China Great Land Holdings Ltd.

華地控股

FINANCIAL STATEMENTS & STATUTORY INFORMATION 2015

CONTENTS

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2015

We submit this annual report 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 2015.

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 state of affairs of the Group and of the Company as at 31 December 2015 and the results, 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, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Names of directors

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

Li Zhangjiang De Malca	(Executive Chairman and Managing Director)
Li Baogang	(Independent Director)
Toh Hai Joo	(Independent Director)
Tan Huay Pin	(Independent Director)

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 subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares, debentures, warrants or options of the Company or of any other corporate body, other than as disclosed in this report.

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 1.1.2015	As at 31.12.2015	As at 1.1.2015	As at 31.12.2015
Li Zhangjiang De Malca*	China Great Land Holdings Ltd.	–	–	67,692,429	**67,692,429**

Ms. Li Zhangjiang De Malca, 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 directors' interests of the ordinary shares of the Company as at 21 January 2016 were the same as at 31 December 2015.

* Li Zhangjiang De Malca owns 39.82% of the Full Prime International Limited which owns 67,692,429 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 2015.

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.

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, Foo Kon Tan 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 and its subsidiaries, 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, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of Board of Directors

....
LI ZHANGJIANG DE MALCA
EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

....
LI BAOGANG
DIRECTOR

Dated: 8 April 2016

INDEPENDENT AUDITOR'S REPORT

To the members of China Great Land Holdings Ltd.

Report on the financial statements

We were engaged to audit the accompanying financial statements of China Great Land Holdings Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

Basis for Disclaimer of Opinion

Note 2 to the financial statements describes the material uncertainty regarding the going concern assumption of the Group and the Company. The Group incurred losses and total comprehensive loss from continuing operations of RMB 2.4 million (2014 – profit from continuing operations of RMB 1.3 million) and reported net cash outflows from operating activities of RMB 2.0 million (2014 - net cash outflows from operating activities of RMB 6.1 million) for the financial year ended 31 December 2015. As at 31 December 2015, the Group and the Company had cash and cash equivalents of RMB 62,000 and RMB 45,000 (2014 – RMB 774,000 and RMB 502,000) respectively and reported net current liabilities and deficiency in net equity of RMB 20.9 million and RMB 7.2 million (2014 - RMB 72.8 million and RMB 5.3 million) and RMB 73.0 million (2014 - RMB 131.9 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 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 as:-

(a) On 24 March 2016, the Company entered into a loan agreement ("Agreement") with a director cum major shareholder whereby the latter agreed to provide the Company with an interest-free loan of RMB 10 million (equivalent to approximately S$2,096,490), repayable within two years from the date of the agreement. The loan will be disbursed in the manner where 1st Tranche of not less than RMB 4 million will be made on or before 30 April 2016 and the balance amount on or before 31 December 2016;

(b) The director cum major shareholder has also confirmed that she will not be demanding the repayment of the non-trade advances due to her amounting to RMB 3.85 million as disclosed in Note 14 to the financial statements within the next twelve months;

Basis for Disclaimer of Opinion (Cont'd)

(c) The Company has also received a letter of financial support from the director cum major shareholder that she will provide continuing financial support to the Group and the Company as and when its liabilities fall due; and

(d) During the current financial year, the director cum major shareholder has disbursed approximately RMB 0.89 million (2014: RMB 0.65 million) to the Group to meet its operational needs.

As at 31 December 2015, the Group and the Company has cash amounting to only RMB 62,000 and RMB 45,000 (2014: RMB 774,000 and RMB 502,000) respectively and the available cash balances are not sufficient to settle its outstanding current liabilities, comprising trade and other payables of its operating subsidiary, and other accrued expenses such as director fees, salaries and professional fees. Although the director cum major shareholder has committed an interest-free loan of RMB 10 million to the Company, the audit evidence available was limited because we were unable to obtain sufficient audit evidence to attest the financial capability of the director cum major shareholder in providing such support required to ensure that the Company and the Group are able to pay their liabilities as and when they fall due.

Disclaimer of Opinion

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

Other matters

On 2 March 2016, the Company announced that SGX-ST has notified the Company on 2 March 2016 that it will be placed on the Watch-List due to the Minimum Trading Price ("MTP") Entry Criterion with effect from 3 March 2016. The Company must take active steps to meet the requirements under Rule 1314(2) of the Listing Manual of the SGX-ST (the "Listing Manual") for its removal from Watch-List within 36 months from 3 March 2016, failing which the SGX-ST may either remove the Company from the official list of the SGX-ST (the Official List"), or suspend trading of the Company with a view to remove the Company from the Official List.

Report on other legal and regulatory requirements

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

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 8 April 2016

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	The Group 31 December 2015 RMB'000	The Group 31 December 2014 RMB'000	The Company 31 December 2015 RMB'000	The Company 31 December 2014 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**–**	22	**–**	–
Finance lease receivables	6	**705**	939	**–**	–
Investments in subsidiaries	7	**–**	–	**–**	–
		705	961	**–**	–
Current assets					
Finance lease receivables	6	**234**	218	**–**	–
Trade and other receivables	8	**7,926**	10,304	**3**	30,003
Cash and bank balances	9	**62**	774	**45**	502
		8,222	11,296	**48**	30,505
Disposal group classified as held-for-sale	10	**24,497**	68,241	**–**	–
Total assets		**33,424**	80,498	**48**	30,505
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	11	**79,862**	79,862	**79,862**	79,862
Other reserves	12	**11,252**	11,252	**–**	–
Accumulated losses		**(162,911)**	(221,926)	**(87,106)**	(85,137)
Equity attributable to owners of the parent		**(71,797)**	(130,812)	**(7,244)**	(5,275)
Non-controlling interests		**(1,175)**	(1,134)	**–**	–
Total equity		**(72,972)**	(131,946)	**(7,244)**	(5,275)
LIABILITIES					
Current liabilities					
Trade and other payables	13	**24,766**	58,500	**7,292**	35,780
Financial liabilities	14	**–**	21,200	**–**	–
Income tax payable		**4,370**	4,370	**–**	–
		29,136	84,070	**7,292**	35,780
Liabilities directly associated with disposal group classified as held-for-sale	10	**77,260**	128,374	**–**	–
Total equity and liabilities		**33,424**	80,498	**48**	30,505

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 2015

	Note	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Continuing operations			
Revenue	15	**1,360**	9,895
Cost of sales		**(814)**	(6,740)
Gross profit		**546**	3,155
Other income	16	**2,686**	7,735
Marketing and distribution expenses		**(140)**	(210)
Administrative expenses		**(5,534)**	(7,550)
(Loss)/profit from continuing operations before income tax		**(2,442)**	3,130
Income tax expense	19	**–**	(1,873)
(Loss)/profit after taxation from continuing operations		**(2,442)**	1,257
Net gain/(loss) from discontinued operations, net of tax	10	**61,416**	(31,565)
Total profit/(loss) for the year	17	**58,974**	(30,308)
Profit/(Loss) attributable to:			
Owners of the parent			
– (Loss)/profit from continuing operations, net of tax		**(2,401)**	1,197
– Profit/(loss) from discontinued operations, net of tax		**61,416**	(31,450)
Net profit/(loss) for the year, representing total comprehensive income/(loss) for the year attributable to equity holders of the parent		**59,015**	(30,253)
Non-controlling interests			
– (Loss)/profit from continuing operations, net of tax		**(5)**	60
– Loss from discontinued operations, net of tax		**(36)**	(115)
Loss for the year, representing total comprehensive loss for the year attributable to the non-controlling interests		**(41)**	(55)
		58,974	(30,308)
Total comprehensive profit/(loss) attributable to:			
Owners of the parent		**59,015**	(30,253)
Non-controlling interests		**(41)**	(55)
		58,974	(30,308)
(Loss)/ earnings per share			
From continuing operations attributable to equity holders of the Company:			
– Basic and diluted	20	**(0.01)**	0.01
From discontinued operations attributable to equity holders of the Company:			
– Basic and diluted	20	**0.36**	(0.19)

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 2015

	←-------Total attributable to equity holders of the parent-------→						
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**
Balance at 1 January 2014	79,862	367	10,885	(191,673)	(100,559)	(1,079)	(101,638)
Loss net of tax representing total comprehensive loss for the year	–	–	–	(30,253)	(30,253)	(55)	(30,308)
Balance at 31 December 2014	79,862	367	10,885	(221,926)	(130,812)	(1,134)	(131,946)
Profit net of tax representing total comprehensive profit 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)**

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 2015

	Note	**Year ended 31 December 2015 RMB'000**	Year ended 31 December 2014 RMB'000
Cash Flows from Operating Activities			
(Loss)/profit before taxation from continuing operation		**(2,442)**	3,130
Profit/(loss) before taxation from discontinued operation	10	**61,416**	(31,565)
Profit/(loss) before taxation		**58,974**	(28,435)
Adjustments for:			
Depreciation expense	5	**22**	519
Gain on disposal of plant and equipment through finance leases	16	–	(896)
Gain on disposal of plant and equipment from continuing operations	16	–	(40)
Gain on disposal of property, plant and equipment from discontinued operations	10	**(3,691)**	(49)
Gain on disposal of subsidiaries	21	**(68,308)**	–
Inventories written off	10	–	366
Impairment loss on property, plant and equipment	17	–	15,523
Impairment loss made on trade and other receivables	17	**6,781**	4,239
Interest expense	10	**6,051**	6,262
Interest income on finance lease	16	**(67)**	(147)
Interest income	16	–	(1)
Loss on disposal of property, plant and equipment from discontinued operations	10	**295**	–
Loss on disposal of inventories	17	–	3,772
Reversal of impairment loss on trade and other receivables		**(3,875)**	(11,755)
Operating cash flows before working capital changes		**(3,818)**	(10,642)
Changes in working capital:			
Inventories		–	2,807
Trade and other receivables		**(2,420)**	8,743
Trade and other payables		**4,235**	(7,051)
Cash used in from operations		**(2,003)**	(6,143)
Interest received		–	1
Net cash used in operating activities		**(2,003)**	(6,142)
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		–	47
Deposit received on proposed disposal of plant and equipment to a third party	10	–	4,512
Cash outflow on disposal of subsidiaries	21	**(36)**	–
Payment for land use rights	10	–	(787)
Purchase of plant and equipment		**(5)**	(3)
Net cash (used in)/generated from investing activities		**(41)**	3,769
Cash Flows from Financing Activities			
Interest paid		–	(973)
Advances from a director cum shareholder		**888**	650
Non-trade advances from a minority shareholder		–	1,414
Proceeds of loans from third parties		**1,200**	1,400
Repayment of loans to a third party		**(800)**	(259)
Net cash generated from financing activities		**1,288**	2,232
Net decrease in cash and cash equivalents		**(756)**	(141)
Cash and cash equivalents at beginning of year		**882**	1,023
Cash and cash equivalents classified as held-for-sale	10	**(64)**	(108)
Cash and cash equivalents at end of year	9	**62**	774

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

Non-cash transactions:

In FY2015, following the disposal of Sanya Pearl River Pile Co., Ltd and Hainan Huadi Building Material Co., Ltd. to Lionview Global Investments Ltd ("Lionview") on 31 December 2015, as the Lionview has taken over the obligations to repay Hainan Pearl River Holdings Co., Ltd. ("Hainan Pearl River"), the deposit (which was provided by Hainan Pearl River) no longer needed to be repaid to Hainan Pearl River, and the Company was free to use the deposit at its discretion. The management thus instructed its escrow agent as disclosed in Note 10(C) to apply the deposit of RMB 30.0 million to settle the outstanding financial liabilities, including accrued interest, amounting to RMB 25.0 million (from continuing operations) owed by Hainan Pearl River Foundation Engineering Co., Ltd. and RMB 5.0 million (from discontinued operations) owed by Hainan Pearl River Pile Co., Ltd., respectively.

In FY2014, proceeds from disposal of certain plant and equipment amounting to RMB 0.4 million was set off against amounts due to customers/suppliers under set-off arrangements entered with the customers/suppliers. In addition, purchase of plant and equipment in respect of FY2014 amounting to RMB 1.46 million as disclosed in Note 27 was also set off against amounts due to suppliers under final settlement arrangements entered with the suppliers.

1 General Information

The financial statements of the Company and the Group for the financial year ended 31 December 2015 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 22/F Longzhu Building, 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 activities of the subsidiaries are disclosed in Note 7 to the financial statements. The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2 Going concern

The Group incurred losses and total comprehensive loss from continuing operations of RMB 2.4 million (2014 – profit from continuing operations of RMB 1.3 million) and reported net cash outflows from operating activities of RMB 2.0 million (2014 - net cash outflows from operating activities of RMB 6.1 million) for the financial year ended 31 December 2015. As at 31 December 2015, the Group and the Company has cash and cash equivalents of RMB 62,000 and RMB 45,000 (2014 – RMB 774,000 and RMB 502,000) respectively and reported net current liabilities and deficiency in net equity of RMB 20.9 million and RMB 7.2 million (2014 - RMB 72.8 million and RMB 5.3 million) and RMB 73.0 million (2014 - RMB 131.9 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 as:

(a) On 24 March 2016, the Company entered into a loan agreement ("Agreement") with a director cum major shareholder whereby the latter agreed to provide the Company with an interest-free loan of RMB 10 million (equivalent to approximately S$2,096,490), repayable within two years from the date of the agreement. The loan will be disbursed in the manner where 1st Tranche of not less than RMB 4 million will be made on or before 30 April 2016 and the balance amount on or before 31 December 2016;

(b) The director cum major shareholder has also confirmed that she will not be demanding the repayment of the non-trade advances due to her amounting to RMB 3.85 million as disclosed in Note 14 to the financial statements within the next twelve months;

(c) The Company has also received a letter of financial support from the director cum major shareholder that she will provide continuing financial support to the Group and the Company as and when its liabilities fall due; and

2 Going concern (Cont'd)

(d) During the current financial year, the director cum major shareholder has disbursed approximately RMB 0.89 million (2014: RMB 0.65 million) to the Group to meet its operational needs.

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 director cum major shareholder. 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. 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 2015

On 1 January 2015, 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.

3 Basis of preparation (Cont'd)

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

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 1	*Presentation of Financial Statements*	1 January 2016
Amendments to FRS 7	*Statement of Cash Flows*	1 January 2017
FRS 115	*Revenue from Contracts with Customers*	1 January 2018
FRS 109	*Financial Instruments*	1 January 2018

Amendments to FRS 1 *Presentation of Financial Statements*

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

Amendments to FRS 7 – *Statement of Cash Flows*

The amendments to FRS 7 *Statement of Cash Flows* are part of an initiative that ASC has undertaken to improve the effectiveness of disclosures in financial reports. Companies would need to reconcile cash flows arising from financial activities as reported in the statement of cash flows, excluding contributed equity, to the corresponding liabilities in the opening and closing statements of financial position.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 *Revenue from Contracts with Customers* requires the entity to recognize revenue which depict transfer of promised goods or services to customers in an amount that reflects the consideration (payment) to which the entity expects to be entitled in exchange for those goods or services. FRS 115 is effective for annual periods beginning on or after 1 January 2018. Management is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

3 Basis of preparation (Cont'd)

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

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.

3.3 Summary of significant accounting policies

3.3.1 Consolidation

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

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

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

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

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

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

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;

3 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.1 Consolidation (Cont'd)

- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

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

When the Group loses control of a subsidiary, a gain or loss is recognised in 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.

Transactions eliminated on consolidation

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

Transactions with Non-Controlling Interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the 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 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.3 Subsidiaries

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

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

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

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

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

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

In the Company's separate financial statements, investments in subsidiaries 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.

3 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.4 Property, plant and equipment (Cont'd)

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

Buildings	20 to 30 years
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.

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 Land use right

Leasehold land comprises land use right and leasehold prepayments for acquiring such a right ("leasehold prepayments"). Land use right is accounted for using the revaluation model. Capitalised costs or revalued amounts are depreciated on a straight-line basis over their useful life.

Land use right is initially recognised at cost and subsequently carried at the revalued amount less accumulated depreciation and accumulated impairment losses, if any. The land use rights are amortised in the statement of comprehensive income over the lease term of 50 years.

3 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.6 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.

3.3.7 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.

3 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.7 Financial assets (Cont'd)

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.

3.3.8 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 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.9 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.

3.3.10 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.

3.3.11 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)

3.3.11 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.

3.3.13 Leases

<u>Where the Group is the lessee</u>

<u>Operating leases</u>

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

Rentals on operating leases are charged to 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.

<u>Where the Group is the lessor</u>

<u>Operating leases</u>

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.

<u>Finance leases</u>

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)

3.3.14 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 subsidiaries 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 subsidiaries are 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 subsidiaries. The only obligation of the PRC subsidiaries 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 subsidiaries 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.

3.3.15 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.

3 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.15 Revenue (Cont'd)

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.

(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.

3.3.16 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.

3 Basis of preparation (Cont'd)

3.3 Summary of significant accounting policies (Cont'd)

3.3.16 Taxes (Cont'd)

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

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

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

Deferred income tax is measured:

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

3.3.17 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 27 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 BASIS OF PREPARATION (CONT'D)

3.3 Summary of significant accounting policies (Cont'd)

3.3.18 Related parties

A related party is defined as follows:

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

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) both entities are joint ventures of the same third party.
(iv) one entity is a joint venture of a third party and the other entity is an associate of the third entity.
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) the entity is controlled or jointly controlled by a person identified in (a);
(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3.3.19 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 Significant accounting estimates and judgements (Cont'd)

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

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.

(b) Classification of leases

Group entered into a number of lease arrangements with an individual as disclosed in Notes 6 and 22. 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 19)

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 2015 were RMB 4.4 million (2014 - RMB 4.4 million). The deferred tax liabilities of Hainan Pearl River Pile Co., Ltd ("HPRP") amounting to RMB 3.7 million (2014 – RMB 3.7 million) had been classified under "liabilities directly associated with disposal group held-for-sale" as at 31 December 2015 as disclosed in Note 10.

The PRC subsidiaries 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 2015, 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.

4 Significant accounting estimates and judgements (Cont'd)

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

(d) Classification of Hainan Pearl River Pile Co., Ltd. ("HPRP") as disposal group held for sale and discontinued operations (Note 10)

As at 31 December 2015, the necessary procedures and conditions precedent stipulated in the original Sales & Purchase Agreement have not been completed for HPRP, therefore, management continues to classify HPRP as "Disposal Group Held for Sale". Management is of the view that the delay in the completion of the sale was due to delays caused by events or circumstances beyond management's control (i.e. currently pending the approval from the relevant government authorities to complete the legal transfer of the shareholdings of HPRP to Lionview Global Investments Ltd. ("Lionview"). Management remains committed to sell HPRP.

If the criteria are no longer met, any resulting impairment loss, depreciation and amortisation arising from the re-measurement of the disposal group as detailed in the accounting policy on "disposal group held for sale" would affect the Group's statement of comprehensive income.

(e) Completion of the disposal and transfer of control of Sanya Pearl Pile Co., Ltd. ("SPRP") and Hainan Huadi Building Material Co., Ltd. ("HHBM") to Lionview (Note 10)

On 7 December 2015, Management received approval letters from the Foreign Enterprise Office of People's Government of Sanya City (三亚市人民政府) on the transfer of the entire issued share capital of Sanya Pearl River Pile Co., Ltd ("SPRP") and Hainan Huadi Building Material Co., Ltd ("HHBM") to Lionview. On 31 December 2015, Management has also signed a memorandum with Lionview to transfer the control and rights of SPRP and HHBM to Lionview, even though certain industrial and commercial medication procedures (工商变更程序) have not been fully completed. The directors are of the view that the outstanding industrial and commercial medication procedures are mainly formalities. In assessing the transfer of control of SPRP and HHBM to Lionview, the directors have assessed whether or not the Group has the practical ability to direct the relevant activities of SPRP and HHBM, taking into consideration (i) the approval from the Government Authority on the transfer of the entire issued share capital of SPRP and HHBM to Lionview, (ii) its operating and financial controls, exposures and rights to variable returns attributable to Lionview with effect from 1 January 2016 in respect of the terms stated in the memorandum signed. Based on the assessment, the directors concluded that the transfer of control of SPRP and HHBM to Lionview was completed and effective from 31 December 2015.

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 (Cont'd)

(a) Allowance for doubtful debts (Note 8)

Allowances for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

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 396,000 (2014 - RMB 515,000).

5 Property, plant and equipment

The Group	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Construction -in-progress RMB'000	Total RMB'000
Cost						
At 1 January 2014*	8,193	17,355	1,091	261	433	27,333
Disposals	–	(2,494)	(192)	–	–	(2,686)
Transfer to disposal group held for sale – HHBM (Note 10)	(8,193)	(14,851)	–	(68)	(433)	(23,545)
At 31 December 2014	–	10	899	193	–	1,102
Written off	**–**	**(10)**	**–**	**–**	**–**	**(10)**
At 31 December 2015	**–**	**–**	**899**	**193**	**–**	**1,092**
Accumulated depreciation and impairment losses						
At 1 January 2014*	2,216	16,769	917	249	–	20,151
Depreciation for the year	211	144	152	12	–	519
Disposals	–	(2,052)	(192)	–	–	(2,244)
Transfer to disposal group held for sale - HHBM (Note 10)	(2,427)	(14,851)	–	(68)	–	(17,346)
At 31 December 2014	–	10	877	193	–	1,080
Depreciation for the year	**–**	**–**	**22**	**–**	**–**	**22**
Written off	**–**	**(10)**	**–**	**–**	**–**	**(10)**
At 31 December 2015	**–**	**–**	**899**	**193**	**–**	**1,092**
Net carrying amount						
At 31 December 2015	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2014	–	–	22	–	–	22

*: The property, plant and equipment of HPRP and SPRP had been transferred to disposal group held for sale in financial year 2013.

5 Property, plant and equipment (Cont'd)

The Company	Furniture, fittings and equipment RMB'000
Cost	
Balance at 1 January 2014	62
Written off	**(62)**
At 31 December 2014, 1 January 2015, 31 December 2015	**–**
Accumulated depreciation	
Balance at 1 January 2014	62
Written off	**(62)**
At 31 December 2014, 1 January 2015, 31 December 2015	**–**
Net carrying amount	
At 31 December 2014 and 31 December 2015	**–**

Depreciation expense

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

The Group	2015 RMB'000	2014 RMB'000
Depreciation expense charged to:-		
– Cost of sales	**–**	9
– Administration expenses	**22**	510
	22	519

6 Finance lease receivables

The Group	2015 RMB'000	2014 RMB'000
Gross receivables due:		
Not later than one year	**285**	285
Later than one year but within five years	**791**	1,040
Later than five years	**–**	36
	1,076	1,361
Less: Unearned finance income	**(137)**	(204)
Net investment in finance leases	**939**	1,157
The net investment in finance leases is analysed as follows:		
Not later than one year	**234**	218
Later than one year but within five years	**705**	903
Later than five years	**–**	36
	939	1,157

6 Finance lease receivables (Cont'd)

The breakdown of finance lease receivables as follows:

The Group	**2015 RMB'000**	2014 RMB'000
Current	**234**	218
Non-Current	**705**	939
	939	1,157

In March 2013, one of the Group's subsidiaries – 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*. Arising from this, a one-off gain of RMB 0.9 million (Note 16) was recognised under "other income" in the consolidated statement of comprehensive income in FY2014.

7 Investments in subsidiaries

The Company	**2015 RMB'000**	2014 RMB'000
Unquoted equity shares, at cost		
At 1 January	**68,510**	68,510
Disposal of subsidiaries	**(31,250)**	–
At 31 December	**37,260**	68,510
Allowance for impairment losses		
At 1 January	**(68,510)**	(68,510)
Disposal of subsidiaries	**31,250**	–
At 31 December	**(37,260)**	(68,510)
Net	**–**	–

7 Investments in subsidiaries (Cont'd)

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

Name of subsidiaries	Country of incorporation/ principal place of business	Principal activities	Effective percentage of equity held by the Company		Cost of investment	
			2015	2014	**2015**	2014
			%	%	**RMB'000**	RMB'000
Hainan Pearl River Pile Co., Ltd ("HPRP")^#	PRC	Manufacturing and sales of piles and other building materials	**98.67**	98.67	**37,260**	37,260
Sanya Pearl River Pile Co., Ltd ("SPRP")^	PRC	Manufacturing and sales of piles and other building materials	**Note 1**	99.95	**Note 1**	19,250
Hainan Huadi Building Material Co., Ltd ("HHBM")^	PRC	Manufacturing and sales of aerated concrete, an environmentally friendly building material for walls and partitions	**Note 1**	100.00	**Note 1**	12,000
					37,260	68,510
Held by HPRP						
Hainan Pearl River Foundation Engineering Co., Ltd ("HPRFE")^	PRC	Provision of piling services	**97.62**	97.62	**++**	++

^ – Audited by Foo Kon Tan LLP for consolidation purposes
# – Classified as "Disposal group held for sale" in Note 10
++ – Interest held through a subsidiary

On 30 January 2015, the shareholders of the Company approved the disposal of the entired issued share capital of SPRP, HPRP and HHBM (collectively known as the "Sale Companies") to Lionview for aggregate consideration of RMB 30,000,003. The Company will receive RMB 3 from Lionview as the Company has previously received RMB 30 million from Hainan Pearl River ("former purchaser") (See Note 13) and Lionview will refund RMB 30 million to the former purchaser on behalf of the Company.

Pursuant to the terms of the Sale and Purchase Agreement with Lionview and prior to the completion of the disposal of HPRP to Lionview, HPRP will transfer its entire shareholding in HPRFE to the Company for a nominal consideration of RMB 1, to ensure that HPRFE will remain as a subsidiary of the Company following the disposal of the Sale Companies.

7 Investments in subsidiaries (Cont'd)

Note 1

On 7 December 2015, Management received approval letters from the Foreign Enterprise Office of People's Government of Sanya City (三亚市人民政府) on the transfer of the entire issued share capital of Sanya Pearl River Pile Co., Ltd ("SPRP") and Hainan Huadi Building Material Co., Ltd ("HHBM") to Lionview. On 31 December 2015, Management has also signed a memorandum with Lionview to transfer the control and rights of SPRP and HHBM to Lionview, even though certain industrial and commercial medication procedures (工商变更程序) have not been fully completed. The directors are of the view that the outstanding industrial and commercial medication procedures are mainly formalities. In assessing the transfer of control of SPRP and HHBM to Lionview, the directors have assessed whether or not the Group has the practical ability to direct the relevant activities of SPRP and HHBM, taking into consideration (i) the approval from the Government Authority on the transfer of the entire issued share capital of SPRP and HHBM to Lionview, (ii) its operating and financial controls, exposures and rights to variable returns attributable to Lionview with effect from 1 January 2016 in respect of the terms stated in the memorandum signed. Based on the assessment, the directors concluded that the transfer of control of SPRP and HHBM to Lionview was completed and effective from 31 December 2015.

Details of non-wholly subsidiary that have material non-controlling interests - HPRFE

The table below shows details of a non-wholly subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Country of incorporation/ principal place of business	(Loss)/profit allocated to non-controlling interest		Accumulated non-controlling interest		Dividends paid to non-controlling interest	
		2015	2014	**2015**	2014	**2015**	2014
		RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Held by HPRP							
HPRFE	PRC	**(5)**	135	**(585)**	(580)	**–**	–

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below.

The summarised financial information below represents amounts before intra-group eliminations.

Summarised statement of financial position

HPRFE	**2015 RMB'000**	2014 RMB'000
Non-current assets	**705**	961
Current assets	**28,772**	32,101
Current liabilities	**(54,310)**	(57,440)
Equity attributable to owners of the Company	**(24,833)**	(24,378)

7 Investments in subsidiaries (Cont'd)

Summarised statement of comprehensive income

HPRFE	2015 RMB'000	2014 RMB'000
Revenue	**1,360**	9,895
Expenses	**(1,815)**	(4,237)
(Loss)/profit for the year	**(455)**	5,658
(Loss)/profit attributable to owners of the Company	**(450)**	5,523
(Loss)/profit attributable to the non-controlling interests	**(5)**	135
(Loss)/profit for the year	**(455)**	5,658
Other comprehensive income attributable to owners of the Company	**–**	–
Other comprehensive income attributable to the non-controlling interests	**–**	–
Other comprehensive income for the year	**–**	–
Total comprehensive (loss)/income attributable to owners of the Company	**(450)**	5,523
Total comprehensive (loss)/income attributable to the non-controlling interests	**(5)**	135
Total comprehensive (loss)/income for the year	**(455)**	5,658

Other summarised information

HPRFE	2015 RMB'000	2014 RMB'000
Net cash outflow from operating activities	**(257)**	(38)
Net cash inflow from investing activities	**–**	41
Net cash flow from financing activities	**–**	–
Net cash (outflow)/inflow	**(257)**	3

8 Trade and other receivables

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables	**13,776**	17,754	**–**	–
Allowance for doubtful receivables	**(8,206)**	(8,001)	**–**	–
Net trade receivables	**5,570**	9,753	**–**	–
Other receivables:				
– Amount due from a subsidiary (non-trade)	**–**	–	**–**	30,000
– Deposits	**190**	190	**–**	–
– Staff advances	**800**	111	**–**	–
– Others	**927**	769	**3**	3
– Less: Allowance for doubtful receivables	**(756)**	(756)	**–**	–
Others, net	**171**	13	**3**	3
Loans and receivables at amortised cost	**6,731**	10,067	**3**	30,003
– Advances to suppliers	**6,645**	6,396	**–**	–
– Less: Allowance for doubtful receivables	**(5,450)**	(6,159)	**–**	–
Net advances to suppliers	**1,195**	237	**–**	–
Total trade and other receivables	**7,926**	10,304	**3**	30,003

As at 31 December 2014, the non-trade amount due from a subsidiary related to a deposit of RMB 30 million previously received from Hainan Pearl River Holdings Co., Ltd ("Hainan Pearl River") on behalf of the Company, in connection with the previous proposed sale of 80% interest in SPRP, which has been terminated subsequently. The non-trade amount due from the subsidiary was unsecured, interest free and repayable on demand. This amount has been subsequently reversed and set off against the deposit received from Hainan Pearl River of the same amount as disclosed in Note 13 to the financial statements, following the disposal of SPRP to Lionview, in the Company's statement of financial position.

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	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
No credit terms*	**2,357**	551	**–**	30,000
Not past due:	**1,216**	6,303	**3**	3
Past due:				
– Not more than 3 months	**–**	–	**–**	–
– More than 12 months	**4,353**	3,450	**–**	–
	7,926	10,304	**3**	30,003

*- Comprised mainly net advances to suppliers, deposits and staff advances at the consolidated level and non-trade amount due from a subsidiary at the Company's 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	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
No credit terms	**6,206**	6,915	**–**	–
Past due more than 12 months	**8,206**	8,001	**–**	–
	14,412	14,916	**–**	–

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

	2015	2014
The Group	**RMB'000**	RMB'000
At 1 January	**14,916**	25,376
Reclassified to "disposal group held-for-sale"	**–**	(4,266)
Impairment loss made on the trade and other receivables	**2,024**	457
Reversal of allowance for doubtful receivables (Note 16)	**(2,528)**	(6,651)
At 31 December	**14,412**	14,916

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	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash on hand	**1**	1	**–**	–
Cash at bank	**61**	773	**45**	502
Cash and bank balances	**62**	774	**45**	502

10 Disposal group classified as held for sale

On 20 February 2013 and 1 April 2014, the Company announced that the Group has ceased its production at HHBM and HPRP's factory since 20 February 2013 and 30 September 2013 respectively and management was actively seeking a buyer to acquire HPRP and HHBM.

In August 2013, management announced that they had entered into a Sale & Purchase ("S&P) agreement with Hainan Pearl River where the Company agreed to disposed of 80% equity interest in SPRP to Hainan Pearl River for a consideration of RMB 50 million. Hainan Pearl River paid a deposit of RMB 30 million to HPRP, a wholly-owned subsidiary of the Company and the latter had placed the deposit in an escrow account, maintained by a third party lender - 北京圆融通资产管理有限公司, assigned by Hainan Pearl River. The sale transaction was not completed as at 31 December 2013 due to delay in obtaining the industrial land use right of SPRP from the relevant Government Authorities.

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

On 30 September 2014, the Company announced that they had entered into a transfer agreement with Hainan Pearl River and Lionview where the Company agreed to transfer its rights and obligations under the original SPRP S&P agreement previously entered with Hainan Pearl River to Lionview. Lionview had also agreed with the Company to take over the obligation to repay the deposit of RMB 30 million due to Hainan Pearl River since the industrial land use right of SPRP was not obtained on or before 31 July 2014. The land use right of SPRP was subsequently obtained from the relevant Government Authorities on 9 October 2015.

On 30 September 2014, the Company also entered into separate S&P agreements with Lionview where the Company agreed to dispose its entire shareholding in HPRP and HHBM to Lionview for a consideration of RMB 1 each respectively. Pursuant to the terms of the S&P Agreement and prior to the completion of the disposal of HPRP to Lionview, HPRP will transfer its entire shareholding in HPRFE to the Company for a nominal consideration of RMB 1, to ensure that HPRFE will remain as a subsidiary of the Company following the disposal.

The disposals of SPRP, HPRP and HHBM were subsequently approved at the Company's Extraordinary General Meeting held on 30 January 2015.

Completion of disposal of "Disposal Group held for Sale: SPRP and HHBM"

As disclosed in Note 4.1(e) to the financial statements, the directors concluded that the transfer of control of SPRP and HHBM to Lionview was completed on and effective from 31 December 2015. Please refer to Note 21 on the financial impact to the Group's statement of comprehensive income arising from the disposal of SPRP and HHBM.

HPRP continued to be classified as "Disposal Group Held for Sale"

As at 31 December 2015, management continued to classify HPRP as "Disposal Group Held for Sale" as there were certain conditions precedent that have not been completed in connection with the transfer of the entire issued share capital of HPRP to Lionview. Management is of the view that these conditions precedent (such as the approval from the Foreign Enterprise Office of People's Government of Haikou City) are beyond management's control and management remains committed to sell HPRP.

As at 31 December 2015, management continued to measure the disposal group classified as held for sale – HPRP at the lower of its carrying amount and fair value less costs to sell.

Upon completion of the conditions precedents, HPRP will cease to be a subsidiary of the Company.

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:

As at 31 December 2015, the disposal group classified as held-for-sale comprised the following assets and liabilities of HPRP (2014: HPRP, SPRP and HHBM):

The Group	2015 RMB'000	2014 RMB'000
Assets		
Property, plant and equipment (Note A)	**3,398**	8,903
Land use rights (Note B)	**16,615**	18,758
Trade and other receivables	**4,420**	10,472
Deposit placed with北京圆融通资产管理有限公司in connection with proceeds received from Hainan Pearl River on the disposal of 80% equity interest in SPRP (Note C)	**–**	30,000
Cash and bank balances	**64**	108
	24,497	68,241
Liabilities		
Deferred tax liabilities (Note D)	**3,677**	3,677
Trade and other payables	**32,090**	53,674
Deposits received on lease of plant and equipment to a third party (Note E)	**–**	4,512
Amounts due to a minority shareholder	**5,362**	6,380
Financial liabilities (Note F)	**36,131**	60,131
	77,260	128,374

Note A:

During the financial year, 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. In addition, SPRP and HHBM received sale consideration of RMB 4.5 million, equivalent to the carrying amounts of certain property, plant and equipment that were disposed of, during the financial year. No gain or loss arose from the disposal.

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)
海南省三亚市荔枝沟工业用地	SPRP#	37,729 square metres	

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 B (Cont'd):

#: As at 31 December 2015, the Group completed the disposal of SPRP and accordingly, the land use rights of SPRP, with a carrying amount of RMB 2.1 million was realised and recognised as part of the "gain on disposal of SPRP and HHBM" to Lionview as disclosed in Note 21.

^: As at 31 December 2015, the carrying amount of land use rights of HPRP amounting to RMB 16.6 million (2014: RMB 16.6 million).

In FY2014, SPRP paid additional land costs amounting to RMB 0.8 million to三亚市科技工业发展委员会 for the acquisition of land use right.

Note C:

Pursuant to the completion of the disposal of SPRP and HHBM to Lionview, the deposit of RMB 30 million previously placed with 北京圆融通资产管理有限公司 ("escrow agent") in connection with the proceeds received from Hainan Pearl River on the previous proposed acquisition of 80% interest in SPRP as described above, has been released from the escrow account and was used to repay financial liabilities of the Group amounting to RMB 21.3 million.

Note D:

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 E:

During the financial year, management recognised the deposit received in advance from a customer in connection with the lease of certain plant and equipment of HPRP to the consolidated statement of comprehensive income.

Note F:

As at the balance sheet date, included in financial liabilities were five unsecured loans amounting to RMB 27.1 million (2014 – seven unsecured loans of RMB 50.3 million), two secured loans amounting to (i) RMB 1.0 million (2014 - RMB 1.8 million) and (ii) RMB 8.0 million (2014 - RMB 8.0 million) respectively that were secured by property and a third party. The unsecured loans bear interest rate ranging from 6% to 48% (2014 - 6% to 48%) per annum and the maturity date ranges from 25 March 2015 to 31 December 2016. The secured loans bear interest rate ranging from 5.6% to 30% (2014 - 5.6% to 30%) per annum and the maturity date is 31 December 2016.

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

10(b) Results of disposal group classified as held for sale:

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

The Group	2015 RMB'000	2014 RMB'000
Revenue	–	651
Cost of sales	–	(536)
Gross profit	–	115
Other income	**77,860**	8,778
Marketing and distribution expenses	**(12)**	(30)
Administrative expenses	**(4,700)**	(9,845)
Other operating expenses	**(5,681)**	(24,321)
Finance costs (mainly interest expenses)	**(6,051)**	(6,262)
Profit/(loss) before income tax	**61,416**	(31,565)
Income tax expense (Note 19)	–	–
Net profit/(loss) after taxation from discontinued operations	**61,416**	(31,565)

Profit/(loss) from discontinued operations mainly comprised the following:-

The Group	2015 RMB'000	2014 RMB'000
Included under "Other income"		
Gain on disposal of subsidiaries	**68,308**	–
Gain on disposal of property, plant and equipment	**3,691**	49
Rental income from lease on plant and equipment	**4,514**	2,572
Reversal of allowance for doubtful receivables	**1,347**	5,104
Including under "Administrative expenses"		
Employee compensation	**1,394**	1,736
Consultancy fees	**1,120**	–
Legal and professional expenses	**10**	147
Redundancy costs	–	2,664
Included under "Other operating expenses"		
Loss on disposal of property, plant and equipment	**295**	–
Loss on disposal of inventories	–	3,772
Impairment loss on property, plant and equipment	–	15,523
Impairment loss made on the trade and other receivables	**4,757**	3,782
Inventories written off	–	366

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

10(b) Results of disposal group classified as held for sale: (Cont'd)

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

The Group	**2015 RMB'000**	2014 RMB'000
Operating activities	**(439)**	(8,087)
Investing activities	**(5)**	3,728
Financing activities	**400**	4,071
Net cash outflows	**(44)**	(288)

11 Share capital

The Company	**2015** Number of ordinary shares **'000**	2014 '000	**2015 RMB'000**	2014 RMB'000
Issued and fully paid ordinary shares				
At beginning and end of year	**170,000**	170,000	**79,862**	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	**2015 RMB'000**	2014 RMB'000
Statutory reserve	**367**	367
Revaluation reserve	**10,885**	10,885
	11,252	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 Subsidiaries of the Group, the subsidiaries 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 subsidiaries. The subsidiaries 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.

12 Other reserves (Cont'd)

Revaluation reserve

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

13 Trade and other payables

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**8,307**	10,386	**–**	–
Advances extended by a minority shareholder	**500**	500	**–**	–
Deposit received from Hainan Pearl River on its proposed acquisition of 80% interest in SPRP	**–**	30,000	**–**	30,000
Accrued salaries and related costs	**3,015**	3,579	**–**	–
Accrued interest expenses	**–**	2,800	**–**	–
Other accruals (Note A)	**5,907**	5,232	**3,440**	2,816
Amounts due to a director (non-trade)	**3,852**	2,964	**3,852**	2,964
Financial liabilities carried at amortised cost	**21,581**	55,461	**7,292**	35,780
VAT and surcharge payables	**1,708**	1,737	**–**	–
Advances from customers	**1,477**	1,302	**–**	–
Total trade and other payables	**24,766**	58,500	**7,292**	35,780

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 and amounts due to a director are unsecured, interest-free and repayable on demand.

The deposit received from Hainan Pearl River is recognised in the Group's statement of comprehensive income and was included in the computation of the gain on disposal of SPRP and HHBM as disclosed in Note 21 to the financial statements.

Note A:

Comprised mainly (i) accrued directors' fees amounting to RMB 2.0 million (2014: RMB 1.5 million); (ii) accrued professional fees RMB 1.0 million (2014: RMB 1.1 million); and (iii) consultancy fees payables to a third party RMB 0.7 million (2014: RMB 0.7 million).

14 Financial liabilities

The Group	2015 RMB'000	2014 RMB'000
Loans from third parties (unsecured)	–	21,200

In prior year, the unsecured loans from third parties bore interest ranging from 6% to 7.22% per annum and were denominated in RMB.

The carrying amounts of the Group's borrowings approximate their fair values.

15 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.

16 Other income

The Group	2015 RMB'000	2014 RMB'000
Gain on disposal of plant and equipment through finance leases	–	896
Gain on disposal of property, plant and equipment	–	40
Gain on foreign exchange, net	91	–
Reversal of allowance for doubtful receivables (Note 8)	2,528	6,651
Interest income	–	1
Interest income on finance leases	67	147
	2,686	7,735

17 Profit/(loss) for the year

The Group	Note	2015 RMB'000	2014 RMB'000
Audit fees:			
– Auditors of the Company		750	750
– Under provision in respect of prior year		–	150
Impairment loss made on the trade and other receivables		6,781	4,239
Cost of inventories recognised as expense		–	45
Depreciation of property, plant and equipment	5	22	519
Employee compensation*	18	3,740	7,546
Inventories written off		–	366
Impairment loss on property, plant and equipment	10	–	15,523
Loss on disposal of inventories	10	–	3,772
Operating lease expenses		175	96

* Included remuneration of key management personnel as disclosed in Note 18 to the financial statements.

18 Employee compensation

The Group	2015 RMB'000	2014 RMB'000
Directors' fees	**515**	515
Salaries, wages and bonus	**2,418**	3,427
Redundancy costs	**303**	2,700
Labor union expense	**14**	61
Employer's contribution to defined contribution plans	**490**	843
	3,740	7,546

Directors' fees	**515**	515
Directors' remuneration other than fee		
– Director of the Company	**244**	232
– Social security contribution	**–**	22
Key management personnel (other than directors):		
– Salaries, wages and other related costs	**1,097**	1,111
– Social security contribution and defined contribution plan	**115**	91
	1,971	1,971
Other than directors and key management personnel:		
– Salaries, wages and other related costs	**1,077**	2,084
– Redundancy costs	**303**	2,700
– Labor union expense	**14**	61
– Social security contribution	**375**	730
	3,740	7,546

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

19 Income tax expense

Major components of income tax expense

The major components of income tax expense for the year ended 31 December 2015 and 31 December 2014 are:

The Group	2015 RMB'000	2014 RMB'000
Current taxation – continuing operations	**–**	1,873
Current taxation – discontinued operations	**–**	–
Income tax expense recognised in the consolidated statement of comprehensive income	**–**	1,873

19 Income tax expense (Cont'd)

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 2015 and 31 December 2014 is as follows:

The Group	**2015 RMB'000**	2014 RMB'000
(Loss)/profit from continued operations before income tax	**(2,442)**	3,130
Tax at applicable statutory tax rates	**(572)**	1,134
Tax effect on non-taxable income	**–**	(234)
Tax effect on non-deductible expenses	**572**	973
Income tax expense from continuing operations	**–**	1,873

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. Income not subject to tax mainly comprise the gain on disposal of property, plant and equipment and reversal of doubtful debts, previously impaired.

China Great Land Holdings Ltd (the "Company") is subjected to the tax rate of 17% for year of assessment 2015 (2014 - 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 subsidiaries in the PRC are subject to the applicable EIT rate of 25%.

HPRP, SPRP, HHBM and HPRFE are subjected to tax rate of 25% for the financial year ended 31 December 2015 (2014 - 25%).

SPRP and HHBM have been granted a preferential tax treatment by the relevant tax authorities under which they are entitled to income tax exemption for the first two financial years commencing from the first profit-making year (after deducting tax losses carried forward from prior years) and a 50% reduction from the prevailing tax rates for the succeeding three financial years. SPRP and HHBM have yet to achieve their first profit making year as they have been incurring losses during the year(s) since they have been granted the preferential tax treatment.

20 (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 170,000,000 (2014 - 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 170,000,000 (2014 - 170,000,000) ordinary shares.

Diluted (loss)/earnings per share is calculated by dividing the consolidated loss 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.

20 (Loss)/earnings per share (Cont'd)

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:

The Group	**2015** Continuing operations RMB'000	Discontinued operations RMB'000	Total RMB'000	2014 Continuing operations RMB'000	Discontinued operations RMB'000	Total RMB'000
(Loss)/profit for the year attributable to ordinary shareholders (RMB'000)	**(2,401)**	**61,416**	**59,015**	1,197	(31,450)	(30,253)
Number of ordinary shares			**170,000,000**			170,000,000
Basic and diluted (loss)/earnings per share (RMB)	**(0.01)**	**0.36**	**0.35**	0.01	(0.19)	(0.18)

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.

21 Disposal of subsidiaries

On 7 December 2015, Management received the approval letters from the Foreign Enterprise Office of People's Government of Sanya City on the transfer of the entire issued share capital of SPRP and HHBM to Lionview. On 31 December 2015, the Company completed the disposal of SPRP and HHBM pursuant to a memorandum entered with Lionview to transfer the control and rights over SPRP and HHBM to Lionview. Arising from this, the Group recognised a gain on disposal of "Disposal Group Held for Sale" amounting to RMB 68.3 million in the consolidated statement of comprehensive income.

The attributable net liabilities of the subsidiaries disposed of as at 31 December 2015 are as follows:-

	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 (Note 14)	(30,000)^	–#	**(30,000)**
Gain on disposal of subsidiaries	59,312	8,996	**68,308**
Cash consideration received	–	–	–
Cash and cash equivalent disposed	(31)	(5)	**(36)**
Cash outflow on disposal of subsidiaries	(31)	(5)	**(36)**

^: Based on the revised SPRP Transfer Agreement dated 30 September 2014, Lionview 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.

22 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	2015 RMB'000	2014 RMB'000
Not later than 1 year	**96**	–
Later than 1 year but not later than 5 years	**56**	–
Later than 5 years	**–**	–
	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.

23 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	2015 RMB'000	2014 RMB'000
Rental and other services paid/payable to a minority shareholder	**96**	96
Interest expense paid/payable to a minority shareholder	**1,325**	1,325

24 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.

24 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.

24 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 2015, three customers (2014 - three customers) have aggregated outstanding balance exceeded 90% of the outstanding trade receivables net of allowance for doubtful debts. As at 31 December 2015, each of these three (2013: five) individual customer had individual balance greater than RMB 0.9 million (2014 - RMB 1.0 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.

24 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 major shareholder cum director, 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.

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.

The Group	Carrying amount RMB'000	Contractual cash flows RMB'000	Within 1 year RMB'000	Between 2 and 5 years RMB'000
Financial liabilities:				
Trade and other payables (Note 13)	21,581	21,581	21,581	
Financial liabilities (Note 14)	–	–	–	–
As at 31 December 2015	21,581	21,581	21,581	–

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

Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

	Carrying amount RMB'000	Contractual cash flows RMB'000	Within 1 year RMB'000	Between 2 and 5 years RMB'000
The Group				
Financial liabilities:				
Trade and other payables (Note 13)	55,461	55,461	55,461	–
Financial liabilities (Note 14)	21,200	22,718	22,718	–
As at 31 December 2014	76,661	78,179	78,179	–
The Company				
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**	**–**
Financial liabilities:				
Trade and other payables (Note 13)	35,780	35,780	35,780	–
As at 31 December 2014	35,780	35,780	35,780	–

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 short term bank loans. 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, 8 and 14 to the financial statements.

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

The Group	**2015 RMB'000**	2014 RMB'000
Fixed rate instruments		
Financial assets		
– Financial leases receivables	**939**	1,157
Financial liabilities		
– loans from non-financial institutions	**–**	(1,000)
Variable rate instruments		
Financial assets		
– Bank balances	**61**	773
Other financial liabilities		
– Loans from non-financial institutions	**–**	(20,200)

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

Interest rate risk (Cont'd)

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 2015, if RMB interest rates had been 100 basis points (2014 - 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 (2014 - RMB 0.15 million) lower/higher, arising mainly as a result of lower/higher interest income and expense on cash at banks and short term bank loans 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 United States dollar for working capital purposes.

Consequently, the Group is exposed to movements in foreign currency exchange rates. However, 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:

	2015		2014	
	SGD	**USD**	SGD	USD
The Group and The Company	**RMB'000**	**RMB'000**	RMB'000	RMB'000
Trade and other receivables	**3**	**–**	3	–
Cash and bank balances	**21**	**8**	96	8
Trade and other payables	**(7,292)**	**–**	(5,780)	–
	(7,268)	**8**	(5,681)	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.

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

Foreign currency risk

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's cash and bank balances and other liabilities and provisions denominated in USD and SGD held by the PRC subsidiaries 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.

		Loss net of tax / Equity	
		2015	2014
The Group		**RMB'000**	RMB'000
USD/RMB	– strengthened 3% (2014 – 3%)	**1**	1
	– weakened 3% (2014 – 3%)	**(1)**	(1)
SGD/RMB	– strengthened 3% (2014 – 3%)	**218**	170
	– weakened 3% (2014 – 3%)	**(218)**	(170)

25 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, trade and other payables and other financial liabilities, reasonably approximate their fair values because these are mostly short term in nature or are re-priced frequently.

Financial assets and financial liabilities subject to enforceable netting arrangements that are not otherwise set-off

As disclosed in Notes 10 and 21, as at 31 December 2013, the Company, through HPRP, received RMB 30 million from Hainan Pearl River and this amount was placed in an escrow account with a third party. On 31 December 2015, upon the completion of the disposal of SPRP, according to the revised SPRP Transfer Agreement dated 30 September 2014, Lionview agreed to take over the obligation from the Company to repay Hainan Pearl River the deposit of RMB 30 million. The Company and counterparties have an arrangement to settle the amount due to or from each other on a net basis and therefore have the right to set off in the case of default and insolvency or bankruptcy.

25 Fair value of measurement (Cont'd)

The Company's other receivables – amount due from a subsidiary (non-trade) and deposit received from Hainan Pearl River on its proposed acquisition of 80% interest in SPRP subject to an enforceable netting arrangement that are not otherwise set-off are as follows:

The Company	Carrying amounts RMB'000	Related amounts not set off in the statement of financial position RMB'000	Net amounts RMB'000
2015			
Other receivables – amount due from a subsidiary (non-trade) (Note 8)	30,000	(30,000)	–
Deposit received from Hainan Pearl River on its proposed acquisition of 80% interest in SPRP (Note 13)	30,000	(30,000)	–

26 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 2015. Neither the Company nor any of its subsidiaries 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.

26 Capital management policies and objectives (Cont'd)

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

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade and other payables (Note 13)	**24,766**	58,500	**7,292**	35,780
Add: Interest-bearing loans (Note 14)	**–**	21,200	**–**	–
Less: Cash and bank balances (Note 9)	**(62)**	(774)	**(45)**	(502)
Net debt	**24,704**	78,926	**7,247**	35,278
Total equity attributable to equity holders of the parent	**(71,797)**	(130,812)	**(7,244)**	(5,275)
Less: Statutory reserve (Note 12)	**367**	367	**–**	–
Adjusted capital	**(71,430)**	(130,445)	**(7,244)**	(5,275)
Net debt-to-adjusted capital ratio	**NA#**	NA#	**NA#**	NA#

Not applicable as the Group is in a net debt position.

27 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

Following the Board's intention and commitment to sell the manufacturing and sale of piling and other building materials business within the next 12 months (Note 10), the segment reporting have been re-presented to reflect the discontinued operations of the manufacturing and sale of piling and other building materials business and the comparatives of which have also been re-presented as part of the discontinued operations.

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.

27 Segment information (Cont'd)

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

	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 subsidiaries	–	(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

27 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					
2014					
Total revenue	9,895	651	–	–	10,546
Inter-segment revenue	–	375	–	(375)	–
Interest income from finance leases	(147)	–	–	–	(147)
Interest income	–	(1)	–	–	(1)
Interest expense	–	6,262	–	–	6,262
Depreciation expenses	519	–	–	–	519
Reportable segment profit/(loss) before income tax	5,658	(31,565)	(3,463)	(938)	(30,308)
Other material non-cash items:					
– Impairment loss made on trade and other receivables	457	3,782	–	–	4,239
– Reversal of impairment loss for doubtful receivables	(6,651)	(5,104)	–	–	(11,755)
– Impairment loss on property, plant and equipment	–	15,523	–	–	15,523
– Gain on disposal of property, plant and equipment	(936)	(49)	–	–	(985)
– Loss on disposal of inventories	–	3,772	–	–	3,772
– Inventories written off	–	366	–	–	366
Reportable segment assets	11,752	68,241	505	–	80,498
Capital expenditure	–	1,462	–	–	1,462
Land use rights	–	787	–	–	787
Reportable segment liabilities	48,290	128,374	35,780	–	212,444

Information about major customers

Revenue from transactions with two (2014 - two) external customers from continuing operations amounting to RMB 1.4 million (2014 - RMB 8.2 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.

28 Events after the reporting period

Entry into Watch-List due to the Minimum Trading Price ("MTP") Entry Criterion

On 2 March 2016, the Company announced that SGX-ST has notified the Company on 2 March 2016 that it will be placed on the watch-list due to the Minimum Trading Price ("MTP") Entry Criterion with effect from 3 March 2016.

The Company must take active steps to meet the requirements under Rule 1314(2) of the Listing Manual of the SGX-ST (the "Listing Manual") for its removal from the watch-list within 36 months from 3 March 2016, failing which the SGX-ST may either remove the Company from the official list of the SGX-ST (the "Official List"), or suspend trading of the Company with a view to removing the Company from the Official List.

Loan Agreement and Trust Deed with a director cum major shareholder

On 24 March 2016, the Company entered into a loan agreement ("Agreement") with a director cum major shareholder whereby the latter agrees to provide the Company with an interest-free loan of RMB 10 million (equivalent to approximately S$2,096,490), repayable within two years from the date of the agreement. The loan will be disbursed in the manner where 1st Tranche of not less than RMB 4 million will be made on or before 30 April 2016 and the balance amount on or before 31 December 2016.

SHAREHOLDINGS STATISTICS

As at 21 March 2016

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 21 March 2016, 47.14% 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	0.30	79	0.00
100 - 1,000	21	3.20	17,367	0.01
1,001 - 10,000	262	39.94	1,719,750	1.01
10,001 - 1,000,000	356	54.27	38,092,931	22.41
1,000,001 and above	15	2.29	130,169,873	76.57
	656	100.00	170,000,000	100.00

The Company does not have any treasury shares.

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Full Prime International Limited	67,692,429	39.82
2	UOB Kay Hian Pte Ltd	22,268,682	13.10
3	CIMB Securities (S) Pte Ltd	20,279,000	11.93
4	Sin Teck Chye	2,572,000	1.51
5	Chan Soo Hin	2,251,889	1.32
6	Lim Chye Huat @ Bobby Lim Chye Huat	2,097,873	1.23
7	OCBC Securities Private Ltd	1,915,900	1.13
8	Tan Lye Seng	1,697,100	1.00
9	RHB Securities Singapore Pte Ltd	1,581,000	0.93
10	Phillip Securities Pte Ltd	1,540,000	0.91
11	Citibank Nominees Singapore Pte Ltd	1,530,000	0.90
12	Tity Wardany Tio	1,423,000	0.84
13	United Overseas Bank Nominees Pte Ltd	1,201,000	0.71
14	Himanshu Lalitrai Timbadia	1,110,000	0.65
15	Lim Tiong Kheng Steven	1,010,000	0.59
16	Tan Soik Choo Anne	992,079	0.58
17	Raffles Nominees (Pte) Ltd	991,900	0.58
18	Tan Hee Nam	840,000	0.49
19	DBS Vickers Securities (S) Pte Ltd	825,100	0.49
20	Ang Kelvin	800,000	0.47
		134,618,952	79.18

SHAREHOLDINGS STATISTICS
As at 21 March 2016

SUBSTANTIAL SHAREHOLDERS

	No. of Shares		
Name	**Direct Interests**	**Deemed Interests**	**%**
Full Prime International Limited	67,692,429	–	39.82
Li Zhangjiang De Malca[1]	–	67,692,429	39.82
Shi Xin[2]	22,168,682	–	13.04

Notes:

1. Deemed interest of Ms Li Zhangjiang De Malca arising from her 100% direct interest in Full Prime International Limited.
2. The shares are held through UOB Kay Hian Pte. Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Seletar Country Club, 101 Seletar Club Road, Kingfisher Room 3, Singapore 798273 on Friday, 29 April 2016 at 2.00 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 2015 together with the Auditor's Report thereon. **(Resolution 1)**

2. To approve the Directors' fees of S$112,000.00 for the financial year ending 31 December 2016. **(Resolution 2)**

3. To re-elect Mr Tan Huay Pin, a Director of the Company retiring pursuant to Article 89 of the Company's Articles of Association. **(Resolution 3)**

   (See Explanatory Note 1)

4. To re-appoint Messrs Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

AS SPECIAL BUSINESS

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

5. **AUTHORITY TO ALLOT AND ISSUE SHARES** **(Resolution 5)**

(A) "that, pursuant to Section 161 of the Companies Act, Chapter 50, and the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

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

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

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

(B) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that:-

(a) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (b) below);

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

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided the options or share awards were granted in compliance with the provisions of the Listing Manual of the SGX-ST; and

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

(c) 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 Articles of Association for the time being of the Company; and

unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

(See Explanatory Note 2)

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

ON BEHALF OF THE BOARD

Li Zhangjiang De Malca
Executive Chairman and Managing Director

14 April 2016

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 Tan Huay Pin will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   The Director who has offered himself for re-election has confirmed that, he does 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 page 11 of this Annual Report.

2. The Ordinary Resolution 5 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the issued share capital of the Company, excluding treasury shares, of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the issued share capital of the Company, excluding treasury shares, at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

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.

This page has been intentionally left blank.

This page has been intentionally left blank.

CHINA GREAT LAND HOLDINGS LTD.
(Company Registration No. 200312792W)
(Incorporated in the Republic of Singapore)

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.

PROXY FORM

*I/We ______________________________ (Name)

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

Name	Address	NRIC/ Passport No	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 Seletar Country Club, 101 Seletar Club Road, Kingfisher Room 3, Singapore 798273 on Friday, 29 April 2016 at 2.00 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 2015 together with the Auditor's Report thereon.		
2	To approve the Directors' fees of S$112,000 for the financial year ending 31 December 2016.		
3	To re-elect Mr Tan Huay Pin, a Director of the Company retiring pursuant to Article 89 of the Company's Articles of Association.		
4	To re-appoint Messrs Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
5	To authorise Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		

Dated this ____________ day of ____________________ 2016.

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 [•] April 2016.

China Great Land Holdings Ltd.
華地控股

China Great Land Holdings Ltd.
(Co. Reg. No. 200312792W)
1 Robinson Road,
#17-00 AIA Tower
Singapore 048542
Tel: (65) 6535 1944
Fax: (65) 6535 8577