMB 1.3 million as disclosed in Note 8 to the financial statements to the affected parties in respect of the same piece of land.

As at 31 December 2014, management recorded full impairment loss on the land held for development amounting to RMB 4.26 million in the consolidated statement of comprehensive income, following its assessment that the Group no longer has the practical ability to direct the relevant activities of Guiyang Shunhe.

8 Trade and other receivables

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current				
Amount due from a subsidiary (Note A)	**-**	-	**189,912**	189,912
Less: Allowance for impairment losses	**-**	-	**(189,912)**	-
	-	-	**-**	189,912
Consideration receivables from TCI (Note A)	**189,912**	189,912	**-**	-
Less: Allowance for impairment losses	**(189,912)**	-	**-**	-
	-	189,912	**-**	-
Consideration receivable from a vendor (Note B)	**-**	2,408	**-**	2,408
	-	192,320	**-**	192,320
Current				
Consideration receivable from a vendor (Note B)	**6,957**	4,816	**6,957**	4,816
Amount due from subsidiaries (non-trade)	**-**	-	**14,988**	9,701
Less: Allowance for impairment losses (Note C)	**-**	-	**(14,988)**	-
	-	-	**-**	9,701
Other receivables, including tax recoverable	**-**	6,218	**-**	-
Deposits placed to purchase land (Note D)	**-**	80,000	**-**	-
Other deposits	**23**	88	**23**	72
Amounts due from JYD (Note E)	**-**	155,180	**-**	-
Loans and receivables	**6,980**	246,302	**6,980**	14,589
Prepayment for relocation costs	**-**	1,316	**-**	-
Prepayments	**348**	507	**348**	508
	7,328	248,125	**7,328**	15,097

Note A:

The Company has previously entered into an Equity Transfer Agreement (the "Agreement") dated 16 August 2012 with Trechance, TCI and JYD where the Company agreed to transfer all its beneficial interests and title in its 51% equity stake in JMD, 100% interest in JRE and its equity interests in XinDe and XinLong (collectively known as the "Disposal Group Held for Sale") to TCI for a consideration of RMB 180 million (the "Consideration"). The divestment was completed in February 2013.

Under the same Agreement, management agreed to utilise the Consideration by (i) extending a loan amounting to RMB 100 million to Trechance for a tenure of 3 years, bearing an interest rate of 10% per annum and (ii) acquiring a 25% economic interest in a piece of land in Kaiyang County ("Land"), Guizhou Province, PRC for a consideration of RMB 80 million.

8 Trade and other receivables (cont'd)

Note A: (cont'd)

The proceeds of the loan shall be used as working capital for Trechance, including for use as funds for development of property units on the Land. The loan was secured by a pledge over the equity stake in Guizhou Quan Cheng Forestry Co., Ltd. and shall represent an equivalent value in land use rights in the PRC of a loan-to-value amount of at least twice the loan principal amount.

On 25 August 2013, the Company entered into a Sale and Purchase Agreement with TCI to acquire the entire issued and paid-up share capital of Trechance for a consideration of RMB 22.5 million, Trechance agreed to repay the Company a sum equivalent to the land purchase price of RMB 80 million by way of a loan due to the Company based on the same terms and conditions of the initial loan of RMB 100 million as mentioned above. The loan extended to the subsidiary, including accrued interest receivable of RMB 9.9 million, totalling RMB 189.9 million, is denominated in RMB. (NB: Trechance was previously a wholly-owned subsidiary of TCI before the acquisition.)

Trechance subsequently entered into a separate back-to-back loan agreement amounting to RMB 180 million with TCI. The loan bears interest of 10% per annum for a period of 3 years. Accordingly, the entire outstanding balance of RMB 189.9 million (including interest thereon) has been reclassified to "consideration receivable from TCI" in the consolidated statement of financial position at the balance sheet date.

As at the balance sheet date, management impaired the entire amount due from TCI (at Group's level) and Trechance (at Company's level) on the basis that there was evidence of significant financial difficulty faced by JYD, the sole shareholder of TCI.

Note B:

As at 31 December 2014, the consideration receivable of RMB 7.0 million (2013: RMB 7.2 million) (equivalent to S$1.5 million) relates to the receivable from New Inspiration. The consideration receivable was novated to New Inspiration from YESS on 31 October 2014 pursuant to a Settlement Agreement. The consideration receivable due from YESS arose from the disposal of the Company's entire interest in YLG and West Themes in FY2013. Under the Settlement Agreement, the vendor of YESS agreed to transfer the entire interest in West Theme to New Inspiration. Following which, New Inspiration will be responsible for disposing of the assets owed by West Theme and the proceeds raised from the disposal will be used to settle the consideration receivable owing to the Company. The Settlement Agreement was not approved by the ex-Board of Directors. As at the balance sheet date, the Company has yet to obtain charges over the assets owned by West Theme from New Inspiration.

Note C:

The amounts due from subsidiaries are unsecured, interest free and repayable on demand. The Company made full impairment provision on the amount due from the subsidiaries based on the reason cited in Note A.

Note D:

As at 31 December 2014, management impaired the entire amount of deposit placed due to certain conditions precedent in the investment cooperation agreement entered between Guizhou Shengxiang and People Government of Kaiyang County (开阳县人民政府) have not been met. In 2013, the Group, through Guizhou Shengxiang, has placed a deposit of RMB 80 million with 开阳县土地储备中心 in respect of the purchase of a piece of land with a gross floor area of 299,700 square meters.

8 Trade and other receivables (cont'd)

Note E:

The amounts due from JYD were unsecured, interest-free and are repayable on demand. As at the balance sheet date, management impaired the entire balance due from JYD on the basis that there was evidence of significant financial difficulty faced by JYD.

The ageing of loans and receivables that were not impaired at the reporting date was:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
No credit terms	**23**	233,286	**23**	9,773
Past due but not impaired				
- Less than 12 months	**6,957**	-	**6,957**	-
- More than 12 months	**-**	8,200	**-**	-
	6,980	241,486	**6,980**	9,773

The change in impairment losses in respect of other receivables during the year is as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**-**	-	**-**	-
Allowance made	**189,912**	-	**204,900**	-
At 31 December	**189,912**	-	**204,900**	-

Trade receivables are non-interest bearing and they are recognised at their original invoiced amounts which represent their fair values on initial recognition. The Group's and the Company's historical experience in the collection of trade receivables fall within the recorded allowances. As a result, management believes no additional credit risk beyond the amounts provided for, is inherent in the Group's and the Company's trade receivables.

9 Cash and cash equivalents

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Fixed deposits	**-**	8,510	**-**	3,083
Cash on hand	**-**	110	**-**	2
Cash at bank	**987**	25,801	**22**	18,919
Cash and bank balances	**987**	25,911	**22**	18,921
	987	34,421	**22**	22,004

10 Share capital

The Company	2014	2013	**2014**	2013
	Number of ordinary shares		**RMB'000**	RMB'000
Issued and fully paid, with no par value				
At beginning of year	**6,689,005,031**	4,707,935,029	**462,913**	407,932
Issue of ordinary shares	**1,277,777,777**	-	**8,442**	-
Issue of consideration shares	**-**	289,000,000	**-**	13,117
Issue of shares from exercise of warrants	**-**	582,500,000	**-**	14,193
Issue of remuneration shares	**-**	50,000,000	**-**	1,689
Rights issue	**-**	1,059,570,002	**-**	25,982
At end of year	**7,966,782,808**	6,689,005,031	**471,355**	462,913

On 12 June 2014, the Company issued an aggregate of 1,277,777,777 new ordinary shares at an issuing price of S$0.0036 per share, amounting to RMB 22.6 million, with 1,277,777,777 free detachable unlisted warrants on the basis of one free warrant for every one share held by the shareholders at an exercise price of S$0.0036. The newly issued shares rank *pari passu* in all respects with the previously issued shares. As a result, RMB 8.44 million was recorded within share capital and another RMB 14.17 million was recorded under "warrant reserve" respectively.

On 15 April 2013, the Company issued 289 million consideration shares to Mr Stanley Lee Kiang Leng, the vendor of YESS, in connection with the acquisitions of West Theme and Yess Le Green Pte. Ltd.

582.5 million ordinary shares amounting to RMB 14.2 million were issued as a result of the exercise of warrants on 25 June 2013 and 2 September 2013 respectively.

On 6 September 2013, the Company issued 50 million new ordinary shares of the Company as "incentive shares" to the Group's Chief Executive Officer in accordance with the service agreement entered.

On 22 November 2013, the Company issued 1,059,570,002 rights shares at an issue price of S$0.005 per Rights share amounting to RMB 26.0 million on the basis of one Rights Share for every two existing ordinary shares held by the shareholders.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets. The ordinary shares have no par value.

11 Reserves

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Capital reduction reserve	**79,151**	79,151	**79,151**	79,151
Statutory common reserve	**-**	971	**-**	-
Share option reserve	**-**	2,587	**-**	2,587
Warrant reserve	**14,167**	-	**14,167**	-
Exchange fluctuation reserve	**26,757**	26,760	**26,760**	26,760
Accumulated losses	**(588,285)**	(338,938)	**(586,640)**	(345,149)
	(468,210)	(229,469)	**(466,562)**	(236,651)

Capital reduction reserve

Capital reduction reserve comprises the reduction in the par value of each ordinary share in the share capital of the Company which was approved by the Court of Singapore and became effective on 9 February 2004.

Statutory common reserve

The statutory common reserve represents the amount transferred from profit after taxation of the subsidiaries incorporated in the PRC in accordance with PRC requirement. The statutory common reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount either in setting off the accumulated losses or increasing capital.

Share option reserve

Share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

Warrant reserve

Warrant reserve relates to the fair value ascribed to warrants issued, net of issue expenses. As and when the warrants are exercised, the related balance in the warrant reserve is transferred to the share capital account. At the expiry of the warrants, the balance in the warrant reserve is transferred to retained earnings. Each warrant carries the right to subscribe for one new ordinary share in the Company at an exercise price of S$0.0036. The warrants will expire on 11 June 2017.

Exchange fluctuation reserve

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

12 Financial liability

On 29 October 2013, the Company issued a 5% bond with a principal amount of S$3.6 million (equivalent to RMB 17.3 million) (the "Bond") due in FY 2015 to TCI in connection with the acquisition of Trechance.

During the financial year, the Bond was fully redeemed using the proceeds from issuance of ordinary shares (Note 21).

13 Trade and other payables

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**-**	68,699	**-**	-
Accrued operating expenses	**2,281**	22,152	**2,237**	2,142
Amounts due to an ex-director	**2,252**	7,930	**254**	-
Accrued consideration payable	**467**	5,163	**467**	5,163
Other payables	**340**	54,795	**236**	1,043
Other tax payables	**-**	19,089	**-**	-
Financial liabilities at amortised cost	**5,340**	177,828	**3,194**	8,348
Deposits placed by customers on purchase of development properties	**-**	265,988	**-**	-
	5,340	443,816	**3,194**	8,348

The amounts due to an ex-director are unsecured, interest-free and repayable on demand, and mainly comprised accrued retrenchment benefits.

14 Revenue

The Group's revenue relate to the income generated from the sale of development properties to external customers.

15 Other income

The Group	**2014**	2013
	RMB'000	RMB'000
Interest income	**3**	9,912
Rental income	**33**	-
Others	**54**	24
	90	9,936

16 Loss before taxation for the year

The Group	Note	**2014** RMB'000	2013 RMB'000
Loss before taxation for the year has been arrived at after charging:			
Amortisation of intangible assets	4	**2**	22
Depreciation of property, plant and equipment	3	**3,791**	1,337
Exchange loss		**827**	706
Loss on disposal of property, plant and equipment		**-**	65
Operating lease expenses		**730**	3,424
Written-off of property, plant and equipment		**21**	-
Impairment losses on property, plant and equipment	3	**72,817**	-
Impairment losses on net current assets of PRC subsidiaries		**15,645**	-
Impairment losses on consideration receivable from TCI	8	**189,912**	-
Impairment losses on other receivables		**6,347**	-
Other non-operating expenses		**284,742**	-
Staff costs:			
Directors of the Company:			
Directors' fees		**1,656**	1,735
Directors' remuneration other than fees			
- salaries and other related costs		**1,961**	2,820
- commission expense		**-**	2,534
- contributions to defined contribution plan		**85**	194
- share options		**-**	1,268
- retrenchment benefits		**1,737**	296
Directors of the subsidiary:			
Directors' remuneration other than fees			
- salaries and other related costs		**1,524**	-
- retrenchment benefits		**505**	-
Key management personnel (other than directors):			
- salaries and other related costs		**2,330**	1,969
- contributions to defined contribution plan		**83**	93
- remuneration shares		**-**	1,689
- share options		**-**	743
- retrenchment benefits		**1,158**	-
Other than directors and key management personnel:			
- salaries and other related costs		**1,070**	2,477
- contributions to defined contribution plan		**98**	272
- share options		**-**	127
- retrenchment benefits		**351**	-
		12,558	16,217

17 Taxation

The Group	2014 RMB'000	2013 RMB'000
Current taxation		
- current year	-	3,238
	-	3,238

The tax expense on the results of the financial period varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on (losses)/profits as a result of the following:

The Group	2014 RMB'000	2013 RMB'000
Loss before taxation from continuing operations	**(252,905)**	(6,958)
Profit before taxation from discontinued operation (Note 18)	-	86,264
Total (loss)/profit before taxation	**(252,905)**	79,306

As at the reporting date, the Company reported RMB 10,169,000 of tax losses to be carried forward (2013 - RMB 10,180,000). The tax losses are subject to agreement by the Inland Revenue Authority of Singapore. Deferred tax assets have not been recognised in respect of the tax losses because there is no reasonable certainty that future taxable profit will be available against which the Company can utilise the benefits.

18 Discontinued operation

In October 2013, the Group sold its entire asset management business in West Themes and Yess Le Green Pte. Ltd. back to the previous vendor.

The Group	2013 RMB'000
Revenue	2,034
Cost of sales	(3,699)
Gross loss	(1,665)
Other income	76
Selling and distribution expenses	(212)
Administrative expenses	(4,858)
Other operating expenses	(9)
Finance costs	(45)
Loss before taxation	(6,713)
Taxation	-
Loss from discontinued operation, net of tax	(6,713)
Gain on sale of discontinued operations, net (Note 21)	92,977
	86,264

18 Discontinued operation (cont'd)

The Group (cont'd)	2013 RMB'000
Attributable to:	
Owners of the Company	86,264
Non-controlling interest	-
	86,264
Basic earnings per share (Fen)	1.61
Diluted earnings per share (Fen)	1.57

The net gain from discontinued operations of RMB 86,264,000 were wholly attributable to the owners of the Company.

The Group	2013 RMB'000
Net cash used in operating activities	(7,350)
Net cash generated from investing activities	30
Net cash used in financing activities	(43,247)
Net cash flows for the period	(50,567)

19 (Loss)/ Earnings per share

19.1 Basic (loss) /earnings per share

The calculation of basic (loss)/earnings per share was based on the loss attributable to ordinary shareholders of RMB 252,905,000 (2013 - Profit of RMB 76,068,000) and a weighted average number of ordinary shares outstanding of 7,399,660,000 (2013 - 5,357,516,000), calculated as follows:

(a) (Loss)/Profit attributable to ordinary shareholders

	Continuing operations RMB'000	Discontinued operation RMB'000	Total RMB'000
The Group			
2014			
Loss attributable to ordinary shareholders	**(252,905)**	**-**	**(252,905)**
Basic loss per share (Fen)	**(3.42)**	**-**	**(3.42)**
2013			
(Loss)/Profit attributable to ordinary shareholders	(10,196)	86,264	76,068
Basic (loss)/profit per share (Fen)	(0.19)	1.61	1.42

19 (Loss)/ Earnings per share (cont'd)

19.1 Basic (loss) /earnings per share (cont'd)

(b) Weighted average number of ordinary shares

The Company	**2014** **'000**	2013 '000
Issued ordinary shares at beginning of year	**6,689,005**	4,707,935
Effect of ordinary shares issued	**710,655**	-
Effect of consideration shares issued	**-**	267,622
Effect of warrants exercised	**-**	249,815
Effect of remuneration shares issued	**-**	16,027
Effect of Rights shares issued	**-**	116,117
	7,399,660	5,357,516

19.2 Diluted (loss)/earnings per share

The calculation of diluted (loss)/ earnings per share was based on the loss attributable to ordinary shareholders of RMB 252,905,000 for the Group (the Group: 2013 – Profit of RMB 76,068,000), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 7,399,660,000 (2013 - 5,484,497,000), calculated as follows:

(a) (Loss)/Profit attributable to ordinary shareholders (diluted)

	Continuing operations RMB'000	Discontinued operation RMB'000	Total RMB'000
The Group			
2014			
Loss attributable to ordinary shareholders	**(252,905)**	**-**	**(252,905)**
Diluted loss per share (Fen)	**(3.42)**	**-**	**(3.42)**
2013			
(Loss)/Profit attributable to ordinary shareholders	(10,196)	86,264	76,068
Diluted (loss)/earnings per share (Fen)	(0.19)	1.57	1.39

(b) Weighted average number of ordinary shares (diluted)

The Company and The Group	**2014** **'000**	2013 '000
Weighted average number of ordinary shares (basic)	**7,399,660**	5,357,516
Effect of share options on issue	**-**	126,981
Weighted average number of ordinary shares (diluted) during the year	**7,399,660**	5,484,497

19 (Loss)/ Earnings per share (cont'd)

19.2 Diluted (loss)/earnings per share (cont'd)

In 2014, the diluted earnings per share was computed based on the basic weighted average number of shares of 7,399,660,000 shares (2013 - 5,484,497,000 shares) as the Group was loss making in 2014 respectively. In 2014, 1,527,777,777 warrants were also excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options and warrants were outstanding.

20 Equity-settled share option expenses transactions

At an Extraordinary General Meeting of the Company held on 21 August 2009, shareholders approved the Cedar Strategic Holdings Ltd. (formerly known as China Titanium Ltd.) Employee Share Option Scheme (previously known as Jade Technologies Holdings Ltd. Employee Share Option Scheme) (the "Scheme"). The Scheme is administered by the Company's Remuneration Committee whose members are all independent directors of the Company. Under the Scheme, the Company may grant options to employees and directors of the Company and its subsidiaries in recognition of their services and contributions to the growth and development of the Group. The Scheme aligns the interest of the participants with those of shareholders so as to motivate them to contribute towards future growth and profitability of the Group and maximisation of shareholder value in the longer term.

The total number of new shares over which options may be granted pursuant to the Scheme, when added to the number of shares issued and issuable under such other share-based incentive plans of the Company, shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of grant.

Options granted to employees who, as of the date of grant, have been in the employment of the Group for a period of twelve months or more, may be exercised one year after the date of grant. Options which are granted to employees who have been in the employment of the Group for less than twelve months as of the date of grant may be exercised two years after the date of grant. Options which are granted to directors may be exercised one year after the date of grant.

Options granted to employees and non-executive directors expire after ten and five years from the date of grant respectively.

Irrespective of an employee's period of employment with the Group as of the date of grant, all options with exercise prices which represent a discount to the market price may be exercised two years after the date of grant.

If a variation in the issued share capital of the Company occurs (whether by way of a capitalisation of profits or reserves or a rights issue or the conversion of convertible loan stock or other debt securities or a reduction, subdivision or consolidation of shares), the subscription price in respect of shares comprised in an option to the extent unexercised, the class and/or number of shares comprised in an option to the extent unexercised or in respect of which additional options may be granted under the Scheme and the maximum entitlement in any financial period shall be adjusted in such a manner as the Remuneration Committee may determine to be appropriate.

20 Equity-settled share option expenses transactions (cont'd)

Details of the share options are as follows:

Weighted average exercise price	Balance at 1.1.2014	Options granted	Options forfeited/ lapsed	Balance at 31.12.2014	Period exercisable	Options exercisable on 31.12.2014
S$0.02	10,000,000	-	(10,000,000)	-	25.5.2012 to 24.5.2015	-
S$0.02	3,000,000	-	(3,000,000)	-	25.5.2012 to 24.5.2020	-
S$0.004	127,000,000	-	(127,000,000)	-	30.8.2013 to 29.8.2022	-
	140,000,000	-	(140,000,000)	-		-

There were no shares issued during the financial years ended 31 December 2014 and 2013 by virtue of the exercise of options to take up unissued shares of the Company.

During the financial year ended 31 December 2014, the amount included on the share option reserve was transferred to retained earnings, following the termination/ resignation of the Company's directors and employees.

Fair value of share options and assumptions

The fair value of services received in return for share options granted in FY2012 are measured by reference to the fair value of share options granted. The fair value of share options is determined using the Black-Scholes valuation model with the assumptions as set out below:

The Company and The Group	2012
Weighted average fair value at measurement date	S$0.00318
Exercise price at date of grant	S$0.004
Expected volatility	159%
Expected option life	10 years
Risk-free interest rate	1.39%
Expected dividend yield	0%

The exercise price at the grant date is based on volume-weighted share price for three consecutive trading days prior to the grant date.

The expected volatility is measured by the standard deviation of 36 months' average intra-day high and low share prices prior to the grant date.

20 Equity-settled share option expenses transactions (cont'd)

The risk-free interest rate is based on the five-year/ten-year zero-coupon Singapore Government Securities bonds with maturity comparable to the life of option.

Expected dividend yield is based on expected dividend payout over the one year volume-weighted average share price prior to the grant date.

There is no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

21 Acquisitions and disposals of subsidiaries

FY2014:

Acquisition of Futura

On 5 December 2014, Group completed the acquisition of the entire issued and paid-up share capital of Futura for a consideration of S$100,001. Futura was incorporated in Singapore and remained inactive as at 31 December 2014.

FY2013:

Acquisition and disposal of West Themes and YLG

On 5 February 2013, Group completed the acquisition of the entire issued and paid-up share capital of West Themes and YLG for a consideration of S$6.3 million. In the 9 months to 31 October 2013, West Themes and YLG contributed revenue of RMB2.03 million (equivalent to S$0.41 million) and a loss before tax of RMB5.1 million (equivalent to S$1.04 million). If the acquisition had occurred on 1 January 2013, management estimated that the revenue for the 10-month period ended 31 October 2013 would have been RMB 2.5 million (equivalent to S$0.52 million) and a loss before tax of RMB5.4 million (equivalent to S$1.1 million). In determining these amounts, management has assumed the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2013.

On 30 November 2013, the Company announced the disposal of the entire equity interests in West Themes and YLG back to Yess Management International Pte. Ltd, a company owned by the Vendor for a consideration of S$2.5 million. The initial upfront payment of S$1 million was set-off against the remaining consideration of S$1 million payable to the Vendor as mentioned in the preceding paragraph. As stipulated in the Sale and Purchase Agreement, the outstanding purchase consideration receivable amounting to RMB 7.2 million (equivalent to S$ 1.5 million) will be received in 2 tranches within the next 18 months (with the first tranche of RMB 4.82 million (equivalent to S$1 million within the next 12 months, i.e. 30 November 2014) and RMB 2.4 million (equivalent to S$0.5 million) by May 2015.

21 Acquisitions and disposals of subsidiaries (cont'd)

FY2013 (cont'd):

Acquisition of Trechance

On 29 October 2013, the Group completed the acquisition of the entire issued and paid-up share capital of Trechance for a consideration of RMB 22.5 million. In the two months to 31 December 2013, Trechance Group contributed revenue of RMB 61.1 million and a profit before tax of RMB 10.4 million. If the acquisition had occurred on 1 January 2013, management estimated that consolidated revenue would have been RMB 299.2 million; and consolidated profit for the financial year ended 31 December 2013 would have been RMB 120.9 million. In determining these amounts, management has assumed the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2013.

In August 2014, the Company and TCI entered into a Second Supplemental Agreement to vary the terms of the consideration payable, such that the Company shall now pay an amount of S$900,039 in cash ("Cash Consideration") to TCI and the redemption of the Bond disclosed in Note 12 instead of issuing 128,576,982 consideration shares to TCI as previously stated in the Sale & Purchase Agreement. Both parties have also agreed to forward the repayment date of the Bond to 29 August 2014 from 29 October 2015.

The following summarised the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Considerations transferred

	West Themes and YLG RMB'000	Trechance Group RMB'000	Total RMB'000
Cash	5,096	-	5,096*
Issuance of 289 million consideration shares issued (Note 10)	13,117	-	13,117
Issue of 5% bond due in FY 2015	-	17,337	17,337
Issue of 5% bond due in FY 2016	8,857	-	8,857
Accrued consideration payable	5,096	5,163	10,259
Total consideration payable	32,166	22,500	54,666
Consideration paid to date	(5,096)	-	(5,096)
Net cash at bank of subsidiaries acquired, net	1,733	20,179	21,912
Cash inflow on acquisitions, net	(3,363)	20,179	16,816

*: Following the disposal of West Themes and YLG back to the same Vendor, the 5% bond with a principal amount of S$2 million (equivalent to RMB8.9 million), due in FY 2016 was also cancelled. In addition, the accrued consideration payables of RMB5.09 million was set-off against the consideration receivable from the Vendor.

Equity instruments issued

The fair value of the ordinary shares issued was based on the listed share price of the Company at 17 April 2013 of S$0.009 per share.

21 Acquisitions and disposals of subsidiaries (cont'd)

Identifiable assets acquired and liabilities assumed for 2013 acquisitions

	2013		
	West Themes and YLG RMB'000	Trechance Group RMB'000	Total RMB'000
Property, plant and equipment	7,455	77,470	84,925
Investment property	4,322	-	4,322
Other long term receivables	-	186,904	186,904
Land for development	-	4,257	4,257
Development properties held for sale	-	202,552	202,552
Trade and other receivables and prepayments	4,975	292,197	297,172
Cash and cash equivalents	1,733	20,179	21,912
Trade and other payables	(1,897)	(412,143)	(414,040)
Deposits placed by customers on purchase of development properties	-	(326,505)	(326,505)
Finance lease liabilities	(66)	-	(66)
Current tax payable	(604)	(22,411)	(23,015)
Deferred tax liabilities	(1,086)	-	(1,086)
Financial liabilities	(203)	-	(203)
Total identifiable net assets	14,629	22,500	37,129

If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amount for provisions, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

Goodwill

Goodwill was recognised as a result of the acquisitions as follows:

	2013		
	West Themes and YLG RMB'000	Trechance Group RMB'000	Total RMB'000
Total consideration transferred	32,166	22,500	54,666
Fair value of identifiable net assets	(14,629)	(22,500)	(37,129)
Goodwill on acquisition	17,537	-	17,537

Acquisition- related costs

In FY2013, the Group incurred acquisition-related costs of RMB 4.23 million related to external legal fees, audit fees and due diligence costs. The professional fees have been included in administrative expenses in the Group's statement of comprehensive income.

21 Acquisitions and disposals of subsidiaries (cont'd)

Disposal of West Themes and YLG and completion of disposal of Disposal Group held for sale

The attributable net assets of subsidiaries disposed of during the year are as follows:-

	2013		
	West Themes and YLG RMB'000	Disposal Group held for sale# RMB'000	Total RMB'000
Non-current assets	11,641	-	11,641
Goodwill on acquisition	17,537	-	17,537
Current assets	3,535	-	3,535
Disposal group classified as held for sale	-	149,287	149,287
Current liabilities	(4,506)	-	(4,506)
Non-current liabilities	(1,094)	-	(1,094)
Liabilities associated with Disposal Group classified as held for sale	-	(54,572)	(54,572)
Non-controlling interests	-	(13,012)	(13,012)
	27,113	81,703	108,816
Cancellation of 5% bond due in FY 2016	(9,473)	-	(9,473)
Gain/(loss) on disposal	(5,320)	98,297	92,977
Total consideration receivable	12,320	180,000	192,320
Less: Set-off upfront payment of S$1 million against initial purchase consideration on date of acquisition	(5,096)	-	(5,096)
Less: Consideration receivables	(7,224)	(180,000)	(187,224)
Net cash at bank of subsidiaries disposed of	(496)	(105)	(601)
Cash outflow on disposals of subsidiaries	(496)	(105)	(601)

#: Disposal group held for sale related to the Company's equity interest in JMD, JRE, XinDe and XinLong and the disposal was completed in February 2013.

22 Significant related party transactions

During the year, in addition to the related party information disclosed elsewhere in the financial statements, the Company entered into the following transactions with related parties:

	The Group 2014 RMB'000	The Group 2013 RMB'000
Advances from an ex-director	**171**	5,428
Payment on behalf of an ex-director	**(7,124)**	-
Loans repaid to an ex-director	**(415)**	-
Commission paid to an ex-director	**-**	2,534
Advisory fee paid to an ex-key management personnel and an ex-director	**348**	-

23 Commitments

23.1 Capital commitment

The Group	**2014**	2013
	RMB'000	RMB'000
Capital expenditure contracted but not provided for in the financial statements	**118,000**	118,000

Based on the supplementary agreement entered between Guizhou Shengxiang and 贵州省贵阳市开阳县人民政府 (the "Authority") dated 24 November 2011, Guizhou Shengxiang is required to pay RMB 118 million to the Authority based on RMB 100,000 per acre for the development of the land. The project comprises the construction of 低碳木业园 project and 旅游地产和生态风情园, covering an area of 450 acres and 750 acres of land respectively. Based on the agreement, the Authority will refund the income tax collected from Guizhou Shengxiang for the first 3 years and 50% of the tax collected in the subsequent two years.

23.2 Operating lease commitments (non-cancellable)

At the end of the reporting period, the Group and the Company were committed to making the following payments in respect of non-cancellable operating leases of office premises with an original term of more than one year:

	The Group		**The Company**	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Not later than one year	**52**	283	**52**	204
Later than one year and not later than five years	**45**	60	**45**	60
	97	343	**97**	264

The leases on the Company's office premises on which rentals are payable will expire on 31 March 2015.

24 Operating segments

For management purposes, the Group is organised into business segments as the Group's risks and rates of return are affected predominantly by differences in the products produced. The operating businesses are organised and managed separately according to the nature of the products produced, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's business is organised into four business segments, namely:-

(i) Property development - relates to the development of properties for sale in the People's Republic of China

(ii) Asset management - relates to the asset management business in Singapore, classified as disposal group held-for-sale

24 Operating segments (cont'd)

(iii) Trading - relates to the trading, marketing and distribution of titanium dioxide related products, classified as disposal group held-for-sale

(iv) Corporate - comprises Corporate Office which incurs general corporate expenses and inactive entities in the Group

The Group accounts for inter-segment transactions on terms agreed between parties. Inter-segment transactions comprising advances between segments are eliminated on consolidation.

Segment revenue and expenses:

Segment revenue and expenses are the operating revenue and expenses reported in the consolidated statement of comprehensive income that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities:

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Capital expenditure includes the total cost incurred to acquire plant and equipment directly attributable to a segment.

The management monitors the operating results of the operating segments for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operates with these industries. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily in the Company's headquarters), head office expenses, and tax assets and liabilities.

Geographically, the non-current assets and operations of the Group are primarily located in the PRC.

There is no revenue from transactions with a single external customer that amounts to 10 per cent or more of the Group's revenues.

24 Operating segments (cont'd)

	Property development		Trading and asset management (Discontinued)		Corporate		Eliminations		Total	
	Group 2014 RMB'000	Group 2013 RMB'000	**Group 2014 RMB'000**	Group 2013 RMB'000	**Group 2014 RMB'000**	Group 2013 RMB'000	**Group 2014 RMB'000**	Group 2013 RMB'000	**Group 2014 RMB'000**	Group 2013 RMB'000
Segment revenue	**170,669**	61,133	**-**	-	**-**	-	**-**	-	**170,669**	61,133
Results										
Segment (loss)/profit	**55,143**	12,952	**-**	86,264	**(308,138)**	(29,846)	**-**	-	**(252,995)**	69,370
Other income	**-**	-	**-**	-	**90**	9,936	**-**	-	**90**	9,936
(Loss)/ profit before taxation	**55,143**	12,952	**-**	86,264	**(308,048)**	(19,910)	**-**	-	**(252,905)**	79,306
Taxation	**-**	(3,238)	**-**	-	**-**	-	**-**	-	**-**	(3,238)
(Loss)/profit for the period	**55,143**	9,714	**-**	86,264	**(308,048)**	(19,910)	**-**	-	**(252,905)**	76,068
Attributable to:										
Owners of the Company	**55,143**	9,714	**-**	86,264	**(308,048)**	(19,910)	**-**	-	**(252,905)**	76,068
Non-controlling interests	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
	55,143	9,714	**-**	86,264	**(308,048)**	(19,910)	**-**	-	**(252,905)**	76,068
Assets and liabilities										
Segment assets	**-**	490,401	**-**	-	**8,485**	229,846	**-**	-	**8,485**	720,247
Segment liabilities	**-**	398,214	**-**	-	**5,340**	88,589	**-**	-	**5,340**	486,803

24 Operating segments (cont'd)

	Property development		Trading and asset management (Discontinued)		Corporate		Eliminations		Total	
	Group 2014 RMB'000	Group 2013 RMB'000	**Group 2014 RMB'000**	Group 2013 RMB'000	**Group 2014 RMB'000**	Group 2013 RMB'000	**Group 2014 RMB'000**	Group 2013 RMB'000	**Group 2014 RMB'000**	Group 2013 RMB'000
Capital expenditure and significant non-cash items										
Amortisation of intangible assets	**-**	-	**-**	-	**2**	22	**-**	-	**2**	22
Capital expenditure										
- plant and equipment	**-**	287	**-**	-	**302**	-	**-**	-	**302**	287
Depreciation of property, plant and equipment	**3,656**	977	**-**	360	**135**	-	**-**	-	**3,791**	1,337
Impairment of property, plant and equipment	**72,601**	-	**-**	-	**216**	-		-	**72,817**	-
Written-off of property, plant and equipment	**-**	-	**-**	-	**21**	-	**-**	-	**21**	-
Impairment losses on net current assets of PRC subsidiaries	**7,553**	-	**8,092**	-	**-**	-	**-**	-	**15,645**	-
Impairment losses on consideration receivables from vendor	**-**	-	**-**	-	**189,912**	-	**-**	-	**189,912**	-
Impairment losses on other receivables	**-**	-	**-**	-	**6,347**				**6,347**	-
Gain on disposal of subsidiaries	**-**	-	**-**	(92,977)	**-**	-	**-**	-	**-**	(92,977)
Loss on disposal of plant and equipment	**-**	-	**-**	65	**-**	-	**-**	-	**-**	65
Operating lease expenses	**-**	-	**-**	2,823	**730**	601	**-**	-	**730**	3,424
Value of employee services received for grant of:										
- remuneration shares	**-**	-	**-**	-	**-**	1,689	**-**	-	**-**	1,689
- share options	**-**	-	**-**	-	**-**	2,138	**-**	-	**-**	2,138

25 Financial risk management objectives and policies

The Company and the Group have documented financial risk management policies. These policies set out the Company's and the Group's overall business strategies and its risk management philosophy. The Company and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance.

Risk management is carried out by the Finance Division under policies approved by the Board of Directors. The Finance Division identifies, evaluates and hedges financial risks in close co-operation with the Company's and the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instrument and investing excess liquidity.

There has been no change to the Group's exposure to financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis indicated below.

The Company and the Group do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

It is, and has been throughout the years under review, the Company's and the Group's policy that no trading in derivative financial instruments shall be undertaken.

The Company's and the Group's principal financial instruments comprise short term loans and cash and short term deposits. The main purpose of these financial instruments is to provide funds for the Company's and Group's operations. The Company and Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Company's and Group's financial instruments are interest rate risks (both fair value and cash flow), liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

25.1 Credit risk

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Company and Group. The Company's and Group's exposure to credit risk arises primarily from trade and other receivables.

The Company's and Group's objective is to seek continual growth while minimising losses arising from credit risk exposure.

The Company and Group closely monitor and avoid any significant concentration of credit risk on any of its development properties sold. In addition, receivable balances and payment profile of the debtors are monitored on an on-going basis with the result that the Company's and Group's exposure to bad debts is not significant. For other financial assets, the Company and Group adopts the policy of dealing only with high credit quality counterparties.

25 Financial risk management objectives and policies (cont'd)

25.1 Credit risk (cont'd)

The Company and Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Company and Group are satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At the reporting date the significant concentration of credit risk came from the consideration receivable from New Inspiration.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

25.2 Liquidity risk

Liquidity risk is the risk that the Company or the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company and the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company and the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Company's and Group's financial liabilities comprising trade and other payables and borrowings with contractual undiscounted cash flows. Nevertheless, the Company and Group ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Group maintains sufficient level of cash and bank balances and has available adequate amount of committed credit facilities from financial institutions to meet its working capital requirements. The Group also relies on short term fundings from the related parties and directors.

The government of the PRC imposes control over foreign currencies. Renminbi, the official currency in PRC, is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions.

Exchanges of Renminbi for foreign currency must be arranged through the People's Bank of China or other authorised financial institutions. Approval for exchanges at the People's Bank of China or other authorised financial institutions is granted to enterprises in the PRC for valid reasons such as purchase of imported materials and remittance of earnings. While conversion of Renminbi into foreign currencies can generally be effected at the People's Bank of China or other authorised financial institutions, there is no guarantee that it can be effected at all times.

The viability of the Group and the Company's operations to a large extent is highly dependent on the receipt of the remaining consideration receivable due from New Inspiration. The Company managed to secure fresh proceeds of S$2.09 million from two unrelated and independent investors in July 2015. These two investors subsequently were appointed as directors of the Company.

The Group's liquidity risk management policy is to maintain sufficient liquid financial assets. In particular, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

25 Financial risk management objectives and policies (cont'd)

25.2 Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Carrying amount RMB'000	Contractual cash flows RMB'000	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000
The Group					
2014					
Financial liabilities:					
Trade and other payables	**(5,340)**	**(5,340)**	**(5,340)**	**-**	**-**
Total undiscounted financial liabilities	**(5,340)**	**(5,340)**	**(5,340)**	**-**	**-**
2013					
Financial liabilities:					
Trade and other payables	(443,816)	(443,816)	(443,816)	-	-
Financial liabilities (Non-current)	(17,337)	(18,926)	(867)	(18,059)	-
Total undiscounted financial liabilities	(461,153)	(462,742)	(444,683)	(18,059)	-

	Carrying amount RMB'000	Contractual cash flows RMB'000	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000
The Company					
2014					
Financial liabilities:					
Trade and other payables	**(3,194)**	**(3,194)**	**(3,194)**	**-**	**-**
Total undiscounted financial liabilities	**(3,194)**	**(3,194)**	**(3,194)**	**-**	**-**
2013					
Financial liabilities:					
Trade and other payables	(8,348)	(8,348)	(8,348)	-	-
Financial liabilities (Non-current)	(17,337)	(18,926)	(867)	(18,059)	-
Total undiscounted financial liabilities	(25,685)	(27,274)	(9,215)	(18,059)	-

25.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's and Group's financial instruments will fluctuate because of changes in market interest rates.

The Company's and Group's exposure to interest rate risk arises primarily from its bank balances at floating rates which are contractually repriced at intervals of less than 6 months (2013: less than 6 months) from the end of the reporting period. Fixed deposits bear interest at fixed rates. All other financial assets and liabilities are interest-free. Therefore, impact from changes in interest rates is minimal.

The Company's and Group's policy is to obtain the most favourable interest rates available without increasing its interest rate exposure.

25 Financial risk management objectives and policies (cont'd)

25.4 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company and Group have transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of group entities, namely Renminbi and Singapore dollar. The foreign currencies in which these transactions are denominated are primarily Singapore dollar and United States dollar. The Company's and Group's receivable and payable balances at the end of the reporting period have similar exposures.

The Company and Group also hold cash and cash equivalents denominated in Singapore dollar and United States dollar for working capital purposes.

Consequently, the Company and Group are exposed to movements in foreign currency exchange rates. However, the Company and Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

The Company's and Group's exposures in financial instruments to the various foreign currencies are mainly as follows:

	Hong Kong dollar RMB'000	Singapore dollar RMB'000	United States dollar RMB'000
The Group			
2014			
Trade and other receivables (Note 8)	**-**	**7,328**	**-**
Cash and cash equivalents (Note 9)	**-**	**967**	**21**
Trade and other payables (Note13)	**(1,774)**	**(3,341)**	**-**
Net exposure	**(1,774)**	**4,954**	**21**
2013			
Trade and other receivables (Note 8)	7	12,214	105
Cash and cash equivalents (Note 9)	5,428	21,974	30
Trade and other payables (Note13)	(5,437)	(10,771)	-
Net exposure	(2)	23,417	135

25 Financial risk management objectives and policies (cont'd)

25.4 Foreign currency risk (cont'd)

	Hong Kong dollar RMB'000	Singapore dollar RMB'000	United States dollar RMB'000
The Company			
2014			
Trade and other receivables (Note 8)	-	**7,328**	**-**
Cash and cash equivalents (Note 9)	-	**22**	**-**
Trade and other payables (Note 13)	-	**(3,194)**	**-**
Net exposure	-	**4,156**	**-**
2013			
Trade and other receivables (Note 8)	-	15,097	-
Cash and cash equivalents (Note 9)	-	21,974	30
Trade and other payables (Note 13)	-	(8,123)	-
Net exposure	-	28,948	30

Currently, the PRC government imposes control over foreign currencies. RMB, the official currency in China, is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions.

Exchanges of RMB for foreign currency must be arranged through the People's Bank of China or other authorised financial institutions. Approval for exchanges at the People's Bank of China or other authorised financial institutions is granted to enterprises in the PRC for valid reasons such as purchase of imported materials and remittance of earnings. While conversion of RMB into foreign currencies can generally be effected at the People's Bank of China or other authorised financial institutions, there is no guarantee that it can be effected at all times.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Singapore dollar (SGD) and United States dollar (USD) exchange rates (against Renminbi), with all other variables held constant, of the Group's and the Company's profit net of tax and equity.

The Group		**2014 RMB'000**	2013 RMB'000
SGD	- strengthened 5% (2013 - 5%)	**248**	1,171
	- weakened 5% (2013 - 5%)	**(248)**	(1,171)
USD	- strengthened 5% (2013 - 5%)	**1**	7
	- weakened 5% (2013 - 5%)	**(1)**	(7)
HKD	- strengthened 5% (2013 - 5%)	**(89)**	-
	- weakened 5% (2013 - 5%)	**89**	-

25 Financial risk management objectives and policies (cont'd)

25.4 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk (cont'd)

The Company		2014 RMB'000	2013 RMB'000
SGD	- strengthened 5% (2013 - 5%)	**208**	1,447
	- weakened 5% (2013 - 5%)	**(208)**	(1,447)
USD	- strengthened 5% (2013 - 5%)	**-**	2
	- weakened 5% (2013 - 5%)	**-**	(2)

25.5 Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group does not hold any quoted or marketable financial instruments, hence, is not exposed to any movement in market prices.

26 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern;

(b) To support the Group's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

There were no changes in the Group's approach to capital management during the financial period.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

27 Financial instruments of financial instruments

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

27 Financial instruments of financial instruments (cont'd)

Accounting classifications and fair values

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

(a) Level 1: those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: those derived from 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

(c) Level 3: those derived from valuation technique that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurement of financial instruments

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowings) or those which reprice regularly approximate their fair values because of the short period to maturity or repricing.

28 Reclassification

The following reclassification was made to the consolidated statement of financial position as at 31 December 2013:

	As reported 2013 RMB'000	Reclassification 2013 RMB'000	As restated 2013 RMB'000
Statement of financial position			
Non-Current Liability			
Financial liability	-	17,337[#]	17,337
Current Liabilities			
Financial liability	17,337	(17,337)[#]	-

[#] The current management has rectified certain wrong classification of a financial liability that was due 12 months after the balance sheet date from "current portion" to "non-current portion" amounting to RMB 17.3 million in the statements of financial position.

29 Events occurring after the reporting period

Share Subscription Agreements

The Company has entered into share subscription agreements dated 3 July 2015 (the "Share Subscription Agreements") with two investors, namely Zhu Xiaolin and Tao Xucheng respectively (the "Placement Subscribers"), pursuant to which the Placement Subscribers have agreed to subscribe for of 500,000,000 new ordinary shares and 450,000,000 new ordinary shares respectively (the "Subscription Shares") at a price of S$0.0026 for each Subscription Share. As at the date of the report, the proceeds have not been received.

Investment Agreements

On 3 July 2015, the Company has entered into investment agreements (the "Investment Agreements") with Teo Cheng Kwee ("TCK") and Wong Pak Him Patrick ("WPHP") respectively, pursuant to which TCK and WPHP has agreed to invest S$1,100,000 and S$990,000 in the Company respectively (collectively, the "Investment Amount"). It is intended that the Company shall repay the Investment Amount by issuing and allotting an aggregate of 500,000,000 new ordinary shares and 450,000,000 new ordinary shares respectively at a price of S$0.0022 for each Investment Share, subject to the approval of the shareholders of the Company.

On 10 July 2015, the Company announced that the Company has received from TCK and WPHP the aggregate sum of S$2,090,000, being the total investment amount under the Investment Agreements.

Incorporation of new subsidiary and acquisition of Daya Bay Project

On 23 September 2015, the Company incorporated a new subsidiary in Singapore, Cedar Properties Pte. Ltd. ("CPPL") with an issued share capital of S$1.00 vested in 1 ordinary share. Subsequently, on 28 September 2015, CPPL has entered into a conditional sale and purchase agreement (the "SPA") with Shenzhen Tong Ze Industrial Co., Limited (深圳市通泽实业有限公司) (the "Vendor"), pursuant to which the Company has agreed to purchase 60% of the registered capital of the Huizhou Daya Bay Mei Tai Cheng Property Development Co., Ltd. (惠州大亚湾美泰诚房地产开发有限公司) ("Daya Bay Project") for an aggregate consideration of RMB 48 million, on the terms and subject to the conditions of the SPA. The acquisition was completed on 4 November 2015.

Interested person transactions carried out during the financial year pursuant to the shareholders' mandate obtained under Chapter 9 of the Listing Manual Section B : Rules of Catalist issued by the Singapore Exchange Securities Limited ("SGX-ST") by the Group as follows:

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
In Nany Sing Charlie (Dr) Payment on behalf of a director [1]	(1,696)	-	-	-

Note 1: This relates to payment on behalf of a Director, Dr In Nany Sing Charlie, who resigned on 26 June 2015. During the year, there were repayment of loans of RMB 5.4 million made to him. During FY2014, the Group recorded retrenchment benefits, bonus and other salary related costs amounting to approximately RMB 4.4 million paid/payable to its ex-Executive Directors and ex-key management personnel of the Company and its subsidiary in the Group's statement of comprehensive income. We were unable to obtain sufficient evidence to determine that such retrenchment benefits, bonus and other salary related costs have been appropriately approved and are currently seeking legal advice on some of the transactions.

STATISTICS OF **SHAREHOLDINGS**

As at 11 November 2015

Issued share capital	:	S$87,819,611.408
No. of issued and fully paid-up shares	:	7,966,782,808
Class of shares	:	Ordinary share

Voting rights attached to shares

On show of hands	:	One vote per shareholder
On poll	:	One vote per share
Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	187	2.29	2,367	0.00
100 - 1,000	214	2.62	152,519	0.00
1,001 - 10,000	695	8.52	5,031,475	0.06
10,001 - 1,000,000	6,054	74.19	1,519,389,768	19.07
1,000,001 and above	1,010	12.38	6,442,206,679	80.87
Total	8,160	100.00	7,966,782,808	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Maybank Kim Eng Securities Pte Ltd	783,385,510	9.83
2	RHB Securities Singapore Pte Ltd	508,975,750	6.39
3	Jadeite Capital	500,000,000	6.28
4	Christopher Chong Meng Tak	277,777,777	3.49
5	DBS Nominees Pte Ltd	106,219,864	1.33
6	Zhao Yanshi	98,963,000	1.24
7	United Overseas Bank Nominees Pte Ltd	97,542,116	1.22
8	Phillip Securities Pte Ltd	85,221,213	1.07
9	UOB Kay Hian Pte Ltd	76,276,506	0.96
10	Teo Ee Seng	62,500,000	0.79
11	Samuel Ng Chee Yong (Samuel Wu Zhiyiong)	57,465,000	0.72
12	Xia Zheng	53,659,500	0.67
13	Wong Han Yew	52,437,000	0.66
14	Raffles Nominees (Pte) Ltd	45,434,900	0.57
15	OCBC Securities Private Ltd	43,292,791	0.54
16	OCBC Nominees Singapore Pte Ltd	42,998,519	0.54
17	Ong Boon Kheng	42,406,875	0.53
18	Chua Yew Chong	39,900,000	0.50
19	Hon Che Cheng	33,036,666	0.42
20	Ho Yeng Pew	31,000,000	0.39
	Total:	3,038,492,987	38.14

STATISTICS OF **SHAREHOLDINGS**

As at 11 November 2015

Substantial Shareholders
(as shown in the Company's register of Substantial Shareholders)

Name	Number of Shares Held as Direct	%	Number of Shares Held as Deemed	%
Jadeite Capital	500,000,000	6.28	-	-
Sinowealth Capital Limited	-	-	500,000,000	6.28

Sinowealth Capital Limited hold 500,000,000 shares (6.28%) through its nominee RHB Securities Singapore Pte Ltd.

Public Shareholdings

Based on the information available to the Company as at 11 November 2015, approximately 83.96% of the Company's issued ordinary shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B : Rules of Catalist issued by SGX-ST.

NOTICE OF **ANNUAL GENERAL MEETING**

CEDAR STRATEGIC HOLDINGS LTD.

(Co Registration No: 198003839Z)

To All Shareholders

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders ("**Shareholders**") of **CEDAR STRATEGIC HOLDINGS LTD.** (the "**Company**") will be held at 55 Market Street #09-02, Singapore 048941 on Tuesday, 15 December 2015 at 9.00 a.m. to transact the following businesses:

Ordinary Business

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2014 and the Auditors' Report thereon. **Resolution 1**

2. (a) To re-elect Mr Christopher Chong Meng Tak as Director, who shall retire pursuant to Article 94 of the Company's Articles of Association. **Resolution 2a**

   (b) To re-elect Mr Teo Cheng Kwee as Director, who shall retire pursuant to Article 94 of the Company's Articles of Association. **Resolution 2b**

   (c) To re-elect Mr Peter Tan as Director, who shall retire pursuant to Article 94 of the Company's Articles of Association. **Resolution 2c**

   (d) To re-elect Mr Wong Pak Him Patrick as Director, who shall retire pursuant to Article 94 of the Company's Articles of Association. **Resolution 2d**

   (e) To re-elect Mr Tan Thiam Hee as Director, who shall retire pursuant to Article 94 of the Company's Articles of Association. **Resolution 2e**

{See Explanatory Note (1)}

3. To approve the payment of the proposed directors' fees of up to S$300,000 to be paid quarterly in arrears for the financial year ending 31 December 2016. **Resolution 3**

4. To re-appoint Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix its remuneration. **Resolution 4**

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

Special Business

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

6. **Authority to issue shares in the capital of the Company pursuant to Rule 806 of the Listing Manual – Section B: Rule of Catalist of the Singapore Exchange Securities Trading Limited ('SGX-ST")**

   That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B : Rules of Catalist (the "**Catalist Rules**"), authority be and is hereby given to the Directors to:

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

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

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

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

provided that:

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

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

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

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

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

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

(4) unless revoked or varied by the Company in a general meeting, such authority 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.

{See Explanatory Note (2)} **Resolution 5**

7. **Mandate to Directors to issue Shares under CSH Employee Share Option Scheme**

That approval be and is hereby given to the Directors to offer and grant options over ordinary shares in the Company in accordance with the provisions of the CSH Employee Share Option Scheme (the "**Scheme**"); and pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such number of shares in the capital of the Company (the "**Scheme Shares**") as may be required to be issued pursuant to the exercise of the options that may be granted under the Scheme provided always that the aggregate number of the Scheme Shares (excluding treasury shares) available under the Scheme shall not exceed 15% of the total issued share capital of the Company from time to time, as determined in accordance with the provisions of the Scheme.

{See Explanatory Note (3)} **Resolution 6**

By Order of the Board

Ong Beng Hong
Joint Secretaries
Singapore
30 November 2015

Explanatory Notes

(1) Ordinary Resolutions 2 (a) to 2 (e) - To re-elect Mr Christopher Chong Meng Tak, Mr Teo Cheng Kwee, Mr Peter Tan, Mr Wong Pak Him Patrick, and Mr Tan Thiam Hee as Directors, who shall retire pursuant to Article 94 of the Articles of Association of the Company

If re-elected, Mr Christopher Chong Meng Tak will remain as the Non-Executive Chairman of the Company and a member of each of the Audit Committee, Nominating & Corporate Governance Committee, and Remuneration Committee.

If re-elected, Mr Teo Cheng Kwee will remain as a Non-Executive Director of the Company.

If re-elected, Mr Peter Tan will remain as an Independent Director of the Company, Chairman of each of the Nominating & Corporate Governance Committee and Remuneration Committee, and a member of the Audit Committee.

If re-elected, Mr Wong Pak Him Patrick will remain as an Independent Director of the Company.

If re-elected, Mr Tan Thiam Hee will remain as an Independent Director of the Company, Chairman of the Audit Committee and a member of each of the Nominating & Corporate Governance Committee and Remuneration Committee.

(2) Ordinary Resolution 5 – Authority to issue shares in the capital of the Company pursuant to Rule 806 of the Listing Manual – Section B: Rule of Catalist of the Singapore Exchange Securities Trading Limited ('SGX-ST")

The Ordinary Resolution 5 proposed in item 6 above, if passed, will authorise the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

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

(3) Ordinary Resolution 6 – Mandate to Directors to issue Shares under CSH Employee Share Option Scheme

Ordinary Resolution 6 proposed in item 7 above is to allow the Directors to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme provided that the aggregate number of shares to be issued under the Scheme, when aggregated with shares to be issued under any other existing share schemes of the Company does not exceed 15% of the total number of shares issued by the Company, excluding treasury shares, if any, from time to time. The Scheme was first approved by the Shareholders at the Extraordinary General Meeting held on 21 August 2009 and subsequently renewed by the Shareholders at the Annual General Meetings held on 28 January 2010, 28 January 2011, 12 January 2012 and 10 April 2013. Details of the Scheme may also be found in the Circular to Shareholders dated 29 July 2009.

Notes:

(1) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(2) If a proxy is to be appointed, the form must be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00, ASO Building, Singapore 048544, not less than 48 hours before the meeting.

(3) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

(4) In the case of joint shareholders, all holders must sign the form of proxy.

This notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of Singapore Exchange Securities Trading Limited (the SGX-ST). The Company's Sponsor has not independently verified the contents of this notice.

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Company's Sponsor is Mr Ng Joo Khin
(Tel: 6389 3000 Email: jookhin.ng@morganlewis.com).

PROXY FORM

CEDAR STRATEGIC HOLDINGS LTD.

Company Registration Number: 198003839Z
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy ordinary shares in the capital of Cedar Strategic Holdings Ltd., this Annual Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is therefore, not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their request through their respective CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We ____

of ____

being a member/members of Cedar Strategic Holdings Ltd. (the "**Company**") hereby appoint Mr/Mrs/Ms

Name	Address	NRIC/Passport Number	Proportion of Shareholding (%)
and/or (delete as appropriate)			

or failing him/her, the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll at the AGM of the Company to be held at **55 Market Street #09-02, Singapore 048941** on **Tuesday, 15 December 2015** at **9.00 a.m.** I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	**Resolutions Relating To:**	**For**	**Against**	**Abstain***
	Ordinary Business			
1.	To adopt the Directors' Report, Audited Financial Statements and Auditors' Report			
2a.	To re-elect Mr Christopher Chong Meng Tak as Director			
2b.	To re-elect Mr Teo Cheng Kwee as Director			
2c.	To re-elect Mr Peter Tan as Director			
2d.	To re-elect Mr Wong Pak Him Patrick as Director			
2e.	To re-elect Mr Tan Thiam Hee as Director			
3.	To approve Directors' Fees to be paid quarterly in arrears for the year ending 31 December 2016.			
4.	To re-appoint Foo Kon Tan LLP as Auditors of the Company			
	Special Business			
5.	To authorise the Directors to issue shares pursuant to Rule 806 of the Listing Manual			
6.	To authorise the Directors to issue shares pursuant to the CSH Employee Share Option Scheme			

* Please indicate your vote "For" or "Against" or Abstain" with a "X" in the appropriate box provided.

Dated this ____________ day of ________________ 2015.

Register	Number of Shares Held
1) CDP Register	
2) Register of Members	

____

Signature of Shareholder(s) or Common Seal

Important: Please read notes overleaf

Fold Here

Affix
Stamp

Office of the Share Registrar
Cedar Strategic Holdings Ltd.
B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

Fold Here

Notes:

1. Please insert the total number of shares registered in your name. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If the number of shares is not inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy/proxies must be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00, ASO Building, Singapore 048544 not less than 48 hours before the time set for the Annual General Meeting or any postponement or adjournment thereof.
5. The instrument appointing a proxy/proxies shall be in writing under the hand of the appointor or of his attorney, or if such appointor is a corporation, under its common seal or under the hand of its officer or attorney, duly authorised in writing.
6. A corporation, which is a member, may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

General

The Company shall be entitled to reject the instrument appointing a proxy/proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy/proxies. In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy/proxies if such members are not shown to have Shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Cedar Strategic Holdings Ltd.

80 Raffles Place
#26-05 UOB Plaza 1
Singapore 048624
Tel: (65) 6532 0933
Fax: (65) 6733 3458
Email: info@cedarstrategic.com
www.cedarstrategic.com

Designed & Produced by
+65 6880 2828 Xpress®