2. Summary of significant accounting policies

2.1 *Basis of preparation*

Fundamental accounting concept

The financial statements of the Group have been prepared on a going concern basis notwithstanding that the Group incurred a loss of $7,148,000 (2015: $3,386,000) and negative operating cash flow of $24,833,000 (2015: $36,925,000) for the financial year ended 31 December 2016 and as at that date, the Group has a net undiscounted financial liabilities of $34,933,000 (2015: $19,617,000) due within the next twelve months. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The directors are of the view that it is appropriate to prepare the Group's financial statements on a going concern basis as the directors have considered the Group's cashflows and funding needs in order to meet its financial obligations as and when they fall due, and have obtained the irrevocable financial support of Hengfai Business Development Pte. Ltd. ("HBD") to provide these funds as and when required. In budgeting for the Group's cashflows and funding requirements, the directors have considered that as at the end of the reporting period, the Group has entered into agreements with home builders for its land sub-division development as well as for certain consultancy services and the Group expects to receive proceeds from the part delivery of these lots and services as the Group does not envisage adverse events which may affect its ability to deliver the sub-divided land lots and services according to the anticipated schedule the Group has projected.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its 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 may differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.