China Great Land Holdings Ltd.
華地控股

RISING TO NEW CHALLENGES

ANNUAL REPORT 2016

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS
Li Zhangjiang De Malca
(Executive Chairman and Managing Director)
(Resigned on 28 December 2016)

Xing Fei (Executive Chairman)
(Appointed on 28 December 2016)

Ong Peng Kwang Jemme
(Deputy Executive Chairman and Chief Executive Officer)
(Appointed on 6 January 2017)

Toh Hai Joo (Lead Independent Director)

Tan Huay Pin (Independent Director)

Li Baogang (Independent Director)

Leo Hee Shong (Independent Director)
(Appointed on 17 February 2017)

COMPANY SECRETARIES
Xie XingBei, Pearlyn
Lee Wei Hsiung

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1 Robinson Road
#17-00 AIA Tower
Singapore 048542
Tel: +65 6535 1944
Fax: +65 6535 8577

SHARE REGISTRAR
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Singapore 068902

SOLICITORS
Shook Lin & Bok
1 Robinson Road #18-00 AIA Tower
Singapore 048542

AUDITORS
RT LLP
Public Accountants and Chartered Accountants
1 Raffles Places
#17-02 One Raffles Place
Singapore 048616

Partner-In-Charge:
Su Chun Keat
Appointed w.e.f financial year ended 31 December 2016

PRINCIPAL BANKER
United Overseas Bank
80 Raffles Place, UOB Plaza
Singapore 048624

CHAIRMAN'S STATEMENT

"Our future plan is to be an investment holding company with multiple business revenue pillars to tap on the huge consumer base in China and engage in industries that are relevant to China's economic growth."

Dear Shareholders,

The financial results for the year ended 31 December 2016 ("FY2016") posted a gain from the disposal of the Group's subsidiary in Hainan (Hainan Pearl River Pile Co., Ltd) but also registered a loss in operations because the Group's Haikou subsidiary (Hainan Pearl River Foundation Engineering Co., Ltd ("HPRFE")) is encountering difficulties in securing contracts due to the lack of leverage from manufacturing units and the downturn in the construction industry in China. The results also reflect the company's poor financial health and the company's ability to function as a going concern remain an issue.

My mission is to build the business fundamentals of the company. I have started the process by installing a new key management team with relevant experience to address the current situation in the company, implement sound management policies and to build the businesses and revenue pillars. We have conceived a plan for the company's business growth.

To address the Company's ability to carry on as a going concern, we may consider conducting fund raising exercises or debt restructuring to eliminate intercompany transactions which remain after the disposal of subsidiaries.

We are also considering the diversification of the Company's business, as we are of the view that HPRFE's civil engineering contracting business at Haikou may continue to face difficulties in securing projects.

Our future plan is to be an investment holding company with multiple business revenue pillars to tap on the huge consumer base in China and engage in industries that are relevant to China's economic growth. We are currently considering a focus on environmental solutions, lifestyle and agriculture industries in China.

Our strategy is to acquire local and foreign companies and bring their expertise to China. In addition, we will also consider diversifying the Group's business to provide investment advisory services in the build up to position our company in Singapore to be the springboard for investments into and out of China.

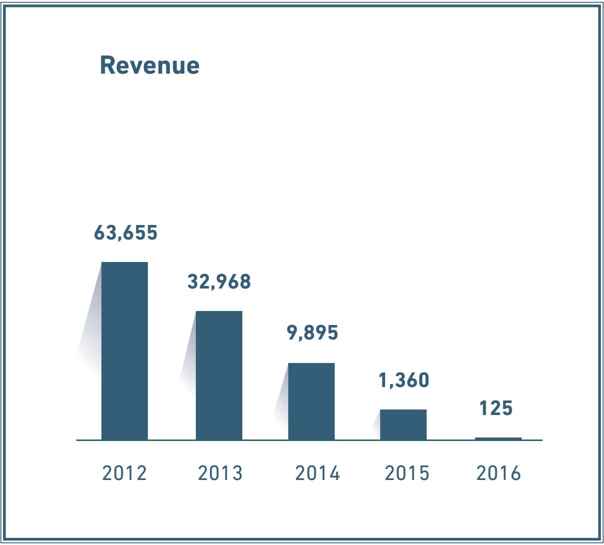
The relevant announcements will be made upon further developments of the above plans.

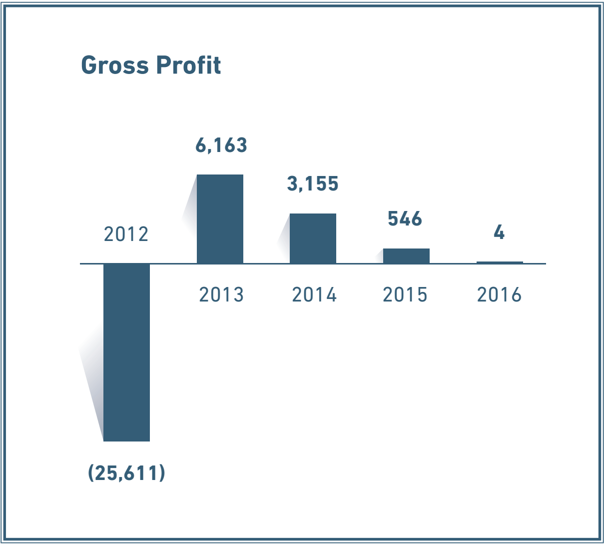
These plans will require financial and human resources and will be implemented in a progressive manner. Time and opportunities are the variants in executing the company's business growth architecture and I hope shareholders will be understanding and continue to support the company.

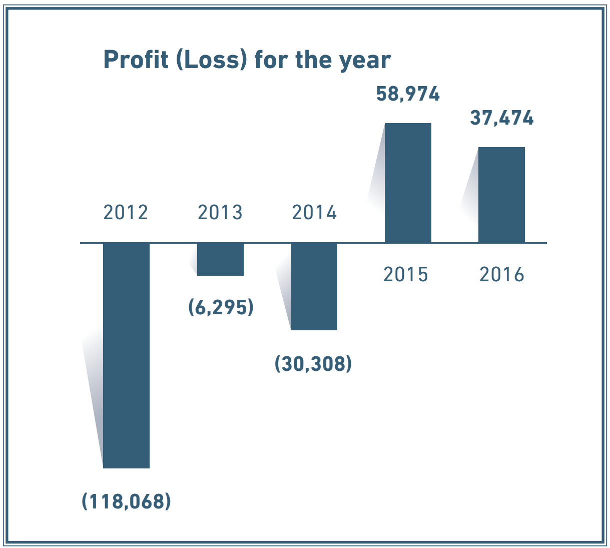
Thank you.

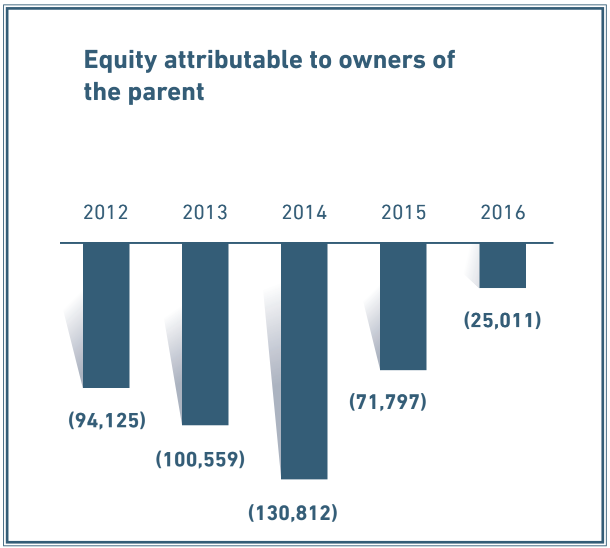
Xing Fei
Executive Chairman

GROUP FINANCIAL HIGHLIGHTS
(RMB'000)









OPERATIONS REVIEW

The Group registered a profit of RMB37.5 million in the financial year ended 31 December 2016 ("FY2016") compared to RMB59.0 million in the financial year ended 31 December 2015 ("FY2015"). This was in view of lower revenue generated from continuing operations and profit from discontinued operations recorded year on year comparison (FY2016 –RMB47.6 million vs FY2015 – RMB61.4 million).

FY2016 VS FY2015
Continuing Operations

Revenue
Revenue for FY2016 decreased by 90.8% to RMB 0.13 million as compared to RMB 1.36 million recorded in FY2015. The decrease in revenue was attributable to less project secured during the year in view of global economic downturn and intense competition with our competitors.

Gross Profit
The Group posted a Gross Profit of RMB0.004 million compared to RMB0.55 million achieved in FY2015 in tandem to lower revenue generated. Gross margin registered for FY2016 was 3.2% compared to 40% in FY2015 mainly due to intense competition.

Other Operating Income
Operating income reduced from RMB2.69 million in FY2015 to RMB1.1 million in FY2016. This was mainly due to lower reversal of impairment of accounts receivables of about RMB0.82 million compared to RMB2.53 million in the corresponding year.

Marketing and Distribution Expenses
Selling and distribution expenses remained unchanged at RMB0.14million for FY2016 compared to FY2015.

Administrative Expenses
Administrative expenses increased by RMB5.6 million from RMB5.5 million in FY2015 to RMB11.1 million in FY2016. This was mainly attributable to increase in payroll cost and professional fees which was offset by nil redundancy cost incurred in FY2016 and reversal of director fees overprovided in prior year.

Payroll cost increased by RMB0.64 million although the company is not performing well because of incremental given to the CFO who was given additional task to search for prospective investors.

The increase in professional fee of RMB1.0 million was mainly to higher legal fees incurred for the placement of shares and recovery of bad debts.

The impairment loss for trade and other receivables net of reversal increased from RMB2.9 million in FY2015 to RMB5.8 million in FY 2016 of which RMB4.7 million and RMB1.1 million were for trade receivables and other receivables respectively.

The increase in the above expenses which was offset by nil redundancy cost incurred in FY2016 and reversal of director fees of RMB0.35 million overprovided in prior year.

Loss before tax
Group reported a net loss of RMB10.1 million in FY2016 as compared to a loss of RMB2.4 million in FY2015 in tandem to the above.

FY2016 VS FY2015
Discontinued Operations

Other operating income decreased from RMB77.9 million in FY2015 to RMB60.2 million in FY2016 mainly due to lower gain on disposal of subsidiary recorded in FY 2016 of RMB57.2 million as compared to RMB68.3 million in FY 2015. In addition, rental income decreased by about RMB4.5 million as compared to FY 2015.

Administrative expenses decreased by RMB2.2 million from RMB4.7 million in FY2015 to RMB2.5 million in FY2016. This was mainly due to reduction in employee compensation of about RMB0.4 million during the year (FY2016 – RMB1 million vs FY2015 – RMB1.4 million) and decreased in consultancy

OPERATIONS REVIEW

expenses of RMB1.0 million during the year. (FY2016 – RMB0.12 million vs FY2015 – RMB1.12 million).

Other operating expenses decreased by RMB5.3 million to RMB0.4 million in FY2016 compared to RMB5.7 million posted in FY2015 as a result of nil impairment provision on trade and other receivables.

Finance cost increased by RMB3.7 million from RMB6.0 million in FY2015 to RMB9.7 million in FY2016 as a result of interest arising from unsettled loan to third party.

REVIEW OF FINANCIAL POSITION

Non-Current Assets

The Group's non-current assets consist of finance lease receivables and they as at 31 December 2016 and 31 December 2015 amounted to approximately RMB0.46 million and RMB0.71million respectively. The decrease of approximately of RMB0.25 million was mainly due to classification of the non-current portion of finance lease receivables to current portion.

Current Assets

The Group's current assets comprised of finance lease receivables, trade and other receivables and cash and cash equivalents. As at 31 December 2016 and 31 December 2015, the current assets amounted to approximately RMB21.2 million and RMB8.2 million respectively.

The breakdown of Trade Receivables and Others Receivables are RMB0.13 million (FY2015-RMB5.6million) and RMB19.8 million (FY2015-RMB 2.3million) respectively.

Trade receivables decreased by approximately RMB5.3 million mainly as a result impairment of receivables.The Company has tried to recover these overdue invoices via site visit, phone call and has engaged lawyers to assist in recovery but without any success. The Company will continue chasing these outstanding debts.

Other receivables increased by RMB17.5 million in FY2016 to RMB19.8 million compared to RMB2.3million registered in FY2015 as a result of classification of amount due from subsidiary to other receivables amounting to RMB18.7 million when the transfer of control to the buyer has been completed during the year.

As at 31 December 2016, the necessary procedures and conditions precedent stipulated in the original sales and purchase agreement have been completed for Hainan Pearl River Pile Co., Ltd ("HPRP") as the approval from relevant government authorities has been obtained. Accordingly, the transfer of control of HPRP was completed.

Current Liabilities

The Group's current liabilities comprise of trade payables and other payables.

The breakdown of Trade Payables and Other Payables are RMB8.3 million (FY2015 – RMB8.3 million) and RMB38.9 million (FY2015 – RMB16.5 million) respectively.

Other payables increased by RMB22.4 million were mainly attributed to a subsidiary amounting to RMB30.1 million, with the transfer of control to the buyer has been completed during the year. This was partially offset with net repayment to a director cum shareholder amounting to RMB3.9 million and accruals of approximately RMB5.4 million.

Cash flow

Overall, the Group's available cash balances increased to RMB1.1 million for FY2016 from RMB0.06 million in FY2015. Cash used in operating activities was RMB5.2 million. This was mitigated by cash generated from financing activities, RMB10 million as a result of shares placement in 25 October 2016 and loan proceed received from shareholder amounting to RMB3.6 million, which was offset by payment of RMB 7.5 million paid to a director cum shareholder.

BOARD OF DIRECTORS

XING FEI, 35
Executive Chairman

Academic and professional qualification:
Bachelor Degree in Computer Science Management, Beijing City University
Attended courses in asset management at Yale University.

Date of first appointment as director:
28 December 2016

Present Directorships in other listed companies:
Nil

Present Principal Commitments
President - Zhongrui Jinxiang Investment Co., Ltd

Directorships in other listed companies held over the preceding three years:
Nil

Background and experience:
From 2004 to 2007, Mr Xing Fei was Vice-President of Beijing Dongpeng Accounting Firm. From 2007 to 2012, he was Vice-President of China International Investment Group Co., Ltd. In 2013, Mr Xing Fei set up Zhongrui Jinxiang Investment Co., Ltd (中瑞锦祥投资有限公司), which focuses on real estate and venture capital investments. Mr Xing Fei has 10 years of investment experience, particularly in real estate and venture capital investment, with investments exceeding RMB 5 billion. The assets he has managed have amounted to approximately RMB 8 billion.

ONG PENG KWANG JEMME, 56
Deputy Executive Chairman and Chief Executive Officer

Date of first appointment as director:
6 January 2017

Present Directorships in other listed companies:
Nil

Present Principal Commitments
Director – Joule Air Pte Ltd

Directorships in other listed companies held over the preceding three years:
Nil

Background and experience:
Mr Jemme Ong has more than 25 years experiences in business development and 5 years as Chief Executive Officer in a listed company. In the course of his career, he had managed companies in distribution, engineering, contracting, manufacturing and investment advisory. He is also experienced in setting up business operations in China, United Arab Emirates and regional countries in South East Asia. Mr. Jemme Ong is primarily responsible for executing the Group's strategic business direction and development. Presently, Mr Ong is also the managing director of Joule Air Pte Ltd which he joined in June 2013. From August 2010 to May 2013, he was the Executive Chairman of Zeca Powers Pte Ltd. From June 2005 to July 2010, Mr. Jemme Ong was the Group Chief Executive Officer of Linair Technologies Limited.

BOARD OF DIRECTORS

TOH HAI JOO, 44
Lead Independent Director

Academic and professional qualifications:
Bachelor Degree in Accountancy, Nanyang Technological University
Chartered Accountant of Singapore - Institute of Singapore Chartered Accountants (ISCA)

Member - Singapore Institute of Directors

Date of first appointment as director: 7 May 2010
Date of last re-election as director: 30 April 2015
Length of service: 6 years and 7 months (as at 31 December 2016)
Served on the following Board Committees:
• Audit Committee - Chairman
• Nominating Committee - Member
• Remuneration Committee - Member

Present Directorships in other listed companies
Nil

Present Principal Commitments
Director - TR Asia Investment Holdings Pte Ltd
Director – TR Formac Pte Ltd

Directorships in other listed companies held over the preceding three years
Nil

Background and experience:
Mr Toh Hai Joo is our Lead Independent Director. He has extensive experience in financial control, review of group financial operations and corporate governance and control. He has worked as a Financial Controller for several years in sizeable and reputable multi-national corporations. Prior to that, he has many years of accounting, audit and corporate tax experience under his belt.

TAN HUAY PIN, 54
Independent Director

Academic and professional qualifications:
B Eng (Hons.), National University of Singapore
MBA, National University of Singapore
Executive Certificate in Directorship in 2009 - Singapore Management University and Singapore Institute of Directors

Date of first appointment as director:
12 March 2009
Date of last re-election as director:
30 May 2014
Length of service:
7 years and 9 months
(as at 31 December 2016)

Served on the following Board Committees:
• Nominating Committee - *Chairman*
• Remuneration Committee – *Chairman*
• Audit Committee - *Member*

Present Directorships in other listed companies
Nil

Present Principal Commitments
Director – Top Land Pte Ltd
Director – TQ Capital Pte Ltd

Directorships in other listed companies held over the preceding three years
Nil

Background and experience:
Mr Tan Huay Pin is our Independent Director. He has extensive experience in corporate management, business development and corporate finance. He is presently a Director of Top Land Pte Ltd and TQ Capital Pte Ltd. Prior to his current directorships, he was a Director of Hinterland Property Development Pte Ltd, a property arm of then SGX-listed Heshe Holdings Ltd, now listed as Equation Summit Ltd. He was Division Director of Ultro Technologies Ltd, a company listed in Singapore, now listed as Ley Choon Group Holdings Ltd, and Financial Analyst of an American MNC between 1989 and 1998.

BOARD OF DIRECTORS

LI BAOGANG, 55
Independent Director

Academic and professional qualifications:
Bachelor Degree in Business Administration, Beijing Technology and Business University

Date of first appointment as director:
12 March 2009
Date of last re-election as director:
30 April 2015
Length of service: *7 years and 9 months (as at 31 December 2016)*

Served on the following Board Committees:
- Audit Committee - *Member*
- Nominating Committee - *Member*
- Remuneration Committee - *Member*

Present Directorships in other listed companies
Nil

Present Principal Commitments
Chairman - View Tang Investment Holdings Limited
Director - 苏州西交科技管理有限公司
Director - 河北滦平华都食品有限公司
Director - 衡水华都食品有限公司

Directorships in other listed companies held over the preceding three years
Nil

Background and experience:
Mr Li Baogang has been a Non-Executive Director of our company since 12 March 2009 and was redesignated from the position of Non-Executive Director to Independent Director of our company with effect from 23 February 2012. He commenced his career as a journalist and editor of the China Business Herald News in 1986. From 1990 to 2001, he held senior managerial positions in investment, securities and asset management companies, including China National Technical Import and Export Corporation (CNTIC), Chongqing International Trust Co., Ltd and Southwest Securities Co., Ltd. He was the Chairman of Bohua Asset Management Ltd. and Bohua Home Unisplendour Ltd. between 2001 to 2007. He is currently the Chairman of View Tang Investment Holdings Limited.

LEO HEE SHONG, 56
Independent Director

Date of first appointment as director:
17 February 2017

Served on the following Board Committees:
- Audit Committee - *Member*
- Nominating Committee – *Member*
- Remuneration Committee - *Member*

Present Directorships in other listed companies:
Nil

Present Principal Commitments
Director – Global Consultant Management Pte Ltd

Directorships in other listed companies held over the preceding three years:
Nil

Background and experience:
Mr. Leo Hee Shong is a Marine and Engineering Risk Management Consultant with Global Consultant Management Pte Ltd. He is a graduate of Singapore Polytechnic Nautical School in 1985, and obtained the license for second Mate Foreign Going Certificate of Competency in 1985 issued by the Singapore Marine Department of Trade. Mr Leo had eight years of seafaring experience trading in International Ocean across the North/ South Americas-European ports. He served six years as a Marine Risk Manager. Mr Leo has more than ten years of Regional Marine Insurance and Risk Management experiences, hehas managed, monitored and executed project risk and special cargos in several countries, namely: Australia, Philippines, UK, Indo-China, China, HK, Indonesia, Taiwan, South Korea, Thailand, Malaysia and Singapore.

KEY EXECUTIVES

MR LEOW YONG KIN has been appointed as our Chief Financial Officer with effect from 1 July 2014 and is responsible for finance and accounting, audit, taxation, treasury and cash management matters of the Group. Prior to this appointment, he is a director with AccountsPro Consulting Services Pte Ltd. He was working as Head of Finance with Five Stars Tours Pte Ltd from 2009 to 2011. He has experience working with US and Japan MNCs. Mr Leow graduated from ACCA as well as University of Lincolnshire & Humberside with a 2nd Class Honours in BA Accounting. He is a member registered with both ACCA and Institute of Singapore Chartered Accountants.

Mr Leow remained with the Company until 31 March 2017 for the completion of the Company's financial audit for the financial year ended 31 December 2016 and to ensure a smooth transition.

MR LI DONGQIANG is the Deputy General Manager of Hainan Pearl River Engineering Co., Ltd ("HPRFE"). He is responsible for the project management of HPRFE. He joined our Group as project manager in 2003 and was promoted to Deputy General Manager of HPRFE in March 2011. He is graduated with a degree in Civil Engineering with Hunan Xiangtan City University.

MR WONG SIEW HONG Mr. Wong was appointed the Chief Financial Officer in January 2017. He is responsible for the financial management and reporting functions of the Group. He has more than 20 years of experience in auditing, accounting and finance.

Prior to joining the group, he was the Chief Financial Officer of a privately owned property development company with operations in Indonesia. He was the Group Financial Controller of Xpress Holdings Ltd from November 2010 to May 2015. From April 2007 to October 2010, he was the Group Chief Financial Officer of Linair Technologies Limited.

Mr. Wong holds a Bachelor of Accountancy from the National University of Singapore and is a member of the Institute of Singapore Chartered Accountants.

CORPORATE GOVERNANCE REPORT

The Board of Directors of China Great Land Holdings Ltd. (the "Company") is committed to high standards of corporate governance so as to ensure greater transparency and protection of shareholders' interests. This report outlines the corporate governance practices of the Company in relation to the Code of Corporate Governance 2012 ("Code").

A. BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

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

The Board has the responsibility for the overall management of the Group. It establishes the corporate strategies of the Group, sets direction and goals for the executive management. It supervises the executive management and monitors performance of these goals to enhance shareholders' value. The Board is responsible for the overall corporate governance of the Group.

The Board has identified a number of areas for which the Board has direct responsibility for decision-making. Interested Persons Transactions and the Group's internal control procedures are also reviewed by the Board. Major investments and funding decisions are approved by the Board.

The Board also meets to consider the following corporate matters:

- Approval of half yearly and year end result announcements;
- Approval of the Annual Reports and Accounts;
- Convening of Shareholders' Meetings;
- Approval of corporate strategies; and
- Material acquisitions and disposal of assets.

To assist in the execution of its responsibilities, the Board has established an Audit Committee, a Nominating Committee and a Remuneration Committee. These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly reviewed by the Board.

The full Board meets on a regular basis and as when necessary to address any specific significant matters that may arise. To ensure meetings are held regularly with maximum Director participation, the Company's Articles of Association allow for telephone and video-conferencing meetings.

CORPORATE GOVERNANCE REPORT

The number of Board and Committee meetings held during the financial year 2016 ("FY 2016") and the attendance of each Director where relevant are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	3	2	1	1
No. of meetings attended by respective Directors				
Xing Fei[1]	1	n.a.	n.a.	n.a.
Ong Peng Kwang Jemme[2]	-	n.a.	n.a.	n.a.
Leo Hee Shong[3]	-	-	-	-
Toh Hai Joo	3	2	1	1
Li Baogang	0	0	0	0
Tan Huay Pin	3	2	1	1
Li Zhangjiang De Malca[4]	3	n.a.	n.a	n.a.

n.a.: not a member

1 Appointed as a Director on 28 December 2016

2 Appointed as a Director on 6 January 2017

3 Appointed as a Director and member of the Audit, Remuneration and Nominating Committees on 17 February 2017

4 Resigned as a Director on 28 December 2016

The Company issues a formal letter to newly-appointed Directors, setting out their duties and obligations. In addition, the Company conducts orientation programs for new Directors so that they are familiar with their duties and its businesses and governance practices. Such programs include briefings by management and visits to principal subsidiaries. Furthermore, the Directors receive training, briefing or updates on applicable laws, regulations and practices, accounting standards, risk management as well as industry-specific knowledge, issues and risks from time to time.

BOARD COMPOSITION AND GUIDANCE

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

The Board of Directors comprises 6 Directors, 4 of whom are Non-Executive Independent Directors. The criteria for independence are determined based on the definitions as provided in the Code.

The Directors of the Company as at the date of this report are:

(i) Mr Xing Fei (Executive Chairman)

(ii) Mr Ong Peng Kwang Jemme (Deputy Executive Chairman and Chief Executive Officer)

(iii) Mr Toh Hai Joo (Non-Executive Lead Independent Director)

(iv) Mr Leo Hee Shong (Non-Executive Independent Director)

(iv) Mr Tan Huay Pin (Non-Executive Independent Director)

(v) Mr Li Baogang (Non-Executive Independent Director)

The Board considers that the current board size of 6 is appropriate taking into account the nature and scope of the Company's operations. The Board comprises Directors who as a group provide core competencies such as business and management experience, industry knowledge, financial and strategic planning experience and knowledge that are necessary to meet the Company's objectives. If the NC considers that there is inadequate representation in respect of the above attributes, the NC will determine the particular competencies required in identifying directors to nominate.

Among their functions, the Non-Executive Independent Directors assist in the development of strategies for the Group and review the performance of management in meeting goals and objectives. They meet as and when necessary without the presence of management.

The profiles of the Directors are set out on pages 6 to 8 of this Annual Report.

There is no alternate director on the Board.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The roles of the Executive Chairman and the CEO are separate and they are not related to each other to ensure that there is an appropriate balance of power and authority.

Mr Xing Fei is the Executive Chairman of the Company and Mr Ong Peng Kwang Jemme is the CEO.

The Executive Chairman manages the overall business of the Company and is responsible for setting the strategic direction and vision of the Group.

The Executive Chairman ensures that:

a) the board meetings are held when necessary and sets the board meeting agenda;

b) reviews the board papers, prior to presenting them to the Board; and

c) Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group.

The CEO of the Company, Mr Ong Peng Kwang Jemme has full executive responsibilities over the business direction and operational decisions in the day-to-day management of the Company.

Given that the Executive Chairman is not independent director, the Audit Committee ("AC"), Remuneration Committee ("RC") and Nominating Committee ("NC") are chaired by independent directors. His performance and remuneration are reviewed periodically by the NC and RC. In addition, Mr Toh Hai Joo has been appointed as the Non-Executive Lead Independent Director of the Company and is available to shareholders should they have concerns which cannot be resolved through the normal channel of the Executive Chairman or for which such contact is inappropriate. As such, the Board believes that they are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is independent and based on collective decision-making without Mr Xing Fei being able to exercise considerable concentration of power or influence.

CORPORATE GOVERNANCE REPORT

BOARD MEMBERSHIP

Principle 4 There should be a formal and transparent process for the appointment of new Directors to the Board.

The Nominating Committee ("NC") comprises 4 members, all of whom are Non-Executive Independent Directors:

●	Mr Tan Huay Pin	Chairman and Non-Executive Independent Director
●	Mr Toh Hai Joo	Non-Executive Lead Independent Director
●	Leo Hee Shong	Non-Executive Independent Director
●	Mr Li Baogang	Non-Executive Independent Director

The NC's principal functions are as follows:

(a) recommend to the Board on all board appointments and re-appointments;

(b) determine independence of the Directors annually, as and when circumstances required;

(c) determine whether or not a Director is able to and has been adequately carrying out his duties as Director of the Company;

(d) evaluate the performance and effectiveness of the Board as a whole;

(e) evaluate the contribution of each Director; and

(f) review of training and professional development programs for the Board.

The NC reviews the independence of each director annually. Each independent director is required to complete a Director's Independence Form annually to confirm his independence based on the guidelines as at out in the Code. The directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code. The NC and the Board consider Mr Leo Hee Shong, Li Baogang, Mr Tan Huay Pin and Mr Toh Hai Joo to be Independent Directors.

The Articles of Association of the Company require that one-third of the Board retire from office at each Annual General Meeting ("AGM"). Accordingly, the Directors submit themselves for re-nomination and re-election at regular intervals of at least once every 3 years.

Mr Tan Huay Pin, Mr Xing Fei, Mr Ong Peng Kwang Jemme and Mr Leo Hee Shong are retiring as Directors at the forthcoming annual general meeting of the Company pursuant to the Company's Articles of Association. The NC and the Board had nominated Mr Xing Fei, Mr Ong Peng Kwang Jemme and Mr Leo Hee Shong for re-election as Directors of the Company. Mr Tan Huay Pin has decided not to seek re-election as Director.

At present, the Board does not intend to set a maximum number of listed company board representations a Director may hold as it is of the view that the effectiveness of a Director should be evaluated by a qualitative assessment of his/her contributions to the Company's affairs taking into account his/her other commitments including his/her directorships in other listed companies.

The following is the summarized process for the search, nomination, selection and appointment of new Directors to the Board:

(a) NC evaluates the balance of skills, knowledge and experience on the Board and, in light of such evaluation and in consultation with management, prepares a description of the role and the essential and desirable competencies for a particular appointment;

(b) External help (for example, Singapore Institute of Directors, search consultants, open advertisement) to be used to source for potential candidates if need be. Directors and management may also make suggestions;

(c) NC conducts formal interview of short-listed candidates to assess suitability and to ensure that the candidate(s) are aware of the expectations and the level of commitment required; and

NC makes recommendations to the Board for approval.

Appointment and re-election of directors are based on their working experience, qualification and track records

Details of the Directors' academic and professional qualifications and directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments are set out on pages 6 to 8 of this Annual Report.

Information regarding the Directors' shareholdings in the Company and related corporations is set out on page 23 of this Annual Report.

Directors are provided with continuing education or briefings in areas such as changes in financial reporting standards, corporate governance, changes in laws and regulations, risks identification, as well as industry trends and updates, so as to update the Directors on relevant matters.

BOARD PERFORMANCE

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

The NC assesses the effectiveness of the Board and its committees as well as the contributions by the Directors annually. Evaluation forms are sent to the Directors for completion. The NC analyses the results of the evaluation and ascertains key areas for improvement and the findings are reported to the Board. The performance of a Director is taken into account in the review of his re-appointment or re-election.

The NC is of the opinion that the Board has met its performance objectives and is able to exercise objective judgement on corporate affairs independently and no individual or small group of individual dominates the Board's decision-making process.

ACCESS TO INFORMATION

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

The Board has separate and independent access to senior management and the company secretary at all times. Requests for information from the Board are dealt with promptly by management. The Board is informed of all material events and transactions as and when they occur. The management provides the Board with half yearly reports of the Company's performance. The management also consults with Board members regularly whenever necessary and appropriate. The Board is issued with board papers timely and prior to Board meetings.

The company secretary administers, attends and prepares minutes of Board meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively and the Company's Memorandum and Articles of Association and the relevant rules and regulations applicable to the Company are complied with. The appointment and removal of the company secretary are subject to the Board's approval.

The Board in fulfilling its responsibilities, can as a group or individually, when deemed fit, direct the Company to appoint professional adviser to render professional advice.

B. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNRERATION POLICIES

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

The Remuneration Committee ("RC") comprises 4 members, all of whom are Non-Executive Independent Directors:

- Mr Tan Huay Pin — Chairman and Non-Executive Independent Director
- Mr Toh Hai Joo — Non-Executive Lead Independent Director
- Mr Leo Hee Shong — Non-Executive Independent Director
- Mr Li Baogang — Non-Executive Independent Director

The functions of the RC are to review and recommend the remuneration packages of the Executive Directors and key executives of the Company, and to review the appropriateness of compensation for Non-Executive Directors including but not limited to Directors' fees, allowances and share options.

The payment of fees to Non-Executive Directors is subject to approval at the annual general meeting of the Company. No Director is involved in deciding his own remuneration.

The RC has adopted specific terms of reference. The RC will seek independent professional advice, if necessary.

LEVEL AND MIX OF REMUNERATION

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

The RC will recommend to the Board a framework of remuneration and the specific remuneration packages for each Director and the CEO (or executive of equivalent rank) if the CEO is not a Director. The RC's recommendations will be submitted for endorsement by the entire Board. The RC will cover all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits in kind. The RC will also review the remuneration of senior management.

Non-Executive Directors are paid a basic fee and an additional fee for serving on any of the committees. The Chairman of each these committees is compensated for his additional responsibilities. Such fees are approved by the shareholders of the Company at the annual general meeting of the Company.

DISCLOSURE ON REMUNERATION

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

The annual remuneration of non-executive Directors payable for 2016 is as follows:

Non-Executive Director	Position Held	Director's Fee
Mr Toh Hai Joo	Board member, Lead Independent Director, AC Chairman, RC member and NC member	RMB200,000
Mr Tan Huay Pin	Board member, RC Chairman, AC member and NC member	RMB155,000
Mr Li Baogang	Board member, AC member, RC member and NC member	RMB30,000

In view of the competitive pressures in the talent market, the remuneration paid to the Executive Directors and the top key management personnel are not fully disclosed. In 2016, the level of mix of the annual remuneration of the Executive Directors, and each of the top 2 members of Senior Management (who are not also Directors), in bands of S$250,000, are set out below:

Name	Salary[1] %	Monthly Variable Component[2] %	Directors' Fees %	Other Benefits[3] %	Total %
Executive Director					
Below S$250,000	-	-	100	-	100%
Li Zhangjiang De Malca (CEO)					
Top 2 Key Executives					
Below S$250,000					
Leow Yong Kin	100	-	-	-	100%
Li Dong Qiang	87	13	-	-	100%

Notes:

1. *Salary amount is inclusive of employer's social security insurance.*
2. *Monthly variable component is tied to monthly sales volume for the Group.*
3. *Management fees for overseeing the Company's Beijing Representative Office.*

The Company only have top 2 key management personnel during the financial year ended 31 December 2016 and the total remuneration paid to the 2 key management personnel (who are not Directors) for the financial year ended 31 December 2016 was approximately RMB991,000.

The Company's compensation framework comprises fixed remuneration and a monthly variable component linked to the monthly sales volume for the Group. These bonuses link remuneration to the Company's performance, aligning the interests of the employees and the Company.

The Company does not have any termination, retirement and post-employment benefits granted to directors or executives.

The Company does not have any employee who is an immediate family member of a Director whose remuneration in FY 2016 exceeded S$50,000.

There is presently no option scheme on unissued shares of the Company.

C. ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

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

In presenting the annual financial statements and half yearly and yearly announcements to shareholders, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Group's performance, position and prospects.

The Management currently provides the Board with a continual flow of relevant information on a timely basis so that it may effectively discharge its duties. The Board members are also provided with up-to-date financial reports and other information on the Group's performance for effective monitoring and decision making.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

It is the opinion of the Board that, the system of internal controls maintained by the Company's Management and that was in place throughout the financial year and up to the date of this report provides reasonable, but not absolute assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reality of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational, compliance and information technology risks. The Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error losses, fraud or other irregularities.

Based on the internal controls established and maintained by the Group, work performed by external auditors, and reviews performed by Management, the AC and the Board, the Board, with the concurrence of the AC, is of the opinion that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place are adequate and effective to address and meet the needs of the Group in its current business environment.

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

The Board receives assurance from the Executive Chairman (Ms Li Zhangjiang De Malca resigned on 28 December 2016) and Chief Financial Officer (Mr Leow Yong Kin resigned on 31 March 2017) that:

(a) the financial records have been properly maintained;

(b) the financial statements give a true and fair view of the Company's operations and finances; and

(c) an effective risk management and internal control systems have been put in place.

AUDIT COMMITTEE

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

As The Audit Committee ("AC") comprises 4 members, all of whom, including the Chairman, are independent. The AC comprises the following members who have expertise and experience in financial management and are qualified to discharge the AC's responsibilities:

- Mr Toh Hai Joo — Chairman and Non-Executive Lead Independent Director
- Mr Tan Huay Pin — Non-Executive Independent Director
- Leo Hee Shong — Non-Executive Independent Director
- Mr Li Baogang — Non-Executive Independent Director

The AC has written terms of reference that are approved by the Board.

The Company had disposed its piling business and aerated bricks business since 2015 and thus did not engage a third party to perform the internal audit function. The internal audit function for FY2016 was carried out by the management to save cost.

The functions of the AC are as follows:

(a) reviewing the audit plans of the external auditors, their evaluation of the system of internal accounting controls and their audit report;

(b) reviewing the half yearly and annual financial statements before submission to the Board;

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

(d) reviewing the scope and results of internal audit procedures;

(e) ensuring that a review of the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls, is conducted annually by the internal and/or external auditors;

(f) reviewing with the internal and external auditors their findings on their evaluation of the Company's system of internal controls; and

(g) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position;

(h) nominating the appointment or re-appointment of the external auditors; and

(i) reviewing interested person transaction falling within the scope of the Listing Manual.

The AC has the power to conduct or authorize investigations into any matters within the AC's scope of responsibility. The AC is authorized to obtain independent professional advice it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The AC is kept abreast by the Management and the external auditors of changes to accounting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

The AC has full access to and co-operation of the Company's management and has full discretion to invite any director or executive officer to attend the meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC meets with the external and internal auditors, without the presence of the management at least once a year. Ad-hoc meeting may be carried out from time to time, as circumstances require.

The aggregate amount of fees paid to the external auditors amounted to approximately RMB450,000 for audit services. The external auditors did not provide non-audit services.

In appointing the audit firms for the Group, the Company had complied with Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The Company has in place a whistle blowing policy to provide a channel to employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters to the AC. The objective for such an arrangement is to ensure independent investigation of such matters and for appropriate follow up action. No such report was received during the year.

INTERNAL AUDIT

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

The Company had disposed its piling business and aerated bricks business in 2015 and thus did not engage a third party to perform the internal audit function. The internal audit function for FY2016 was carried out by the management to save cost.

The AC will review the adequacy of the internal audit function carried out by management on a regular basis. If it is not satisfied of the adequacy, it will engage a third party to perform the internal audit function to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

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

The Company does not practice selective disclosure. In line with continuous obligations of the Company pursuant to the Singapore Exchange's Listing Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to shareholders on a timely basis through:

- SGXNET announcements and news releases
- Annual Report prepared and issued to all shareholders

COMMUNICATION WITH SHAREHOLDER

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

The financial statements are released onto the SGX-ST website. All shareholders will receive the annual report of the Company and notice of AGM by post and through notice published in the newspapers within the mandatory period.

Shareholders may from time to time share with senior management their views and concerns and where necessary, such input would be communicated to the Board.

The Company does not have a policy on payment of dividend. The Board would consider a dividend policy at an appropriate time.

CONDUCT OF SHAREHOLDER MEETINGS

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

At the Company's AGM, shareholders are given the opportunity to voice their views and ask Directors or management questions regarding the Company.

If shareholders are unable to attend the meeting, the Company's Articles of Association allow a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder.

The Company is not implementing absentia voting methods such as voting via mail, facsimile or email until security integrity and other pertinent issues are satisfactory resolved.

Separate resolutions are tabled at general meetings on each distinct issue.

The Chairman of the Audit Committee, Remuneration Committee and Nominating Committee will normally be present at annual general meeting and other general meetings of shareholders to assist the Board in addressing shareholders' questions. The external auditors are also present to assist the Board.

E. DEALING IN SECURITIES

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST, the Company has in place a policy prohibiting share dealings by the Company, Directors and employees of the Company for a period of one month prior to the announcement of the Company's half yearly and yearly results as the case may be, and ending on the date of the announcement of the relevant results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in the Company's securities within permitted trading period. They are also advised not to deal in the Company's securities on short-term consideration.

F. MATERIAL CONTRACTS

There was no material contracts entered into by the Company or any of its subsidiaries involving the interest of any Director, or controlling shareholder.

G. INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

H. USE OF PLACEMENT PROCEEDS

The details of the use of proceeds from the placement of 100,000,000 new ordinary shares in the share capital of the Company as at the date of this report are as follows:

Intended Purposes	Amount allocated S$'000	Amount utilised as at 28 February 2017 S$'000	Balance as at 28 February 2017 S$'000
Repayment of Shareholders' Loan granted by Ms Li Zhangjiang De Malca	1,500.00	1,500.00	
Working Capital purposes	434.46		69.60
- Directors' Fees		20.00	
- Repayment of Loan to Full Prime International Limited		30.48	
- Professional Fees		118.30	
- Office-related expenses (including insurance, payroll related and office rental fees)		157.84	
- Listing expenses		38.24	
	1,934.46	1,864.86	69.60

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

We submit this statement to the members together with the audited consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2016.

In our opinion,

(a) the accompanying statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, except as disclosed in Note 2 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors have, on the date of this statement, authorised the financial statement for issuance.

Names of directors

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

Xing Fei	(Executive Chairman) (Appointed on 28 December 2016)
Ong Peng Kwang Jemme	(Deputy Executive Chairman and Chief Executive Officer) (Appointed on 6 January 2017)
Toh Hai Joo	(Independent Director)
Tan Huay Pin	(Independent Director)
Li Baogang	(Independent Director)
Leo Hee Shong	(Independent Director) (Appointed on 17 February 2017)

Arrangements to enable directors to acquire shares, debentures, warrants or options

During and at the end of the financial year, neither the Company nor any of its subsidiary 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 in this statement.

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50 ("Act"), none of the directors who held office at the end of the financial year had any interest in the shares, debentures, warrants or options of the Company or its related corporations, except as follows:

Name of director	Name of company in which shares are held	Shares registered in the name of director		Shares in which director is deemed to have an interest	
		As at 1.1.2016	As at 31.12.2016	As at 1.1.2016	As at 31.12.2016
Xing Fei*	China Great Land Holdings Ltd.	-	-	-	**50,000,000**

Mr. Xing Fei by virtue of the provisions of Section 7 of the Companies Act, Cap. 50, is deemed to have an interest in all related corporations of the Company.

The director's interest of the ordinary shares of the Company as at 21 January 2017 were the same as at 31 December 2016.

* Xing Fei owns 100.0% of Deepwater Harbour Investment Pte. Ltd. which owns 50,000,000 shares in the Company.

Share options

No options to take up unissued shares of the Company or its subsidiary have been granted during the financial year.

No shares were issued during the financial year to which this report relates by virtue of the exercise of the options to take up unissued shares of the Company or its subsidiary.

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

Audit Committee

The Audit Committee at the end of the financial year comprises the following members:

Toh Hai Joo (Chairman)
Tan Huay Pin
Li Baogang

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Company Act and the Listing Manual of the Singapore Exchange Securities and Trading Limited ("SGX-ST Listing Manual"). 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 2016.

The Audit Committee 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 Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

In appointing our auditors for the Company, we have complied with Rules 712 and 715 of the SGX Listing Manual.

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

Independent auditor

The independent auditor, RT LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of Board of Directors

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TOH HAI JOO
DIRECTOR

....

LI BAOGANG
DIRECTOR

10 April 2017

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF CHINA GREAT LAND HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of China Great Land Holdings Limited (the Company) and its subsidiary (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and 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 notes to the financial statements, including a summary of significant accounting policies as set out on pages 29 to 74.

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

Basis for Opinion

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

Other Matter

The financial statements for the financial year ended 31 December 2015 were audited by another independent auditor whose report dated 8 April 2016 expressed a disclaimer of opinion on those financial statements due to going concern issue.

Key Audit Matters

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

Key Audit Matters (Cont'd)

Key Audit Matters	**Our audit performed and responses thereon**
Impairment of trade and other receivables Trade and other receivables constituted 91.86% of the total assets of the Group. Management performed an impairment assessment on the outstanding trade receivables. The impairment assessment requires the exercise of judgement about the debtors' financial position and payment history. The key assumptions to the impairment assessment and the aging of those trade and other receivables are disclosed in Note 4.2(a) and Note 8 respectively.	Our audit procedures focused on evaluating management's impairment assessment of those receivables. These procedures include: ● Evaluated the debtors' ability to make repayments by assessing their financial position. ● Assessed the payment history of these debtors through past historical repayments trend and enquiring management of any disputes. ● Challenged management's assessment that no further impairment loss was required based on analysis of customer credit worthiness, past historical repayment trends and expectation of repayment patterns.
Disposal group held for sales The transfer of disposal group held for sale has been completed during the financial year ended 31 December 2016 and a gain on disposal of subsidiary of RMB 57,212,000 has been recognised in the profit or loss. The details of the disposal of subsidiary are disclosed in Note 10 and Note 20 to the financial statements.	Our audit procedures include: ● Read contracts of the transfer and approval from the authority and considering the accounting treatment and timing of the completion of the transfer. ● Reviewed and re-computed the management's computation on the gain arising from the disposal.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred loss from continuing operation of RMB 10.1 million and reported net cash outflows from operating activities of RMB 5.2 million, as of that date, the Group's total liabilities exceeded its total assets by RMB 25.5 million and its current liabilities exceeded its current assets by RMB 25.9 million. These events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

We have obtained audit evidence in respect of the availability of fund of approximately RMB 2.5 million as mentioned in Note 2 and have reviewed the cash flow projections prepared by the management for the next 12 months. Our opinion is not modified in respect of this matter.

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

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

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

In connection with our audit of the financial statements of the Group, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent audit's report is Su Chun Keat.

RT LLP
Public Accountants and
Chartered Accountants

Singapore, 10 April 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		The Group		The Company	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Note	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	-	-	-	-
Finance lease receivables	6	459	705	-	-
Investments in subsidiary	7	-	-	-	-
		459	705	-	-
Current assets					
Finance lease receivables	6	247	234	-	-
Trade and other receivables	8	19,936	7,926	-	3
Cash and bank balances	9	1,061	62	902	45
		21,244	8,222	902	48
Disposal group classified as held-for-sale	10	-	24,497	-	-
Total assets		**21,703**	**33,424**	**902**	**48**
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	11	89,862	79,862	89,862	79,862
Other reserves	12	-	11,252	-	-
Accumulated losses		(114,873)	(162,911)	(89,896)	(87,106)
Equity attributable to owners of the parent		(25,011)	(71,797)	(34)	(7,244)
Non-controlling interests		(487)	(1,175)	-	-
Total equity		(25,498)	(72,972)	(34)	(7,244)
LIABILITIES					
Current liabilities					
Trade and other payables	13	47,201	24,766	936	7,292
Income tax payable		-	4,370	-	-
		47,201	29,136	936	7,292
Liabilities directly associated with disposal group classified as held-for-sale	10	-	77,260	-	-
Total equity and liabilities		**21,703**	**33,424**	**902**	**48**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Year ended 31 December 2016 RMB'000	Year ended 31 December 2015 RMB'000
Continuing operations			
Revenue	14	125	1,360
Cost of sales		(121)	(814)
Gross profit		4	546
Other income	15	1,111	2,686
Marketing and distribution expenses		(140)	(140)
Administrative expenses		(11,057)	(5,534)
Loss from continuing operations before income tax		(10,082)	(2,442)
Income tax expense	18	-	-
Loss after taxation from continuing operations		(10,082)	(2,442)
Net gain from discontinued operations, net of tax	10	47,556	61,416
Total profit for the year	16	**37,474**	**58,974**
Profit/(Loss) attributable to:			
Owners of the parent			
- Loss from continuing operations, net of tax		(10,004)	(2,401)
- Profit from discontinued operations, net of tax		47,556	61,416
Net profit for the year, representing total comprehensive income for the year attributable to equity holders of the parent		37,552	59,015
Non-controlling interests			
- Loss from continuing operations, net of tax		(78)	(5)
- Loss from discontinued operations, net of tax		-	(36)
Loss for the year, representing total comprehensive loss for the year attributable to the non-controlling interests		(78)	(41)
		37,474	**58,974**
Total comprehensive income attributable to:			
Owners of the parent		37,552	59,015
Non-controlling interests		(78)	(41)
		37,474	**58,974**
(Loss)/ earnings per share			
From continuing operations attributable to equity holders of the Company:			
- Basic and diluted	19	**(0.05)**	**(0.01)**
From discontinued operations attributable to equity holders of the Company:			
- Basic and diluted	19	**0.25**	**0.36**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Group	Share capital RMB'000	Statutory reserve RMB'000	Asset revaluation reserve RMB'000	Accumulated Losses RMB'000	Total attributable to equity holders of the parent RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
	← Total attributable to equity holders of the parent →						
Balance at 1 January 2015	79,862	367	10,885	(221,926)	(130,812)	(1,134)	(131,946)
Total comprehensive income for the year	-	-	-	59,015	59,015	(41)	58,974
Balance at 31 December 2015	**79,862**	**367**	**10,885**	**(162,911)**	**(71,797)**	**(1,175)**	**(72,972)**
Beginning of the year	**79,862**	**367**	**10,885**	**(162,911)**	**(71,797)**	**(1,175)**	**(72,972)**
Total comprehensive income for the year	**-**	**-**	**-**	**37,552**	**37,552**	**(78)**	**37,474**
Issuance of new shares	10,000	-	-	-	10,000	-	10,000
Effect on disposal of subsidiary	-	(367)	(10,885)	10,486	(766)	766	-
Total transaction with owners, recognised directly in equity	**10,000**	**(367)**	**(10,885)**	**48,038**	**46,786**	**688**	**47,474**
Balance at 31 December 2016	**89,862**	**-**	**-**	**(114,873)**	**(25,011)**	**(487)**	**(25,498)**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Year ended 31 December 2016 RMB'000	Year ended 31 December 2015 RMB'000
Cash Flows from Operating Activities			
Loss before taxation from continuing operation		(10,082)	(2,442)
Profit before taxation from discontinued operation	10	47,556	61,416
Profit before taxation		37,474	58,974
Adjustments for:			
Depreciation expense	5	-	22
Gain on disposal of property, plant and equipment from continuing operations	10	-	(3,691)
Gain on disposal of subsidiary	20	(57,212)	(68,308)
Impairment loss made on trade and other receivables	16	6,648	6,781
Interest expense	10	9,679	6,051
Interest income on finance lease	15	(52)	(67)
Gain on disposal of property, plant and equipment from discontinued operations	10	-	295
Reversal of impairment loss on trade and other receivables		(822)	(3,875)
Operating cash flows before working capital changes		(4,285)	(3,818)
Changes in working capital:			
Trade and other receivables		5,084	(2,420)
Trade and other payables		(5,983)	4,235
Net cash used in from operating activities		(5,184)	(2,003)
Cash Flows from Investing Activities			
Cash outflow on disposal of subsidiary	20	(29)	(36)
Purchase of plant and equipment		-	(5)
Net cash used in from investing activities		(29)	(41)
Cash Flows from Financing Activities			
Advances from a former director		3,625	888
Repayment to a former director		(7,477)	-
Proceeds of share issuance		10,000	-
Proceeds of loans from third parties		-	1,200
Repayment of loans to a third party		-	(800)
Net cash generated from financing activities		6,148	1,288
Net increase/(decrease) in cash and cash equivalents		935	(756)
Cash and cash equivalents at beginning of year		126	882
Cash and cash equivalents classified as held-for-sale	10	-	(64)
Cash and cash equivalents at end of year	9	1,061	62

Non-cash transactions:

Included in the movement of trade and other receivables, and trade and other payables are reclassification of amount due to/from Hainan Pearl River Pile Co., Ltd ("HPRP") of RMB 19,131,000 and RMB 6,503,000, respectively and there was no actual cash flow, as there were eliminated in the financial statement for year ended 31 December 2015.

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

1 General Information

The financial statements of the Company and the Group for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

China Great Land Holdings Ltd. (the "Company") is a limited liability company incorporated and domiciled in the Republic of Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited on 16 February 2005.

The registered office of the Company is at 1 Robinson Road #17-00 AIA Tower, Singapore 048542. Its principal place of business is at No.201 Block 6, No. 2 Longkunbei Road, Haikou City, Hainan Province, People's Republic of China ("PRC").

The principal activity of the Company is that of investment holding. The principal activity of the subsidiary is disclosed in Note 7 to the financial statements. The consolidated financial statements relate to the Company and its subsidiary (together referred to as the "Group" and individually as "Group entity").

2 Going concern

The Group incurred losses and total comprehensive loss from continuing operations of RMB 10.1 million (2015 – RMB 2.4 million) and reported net cash outflows from operating activities of RMB 5.2 million (2015 - RMB 2.0 million) for the financial year ended 31 December 2016. As at 31 December 2016, the Group and the Company has cash and cash equivalents of RMB 1.1 million and RMB 0.9 million (2015 – RMB 62,000 and RMB 45,000) respectively and reported net current liabilities and deficiency in net equity of RMB 25.9 million and RMB 34,000 (2015 - RMB 20.9 million and RMB 7.2 million) and RMB 25.5 million (2015 - RMB 73.0 million) respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group and the Company's ability to continue as a going concern.

The matters set out in the paragraph above indicate the existence of a material uncertainty which may affect the validity of the going concern assumption on which the accompanying financial statements are prepared.

The directors are of the view that the going concern assumption is appropriate for the preparation of these financial statements and that debts owing will be paid as and when they fall due:-

(a) On 6 April 2017, the Company entered into a loan agreement ("Agreement") with a controlling shareholder whereby the latter agreed to provide the Company with an interest-free loan of RMB 2.5 million (equivalent to approximately S$500,000), repayable within one year from the date of the agreement. The loan will be disbursed within one month from the date of the agreement;

(b) A former subsidiary have also confirmed that they will not be demanding the non-trade amount due to it amounting to RMB 30.1 million as disclosed in Note 13 to the financial statements before completion of fund raising exercises which the company may consider and debt restructuring; and

(c) The Company has received letters of financial support from the controlling shareholders that they will provide continuing financial support to the Group and the Company as and when its liabilities fall due.

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. The ability of the Group and the Company to continue as a going concern for the next twelve months after the end of the reporting period is dependent on the continuing financial support from the controlling shareholders. 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 for any reason the Group is unable to continue as a going concern, the Group and the Company may be unable to discharge their liabilities in the normal course of business and 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 sheets.

2 Going concern (Cont'd)

In addition, the Group and the Company may have to provide for further liabilities which may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to the financial statements of the Group and the Company in respect of these.

3 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been 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 individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements are prepared in Chinese Renminbi ("RMB") which is also the Company's functional currency. All the financial information presented in RMB has been rounded to the nearest thousand ("RMB'000"), unless otherwise stated.

3.1 Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Group adopted the new and revised standards, amendments and interpretation of FRSs that are mandatory for application from that date.

The adoption of the new and revised standards, amendments and interpretations of FRSs did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current period or prior financial year.

3.2 FRS and INT FRS not yet effective

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by ASC that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. The directors do not anticipate that the application of these new and revised FRSs will have a material impact on the financial statements of the Group and the Company except for the following which may be relevant to the Group and may have a significant effect on the consolidated financial statements in future financial periods.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 7	*Statement of Cash Flows:Disclosure Initiative*	1 January 2017
Amendments to FRS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendment to FRS 112	*Disclosure of interest in other Entities*	1 January 2017
FRS 115	*Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 115	*Clarifications to FRS 115 Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 102	*Classification and Measurement of Share-Based Payment Transactions*	1 January 2018
FRS 109	*Financial Instruments*	1 January 2018
FRS 116	*Leases*	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 Basis of preparation (Cont'd)

3.2 FRS and INT FRS not yet effective (Cont'd)

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Key issues for the Company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

The new standard will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

During 2016, the Group performed a preliminary assessment of FRS 115 which is subject to changes arising from a more detailed ongoing analysis. The Group is in a business of manufacturing and sales of piles and other building materials. The Group expects the following impact upon adoption of FRS 115:

(a) Variable consideration

Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowance, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under FRS 115, and will be required to be estimated at contract inception. FRS 115 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group continues to assess individual contracts to determine the estimated variable consideration and related constraint. The group expects that application of the constraint may result in more revenue being deferred than is under current FRS.

(b) Right of return

The Group currently recognises a provision for the net margin arising from expected returns. Under FRS 115, an entity estimates the transaction price and recognises revenue based on the amounts to which the entity expects to be entitled through the end of the return period, and recognises such amount of expected returns as a refund liability, representing its obligation to return the customer's consideration. The Group expects to recognise a liability for the refund obligation and an asset for the right to recover the returned goods under FRS 115.

3 Basis of preparation (Cont'd)

3.2 FRS and INT FRS not yet effective (Cont'd)

FRS 115 *Revenue from Contracts with Customers (Cont'd)*

(b) Right of return (Cont'd)

Transition

The following practical expedients are available when applying FRS 115 retrospectively.

- For completed contracts, an entity need not restate contracts that begin and end with the same annual reporting period or are completed contracts at the beginning of the earliest period presented.

- For completed contracts that have variable consideration, an entity may use the transaction price at the date the contract was completed rather than estimating the variable consideration amounts in the comparative reporting periods; and

- For contracts that were modified before the beginning of the earliest period presented, an entity need not retrospectively restate the contract for those contract modifications. Instead, an entity shall reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:

    - o identifying the satisfied and unsatisfied performance obligations;
    - o determining the transaction price; and
    - o allocating the transaction price to the satisfied and unsatisfied performance obligations.

- For all reporting periods presented before the date of initial application, an entity need not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognise that amount as revenue.

The Group plans to adopt the new standard on the required effective date using the full retrospective method and apply all the practical expedients available for full retrospective approach under FRS 115 as listed above.

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 Group is currently assessing the impact to the financial statements.

3 Basis of preparation (Cont'd)

3.2 FRS and INT FRS not yet effective (Cont'd)

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on the statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases which do not contain any purchase options. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard to result in an increase in total assets and total liabilities, earnings before interest, taxes, depreciation and amortisation (EBITDA) and gearing ratio.

3.3 Summary of significant accounting policies

3.3.1 Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the end of the reporting period. The financial statements of the subsidiary 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 subsidiary in the People's Republic of China ("PRC") is based on the subsidiary's financial statements prepared in accordance with FRS. Profit 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 subsidiary 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.

Subsidiary is 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; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

3 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.1 Consolidation (Cont'd)

Changes in the Group's ownership interests in subsidiary that do not result in the Group losing control over the subsidiary 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 subsidiary. 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 the statement of comprehensive income 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).

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.

<u>Transactions eliminated on consolidation</u>

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.

<u>Transactions with Non-Controlling Interest</u>

Non-controlling interest represents the equity in subsidiary 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 balance sheet/consolidated statement of financial position (delete where applicable), 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.

3 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.2 Functional and presentation currency

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.

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.

Group entities

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.

3.3.3 Subsidiary

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.

3 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.3 Subsidiary (Cont'd)

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, investments in subsidiary are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

3.3.4 Property, plant and equipment

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 statement of comprehensive income as incurred.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Plant and machinery	10 years
Motor vehicles	5 years
Furniture, fittings and equipment	3 to 10 years

Construction-in-progress, which represents buildings under construction, is stated at cost less any impairment losses. No depreciation is charged on construction-in-progress as they are not yet in use as at the end of the financial year.

3 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.4 Property, plant and equipment (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.

For acquisitions and disposals during the year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

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 derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

3.3.5 Impairment of non-financial assets

The carrying amounts of the Group'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.

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.

3 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.6 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 Company and 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.

Derecognition 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 profit or loss 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.

<u>Loans and receivables</u>

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 VAT receivables, 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 writeback is recognised in statement of comprehensive income.

3 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.7 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 repayable on demand and which form an integral part of cash management.

3.3.8 Non-current asset (or disposal group) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in statement of comprehensive income.

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

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

3.3.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.3.10 Financial liabilities

The Group's financial liabilities include short-term borrowings and trade and other payables.

Financial liabilities are recognised when the Group 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 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 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 statement of comprehensive income 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.

3 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.10 Financial liabilities (Cont'd)

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original terms was for a period longer than twelve months and an agreement to refinance, or reschedule payments, on a long-term basis is completed after the end of the reporting period. Borrowings to be settled within the Group's normal operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

3.3.11 Leases

Where the Group is the lessee

Operating leases

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 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 the statement of comprehensive income when incurred.

Where the Group is the lessor

Operating leases

Assets leased out under operating leases are included in property, plant and equipment and are stated at cost less accumulated depreciation. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Finance leases

Where assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the lease term using the net investment method, which reflects a constant periodic rate of return.

3 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.12 Employee benefits

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations.

Pursuant to the relevant regulations of the PRC government, the employees of the subsidiary which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government (the "Central Pension Scheme"), whereby the PRC subsidiary is required to contribute a certain percentage of the basic salaries of their employees to the Central Pension Scheme. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the PRC subsidiary. The only obligation of the PRC subsidiary with respect to the Central Pension Scheme is to pay the ongoing required contributions under the Central Pension Scheme. Contributions under the Central Pension Scheme are charged to the profit or loss as incurred. The assets of the Central Pension Scheme are held separately from those of the PRC subsidiary in independently administered funds.

A defined contribution national pension scheme 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 profit or loss in the period to which the contributions made. The Group is subject only to defined contribution plans.

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 reporting 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 general managers are considered key management personnel.

3.3.13 Revenue

Revenue from sale of goods 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.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. In a transaction where the Group acts as an agent, such commission income is recognised net on an accrual basis. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.13 Revenue (Cont'd)

(b) Contract revenue

As soon as the outcome of the foundation engineering contract can be estimated reliably, contract revenue and costs are recognised in the statement of comprehensive income based on the completion of physical proportion of the contract work. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work and claims, to the extent that it is probable that they will result in revenue and can be measured reliably.

When the outcome of a foundation engineering contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the statement of comprehensive income. Allowance is made where applicable for any foreseeable losses on uncompleted contracts as soon as the possibility of the loss is ascertained.

(c) Interest income

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

(d) Rental income

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

3.3.14 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 subsidiary, 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.

3 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.14 Taxes (Cont'd)

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 date of the financial position; 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.

3.3.15 Operating segments

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. 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 26 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that are reported to the Group's directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.3.16 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.

3 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.16 Related parties (Cont'd)

(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).

3.3.17 Earnings per share

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 year.

4 Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the management to exercise judgements in the process of applying the Group's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting periods, and the reported amounts of revenues and expenses during the financial years. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only the financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

4.1 Significant judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Determination of presentation and functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

4 Significant accounting estimates and judgements (Cont'd)

4.1 Significant judgements made in applying accounting policies (Cont'd)

(b) Classification of leases

Group entered into a number of lease arrangements with an individual as disclosed in Notes 6 and 21. Lease classification depends on the substance of the transactions rather than the form of the contract and involves significant management's judgement. For each of the lease arrangement entered, management has evaluated the terms and conditions of the lease agreement and determined the appropriate classification of the lease arrangement in accordance with FRS 17 - *Leases*.

(c) Income taxes (Note 18)

The Group has exposure to income taxes in the PRC and Singapore. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. The carrying amount of the Group's tax payable at 31 December 2016 were Nil (2015 - RMB 4.4 million).

The PRC subsidiary make tax submissions to the local tax authorities in accordance with interpretations and local practices. Management has assessed and concluded that all tax submissions are appropriate and except for the outstanding payments so determined, there are no further tax and related liabilities.

As at 31 December 2016, the Group did not recognise deferred tax assets in relation to unutilised tax losses and temporary differences arising from deductible expenses due to uncertainty over which future taxable profit will be available against which the Group can utilise such benefit.

d) Completion of disposal and transfer of control of Hainan Pearl River Pile Co., Ltd ("HPRP")

As at 31 December 2016, the necessary procedures and conditions precedent stipulated in the original sales and purchase agreement have been completed for HPRP as the approval from relevant government authorities has been obtained. Accordingly, the transfer of control of HPRP was completed.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimate on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future development however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumption when they occur.

4 Significant accounting estimates and judgements (Cont'd)

4.2 Key sources of estimation uncertainty

(a) Allowance for doubtful debts

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.

The carrying amount of the Group's trade and other receivables at the end of each reporting period is disclosed in Note 8 to the financial statements. If the present value of estimated future cash flows on trade and other receivables decrease by 5% from management's estimates, the Group's allowance for impairment will increase by RMB 997,000 (2015 - RMB 396,000).

5 Property, plant and equipment

The Group	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Total RMB'000
Cost				
At 1 January 2015	10	899	167	1,076
Written off	(10)	-	-	(10)
At 31 December 2015 and 31 December 2016	**-**	**899**	**167**	**1,066**
Accumulated depreciation and impairment losses				
At 1 January 2015	10	877	167	1,054
Depreciation for the year	-	22	-	22
Written off	(10)	-	-	(10)
At 31 December 2015 and 31 December 2016	**-**	**899**	**167**	**1,066**
Net carrying amount				
At 31 December 2016	**-**	**-**	**-**	-
At 31 December 2015	**-**	**-**	**-**	**-**

5 Property, plant and equipment (Cont'd)

Depreciation expense

Depreciation expense is recognised in the statement of comprehensive income as follows:

The Group	**2016 RMB'000**	**2015 RMB'000**
Depreciation expense charged to:-		
- Administration expenses	-	22

6 Finance lease receivables

The Group	**2016 RMB'000**	**2015 RMB'000**
Gross receivables due:		
Not later than one year	285	285
Later than one year but within five years	506	791
	791	1,076
Less: Unearned finance income	(85)	(137)
Net investment in finance leases	**706**	**939**
The net investment in finance leases is analysed as follows:		
Not later than one year	247	234
Later than one year but within five years	459	705
	706	**939**

The breakdown of finance lease receivables as follows:

The Group	**2016 RMB'000**	**2015 RMB'000**
Current	247	234
Non-Current	459	705
	706	**939**

In March 2013, the Group's subsidiary – Hainan Pearl River Foundation Engineering Co., Ltd ("HPRFE") leased two units of hammer pile drivers and one unit of hydraulic pile driver to an individual (the "lessee") under a finance lease arrangement for a period of 5 years and 8 years respectively. The leases will terminate between 2018 and 2021, and the lessee has the right to obtain the ownership of the assets at the end of the lease period. The total rental receivable for the 3 equipment amounted to RMB 285,000 per annum, receivable on a quarterly basis. The commencement of the finance leases was effective from 1 January 2014.

The Group has assessed and evaluated the indicators individually or in combination, the substance of the lease arrangements and it appears appropriate for management to account for the leases as "finance leases" in accordance with FRS 17 – *Leases*.

7 Investments in subsidiary

The Company	2016 RMB'000	2015 RMB'000
Unquoted equity shares, at cost		
At 1 January	37,260	68,510
Disposal of subsidiary	(37,260)	(31,250)
At 31 December	-	**37,260**
Allowance for impairment losses		
At 1 January	(37,260)	(68,510)
Disposal of subsidiary	37,260	31,250
At 31 December	-	**(37,260)**
Net	-	-

Details of the subsidiary at the end of the reporting period are set out below:

Name of subsidiary	Country of incorporation/ principal place of business	Principal activities	Effective percentage of equity held by the Company		Cost of investment	
			2016 %	2015 %	**2016 RMB'000**	2015 RMB'000
Hainan Pearl River Foundation Engineering Co., Ltd ("HPRFE")^	PRC	Provision of piling services	**97.62**	97.62	**Note 1**	**Note 1**

^ - Audited by RT LLP for consolidation purposes

Note 1:

Pursuant to the terms of the Sale and Purchase Agreement with Lionview Global Investment ("LionView") signed in the financial year ended 31 December 2014, HPRP transferred its entire shareholding in HPRFE to the Company for a nominal consideration of RMB 1.

The Group has no non-controlling interests that are material to the Group.

8 Trade and other receivables

	The Group		The Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Trade receivables	12,999	13,776	-	-
Allowance for doubtful receivables	(12,860)	(8,206)	-	-
Net trade receivables	139	5,570	-	-
Other receivables:				
- Deposits	190	190	-	-
- Staff advances	490	800	-	-
- Amount due from a former subsidiary	18,714	-	-	-
- Others	1,335	927	-	3
- Less: Allowance for doubtful receivables	(932)	(756)	-	-
Others, net	403	171	-	3
Loans and receivables at amortised cost	19,936	6,731	-	3
- Advances to suppliers	6,446	6,645	-	-
- Less: Allowance for doubtful receivables	(6,446)	(5,450)	-	-
Net advances to suppliers	-	1,195	-	-
Total trade and other receivables	**19,936**	**7,926**	**-**	**3**

Trade receivables are non-interest bearing and are normally settled on 90 days' credit terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition. The Group'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 trade receivables.

Impairment losses

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

	The Group		The Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
No credit terms*	19,797	2,357	-	-
Not past due:	-	1,216	-	3
Past due:				
- More than 3 months	-	-	-	-
- More than 6 months	139			
- More than 12 months	-	4,353	-	-
	19,936	**7,926**	**-**	**3**

* Comprised mainly non-trade amount due from a former subsidiary deposits and staff advances at the consolidated level.

8 Trade and other receivables (Cont'd)

The ageing of trade and receivables that were past due and impaired at the reporting date was:

	The Group		The Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
No credit terms	7,378	6,206	-	-
Past due more than 12 months	12,860	8,206	-	-
	20,238	**14,412**	**-**	**-**

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

The Group	2016 RMB'000	2015 RMB'000
At 1 January	14,412	14,916
Impairment loss on the trade and other receivables	6,648	2,024
Reversal of allowance for doubtful receivables (Note 15)	(822)	(2,528)
At 31 December	**20,238**	**14,412**

9 Cash and bank balances

Cash and bank balances consist of cash on hand, cash at banks and unpledged bank deposits. Cash and cash equivalents included in the consolidated statements of cash flows comprise the following balance sheet amounts:

	The Group		The Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Cash on hand	1	1	-	-
Cash at bank	1,060	61	902	45
Cash and bank balances	**1,061**	**62**	**902**	**45**

10 Disposal group classified as held for sale

As at 31 December 2016, the necessary procedures and conditions precedent stipulated in the original sales and purchase agreement have been completed for Hainan Pearl River Pile Co., Ltd ("HPRP") as the approval from relevant government authorities has been obtained. Accordingly, the transfer of control of HPRP was completed.

10(a) Assets and liabilities directly associated with disposal group classified as held for sale:

As at 31 December 2016, no disposal group classified as held-for-sale (2015: HPRP)

The Group	2016 RMB'000	2015 RMB'000
Assets		
Property, plant and equipment (Note A)	-	3,398
Land use rights (Note B)	-	16,615
Trade and other receivables	-	4,420
Cash and bank balances	-	64
	-	**24,497**
Liabilities		
Deferred tax liabilities (Note C)	-	3,677
Trade and other payables	-	32,090
Amounts due to a minority shareholder	-	5,362
Financial liabilities (Note D)	-	36,131
	-	**77,260**

Note A:

During 2015, HPRP disposed of certain property, plant and equipment with a carrying amount of RMB 1.0 million for a consideration of RMB 4.7 million and recorded a gain on disposal of property, plant and equipment of RMB 3.7 million as disclosed in Note 10(b) below.

Note B:

The land use rights relate to the following parcels of land:

Location	Entity	Land area	Tenure
海南省海口市老城开发区工业大道5公里处南侧	HPRP^	47,403 square metres	59 years (commenced on 1 January 2001 and expiring on 31 December 2060)

10 Disposal group classified as held for sale (Cont'd)

10(a) Assets and liabilities directly associated with disposal group classified as held for sale: (Cont'd)

Note C:

The deferred tax liabilities of RMB 3.68 million relate to deferred tax liabilities on revaluation gain on land use rights of HPRP since the end of FY2013. Management did not perform a revaluation on the land use rights following the reclassification of HPRP as "Disposal Group Held for Sale".

Note D:

As at the balance sheet date, included in financial liabilities were five unsecured loans amounting to nil (2015 RMB 27.1 million), two secured loans amounting to (i) RMB nil (2015 - RMB 1.0 million) and (ii) RMB nil (2015 - RMB 8.0 million) respectively that were secured by property and a third party. During 2015, the unsecured loans bear interest rate ranging from 6% to 48% per annum and the maturity date ranges from 25 March 2015 to 31 December 2016 and the secured loans bear interest rate ranging 5.6% to 30% per annum and the maturity date is 31 December 2016.

10(b) Results of discontinued operation

An analysis of the results of the discontinued operation for the financial year was as follows:

The Group	2016 RMB'000	2015 RMB'000
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Other income	60,197	77,860
Marketing and distribution expenses	(9)	(12)
Administrative expenses	(2,527)	(4,700)
Other operating expenses	(426)	(5,681)
Finance costs	(9,679)	(6,051)
Profit before income tax	**47,556**	**61,416**
Income tax expense (Note 18)	-	-
Profit after taxation from discontinued operations	**47,556**	**61,416**

10 Disposal group classified as held for sale (Cont'd)

10(b) Results of discontinued operation (Cont'd):

Profit from discontinued operations mainly comprised the following:-

The Group	2016 RMB'000	2015 RMB'000
Included under "Other income"		
Gain on disposal of subsidiary	57,212	68,308
Gain on disposal of property, plant and equipment	-	3,691
Rental income from lease on plant and equipment	-	4,514
Reversal of impairment loss on trade and other receivables	822	1,347
Including under "Administrative expenses"		
Employee compensation	968	1,394
Consultancy fees	112	1,120
Legal and professional expenses	329	10
Property and land use tax	536	329
Included under "Other operating expenses"		
Loss on disposal of property, plant and equipment	-	295
Impairment loss on the trade and other receivables	-	4,757

The net cash flow attributable to the manufacturing and sale of piling and other building materials business are as follows:

The Group	2016 RMB'000	2015 RMB'000
Operating activities	441	(439)
Investing activities	(526)	(5)
Financing activities	49	400
Net cash outflows	**(36)**	**(44)**

11 Share capital

The Company	2016 Number of ordinary shares '000	2015 Number of ordinary shares '000	2016 RMB'000	2015 RMB'000
Issued and fully paid ordinary shares				
At beginning of year	170,000	170,000	79,862	79,862
Issuance of shares	100,000	-	10,000	-
At end of year	**270,000**	**170,000**	**89,862**	**79,862**

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

12 Other reserves

The Group	2016 RMB'000	2015 RMB'000
Statutory reserve	-	367
Revaluation reserve	-	10,885
	-	**11,252**

Statutory reserve

Pursuant to the relevant laws and regulations in the PRC applicable to foreign investment enterprise and the Articles of Association of Subsidiary of the Group, the subsidiary are required to maintain statutory reserve fund which non-distributable. Appropriations to such reserve are made out of net profit after tax of the statutory financial statements of the subsidiary. The subsidiary are required to transfer at least 10% of its profit after tax as reported in its PRC statutory financial statements to the statutory surplus fund until the balance reaches 50% of the registered capital of the respective subsidiary. The statutory surplus reserve fund may be used to make up prior year losses and with approval from relevant government authority to increase capital.

The statutory surplus reserve funds pertain to reserve appropriated by HPRP.

Revaluation reserve

The revaluation reserve represents increases in the fair value of land use right held by HPRP. The amount was reclassified to the Group's accumulated losses upon disposal of HPRP.

13 Trade and other payables

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Trade payables	8,256	8,307	-	-
Advances extended by a minority shareholder	500	500	-	-
Accrued salaries and related costs	3,217	3,015	-	-
Other accruals (Note A)	1,225	5,907	936	3,440
Amount due to a former subsidiary	30,132	-	-	-
Amounts due to a former director (non-trade)	-	3,852	-	3,852
Financial liabilities carried at amortised cost	43,330	21,581	936	7,292
VAT and surcharge payables	1,695	1,708	-	-
Advances from customers	2,176	1,477	-	-
Total trade and other payables	**47,201**	**24,766**	**936**	**7,292**

Trade payables are non-interest bearing and are normally settled on 30 to 60 days' terms and are denominated in RMB.

The non-trade advances extended by a minority shareholder is unsecured, interest-free and repayable on demand.

Note A:

Comprised mainly (i) accrued directors' fees amounting to 0.7 million (2015: RMB 2.0 million), (ii) accrued professional fees RMB 0.1 million (2015: RMB 1.0 million); and (iii) consultancy fees payables to a third party RMB nil (2015: RMB 0.7 million).

14 Revenue

The Group's revenue from continuing operations relate to the income generated from the provision of piling services to external customers, net of discounts and value-added-tax ("VAT"), excluding inter-company transactions.

15 Other income

	2016	**2015**
The Group	**RMB'000**	**RMB'000**
Gain on foreign exchange, net	20	91
Reversal of impairment loss on trade and other receivables (Note 8)	822	2,528
Interest income on finance leases	52	67
Government grant	2	-
Others	215	-
	1,111	**2,686**

16 Profit for the year

The Group	Note	2016 RMB'000	2015 RMB'000
Audit fees:			
- Auditors of the Company		450	750
Impairment loss on trade and other receivables		6,648	6,781
Depreciation of property, plant and equipment	5	-	22
Employee compensation*	17	3,528	3,740
Operating lease expenses		192	175

* Included remuneration of key management personnel as disclosed in Note 17 to the financial statements.

17 Employee compensation

The Group	2016 RMB'000	2015 RMB'000
Directors' fees	560	515
Salaries, wages and bonus	2,377	2,418
Redundancy costs	-	303
Labor union expense	14	14
Employer's contribution to defined contribution plans	577	490
	3,528	**3,740**
Directors' fees	560	515
Directors' remuneration other than fee		
- Director of the Company	203	244
Key management personnel (other than directors):		
- Salaries, wages and other related costs	892	1,097
- Social security contribution and defined contribution plan	99	115
	1,754	1,971
Other than directors and key management personnel:		
- Salaries, wages and other related costs	1,282	1,077
- Redundancy costs	-	303
- Labor union expense	14	14
- Social security contribution	478	375
	3,528	**3,740**

The remuneration of key management personnel is determined by the board of directors having regards to the performance of individuals and market trends.

18 Income tax expense

Major components of income tax expense

The major components of income tax expense for the year ended 31 December 2016 and 31 December 2015 are:

The Group	2016 RMB'000	2015 RMB'000
Income tax expense	-	-

Relationship between tax expense and loss before tax

A reconciliation between tax expense and the product of loss before tax multiplied by the applicable tax rate for the financial years ended 31 December 2016 and 31 December 2015 is as follows:

The Group	2016 RMB'000	2015 RMB'000
Loss from continuing operations before income tax	(10,082)	(2,442)
Tax at applicable statutory tax rates	(1,714)	(415)
Different tax rates of overseas operation	(583)	-
Tax effect on non-deductible expenses	2,297	415
Income tax expense from continuing operations	-	-

Expenses not deductible for tax purposes mainly include the operating expenses incurred by the Company, excess entertainment expenses & staff welfare for the PRC subsidiary, penalties, and allowance for doubtful receivables.

China Great Land Holdings Ltd (the "Company") is subjected to the tax rate of 17% for the financial year ended 31 December 2016 (2015 - 17%).

On 16 March 2007, the National People's Congress of China enacted the Enterprise Income Tax Law of the PRC which took effect on 1 January 2008 (the "New EIT Law"). In accordance with the New EIT Law, a unified Enterprise Income Tax rate of 25% and unified tax deduction standards will be applied equally to both domestic invested enterprises and wholly foreign-owned enterprises in the PRC. Accordingly, the subsidiary in the PRC are subject to the applicable EIT rate of 25%.

HPRP and HPRFE are subjected to tax rate of 25% for the financial year ended 31 December 2016 (2015 - 25%).

19 (Loss)/earnings per share

Basic (loss)/earnings per share is calculated based on the consolidated (losses)/profit attributable to owners of the parent divided by the weighted average number of ordinary shares in issue of 186,666,667 (2015 - 170,000,000) shares during the financial year.

Diluted (loss)/earnings per share were calculated on the consolidated (losses)/profit attributable to owners of the parent divided by 186,666,667 (2015 - 170,000,000) ordinary shares.

Diluted (loss)/earnings per share is calculated by dividing the consolidated (loss)/profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects loss and share data used in the computation of basic and diluted (loss)/earnings per share for the years ended 31 December:

	2016			2015		
	Continuing operations RMB'000	**Discontinued operations RMB'000**	**Total RMB'000**	**Continuing operations RMB'000**	**Discontinued operations RMB'000**	**Total RMB'000**
The Group						
(Loss)/profit for the year attributable to ordinary shareholders (RMB'000)	(10,004)	47,556	37,552	(2,401)	61,416	59,015
Weighted average number of ordinary shares			186,666,667			170,000,000
Basic and diluted (loss)/earnings per share (RMB)	**(0.05)**	**0.25**	**0.20**	**(0.01)**	**0.36**	**0.35**

Diluted (loss)/earnings per share is similar to basic (loss)/earnings per share as there were no potential dilutive ordinary shares existing during the year.

20 Disposal of subsidiary

As at 31 December 2016, the necessary procedures and conditions precedent stipulated in the original sales and purchase agreement have been completed for Hainan Pearl River Pile Co., Ltd ("HPRP") as the approval from relevant government authorities has been obtained. Accordingly, the transfer of control of HPRP was completed.

The attributable net liabilities of the subsidiary disposed are as follows:-

	HPRP 2016 RMB'000
Property, plant and equipment	2,928
Land use right	16,615
Intangible assets	38
Trade and other receivables	18,289
Cash and cash equivalents	29
Trade payables	(5,590)
Other payables	(49,664)
Financial liabilities	(36,180)
Deferred tax liability	(3,677)
Net liabilities disposed of	**(57,212)**
Non-cash consideration	-
Gain on disposal of subsidiary	**(57,212)**
Cash consideration received	-
Cash and cash equivalent disposed	(29)
Cash outflow on disposal of subsidiary	**(29)**

	SPRP RMB'000	HHBM RMB'000	2015 RMB'000
Land use right	2,143	-	2,143
Trade and other receivables	252	28	280
Cash and cash equivalents	31	5	36
Trade payables	(3,968)	(1,959)	(5,927)
Other payables	(11,970)	(3,470)	(15,440)
Financial liabilities	(15,800)	(3,600)	(19,400)
Net liabilities disposed of	**(29,312)**	**(8,996)**	**(38,308)**
Non-cash consideration	(30,000)^	-#	(30,000)
Gain on disposal of subsidiary	**59,312**	**8,996**	**68,308**
Cash consideration received	-	-	-
Cash and cash equivalent disposed	(31)	(5)	(36)
Cash outflow on disposal of subsidiary	**(31)**	**(5)**	**(36)**

^: Based on the revised SPRP Transfer Agreement dated 30 September 2014, Lionview Global Investment agreed to take over the obligation from the Company to repay Hainan Pearl River the deposit of RMB 30 million if the industrial land use right was not obtained on or before 31 July 2014. Accordingly, the total purchase consideration, including the non-cash portion, for the acquisition of SPRP is RMB 30,000,001.

#: Consideration of RMB 1.

21 Operating lease commitments

Where the Group and the Company are the lessee,

At the end of the reporting period, the Group and the Company were committed to making the following rental payments in respect of non-cancelling operating lease of office premise with an original term of 2 years:

The Group and the Company	2016 RMB'000	2015 RMB'000
Not later than 1 year	56	96
Later than 1 year but not later than 5 years	-	56
	56	**152**

The lease on which the Group's and the Company's office premise on which rentals are payable will expire on 31 July 2017, subject to an option to renew for another 1 year, and the current rent payable on the lease is RMB 8,025 per month which is subject to revision on renewal.

22 Significant related party transactions

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

The Group	2016 RMB'000	2015 RMB'000
Rental and other services paid/payable to a minority shareholder	-	96
Interest expense payable to a minority shareholder from a former subsidiary	842	1,325

23 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. The Company and the Group use financial instruments such as interest rate swaps and forward foreign exchange contracts to hedge certain risk exposures.

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 Company's and 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.

23 Financial risk management objectives and policies (Cont'd)

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 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 Group's operations. The 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 the 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.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group adopts the practice of dealing only with those customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made upfront by customers, which do not meet the Group's credit requirements.

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. Through ongoing credit monitoring and existing collection procedures in place, credit risk is mitigated substantially.

The Group evaluates whether there is any objective evidence that trade and other receivables are impaired, and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the receivable balances, creditworthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's assessment of their creditworthiness and in accordance with the Group's policy.

In determining the recoverability of trade and other receivables, the Group considers any change in the credit quality of the trade and other receivables from the date credit was initially granted up to the end of each reporting period.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

23 Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group focuses on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Exposure to credit risk

At the balance sheet date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets as disclosed in Note 8 to the financial statements.

Credit risk concentration profile

As at 31 December 2016, one customer (2015 - three customers) have aggregated outstanding balance exceeded 90% of the outstanding trade receivables net of allowance for doubtful debts. As at 31 December 2016, the one (2015: three) individual customer had individual balance greater than RMB 0.1 million (2015 - RMB 0.9 million).

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 8 (Trade and other receivables).

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.

23 Financial risk management objectives and policies (Cont'd)

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 (i) 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 and (ii) existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern, the Company has received letters of financial support from minority shareholder -Hainan Pearl River, and a controlling shareholders, to provide continue financial support to the Group as and when its liabilities fall due.

The Group's financial liabilities comprising trade and other payables and borrowings with contractual undiscounted cash flows. Nevertheless, the 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 Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets. In particular, the Group and the Company monitor and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows.

23 Financial risk management objectives and policies (Cont'd)

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
The Group			
Financial liabilities:			
Trade and other payables (Note 13)	43,330	43,330	43,330
As at 31 December 2016	**43,330**	**43,330**	**43,330**
Financial liabilities:			
Trade and other payables (Note 13)	21,581	21,581	21,581
As at 31 December 2015	**21,581**	**21,581**	**21,581**
The Company			
Financial liabilities:			
Trade and other payables (Note 13)	936	936	936
As at 31 December 2016	**936**	**936**	**936**
Financial liabilities:			
Trade and other payables (Note 13)	7,292	7,292	7,292
As at 31 December 2015	**7,292**	**7,292**	**7,292**

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from cash at bank and finance lease receivables. The Group obtains additional financing through bank borrowings at a mix of fixed and floating interest rate. The Group's policy is to obtain the most favourable interest rates available. Surplus funds are placed with reputable banks.

Information relating to the Group's and Company's interest rate exposure is also disclosed in Notes 6 and 8 to the financial statements.

23 Financial risk management objectives and policies (Cont'd)

Interest rate risk (Cont'd)

At the end of each reporting period, the carrying amount of the interest-bearing financial instruments is as follows:

The Group	2016 RMB'000	2015 RMB'000
Fixed rate instruments		
Financial assets		
- Financial leases receivables	706	939
Variable rate instruments		
Financial assets		
- Bank balances	1,060	61

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of each reporting period would not affect profit or loss.

Sensitivity analysis for interest rate risk

As at 31 December 2016, if RMB interest rates had been 100 basis points (2015 - 100 basis points) lower/higher with all other variables held constant, the Group's profit/(loss) after tax would have been RMB 0.01 million (2015 - RMB 0.01 million) lower/higher, arising mainly as a result of lower/higher interest income and expense on cash at banks and finance lease receivables respectively. The assumed movement in basis points for interest rate sensitivity analysis is based on observable market environment.

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

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 Group has exposures arising from transactions that are denominated in a currency other than the respective functional currencies of group entities, namely Renminbi. The foreign currency transactions are denominated primarily in Singapore dollar and United States dollar. The Group holds cash and bank balances denominated in Singapore dollar (SGD) and United States dollar (USD) for working capital purposes.

23 Financial risk management objectives and policies (Cont'd)

Foreign currency risk (Cont'd)

Consequently, the Group exposed to movements in foreign currency exchange rates but the impact is minimal as the Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

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

	2016		2015	
	SGD	USD	SGD	USD
The Group and The Company	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other receivables	-	-	3	-
Cash and bank balances	881	8	21	8
Trade and other payables	(936)	-	(7,292)	-
	(55)	**8**	**(7,268)**	**8**

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 of the Group's cash and bank balances denominated in USD and SGD held by the Company whose functional currency is RMB, to a reasonably possible change in the USD and SGD exchange rates against the RMB, with all other variables held constant.

		Profit/(Loss) net of tax / Equity	
		2016	2015
The Group		RMB'000	RMB'000
USD/RMB	- strengthened 3% (2016 - 3%)	1	1
	- weakened 3% (2016 - 3%)	(1)	(1)
SGD/RMB	- strengthened 3% (2016 - 3%)	2	218
	- weakened 3% (2016 - 3%)	(2)	(218)

24 Fair value of measurement

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.

Determination of fair value

Management has determined that the carrying amounts of cash and bank balances, trade and other receivables, finance lease receivables and trade and other payables, reasonably approximate their fair values because these are mostly short term in nature or are re-priced frequently.

25 Capital management policies and objectives

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's abilities to continue as a going concern;

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

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

(d) To provide an adequate return to the shareholders.

The Group and the Company actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group's and the Company's capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adapt any formal dividend policy.

No changes were made in the objectives, policies or processes during the financial year ended 31 December 2016. Neither the Company nor any of its subsidiary are subject to externally imposed capital requirements.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Capital includes equity attributable to the equity holders less restricted PRC statutory reserve funds.

25 Capital management policies and objectives

The gearing ratio is calculated as net debt divided by total capital as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables (Note 13)	47,201	24,766	936	7,292
Less: Cash and bank balances (Note 9)	(1,061)	(62)	(902)	(45)
Net debt	**46,140**	**24,704**	**34**	**7,247**
Total equity attributable to equity holders of the parent	(25,011)	(71,797)	(34)	(7,244)
Less: Statutory reserve (Note 12)	-	367	-	-
Adjusted capital	**(25,011)**	**(71,430)**	**(34)**	**(7,244)**
Net debt-to-adjusted capital ratio	**n.m#**	**n.m#**	**n.m#**	**n.m#**

not meaningful.

26 Segment information

The directors of the Company review the Group's internal financial reporting and other information and also obtain other relevant external information in order to assess performance and allocate resources. Operating segment is identified with reference to these.

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products or services, and are managed separately. For each of the strategic business units, the Group CEO reviews internal management reports on at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Manufacture and sale of piles and other building materials;
- Provision of piling services; and
- Corporate

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO.

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 property, plant and equipment and operations of the Group are primarily located in the PRC

26 Segment information (Cont'd)

	Continuing operations on provision of piling services RMB'000	Discontinued operations on manufacturing and sale of piles and other building materials RMB'000	Corporate RMB'000	Inter-segment eliminations RMB'000	Total RMB'000
Revenue and expenses					
2016					
Total revenue	125	-	-	-	125
Inter-segment revenue	125	-	-	-	125
Interest income from finance leases	52	-	-	-	52
Interest expense	-	9,682	-	-	9,682
Depreciation expenses	-	-	-	-	-
Reportable segment (loss)/profit before income tax	(7,293)	47,556	(2,789)	-	37,474
Other material non-cash items:					
- Impairment loss made on trade and other receivables	6,648	-	-	-	6,648
- Reversal of impairment loss for doubtful receivables	(822)	-	-	-	(822)
- Loss on disposal of property, plant and equipment	-	(144)	-	-	(144)
- Gain on disposal of subsidiary	-	(57,212)	-	-	(57,212)
Reportable segment assets	20,703	-	1,000	-	21,703
Reportable segment liabilities	46,491	-	710	-	47,201

26 Segment information (Cont'd)

	Continuing operations on provision of piling services RMB'000	Discontinued operations on manufacturing and sale of piles and other building materials RMB'000	Corporate RMB'000	Inter-segment eliminations RMB'000	Total RMB'000
Revenue and expenses					
2015					
Total revenue	1,360	-	-	-	1,360
Inter-segment revenue	1,360	-	-	-	1,360
Interest income from finance leases	67	-	-	-	67
Interest expense	-	6,051	-	-	6,051
Depreciation expenses	22	-	-	-	22
Reportable segment (loss)/profit before income tax	(455)	61,416	(2,645)	658	58,974
Other material non-cash items:					
- Impairment loss made on trade and other receivables	2,024	4,757	-	-	6,781
- Reversal of impairment loss for doubtful receivables	(2,528)	(1,347)	-	-	(3,875)
- Gain on disposal of property, plant and equipment	-	(3,691)	-	-	(3,691)
- Gain on disposal of subsidiary	-	(68,308)	-	-	(68,308)
Reportable segment assets	8,879	24,497	48	-	33,424
Capital expenditure	-	5	-	-	5
Reportable segment liabilities	21,844	77,260	7,292	-	106,396

Information about major customers

Revenue from transactions with one (2015 - two) external customers from continuing operations amounting to RMB 0.1 million (2015 - RMB 1.4 million) and each amount to 10% or more of the Group's revenue.

The total net segment income is equivalent to total comprehensive income for the financial year as shown in the consolidated statement of comprehensive income and the total segment assets and total segment liabilities are equivalent to total assets and total liabilities as shown in the consolidated statement of financial position.

27 Events after the reporting period

There were no subsequent events or transactions that required recognition or disclosure in the consolidated financial statements except for the loan agreement mentioned in Note 2(a) to the financial statements.

SHAREHOLDINGS STATISTICS

AS AT 23 MARCH 2017

Class of shares - Ordinary shares
Voting rights - 1 vote per ordinary share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 23 March 2017, 29.68% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	2	0.31	79	0.00
100 - 1,000	20	3.12	17,167	0.01
1,001 - 10,000	252	39.32	1,631,750	0.60
10,001 - 1,000,000	350	54.60	36,583,131	13.55
1,000,001 and above	17	2.65	231,767,873	85.84
	641	**100.00**	**270,000,000**	**100.00**

The Company does not have any treasury shares.

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	CIMB Securities (S) Pte Ltd	120,478,000	44.62
2	Full Prime International Limited	67,692,429	25.07
3	UOB Kay Hian Pte Ltd	22,268,682	8.25
4	Sin Teck Chye	2,572,000	0.95
5	Chan Soo Hin	2,251,889	0.83
6	Lim Chye Huat @ Bobby Lim Chye Huat	2,097,873	0.78
7	OCBC Securities Private Ltd	1,835,000	0.68
8	RHB Securities Singapore Pte Ltd	1,581,000	0.59
9	Phillip Securities Pte Ltd	1,540,000	0.57
10	Citibank Nominees Singapore Pte Ltd	1,536,000	0.57
11	Tity Wardany Tio	1,423,000	0.53
12	United Overseas Bank Nominees Pte Ltd	1,186,000	0.44
13	Chung Suan Lim	1,151,200	0.43
14	Himanshu Lalitrai Timbadia	1,110,000	0.41
15	Tan Lye Seng	1,028,700	0.38
16	Lim Tiong Kheng Steven	1,010,000	0.37
17	Lee Siew Peng	1,006,100	0.37
18	Tan Soik Choo Anne	992,079	0.37
19	Tan Hee Nam	840,000	0.31
20	DBS Vickers Securities (S) Pte Ltd	825,100	0.31
		234,425,052	**86.83**

SHAREHOLDINGS STATISTICS
AS AT 23 MARCH 2017

SUBSTANTIAL SHAREHODERS

Name	No. of Shares Direct Interests	Deemed Interests	%
Full Prime International Limited	67,692,429	-	25.07
Li Zhangjiang De Malca[1]	-	67,692,429	25.07
Deepwater Harbour Investment Pte. Ltd.	50,000,000	-	18.52
Xing Fei[2]	-	50,000,000	18.52
Spring Rain Investment Pte. Ltd.	50,000,000	-	18.52
Beijing Shineland Investment & Management Co. Ltd.[3]	-	50,000,000	18.52
Beijing Ruiyi Xingda Investment Management Centre LLP[3]	-	50,000,000	18.52
Liu Xin[3]	-	50,000,000	18.52
Li Qingwei[3]	-	50,000,000	18.52
Shi Xin	22,168,682	-	8.21

Notes:

1. *Deemed interest of Ms Li Zhangjiang De Malca arising from her 100% direct interest in Full Prime International Limited.*

2. *Deemed interest of Mr Xing Fei arising from his 100% direct interest in Deepwater Harbour Investment Pte. Ltd.*

3. *50,000,000 shares are held by Spring Rain Investment Pte. Ltd. ("Spring Rain"), which is a wholly-owned subsidiary of Beijing Shineland Investment & Management Co. Ltd. ("Beijing Shineland"), which is 80% owned by Beijing Ruiyi Xingda Investment Management Centre LLP ("Beijing Ruiyi Xingda"). Mr Liu Xin and Ms Li Qingwei are the beneficial owners of Beijing Ruiyi Xingda. Accordingly, each of Beijing Shineland, Beijing Ruiyi Xingda, Mr Liu Xin and Ms Li Qingwei has a deemed interest in the 50,000,000 shares held by Spring Rain.*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Orchid Country Club, 1 Orchid Club Road, Sapphire 3, Singapore 769162 on Thursday, 27 April 2017 at 2 p.m. to transact the following business:

AS ORDINARY BUSINESS

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

2. To approve the Directors' fees of S$110,000.00 for the financial year ending 31 December 2017. **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 88 of the Company's Articles of Association:

   i. Mr Xing Fei **(Resolution 3)**
   ii. Mr Ong Peng Kwang Jemme **(Resolution 4)**
   iii. Mr Leo Hee Shong **(Resolution 5)**

   (See Explanatory Note 1)

4. To note the retirement of Mr Tan Huay Pin, who retires by rotation pursuant to Article 89 of the Company's Articles of Association and has decided not to seek re-election.

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

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolution with or without modifications:

6. **AUTHORITY TO ALLOT AND ISSUE SHARES** **(Resolution 7)**

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

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

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

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

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

   provided that:

   (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall be limited as follows:

   (A) without prejudice to sub-paragraph (1)(B) below, the aggregate number of shares to be issued shall not exceed 50 per centum (50%) of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) 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 20 per centum (20%) of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below) ("**General Limit**");

(B) in addition to the General Limit, the aggregate number of shares to be issued by way of renounceable rights issues on a pro rata basis ("**Renounceable Rights Issues**") shall not exceed 50 per centum (50%) of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below ("**Additional Limit**");

(C) where an issue of shares is to be issued by way of Renounceable Rights Issues, that issue shall first use the Additional Limit, and in the event that the Additional Limit has been fully used and is insufficient to satisfy that issue, that issue may use the General Limit, but only to the extent of the then remaining General Limit;

(D) where an issue of shares is to be issued otherwise than by way of Renounceable Rights Issue, that issue may only use the General Limit, but only to the extent of the then remaining General Limit;

(E) an issue of shares that is not for a financing purpose may only use the General Limit, but the number of such shares that may be issued shall be limited to the numerical number of the then remaining Additional Limit;

(2) the General Limit and the Additional Limit shall not, in aggregate, exceed 100 per centum (100%) of the total number of issue shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);

(3) no shares shall be issued pursuant to this Resolution after 31 December 2018, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50 per centum (50%) of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);

(4) 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)(A) and (1)(B) 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 which are outstanding or subsisting at the time of the passing of this Resolution; and

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

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

(6) 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, whichever is earlier.

(See Explanatory Note 2)

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

FOR AND ON BEHALF OF THE BOARD

Xing Fei
Executive Chairman

12 April 2017

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1) (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Annual General Meeting ("AGM"). Where such member's form of proxy appoints more than one (1) proxy, the proportion of his/her shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2) A proxy need not be a member of the Company.

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

4) The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, M&C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 not later than 48 hours before the time appointed for the Meeting.

Explanatory Notes:

1. Mr Leo Hee Shong will, upon re-election as a Director of the Company, remain as a member of the Audit, Remuneration and Nominating Committees. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   The Directors who have offered themselves for re-election have confirmed that, they do not have any relationship (including immediate family relationships) with the other Directors, the Company or its 10% shareholders. The current directorships in other listed company (if any) and details of other principal commitments held by the Director are set out on pages 6 to 8 of this Annual Report.

2. The Ordinary Resolution 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting ("**AGM**") of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding the aggregated of (i) 50% of the total number of issued shares (**excluding treasury shares**) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders of the Company (the General Limit) and (ii) additional 50% for Renounceable Rights Issues, of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (the Additional Limit), provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (**excluding treasury shares**) at the time Ordinary Resolution 7 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

   The authority for the Additional Limit is proposed pursuant to SGX-ST Practice Note 8.3 which became effective on 13 March 2017 until 31 December 2018 by which date no further shares shall be issued pursuant to this Resolution, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50% of the total number of issued shares (**excluding treasury shares**) in the capital of the Company ("the Enhanced Rights Issue Limit"). The Enhanced Rights Issue Limit is aimed at helping companies raise funds expediently for expansion activities or working capital. It is subject to the condition that the Company complies with applicable legal requirements including but not limited to provisions in the Companies Act requiring the Company to seek shareholders' approval and disclosure requirements under the Listing Manual on the use of the proceeds as and when the funds are materially disbursed and a status report on the use of proceeds in the annual report; and limitations in any existing mandate from shareholders.

The Board is of the view that the Enhanced Rights Issue Limit is in the interests of the Company and its shareholders as it widens fund-raising avenues available to the Company, thereby enabling it to respond to financing needs to meet on-going changes and challenges in the business environment in more expedient and cost-efficient manner.

The Enhanced Rights Issue Limit will be exercised only if the Directors believe that to do so would be likely to promote the success of the Company for the benefit of shareholders as a whole.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

CHINA GREAT LAND HOLDINGS LTD.

(Company Registration No. 200312792W)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy China Great Land Holdings Ltd. shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their respective CPF Approved Nominees.

*I/We ______________________________ (Name)

of ______________________________ (Address)

being a *member/members of China Great Land Holdings Ltd. (the "Company"), hereby appoint

Name	Address	NRIC/Passport Number	Proportion of shareholdings (to be represented by Proxy [%])

and/or (delete as appropriate)

or failing which, the Chairman of the Annual General Meeting, as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM to be held at Orchid Country Club, 1 Orchid Club Road, Sapphire 3, Singapore 769162 on Thursday, 27 April 2017 at 2 p.m. and at any adjournment thereof.

All resolutions put to the vote at the AGM shall be decided by way of poll.

*I/We direct *my/our *proxy/proxies to vote for or against the ordinary resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the Meeting.

No.	Ordinary Resolutions	For	Against
1	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Auditor's Report thereon.		
2	To approve the Directors' fees of S$110,000.00 for the financial year ending 31 December 2017.		
3	To re-elect Mr Xing Fei, a Director of the Company retiring pursuant to Article 88 of the Company's Articles of Association.		
4	To re-elect Mr Ong Peng Kwang Jemme, a Director of the Company retiring pursuant to Article 88 of the Company's Articles of Association.		
5	To re-elect Mr Leo Hee Shong, a Director of the Company retiring pursuant to Article 88 of the Company's Articles of Association.		
6	To re-appoint Messrs RT LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7	To authorise Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		

Dated this __________ day of ____________________ 2017.

Total Number of Shares Held	
CDP Register	
Register of Members	
Total	

____

Signature(s)/Common Seal of Members

* Delete accordingly

IMPORTANT
Please read notes overleaf

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one (1) proxy, the proportion of his/her shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 (the "Act").

3. A proxy need not be a member of the Company.

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

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

6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the office of the Company's Share Registrar, M&C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 not later than 48 hours before the time set for the Annual General Meeting.

7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by the member of the Company.

8. The Company shall be entitled to reject the instrument appointing a proxy or 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 or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the time set for the Annual General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2017.

Designed
& Produced by
+65 6880 2828 Xpress®

China Great Land Holdings Ltd.

華地控股

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