8TELECOM INTERNATIONAL HOLDINGS CO. LTD.

Building Tomorrow's Connection

Annual Report 2015

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Vision

We envision ourselves to be the leading Original Design Manufacturer and provider of fully integrated manufacturing solutions for the electronics and precision engineering industries.

Mission

We envision ourselves to provide innovative, quality and efficient integrated range of electronics manufacturing services and original design manufacturing at the most competitive prices through long-term strategic global partnerships, whilst achieving total customer satisfaction.

Corporate Profile

8Telecom International Holdings Co. Ltd. ("8Telecom", together, with its subsidiaries, "the Group") is a leading telecommunication infrastructure solution provider and an emerging property developer in China. It is principally engaged in the design, manufacturing and distribution of telecommunication pipes, telecommunication and other towers, the provision of telecommunication engineering services, as well as the development of commercial property. Listed on the SGX-ST Mainboard in 2004, 8Telecom is the first high-tech enterprise from Zhejiang Province to publicly trade its shares in Singapore.

With more than 19 years of experience in the telecommunication infrastructure industry, 8Telecom's products are sold to over 30 provinces in China. The Group has, over the years, established close ties with China's major telecommunication operators namely, China Telecom, China Mobile and China Unicom. Leveraging on its extensive distribution network covering more than 30 provinces, efficient customer service network and industry track record, 8Telecom has undertaken a number of key national projects and was actively involved in implementing industry standards for these projects.

As a testament to its product quality and strong R&D capabilities, the Group has secured 128 patents and registered 73 trademarks to date, ranking it number one in the industry in terms of the total number of patents and trademarks. Through intensive R&D, the Group continues to strengthen its technological innovation and has successfully developed 5 major series comprising more than 30 different kinds of telecommunication infrastructure related products.

Since its inception in 1997, 8Telecom has constantly place emphasis on its pursuit of achieving zero defect quality and high quality service.

As one of the four winners being awarded the "First-class Qualification of Contractor for Telecommunication Engineering Project"（电信工程专业承包一级）in Zhejiang Province, China, 8Telecom has reinforced its foothold in the area and is poised to further expand its reach to other untapped telecommunication engineering markets in China.

8Telecom has also made a strategic move to include property development as one of its core businesses. This is following the Group's successful development and sales of its high-end commercial property in Linping District, Hangzhou City, Zhejiang Province as well as the acquisition of another larger-scale raw land located in Wuchang District, Hangzhou City, Zhejiang Province.

Chairman's Statement

Ye Tian Yun
Executive Chairman and CEO

Dear valued shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of 8Telecom International Holdings Co. Ltd. ("8Telecom", together with its subsidiaries, "the Group") for the financial year ended 31 December 2015 ("FY2015").

Improving our Performance In Spite of Challenges

The conditions under which the Group operated in FY2015 were difficult given the sluggish Chinese economy. Although the economy ultimately outperformed earlier forecasts, it was the weakest economic growth recorded since 2009. Chinese stock markets suffered major sell-offs wiping out trillions of dollars in stock value. The Chinese government intervened with a series of rebalancing measures to stem a free-fall of the stock market. Interest rates were cut and the currency devalued in an effort to stimulate growth in the face of slowing global exports and falling GDP growth.

In terms of sectorial performance pertinent to the Group, the telecommunications sector continued to see investment into 4G technology, China now being the world's largest 4G market. The Chinese property sector, the other area of interest for the Group, shown signs of stabilising, with home prices edging up slightly towards the end of the year. Given this economic backdrop, the Group registered profitability with an improved balance sheet.

Strategically, the Group has taken the decision to rationalise its assets and streamline its business activities with the aim of focusing on the info-communications services sector going forward. It entered into a conditional sale and purchase agreement in August 2015 for the disposal of its entire interest in two subsidiaries, East Jade International Limited and Aim Tech Network Investment Limited. This agreement was approved by shareholders at the recent Special General Meeting held on 15 March 2016. This paves the way for the Group to embark on a new strategic direction in FY2016 but with the continued objective of long-term sustainable growth and returns to its shareholders.

The Year in Review

Group revenue for FY2015 decreased year-on-year by 4.7% to RMB536.6 million from RMB562.9 million on the back of lower revenue from telecommunications business segment which registered a decrease of 4.8% to RMB528.2 million from RMB555.0 million. The Group's property division registered an improvement, rising by 6.4% to RMB8.4 million.

With gains from changes in fair value of investment properties of RMB0.7 million as compared with a loss in fair value sustained last year, coupled with decreased finance costs, the Group registered net profit of RMB8.2 million, a 1.8% increase over FY2014 net profit of RMB8.0 million.

Telecommunications

The telecommunications sector was weighed down by the performance of telecommunications pipes and telecommunications and other towers business segments. Telecommunications pipes' revenue fell by 37.9% to RMB41.0 million while telecommunications and other towers' revenue eased by 10.9% to RMB298.4 million due to lower equipment and product sales. The performances of these two business segments were offset by telecommunications engineering services which registered a 22.6% revenue increase to RMB188.8 million.

Higher research costs were incurred for the year amounting to RMB34.3 million, 13.6% higher than the same period last year, as the Group's commitment to develop innovative products and services for the country's 4G rollout remained unabated.

Product Innovation and Market Developments

The Group's data base of 128 patents and 73 registered trademarks stand it in good stead to meet the increasingly sophisticated demands of telecommunication operators in the face of the 4G rollout. The Group maintained its efforts to remain at the forefront of the telecommunications industry, to ensure it was equipped to meet the demands of key telecommunication players such as China Mobile, China Telecom and China Unicom.

Property

The Group's property business segment turned in higher revenue of RMB8.4 million, bettering FY2014's performance by 6.4% due to higher rental income recognised during the year.

The Group's commercial properties project in Lin Ping, Hangzhou Zhejiang province continued to deliver a healthy and stable rental income leading the increased revenue contribution from the Group's property business segment. Construction of the commercial properties project in Wuchang, Zhejiang province progressed as scheduled with phase 1 of the project anticipated to be completed within FY2016. The project is expected to contribute positively to Group earnings.

Chairman's Statement

Dividend

Given the current restructuring of the Group's assets and strategic reorientation, the Board has not declared any dividend for FY2015.

Nevertheless, the Group has proposed to pay shareholders a special one-tier tax-exempt dividend of RMB4.486 per share ("Special Dividend") out of the proceeds from the disposal of its two wholly-owned subsidiaries, East Jade Internaional Limited and Aim Tech Network Investment Limited and Capital Reorganisation, this has been duly approved by the shareholders at the Special General Meeting of the Company held on 15 March 2016. The payment of the Special Dividend is conditional upon the completion of the Proposed Disposal and the Proposed Capital Reorganisation taking effect.

Appreciation

Lastly, it leaves me to extend my heartfelt appreciation to our shareholders, customers, directors and business associates for your unwavering support and belief in the Group. I would also like to thank our management and staff for another year of hard work, dedication and commitment.

The Group seeks your continued support in its new direction moving forward. There are opportunities for the Group to leverage on given the positive outlook of the infocommunications sector. The progressive roll-out of 4G networks, the growth of mobile handset and wearable devices, consumer lifestyles dictated by the Internet of Things and data transfer and analytics will provide the company opportunities for long-term sustainable growth.

Ye Tian Yun
Executive Chairman and CEO

主席致辞

各位尊敬的股民，

八方电信国际控股有限公司（“八方电信”与其子公司合称“集团”）2015 财年于 2015 年 12 月 31 日结束。代表董事会，我很高兴就集团该期间的年报向大家作出汇报。

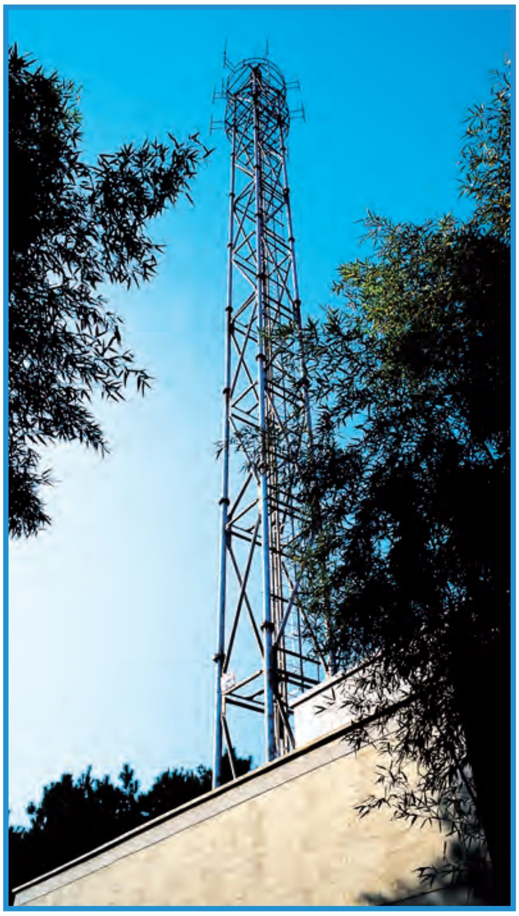
鉴于中国经济发展放慢，集团在 2015 财年的经营环境十分艰难。尽管最终的经济发展超出了早先预期，这一年却是自 2009 年以来增长势头最弱的一年。中国股市的大规模跌价和抛售，使股价降低上万亿美元。为阻止股市突然大幅下跌，中国政府采取了一系列调整措施进行干预。同时，面临全球出口减少和 GDP 增长放慢的趋势，中国政府也采取了降息和人民币贬值的方式来刺激增长。

对于集团所在领域的发展情况，2015 年电信领域继续扩大对 4G 技术的投资，中国现已成为世界上最大的 4G 市场。另一个与集团休戚相关的领域，中国的房地产市场也发展稳定，房价在年末出现小幅上升。在这样的经济大环境下，集团实现盈利，利润表成绩有所改善。战略上，为在未来集中发展信息和通信服务，集团作出合理重组资产和精简经营活动的决定。2015 年 8 月，集团达成一份附条件买卖协议，出售其在两家子公司——即 East Jade International Limited（东泽国际有限公司）和 Aim Tech Network Investment Limited（爱特网络投资有限公司）的全部股份。该协议最近在 2016 年 3 月 15 日召开的特别股东大会上经股民批准通过。这将为集团在 2016 财年开始新的战略方向、坚持长期可持续发展目标、为股民持续分配利润铺平道路。

年度回顾

2015 财年，集团电信业务领域收入从上年的 5.55 亿人民币降低到 5.282 亿人民币，降幅 4.8%，集团整体收入从 5.629 亿人民币降低至 5.366 亿人民币，年降幅 4.7%。

主席致辞



集团房地产部门收入有所增长，收入为 840 万人民币，增长 6.4%。相比上年投资性房地产价格变化导致的损失，这一年投资性房地产公允价值变化使集团获得 70 万人民币利得，加上融资成本降低，集团获得 820 万人民币的净利润，较 2014 财年 800 万人民币净利润增长了 1.8%。

电信业务

受电信管道、电信和其他信号塔业务领域业绩的影响，电信领域赢利降低。由于设备和产品销售下滑，电信管道收入为 4100 万人民币，降低 37.9%，而电信和其他信号塔收入为 2.984 亿人民币，降低 10.9%。这两个业务领域的损失被电信工程服务部门的收入抵消，后者收入为 1.888 亿人民币，增长 22.6%。2015 财年，针对中国 4G 服务的推出，集团持续加大开发创新性产品和服务的力度，因而研究成本上升，总成本达 3430 万人民币，较上年同期增长 13.6%。

产品创新和市场开拓

在中国推出 4G 之际，集团的 128 项专利和 73 项注册商标使其能够更好地应对电信运营商日益复杂的要求。集团同时不断力争保持电信行业前沿位置的地位，以确保能够满足中国移动、中国电信和中国联通等关键电信服务商的要求。

房地产

由于 2015 财年确定的租赁收入升高，集团房地产业务领域收入增长，达 840 万人民币，较 2014 财年增长率为 6.4%。集团在浙江省杭州市临平的商用房地产项目持续产生稳健租赁收入，对集团房地产业务部门的收入贡献比例提升。浙江五常商用房地产的施工项目按预期进行，预计项目一期将在 2016 财年内完成。预计项目将对集团营收产生积极影响。

分红

由于目前集团资产重组和战略调整，董事会针对 2015 财年未宣布任何分红。然而，集团已建议向股东派发每股 4.486 元人民币的特殊单阶免税股息（“特别红利”），该红利将从集团两家全资子公司East Jade Internaional Limited（东泽国际有限公司））和 Aim Tech Network Investment Limited（爱特网络投资有限公司）的出售以及资本重组的收益中提取。该建议在 2016 年 3 月 15 日召开的公司特别股东大会上经股民批准通过。“特别红利”的支付取决于资产出售提议是否完成以及资本重组提议是否生效。

感谢

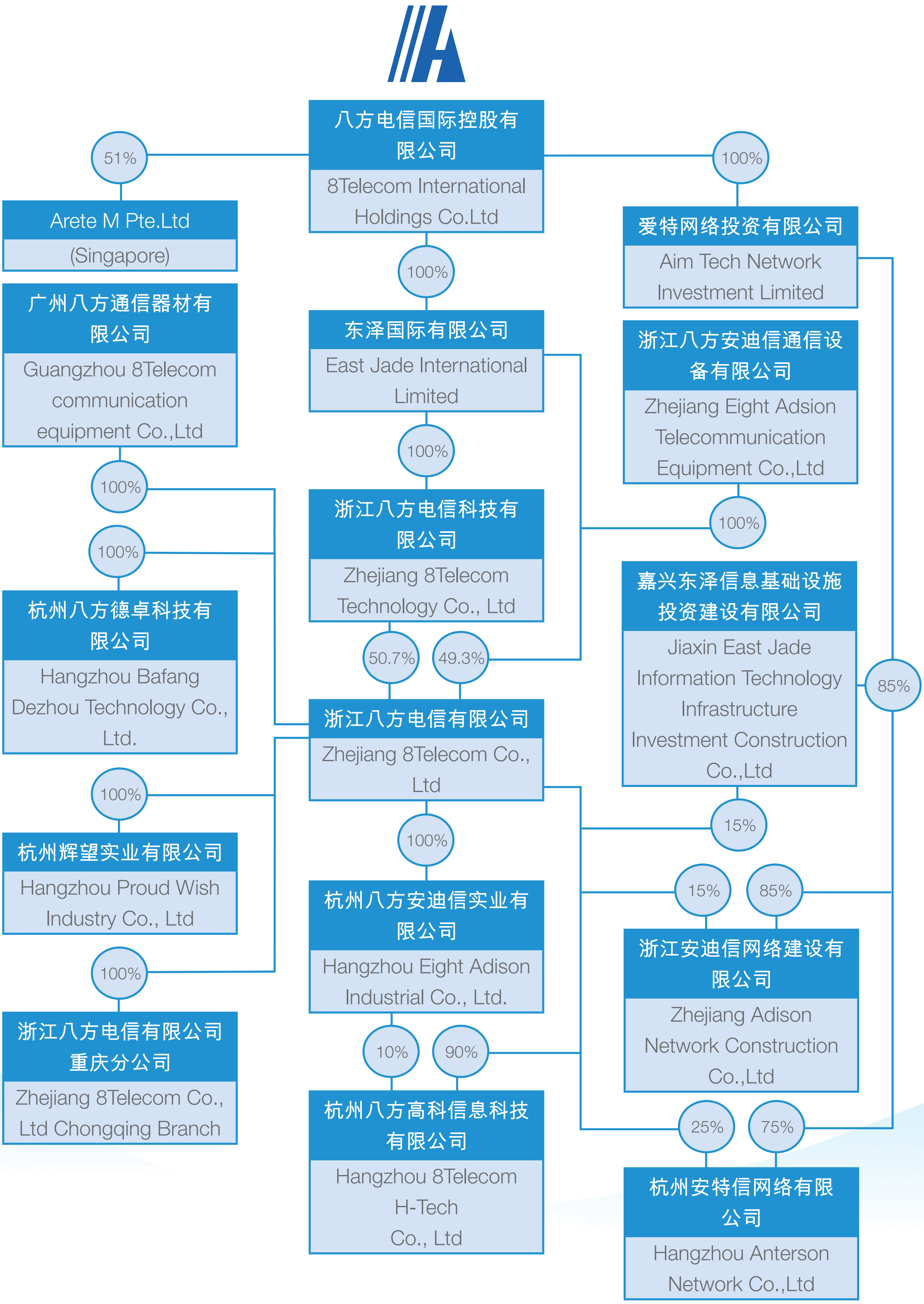
最后，我要向集团股民、客户、董事和商业伙伴表达衷心的感谢，感谢你们一直以来对集团的支持和信任。同时，我也想对公司管理层和员工表示感谢，感谢你们又一年的辛勤工作、付出和奉献。

在未来前进的新道路上，集团希望得到各位持续的支持。目前，信息和通信领域前景喜人，集团面临众多发展机遇。4G 网络的逐步推出，移动手机和可穿戴设备数量的增长，物联网、数据传输和分析对消费者生活方式的影响，都将为公司的长期可持续发展提供宝贵机遇。

叶天云

执行主席和首席执行官

Corporate
Structure



Built on Solid Foundations

As a leading telecommunication infrastructure solution provider with over 19 years of experience and close ties with China's major telecommunications providers, we possess an established industry track record that serves as a strong base for our future growth.

Operations and Financial Review

The Group registered total revenue of RMB536.6 million for the full year ended 31 December 2015 ("FY2015") a decrease of 4.7% from RMB562.9 million for the full year ended 31 December 2014 ("FY2014").

Telecommunications Business Segment

The Group reported a 22.6% revenue increase year-on-year to RMB188.8 million in its telecommunications engineering segment. This was offset by a 10.9% revenue decrease to RMB298.4 million for its telecommunications and other towers business segment and 37.9 % revenue decrease to RMB41.0 million for its telecommunications pipes business segment. Overall, telecommunications business segment fell by 4.8% to RMB528.2 million.

Property Business Segment

Revenue from the Group's property business segment improved by 6.4% to RMB 8.4 million in FY2015. The performance was driven by the group's commercial properties project in Lin Ping, Hangzhou Zhejiang province which continued to deliver healthy and stable rental income. Construction of the commercial properties project in Wuchang, Zhejiang province, meanwhile, remained on track of scheduled completion, with Phase 1 of the project expected to be completed within FY2016. The Group is anticipating its positive contribution to Group earnings.

Overall Costs

Selling and administrative expenses and finance costs decreased in the period by 1.3% to RMB98.5 million. The decrease was mainly due to a decrease in finance costs by 25.7%, offset against an increase in administrative and selling expenses by 4.1% and 3.7% respectively.

The Group achieved a pre-tax profit of RMB13.0 million, 117.4% higher than the FY2014 pre-tax profit of RMB6.0 million. Nevertheless, with income tax expense of RMB4.9 million as compared to an income tax credit of RMB2.0 million in the previous year, coupled with other comprehensive income of revaluation gain of property net of tax of RMB6.7 million in previous year, the Group consequently recorded total comprehensive income for the year attributable to equity holders of the company amounting to RMB8.2 million in FY2015. This was a decline of 44.6% from the same period last year.

Dividend

There is no dividend being declared for the financial year 2015 as the Group is finalising its capital reorganisation. The Group has proposed to pay shareholders a special one-tier tax-exempt dividend of RMB4.486 per share out of the proceeds from the disposal of its two wholly-owned subsidiaries, East Jade International Limited and Aim Tech Network Investment Limited, this has been duly approved by the shareholders at the Special General Meeting of the Company held on 15 March 2016.

Financial Position

Trade receivables as at 31 December 2015 fell by RMB38.4 million to RMB102.1 million compared with RMB140.5 million as at 31 December 2014. The decline was due to the improvement in collection from customers and lower sales generated during the year.

Other receivables and prepayments amounted to RMB34.5 million as at 31 December 2015, which was a decline of RMB21.8 million from RMB56.3 million as at 31 December 2014 on account mainly of the utilisation of advances to suppliers during the year.

Construction contracts as at 31 December 2015 increased by RMB10.8 million to RMB80.3 million as against RMB69.5 million as at 31 December 2014 mainly due to the progress of the construction works as there are higher completion of projects which had not yet been billed as at year-end.

Inventory stood at RMB14.8 million as at 31 December 2015, a decrease of RMB30.9 million from RMB45.7 million as at 31 December 2014 due to effective inventory control.

Properties under development (the Group's Wuchang property project) increased by RMB161.4 million from RMB384.5 million to RMB545.9 million due to additional construction costs, capitalisation of other expenses and interest expense incurred during the financial year.

Investment properties rose by RMB0.7 million to RMB195.3 million as at 31 December 2015 as compared to RMB194.6 million in 2014 due to a gain in fair value of RMB0.7 million during the year.

Non-current assets increased by RMB9.8 million to RMB314.0 million as at 31 December 2015 as compared to RMB304.2 million as at 31 December 2014. The increase due to derivative financial instrument of RMB9.8 million accounted as at year end.

Non-current prepayment and intangible assets, decreased on the amortisation charge of RMB1.1 million during the year.

New term loans secured during the year were off-set against repayment of loans. This resulted in bank borrowings of RMB485.7 million as at 31 December 2015, an increase of RMB31.9 million from RMB453.8 million at 31 December 2014.

Trade payables decreased by RMB42.0 million to RMB72.7 million as at 31 December 2015 from RMB114.7 million as at 31 December 2014 mainly due to payments made to suppliers and lower purchases during the year.

Balance of deferred tax liabilities as at 31 December 2015 increased by RMB0.4 million to RMB57.7 million from RMB57.3 million as at 31 December 2014 mainly due to deferred income tax liabilities charge on the fair value gain of investment properties during the year.

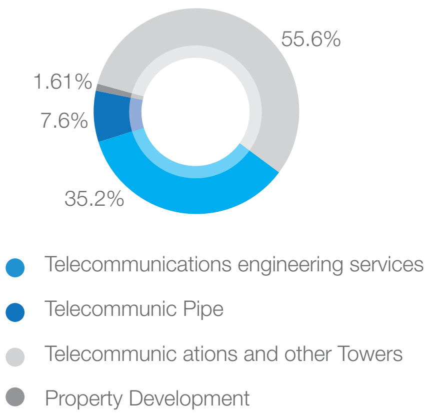
There was an outflow of RMB90.7 million used in operating activities in FY2015 as compared with an inflow of RMB29.1 million in FY2014 mainly on account of cash used in the construction of the Wuchang project.

Cash and cash equivalents at 31 December 2015 stood at RMB162.3 million, an increase of RMB54.3 million compared with RMB108.0 million at 31 December 2014.

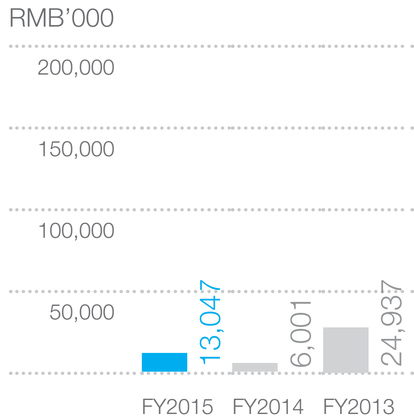
Financial
Highlights

Segmental Business Revenue	FY2015		FY2014		FY2013	
	RMB'000	%	RMB'000	%	RMB'000	%
Telecommunications Pipe	41,000	7.6%	66,034	11.7%	75,650	17.7%
Telecommunications Engineering Services	188,840	35.2%	154,025	27.4%	127,510	29.8%
Telecommunications and other Towers	298,380	55.6%	334,920	59.5%	218,385	51.0%
Property	8,380	1.6%	7,877	1.4%	6,640	1.5%
Total	536,600	100.0%	562,856	100.0%	428,195	100.0%

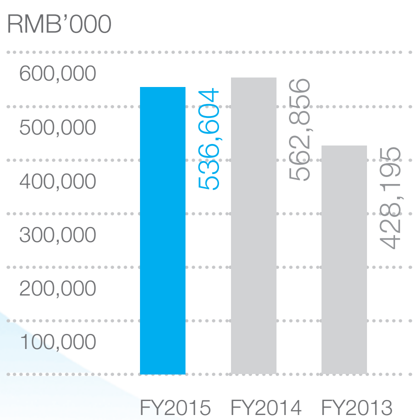
Segmental Business Revenue (Per Cent)



Profit Before Income Tax (RMB'000)



Revenue (RMB'000)



Net Profit (RMB'000)

Committed To Progress

Our data base currently stands at 128 patents and 73 registered trademarks, a testament to the Group's sustained efforts to research and development. With this commitment to innovation and progress, we are well-positioned to weather the coming challenges and secure opportunities inherent with China's current 4G rollout.

Board of Directors

Mr Ye Tianyun (叶天云) founded our Group in 1997 and is currently the Executive Chairman and CEO of our Group and a member of Nominating Committee. Mr Ye is responsible for formulating the Group's strategies and plans and management of our Group as well as overseeing the development and manufacturing operations of our Group's products. Between September 1992 and June 1994, Mr Ye acted as the head of Yuhang Chang Le Plastics Packaging Factory. Thereafter, he acted as the general manager of Hangzhou Lehua Plastics Co., Ltd from June 1994 to June 1997 before setting up 8Telecom.

Mr. Ye is an executive member of Yuhang District, Commerce Association, member of Hangzhou Youth Entrepreneur Society, vice chairman of Yuhang District, Youth Union and member of Yuhang District Commercial and Industrial Union. Further, between 2000 and 2002, Mr Ye applied for and was awarded five PRC new design patents and nine exterior design patents. Mr Ye holds a Bachelor Degree in Computer Science and Technology from China University of Geosciences. Mr Ye further obtained a Certificate of Completion in Technical Economics and Management (Business Administration) in January 2004 from Zhejiang University of Technologyin January 2004 from Zhejiang University of Technology.

Mr Chen Xiangjing（陈向京） joined our Group in August 1998. He is our Executive Director responsible for overseeing our telecommunications and other towers and related products business. From August 1985 to February 1995, Mr Chen acted as the head of the planning department of Hangzhou Pinshan Dairy Products Factory. Between 1996 and July 1998, Mr Chen was a manager of Yu Hang Xian Ling Electric Cables Factory. Mr Chen holds a Bachelor Degree in Business Administration from Zhejiang University of Technology and a Bachelor Degree in Computer Science and Technology from China University of Geosciences.

Mr Yu Chunxiang（俞春祥） joined our Group in April 2001. He is our Executive Director responsible for overseeing our telecommunications engineering projects business. Between July 1989 and April 2001, Mr Yu was the assistant to the manager of PRC's Construct Bank, Yuhang Branch. Mr Yu holds a Bachelor Degree in Technical Economics from Zhejiang University of Technology and have graduated from Zhejiang Jiaotong University as a MBA in 2005.

Mr Lien Kait Long (连克农) was appointed as an Independent Director of our Company on 25 May 2004. He is our Lead Independent Director, the Chairman of the Audit Committee and a member of Remuneration Committee. Mr Lien has more than 40 years experience in accounting and finance, corporate management and business investment. He has held a number of senior management positions as well as executive directorships in various public and private corporations in Singapore, Hong Kong and China. He currently serves as an Independent Director on the boards of several Singapore and Chinese companies listed on the Singapore Exchange.

The listed companies that he has present and prior experience in are from diverse industries including manufacturing, telecommunications, renewable energy, oil & gas, consumer goods, textile and food & beverage. Mr Lien holds a Bachelor of Commerce Degree from Nanyang University and is a fellow member of the CPA Australia and Institute of Singapore Chartered Accountants.

Mr Chen Jin （陈劲） was appointed as our Independent Director on 25 May 2004. He is a member of Nominating, Audit and Remuneration Committees. At present, Mr Chen is the professor of innovation and entrepreneurship and the Assistant Dean, School of Economics and Management of Tsinghua University and Director of Research Center of Technological Innovation at Tsinghua University. Mr Chen's illustrious background also includes being the Vice Chairman of the China Science of Science and Science & Technology Policy Research Association, Member of the 4th Education Committee of the Chinese Academy of Engineering. He was the Visiting Scholar of Sloan Management Institute of MIT of USA, Visiting Researcher at the Scientific Strategy Research Centre in the University of Sussex in UK as well as the Visiting Professor at PREST Research Centre in the University of Manchester. Mr Chen holds both a Bachelor's Degree in Chemical Automation as well as a Ph.D Degree in Management Engineering, from Zhejiang University.

Board of Directors

Mr Cartel Yeo See Meng （杨时明） was appointed as an Independent Director of our Company on 15 August 2011. He is the Chairman of the Nominating Committee and Remuneration Committee as well as a member of the Audit Committee. Mr Yeo has extensive experience in accounting and finance, corporate management and business investment. Mr Yeo graduated from the National University of Singapore with a Bachelor in Accountancy, Honor Degree. He worked as an auditor in Deloitte and Touche, one of the big international accounting firms before joining the finance/ securities industry. Over the span of 20 years, he has held positions involving research, institutional sales, business development and management in senior capacities with various local and international securities and investment companies.

Key Management

Mr. Shen Guanqin (沈冠勤) joined our Group as Vice President in January 2006 and is responsible for business development for our telecommunication pipe products. Mr. Shen began his telecommunications career at Zhejiang Jiaxin Post Office with a stint spanning August 1984 and July 1991. Between July 1991 and April 1996, Mr. Shen was the chief engineer for Guangdong Shenzhen Huamai Communications LTD. Between April 1996 and December 2000, Mr. Shen was the engineering manager of China Network Jiaxin Branch, followed by an internal promotion to deputy general manager, a post Mr. Shen held between January 2001 and March 2003. Mr. Shen holds a Degree in Wireless Communication Engineering from Beijing University of Post and Telecommunications.

Further Information on Board of Directors

Ye Tianyun
Executive Chairman and CEO

Date of first appointment as a Director
18 January 2004
Date of first appointment as a Chairman
18 January 2004
Date of last re-election as a Director
22 April 2013
Length of Service as a Director (as at 31 December 2015)
11 years 11 months
Board Committee(s) served on
Nominating Committee (Member)
Present directorship/chairmanship in other listed companies
- Nil

Present principal commitments* (other than directorships in other listed companies)
- Manfaith Investments Ltd.
- East Jade International Limited
- Hangzhou Le Hua Plastics Co., Ltd
- Hangzhou Yuhang Chang Le Plastics Packaging Factory
- Zhejiang Andison Information and Technology Co., Ltd
- Guoding (Nantong) Concrete Pile Co. Ltd
- Hangzhou Xuchi Technology Co., Ltd
- Nation Top Limited
- Hangzhou Yuhang Ideal Small Loan Co., Ltd.
- Yuhang District RiTong Small Loan Co., Ltd

Past principle directorships/chairmanship held over the preceding 3 years in other listed companies (from 1 January 2013 to 31 December 2015)
- Nil

Chen Xiangjing
Executive Director

Date of first appointment as a Director
18 January 2004
Date of last re-election as a Director
29 April 2015
Length of Service as a Director (as at 31 December 2015)
11 years 11 months
Board Committee(s) served on
Nil
Present directorship/chairmanship in other listed companies
- Nil

Present principal commitments* (other than directorships in other listed companies)
- Zhejiang Andison Information and Technology Co., Ltd

Past principle directorships/chairmanship held over the preceding 3 years in other listed companies (from 1 January 2013 to 31 December 2015)
- Nil

Yu Chunxiang
Executive Director

Date of first appointment as a Director
18 January 2004
Date of last re-election as a Director
21 April 2014
Length of Service as a Director (as at 31 December 2015)
11 years 11 months
Board Committee(s) served on
Nil

Present directorship/chairmanship in other listed companies
- Nil

Present principal commitments* (other than directorships in other listed companies)
- Zhejiang Andison Information and Technology Co., Ltd

Past principle directorships/chairmanship held over the preceding 3 years in other listed companies (from 1 January 2013 to 31 December 2015)
- Nil

Further Information on Board of Directors

Lien Kait Long
Lead Independent Director

Date of first appointment as a Director
25 May 2004

Date of last re-election as a Director
29 April 2015

Length of Service as a Director (as at 31 December 2015)
11 years 7 months

Board Committee(s) served on
Audit Committee (Chairman)
Remuneration Committee (Member)

Present directorship/chairmanship in other listed companies
- China Enterprises Limited [OTC USA]
- China Jishan Holdings Limited (Lead Independent Director and Chairman of Audit and Risk Committee and Nominating Committee)
- Hanwell Holdings Limited (Independent Director and Chairman of Nominating Committee)
- Falcon Energy Group Limited (Lead Independent Director and Chairman of Audit Committee)
- Tat Seng Packaging Group Ltd (Independent Director and Chairman of Audit Committee)
- Viking Offshore and Marine Ltd (Independent Director and Chairman of Audit Committee)
- IPC Corporation Ltd (Independent Director)
- Pacific Healthcare Holdings Ltd (Non- Executive Director)
- Renewable Energy Asia Group Ltd (Independent Director and Chairman of Audit Committee)

Present principal commitments* (other than directorships in other listed companies)
- Nil

Past principle directorships/chairmanship held over the preceding 3 years in other listed companies (from 1 January 2013 to 31 December 2015)
- YouYue International Limited (Independent Director and Chairman of Audit Committee and Remuneration Committee) with effect from 10 June 2014

Cartel Yeo See Meng
Independent Director

Date of first appointment as a Director
15 August 2011

Date of last re-election as a Director
21 April 2014

Length of Service as a Director (as at 31 December 2015)
4 years 4 months

Board Committee(s) served on
Remuneration Committee (Chairman)
Nominating Committee (Chairman)
Audit Committee (Member)

Present directorship/chairmanship in other listed companies
- Nil

Present principal commitments* (other than directorships in other listed companies)
- Nil

Past principle directorships/chairmanship held over the preceding 3 years in other listed companies (from 1 January 2013 to 31 December 2015)
- Nil

Chen Jin
Independent Director

Date of first appointment as a Director
25 May 2004

Date of last re-election as a Director
21 April 2014

Length of Service as a Director (as at 31 December 2015)
11 years 7 months

Board Committee(s) served on
Audit Committee (Member)
Remuneration Committee (Member)
Nominating Committee (Member)

Present directorship/chairmanship in other listed companies
- Nil

Present principal commitments* (other than directorships in other listed companies)
- Zhejiang Semir Clothing Co., Ltd
- Baida Group Co., Ltd

Past principle directorships/chairmanship held over the preceding 3 years in other listed companies (from 1 January 2013 to 31 December 2015)
- Nil

Note: Mr Ye Tianyun is a director and shareholder of Manfaith Investments Ltd., a controlling shareholder holding 71.728% interest in the Company

Corporate Information

BOARD OF DIRECTORS

Mr. Ye Tianyun	*Executive Chairman and CEO*
Mr. Yu ChunXiang	*Executive Director*
Mr. Chen Xiangjing	*Executive Director*
Mr. Lien Kait Long	*Lead Independent Director*
Mr. Chen Jin	*Independent Director*
Mr. Cartel Yeo See Meng	*Independent Director*

AUDIT COMMITTEE

Mr. Lien Kait Long	*Chairman*
Mr. Chen Jin	
Mr. Cartel Yeo See Meng	

REMUNERATION COMMITTEE

Mr. Cartel Yeo See Meng	*Chairman*
Mr. Chen Jin	
Mr. Lien Kait Long	

NOMINATING COMMITTEE

Mr. Cartel Yeo See Meng	*Chairman*
Mr. Ye Tianyun	
Mr. Chen Jin	

COMPANY SECRETARIES

Mr. Teo Meng Keong
Ms. He Qi

ASSISTANT SECRETARY

Appleby Corporate Services (Bermuda) Ltd
Canon's Court, 22 Victoria Street,
Hamilton HM 12, Bermuda

REGISTERED OFFICE

Canon's Court, 22 Victoria Street,
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RESIDENT REPRESENTATIVE

Appleby Corporate Services (Bermuda) Ltd
Canon's Court, 22 Victoria Street,
Hamilton HM 12, Bermuda

PRINCIPAL SHARE REGISTRAR

Reid Management Limited,
Argyle House, 41a Cedar Avenue,
Hamilton HM 12, Bermuda

SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
80 Robinson Road, #02-00,
Singapore 068898

AUDITORS

Deloitte & Touche LLP,
Public Accountants and
Chartered Accountants
6 Shenton Way, OUE Downtown 2,
#33-00, Singapore 068809

PARTNER-IN-CHARGE

Ms Lim Bee Hui
(Appointed since financial year 2015)

PRINCIPAL BANKER

Hangzhou City Commercial Bank,
Gaoxin Branch
413 Gudun Road Hangzhou City,
Zhejiang Province,
People's Republic of China

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Corporate Governance
Report

Year ended December 31, 2015

8Telecom International Holdings Co. Ltd. (the "**Company**", and its subsidiaries, the "**Group**") are committed to observe high standard of corporate governance with a view of enhancing corporate transparency and safeguarding interest of the shareholders. This statement outlines the main corporate governance practices followed by the Company during the financial year ended 31 December 2015 ("**FY2015**") with reference to the Code of Corporate Governance 2012 (the "**Code**") except where otherwise stated. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**").

BOARD MATTERS

Principle 1 – The Board's Conduct of Affairs

The Board is committed to uphold good corporate governance within the Group includes setting its overall strategic directions, putting in place a prudent and effective framework and establishing goals for management. Other responsibilities, such as setting the Company's values and standards as well as the supervision of management for attaining these goals are also the priorities of the Board.

The Company has in place a limitation and authorisation policy. The policy contains schedule of matters specifically reserved for the Board's approval. Below the Board level, there are appropriate delegations of authority at management level, to facilitate operational efficiency.

Matters reserved for Board's approval include major investment proposals or divestments, announcements of financial results, mergers and amalgamation, changes in capital structure, remuneration packages for Executive Directors and Key Management Personnel, dividend payment, policy or strategic matters affecting the Group, reorganizations, substantial transactions which have a material effect on the Group and any other matters required to be considered or approved by the Board as a matter of law or regulation.

The Board also conduct periodic reviews on the Group's financial performance, internal controls, risk management, compliance practices and resources allocation.

To facilitate effective execution of its function, the Board has delegated specific responsibilities to various Board Committees, namely Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"). Each of the committees has its own terms of reference setting out its role, empowered with authority to examine particular issues and report to the Board with their findings and recommendations as the case may be. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The names of the members and principal responsibilities of AC, NC and RC are disclosed in this Report.

Board attendance

The Board holds meetings on a regular basis to coincide with the mandatory financial results reporting throughout the financial year, and as and when it deems necessary and appropriate. The Bye-Laws of the Company allows the Directors to convene meetings by teleconferencing or videoconferencing.

The number of meetings of the Board and the respective Board Committees held during FY2015 and the attendance of each Director at these meetings are set out as follows:

	Board	Audit Committee	Remuneration Committee	Nominating Committee
No. of meetings held	4	4	1	1
Directors	**Number of meetings attended**			
Ye Tianyun	4	NA	NA	1
Yu Chunxiang	4	NA	NA	NA
Chen Xiangjing	4	NA	NA	NA
Chen Jin	4	4	1	1
Lien Kait Long	4	4	1	NA
Yeo See Meng	4	4	1	1

NA: Not Applicable

Training for Directors

During the year, the Company held site visit to the Group's office in PRC for the Directors during which they received updates and information in relation to the Group's businesses, industry developments and business initiatives. Updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of briefings, presentations and/or handouts. Where necessary, the Company arranges for presentations by external professionals, consultants and advisers on topics that would have an impact on the relevant regulations, accounting standards and the implications on responsibilities of the Directors. The Directors are informed and encouraged to attend relevant courses conducted by the Singapore Institute of Directors and the SGX-ST, which would be funded by the Company.

Newly appointed directors would receive a formal letter setting out the director's duties and obligations and the Company would arrange orientation program to enable the new directors to familiar with the Group's business and governance practices. The Company would also arrange and fund the training to the new directors.

Principle 2 – Board Composition and Guidance

The Board comprises the following members:

1.	Ye Tianyun	Executive Chairman and Chief Executive Officer
2.	Yu Chunxiang	Executive Director
3.	Chen Xiangjing	Executive Director
4.	Lien Kait Long	Lead Independent Director
5.	Chen Jin	Independent Director
6.	Yeo See Meng	Independent Director

The Board comprises six directors, three of whom are Independent Directors. The Chairman is not an independent director, and the Company has complied with the Guideline 2.2 of the Code on the requirement that at least half of the Board is made up by independent directors.

Mr. Lien Kait Long is the Lead Independent Director of the Company and he will be available to shareholders where they have concerns and for which contact through normal channels of the Chairman, the Chief Executive Officer or the Chief Financial Officer has failed to resolve or is inappropriate.

There is therefore a good balance between the Executive and Non-Executive Directors and a strong and independent element on the Board with independent directors making up at least one-third of the Board. The requirement of the Code that at least one-third of the Board consists of independent directors is satisfied.

All independent directors, Mr. Chen Jin, Mr. Lien Kait Long and Mr. Yeo See Meng have confirmed that they do not have any relationship with the Company or its related corporations or its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company.

The NC reviewed the independence of each Directors annually and as when circumstances required by adopting the Code's definitions that constitutes an independent director in its review and the Board, taking into account of the views of the NC, determined that the said Directors are independent in character and judgement and no relations or circumstances which are likely to affect, or could appear to affect, the said Directors' judgement.

Mr. Chen Jin and Mr. Lien Kait Long have each served on the Board for more than 9 years, the NC and the Board has considered specifically their length of service, contributions to the Board and continued independence taking into consideration of Guideline 2.4 of the Code. The NC and the Board adopt the Code's definitions that constitute an independent director in its review and satisfied that the Directors concerned have no relationship with the Company, its related corporations and its substantial shareholders, the Chairman and the CEO. Both Mr Chen and Mr Lien have no direct or indirect interest in the equity of the Company and did not provide any billable services to the Company. The NC and the Board is satisfied that the Directors concerned have remained independent in their character, judgment, continue to discharge their duties objectively and there were no relationships or circumstances which were likely to affect, or could appear to affect, the Directors' judgement.

The Board has constantly examined its size and, with a view to determining the impact of its number upon effectiveness, decided on what it considers an appropriate size of itself. The Board satisfies that the present board size is appropriate given the nature and scope of the business of the Group's operation.

The composition of the Board and Board Committees will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise, experience and competencies. The current Board consists of accounting or finance, business or management experience and industry knowledge for the effective functioning of the Board and is appropriate for the current scope and nature of the operations of the Group. In particular, the Non-Executive directors, who are mostly professionals and experts in their own fields, are able to take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgement during the Board deliberations. Details of the Directors' qualifications, background and working experience are set out under "Board of Directors" section in this Annual Report.

The Board and the Management are given opportunities to engage in open and constructive debate for the furtherance of achieving strategic objectives. The Non-Executive directors may challenge and help develop proposals on strategy, review the performance of and to extend guidance to the Management.

Principle 3 – Chairman and Chief Executive Officer ("CEO")

Mr Ye Tianyun holds the positions of Chairman of the Board and CEO of the Company.

As a CEO, he is responsible for, inter alia, the day-to-day operation of the Group and leads the Management in setting strategies, objectives and missions, translates the Board's decisions and plans into execution action and drive the Group's growth and development.

The Chairman's responsibilities include:

(a) providing the Group with leadership and vision;

(b) setting Board meeting agenda in consultation with the Board members and ensure time is available for discussion for all agenda items, in particular strategic issues;

(c) encouraging constructive relations among the Directors and their interactions with management;

(d) takes a lead role in promoting high standards of corporate governance, with the full support of the Directors and Management;

(e) ensuring the Group is always compliance with Listing Manual, Bermuda Companies Act, and applicable regulations; and

(f) developing and expanding the business of the Group.

At general meetings, the Chairman plays a pivotal role in fostering constructive dialogue between the shareholders, the Board and the Management.

The Company has not adopted the recommendation of the Code to have different individuals appointed as the Chairman and the CEO. The Board is of the view that there is already a sufficient strong independent element in the Board which could enable the independent exercise of objective judgment on corporate affairs of the Group, taking into account factors such as the number of independent directors on the Board, as well as the size and scope of the affairs and operations of the Group.

Principle 4 – Board Membership

The NC comprises three members, a majority of whom including the Chairman, are independent. The members of the NC are as follows:

Mr Yeo See Meng (Chairman)
Mr Chen Jin (Member)
Mr Ye Tianyun (Member)

The NC meets at least once a year. The principal functions of the NC include, but are not limited to, the following:

(a) recommending the nomination or re-nomination of the directors having regard to the director's contribution and performance;

(b) reviewing and determining the independence of each director on an annual basis;

(c) deciding whether or not a director is able to and has been adequately carrying out his duties as a director;

(d) reviewing and approving any new employment of related persons and proposed terms of their employment;

(e) reviewing and recommending the training and professional development programmes for the Board;

(f) recommending to the Board the review of board succession plans for Directors, in particular, the Chairman and the CEO;

(g) recommending the appointment of key management positions, reviewing succession plans for key positions within the Group and overseeing the development of key executives and talented executives within the Group.

During FY2015, the NC also reviews and determines whether directors who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his duties as a director of the Company.

Despite some of the directors having other board representations, the NC takes into account the results of the assessment of the effectiveness of the individual Director and his actual conduct on the Board, attendance and participation, in making his determination, is satisfied that these directors had devoted sufficient time and attention to the affairs of the Company and are able to and have adequately carried out their duties as directors of the Company. As time requirements of each director are subjective, the NC has decided not to fix a maximum limit on the number of directorship a director can hold. The NC considers that the multiple board representations held presently by its Directors do not impede their respective performance in carrying out their duties to the Company.

There was no additional director appointed during the financial year. The NC reviews the need for appointment of additional director(s) from time to time and the composition of the Board, including the mix of expertise, skills and attributes of existing directors, so as to identify needed and/or desired competencies to supplement the Board's existing attributes. The process for the search, selection and appointment of new directors is as follows:

a) to source and identify candidates from network of contacts based on the needs of the relevant skills, experience, knowledge and expertise.

b) The NC meets the short-listed candidates to assess their suitability taking into consideration the existing composition of the Board and strives to ensure that the Board has an appropriate balance of independent directors as well as the qualification and experience of each candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives.

c) The NC makes recommendations to the Board for approval.

Under the Company's Bye-Laws, a newly appointed Director shall retire at each Annual General Meeting ("AGM") following his/her appointment and he/she shall be eligible for re-election.

The Company's Bye-Laws also provide that one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest to one-third but not less than one-third to retire by rotation at each AGM, with each director retiring at least once in every three years.

The NC has recommended the following directors who will be retiring at this forthcoming AGM for re-election as directors of the Company:

Mr Ye Tianyun
Mr Yu Chunxiang

In evaluating the Director's contribution and performance for the purpose of re-nomination, factors such as attendance, preparedness, participation and candour are taken into consideration.

Each NC member shall abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations in respect of matters in which he has an interest in.

Key information regarding the Directors such as academic, professional qualifications, shareholding in the Company and its related corporations, board committees served on (as a member or Chairman), date of first appointment as a director, date of last re-appointment as a director, directorships or chairmanships both present and those held over the preceding 3 years in other listed companies, and other principal commitments is disclosed under the "Board of Directors ", "Further information on Board of Directors', "Directors' Statement", and "Shareholding Statistics as at 16 March 2016" sections of this annual report.

Principle 5 – Board Performance

Subject to the approval of the Board, the NC will periodically review and decide on how the Board's performance is to be evaluated and will propose objective performance criteria which will evaluate and address how the Board has enhanced long-term shareholders' value. The Board's performance is a function of the experience and expertise that each of the directors bring with them. Factors taken into consideration for the assessment of each director include attendance at meetings, adequacy of preparation, participation, industry knowledge and functional expertise. Factors for assessment of the Board as a whole include the board structure, conduct of meetings, corporate strategy, risk management and internal controls, business and financial performance, compensation, financial reporting and communication with shareholders.

During the financial year under review, the Board had implemented a formal annual assessment process to be carried out by our NC by way of board assessment checklist and individual Director evaluation, which is circulated to the Board members for completion and thereafter, for the NC to review and determine the actions required to improve the corporate governance and effectiveness of the Board as a whole.

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial period reported on, is of the view/satisfied that:

(a) the performance of the Board as a whole has been satisfactory;

(b) the Board has given sufficient time and attention to the Group and reasonably and effectively discharged its duties; and

(c) The current board size and composition of the Board provides it with adequate ability to meet the existing scope of needs and nature of operations of the Group.

The NC will review the appropriateness of the Board size, taking into consideration changes in the nature of the Group's business, the scope of operations, as well as changing regulatory requirements.

Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance of re-nomination as director or any other matters in which he/she has an interest in.

Principle 6 – Access to Information

The Directors are provided with board papers specifying relevant information and commercial rational for each proposal for which Board approval is sought. Such information includes relevant financial statements which are presented quarterly, financial forecasts, risk analyses, mitigation strategies, feasibility studies and key commercial issues for the Board's attention and consideration. The board papers are circulated to Directors on a timely manner prior to each Board meeting and committee meeting to enable them to have sufficient time to review and consider the matters being tabled and/or discussed. The Senior Management will be also invited to attend Board Meetings to provide additional insights into matters being discussed, and to respond to any queries that the Directors may have.

Reports on major operational matters, business development activities, financial performance, potential investment opportunities and budgets are also circulated to the Board. In respect of the annual budgets, any material variances between the projections and actual results are disclosed and explained to the Board by the Management during the Board Meetings.

The Company Secretary or his representative is always present at such meetings to record the proceedings, to ensure that all Board procedures are followed and to ensure good information flows within the Board and its committees and between senior management and Non-Executive Directors. The appointment and removal of the Company Secretary is a matter for consideration by the Board as a whole.

Each director has a separate and independent access to the advices and services of the Company's senior management and Company Secretary before finalizing its decision. The Directors also have the right to seek independent legal and other professional advices at the Company's expense, concerning any aspect of the Group's operations and undertakings in order to fulfill their duties and responsibilities as directors.

REMUNERATION MATTERS

Principle 7 – Procedures for developing remuneration policies

The RC comprises three members of whom including the Chairman, are independent. The members of the RC are as follows:

Mr Yeo See Meng (Chairman)
Mr Chen Jin (Member)
Mr Lien Kait Long (Member)

The RC meets at least once a year. The principal functions of the RC include, but are not limited to, the following:

a) review and approve the general remuneration framework of the directors and key management personnel of the Company and its subsidiaries;

b) structure a significant and appropriate proportion of executive directors and key management personnel's remuneration;

c) review the on-going appropriateness and relevance of the executive remuneration policy and other benefit programs;

d) determine, review and approve the design of all option plans, stock plans and/or other equity based plans that the Group proposes to implement;

e) review the remuneration of employees who are related to the Directors and 10% shareholders;

f) review and recommend to the Board the eligibility of the executive directors and key management personnel under long-term incentive schemes and to evaluate the costs and benefits of such long-term incentive schemes.

The RC may from time to time, where necessary or required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management, so that the Group remains competitive in this regard.

The RC also review the Company's obligations arising in the event of termination of the executive directors and key management personnel as contained in their respective service contracts and is satisfied that the termination clauses therein are fair and reasonable.

Principle 8 – Level and mix of remuneration

The RC reviews and recommends to the Board a framework of remuneration for the directors and key management personnel, and determines specific remuneration packages for each executive director. The recommendations of the RC are thereafter submitted to the Board for its approval.

The RC ensures that the level and structure of remuneration of the Executive and key management personnel aligned with the interests of the stakeholders, promote long-term interest and risk policies of the Company as well as attract, retain and motivate them to provide good stewardship of the Company and manage the Company.

The Executive Directors' remuneration packages are based on service contracts and they do not receive directors' fees. The remuneration of the Executive Directors and the top 5 key management personnel comprises of fixed component and variable component. Fixed component is in the form of fixed monthly salary whereas variable component is linked to the performance of the Group and individual.

The Non-Executive Directors are paid a basic fee and an additional fee for serving on any of the Board committees. The Chairman of each committee is compensated for his additional responsibilities. The RC recommends the payment of such fees in accordance with the contributions of the Non-Executive Directors, which will then be endorsed by the Board and subjected to approval by the shareholders of the Company at the AGM.

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the RC. Each member of the RC shall abstain from voting on any resolution in respect of his remuneration package.

The Company had entered into separate Service Contracts with all Executive Directors, namely, Ye Tianyun, Yu Chunxiang and Chen Xiangjing.

Principle 9 – Disclosure on Remuneration

Directors' remuneration

A breakdown showing the level and mix of remuneration paid to each director for FY2015 is as follows:

Name of Directors	Remuneration (RMB/S$)	Directors' Fees (%)	Fixed Salary (%)	Variable Bonus (%)	Post-employment benefits (%)	Total
Ye Tianyun	RMB 409,496.47	–	95	–	5	100
Yu Chunxiang	RMB 733,208.81	–	43	55	3	100
Chen Xiangjing	RMB 850,056.99	–	21	77	2	100
Chen Jin	RMB 50,000.00	100	–	–	–	100
Lien Kait Long	S$ 50,000.00	100	–	–	–	100
Yeo See Meng	S$ 50,000.00	100	–	–	–	100

Note:

The remuneration for all directors are paid in RMB, except for Mr Lien Kait Long and Mr Yeo See Meng, whom the directors' fees are paid in SGD.

Key Management Personnel's remuneration

A breakdown of the level and mix of top 5 key management personnel's remuneration for FY2015 are as follows:

Remuneration Band	Fixed Salary (%)	Variable Bonus (%)	Post-employment benefits (%)	Total
Below S$250,000/-				
Shen Guanqin	35	60	5	100
Huang Yongxiang	66	23	11	100
Li Hong Wei	14	84	2	100
Wang Chunbiao	32	64	4	100
Chen Meixia	61	26	13	100

For FY2015, the annual aggregate remuneration paid to the Group's top 5 key management personnel (excluding the CEO) is S$420,796.22 and the annual aggregate post-employment benefits paid to the Group's directors, the CEO and the top 5 key management personnel (excluding the CEO) is S$32,281.

There are no termination and retirement benefits granted to Directors, the CEO or any key management personnel.

There is an employee of the Company who is an immediate family member of a director. However, her remuneration did not exceed S$50,000 for FY2015.

ACCOUNTABILITY AND AUDIT

Principle 10 – Accountability

The Board's primary role is to protect and enhance long-term value and return for the shareholders.

In discharging its duties to the shareholders, the Board, when presenting the full year financial statements and quarterly financial results of the Group through annual report and SGXNET, seeks to provide the shareholders with detailed analysis, explanation and assessment of the Group's financial position and prospects.

The Board is primarily responsible to present a fair and balanced report of the financial affairs of the Group, which is prepared in accordance with the International Financial Reporting Standards.

Management provides the Board with financial statements of the Group's performance, position and prospects on a quarterly basis. The Board also provided negative assurance statement to shareholders in the quarterly results announcements to confirm that nothing had come to their attention that may render the results false or misleading.

The Board is accountable to the shareholders of the Company to ensure the Company achieves its goals and enhances value of the Group continuously. In order to attain the goals, the Board will conduct a balance and understandable assessment to the Company's performance and position regularly. Management, who is accountable to the Board, will facilitate the Board's assessment by presenting a balance and understandable report on the Group's performance, position and prospects.

Other ways in which information is disseminated to shareholders are further disclosed under principles 14, 15 and 16 of this Report.

Principle 11 – Risk Management and Internal Controls

The Board recognises that no internal control system will preclude all errors and irregularities. The system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. The controls are to provide reasonable, but not absolute, assurance to safeguard shareholders' investments and the Group's assets.

An Enterprise Risk Management ("ERM") programme has been implemented to identify, prioritise, assess, manage and monitor key risks. The risk management process in place covers, inter alia, financial, operational, information technology and compliance risks faced by the Group. The key risks identified are deliberated by Senior Management, and reported to the AC on a quarterly basis.

The Board had received assurance from the CEO and Finance Manager that the financial records as at 31 December 2015 have been properly maintained and the financial statements for FY2015 give a true and fair view of the Company's operations and finances and the Company's risk management and internal control systems are effective.

Based on various management controls put in place, the reports from the internal and external auditors and the reviews and confirmations by the Management, the Board with the concurrence of the AC, is of the opinion that the system of internal controls addressing financial, operational, information technology and compliance risks during the year under review are adequate to safeguard the assets and ensure the integrity of financial statements. The Management continues to focus on improving the standard of internal controls and corporate governance.

Principle 12 – Audit Committee (AC)

The AC comprises three members, all of whom including the Chairman are independent. They are:

Mr Lien Kait Long (Chairman)
Mr Chen Jin (Member)
Mr Yeo See Meng (Member)

The AC adopts relevant best practices set out in the second edition of Guidebook for Audit Committee in Singapore and uses it as reference to assist the AC in performing its function.

The AC, which has written terms of reference, meets periodically to perform the following functions:

(a) review with the external auditors, the audit plans, their evaluation of the system of internal controls, their audit report, their management letter and the management's response;

(b) review the internal controls and internal procedures and ensure coordination between the external auditors and the management, and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);

(c) review the external auditors' reports;

(d) review the co-operation given by the Company's officers to the external auditors;

(e) review the annual and quarterly financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, going concern basis of the Company, compliance with accounting standards as well as compliance with the Listing Manual and other relevant statutory/regulatory requirements;

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

(g) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

(h) review transactions falling within the scope of Chapter 9 and Chapter 10 of the Listing Manual (if any);

(i) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;

(j) review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;

(k) review the key financial risk areas, with a view to providing independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, immediately announced to the SGX-ST via SGXNET;

(l) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(m) review arrangements by which the staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and

(n) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, including such amendments made thereto from time to time.

The AC carried out the following activities during the year ended 31 December 2015 in the discharge of its functions and duties including the deliberation and review of:

- the unaudited quarterly financial results of the Group and announcements prior submission to the Board for approval and release the results to the SGX-ST.

- the internal and external audit plans in terms of their scope of audit prior to their commencement of their annual audit.

- the external auditors' report in relation to audit and accounting issues arising from the audit matters from audit of the Group in meeting with the external auditors without presence of the executive board members and management.

- the adequacy and effectiveness of the Group's internal audit function.

- the audited financial statements of the Group and of the Company prior to submission to the Board of Directors for consideration and approval.

- the external audit and internal audit fees for FY2015 and recommended to the Board for approval.
- the independence and re-appointment of the external auditors and recommended to the Board for approval.
- Interested person transactions falling within scope of Chapter 9 and 10 of Listing Manual and any potential conflicts of interests.
- the performance of the Finance Manager.
- Review the Whistle-Blowing Policy of the Group and procedures by which employees of the Group could report the possible improprieties to the AC Chairman.

Apart from the duties listed above, the AC also meets with external auditors and internal auditors at least once a year without the presence of Management. The audit partner of the external auditors is rotated every 5 years, in accordance with the Listing Manual.

The AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any applicable law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he is interested.

The AC has full access to and co-operation by the Management and full discretion to invite directors or management to attend AC meetings, and reasonable resources to enable it to discharge its functions properly.

The aggregate amount of audit fees and non-audit fees paid and/or payable to the external auditors for FY2015 amounted to approximately SGD335,600 and SGD24,000 respectively.

The AC, having reviewed the independence of the external auditors including the volume of non-audit services supplied by them and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC has recommended the re-appointment of Deloitte & Touche LLP as external auditors of the Company at the forthcoming AGM.

The external auditors have unrestricted access to the AC.

In appointing the audit firms for the Group, the AC is satisfied with that the Company has complied with the Rules 712 and 715 of the Listing Manual.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have impact on financial statements, with training conducted by professionals or external consultants. No former partner or director of the Company's existing auditing firm is a member of the AC.

Whistle-Blowing Policy

The Group adopted a Whistle-blowing policy and guideline in order to detect any fraud or deliberate error in the preparation, evaluation, review or audit of any financial statements, financial reports and records of the Group.

The AC is responsible to ensure that arrangements are in place for such concerns to be raised and independently investigated; appropriate follow-up actions are carried out.

Principle 13 – Internal Audit

The Group has an in-house internal audit function. The aim of the internal audit function is to promote internal control in the Group and to monitor the performance and effective application of internal control procedures. The internal audit function reports functionally to the Chairman of the AC and administratively to the CEO.

The AC is responsible to approve the hiring, removal, evaluation and compensation of the head of internal audit function. The internal auditors have full access to all the Group's documents, records, properties and personnel, including access to the AC.

The AC is satisfied that the internal audit function is staffed with persons with the relevant qualifications and experience and reviews the adequacy and effectiveness of the internal audit function on annual basis.

The Internal Auditors is expected to meet or exceed the standards set by nationally or internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 – Shareholder Rights

All shareholders of the Company are treated fairly and equitably to facilitate their ownership rights. In this regard, care is taken to ensure that no market sensitive information such as corporate proposals, financial results and other material information is disseminated to any party without first making an official announcement through SGXNet.

All shareholders of the Company receive the Annual report, and notice of AGM, which is held within four months after the close of the financial year. The notice is also advertised in the newspapers. The annual report is also available on the Company's corporate website, www.8telecom.cn.

The Directors ensure that the shareholders have the opportunity to participate effectively in and vote at general meetings and shareholders will be well informed of the meeting and voting procedures. With the exception of CDP (which may appoint more than two proxies), a member of the Company who is entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his stead.

Principle 15 – Communication with Shareholder

Pursuant to the Listing Manual and in line with the continuing disclosure obligations of the Company, the Board's policy is to ensure the shareholders be informed promptly of all major developments of the Group.

Information is communicated to shareholders on a timely basis, through annual reports that are prepared and sent to all shareholders within mandatory period. The full year and quarterly financial result announcements, notice of and explanatory memoranda for general meetings, press releases and newly corporate developments are released to the SGX-ST via SGXNET. The Company does not practice selective disclosure as all material price-sensitive information, except for confidential information, is always released through SGXNET to public as soon as possible.

Principle 16 – Conduct of Shareholder Meetings

The Board supports and encourages shareholder participation at the AGMs of the Company.

The Company has not amended its Bye-Laws to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of the shareholders through the web is not compromised.

At the Company's AGMs, shareholders are given the opportunity to voice their views and ask Directors or the management questions regarding the Company. In addition to Board Committees, the external auditors are also invited to attend the AGMs to assist the Directors in addressing shareholders' queries about the conduct of audit and the preparation and contents of the auditors' report.

Besides the external auditors, the CEO, Singapore Independent Directors and Management are normally present and available to address queries from shareholders.

At AGMs, each substantial issue is deliberated on separate resolutions in general meetings. The Company will conduct its voting by poll at the forthcoming AGM in the presence of independent scrutineers. Explanation on polling procedures will be provided to shareholders before the poll voting is conducted. The total numbers and percentage of valid votes cast for or against each resolution will be announced at the AGM and also to SGX-ST after the AGM.

Dealing in Securities

In line with Chapter 12, Rule 1207(19) of the Listing Manual on dealings in securities, the Company has in place a policy prohibiting share dealings by all directors and officers of the Group during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, and one month before the announcement of the Company's full year financial statements, as the case may be, and ending on the date of the announcement of the relevant results.

Directors and officers of the Group are required to observe not to deal in the Company's securities on short term considerations and when he or she is in possession of unpublished price-sensitive information relating to the Group. They are expected to observe the insider-trading laws at all times even when dealing in the Company's securities within permitted trading periods.

Interested Person Transactions ("IPT")

The AC is satisfied that the procedures for IPTs, which are reviewed and examined periodically by the AC are sufficient to ensure IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The Company's disclosure according to Rule 907 of the Listing Manual in respect of IPT for FY2015 is stated as follows:-

Name of Interested Person	Aggregate value of all IPTs under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	RMB	RMB
Mr Ye and his associate	2,849,000 Note 1	N/A
Mr. Ye and his associate	634,000,000 Note 2	NA
Mr. Ye and his associate	75,554,000 Note 3	NA
Mr Chen and his associate	586,312 Note 4	NA
Mr Yu and his associate	516,122 Note 4	NA

N/A: Not Applicable

Notes:

1) The amount of RMB2,849,000 was the electrical charge payable by an associate of Mr Ye Tianyun, Zhejiang Andison Information and Technology Co., Ltd. ("Zhejiang Andison"). When Zhejiang Andison was a wholly-owned subsidiary of the Company, both factories each owned by Zhejiang Andison and the Company have been using a common transformer installed by the Company for electricity supply. Nevertheless, they are two separate electricity meters installed at the respective factories. The Electricity Supply Board issues monthly billing to the Company as the transformer is installed under the name of the Company. Therefore, the Company will be liable for the whole amount of monthly billing while Zhejiang Andison will pay its portion of the electricity bill to the Company based on its usage. There were no additional charges levied on such arrangements, therefore, the aggregate value of the IPT is technically zero.

2) The amount of RMB328,000,000 was the provision of a guarantee by Mr Ye Tianyun and Hangzhou Lehua Plastic Company Limited and the balance of RMB306,000,000 was the provision of guarantee by Zhejiang Andison, in respect the loan granted to the Company's subsidiary, Zhejiang 8Telecom Co. Ltd. These two guarantees were provided free of compensation and fee since 2005 and are in the best interest of the Company and its Group. Therefore, the aggregate value of the IPT is technically zero.

3) The amount of RMB14,270,000 was the loan advances to Zhejiang Andison and RMB61,284,000 was the loan advances from Zhejiang Andison. The advances are interest free and had been fully repaid on 31 December 2015.

4) This pertains to Property Reservation Transfer Agreements signed with daughter of Mr Chen Xiangjing and Mr Yu ChunXiang, the Executive Directors of the Company for the sale of property unit of Wuchang Project at 10% staff discount price.

Material Contract

Save for the service contracts entered into between the Executive Directors and the Company and agreements which have been published in the SGX-ST, there were no other material contracts of the Group or its subsidiaries involving the interest of any Director or controlling shareholder which are either still subsisting as at the end of the FY 2015 or if not then subsisting, entered into since the end of the previous financial year.

Risk Management

Management will regularly review the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group.

Management is accountable to the Board for ensuring the effectiveness of risk management and adherence to risk appetite limits. The significant risk management policies are as disclosed in the audited financial statements of this Annual Report.

Corporate Social Responsibility

The Group views the principles of Corporate Social Responsibility as an essential part of our business. The Group believes that all people are entitled to free, safe and healthy living and working environments. This commitment extends beyond the Group's employees and the communities in which the Group operates, to the Group's suppliers, business partners and customers. The Group works with its suppliers and business partners to ensure a safe working environment for the employees.

Directors' Statement

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2015.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 39 to 90 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2015, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1 DIRECTORS

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

Ye Tianyun
Yu Chunxiang
Chen Xiangjing
Lien Kait Long
Chen Jin
Cartel Yeo See Meng

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

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Shareholdings registered in the name of directors		Shareholdings in which a director is deemed to have interest	
Names of directors and corporations in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
The Company				
- Number of ordinary shares of US$0.10 each (2014 : US$0.02 each) [(1)]				
Ye Tianyun	14,479,000	3,895,800	332,212,250	66,442,450
Chen Xiangjing	–	–	1,500,000	300,000
Cartel Yeo See Meng	–	–	13,780,000	–

[(1)] On June 24, 2015, the Company has undertaken share consolidation with every five existing shares of US$0.02 each consolidated into one consolidated share of US$0.10 each. The issued share capital of the Company immediately following the share consolidation comprises 95,780,849 consolidated shares, including both ordinary shares and treasury shares.

Names of directors and corporations in which interests are held	Shareholdings registered in the name of directors At beginning of year	At end of year	Shareholdings in which a director is deemed to have interest At beginning of year	At end of year
Manfaith Investments Ltd. (The ultimate holding company) [(2)] - Number of ordinary shares of US$1.00 each				
Ye Tianyun	8,750	8,750	1,250	1,250

(2) As at December 31, 2015, Manfaith Investments Ltd. held 71.73% (2014 : 71.73%) interest in the ordinary shares, excluding treasury shares of the Company.

There were no other changes in directors' interest as at January 21, 2016.

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

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

(b) *Options exercised*

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

(c) *Unissued shares under option*

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

5 AUDIT COMMITTEE

The Audit Committee of the Company is chaired by Mr Lien Kait Long, and includes Mr Chen Jin and Mr Cartel Yeo See Meng. All three members are Independant Non-Executive Director.

The nature and extent of the functions performed by the Audit Committee are discussed in the Annual Report under "Corporate Governance Report".

The Audit Committee has full access to and co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Ye Tianyun

Yu Chunxiang

March 28, 2016

Independent Auditors' Report

To the Members of 8Telecom International Holdings Co. Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of 8Telecom International Holdings Co. Ltd. (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 90.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Lim Bee Hui
Partner

March 28, 2016

Statements of Financial Position

December 31, 2015

		Group		Company	
	Note	2015	2014	2015	2014
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Current assets					
Cash and bank balances	7	211,332	218,765	474	1,047
Other financial assets	8	–	63,469	–	–
Trade receivables	9	102,087	140,499	–	–
Amounts due from subsidiaries	10	–	–	127,166	153,090
Other receivables and prepayments	11	34,547	56,298	361	185
Construction contracts	12	80,296	69,536	–	–
Inventories	13	14,816	45,753	–	–
Properties under development	14	545,946	384,543	–	–
Total current assets		989,024	978,863	128,001	154,322
Non-current assets					
Investment in subsidiaries	15	–	–	60,000	60,000
Investment in associate	16	–	–	–	–
Investment properties	17	195,304	194,590	–	–
Property, plant and equipment	18	87,401	87,070	–	–
Prepayments	19	20,838	21,870	–	–
Derivative financial instrument	20	9,782	–	9,782	–
Intangible assets		658	714	–	–
Total non-current assets		313,983	304,244	69,782	60,000
Total assets		1,303,007	1,283,107	197,783	214,322

See accompanying notes to financial statements.

Statements of Financial Position (cont'd)

December 31, 2015

	Note	Group 2015 RMB'000	Group 2014 RMB'000	Company 2015 RMB'000	Company 2014 RMB'000
LIABILITIES AND EQUITY					
Current liabilities					
Short-term bank borrowings	21	317,500	352,160	–	–
Trade payables	22	72,714	114,727	–	–
Amounts due to subsidiaries	10	–	–	214	26,955
Other payables and accrued expenses	23	108,837	90,189	1,313	762
Income tax payable		939	2,315	–	–
Provision for land appreciation tax	24	34,055	34,055	–	–
Total current liabilities		534,045	593,446	1,527	27,717
Non-current liabilities					
Deferred tax liabilities	25	57,648	57,297	–	–
Long term bank loans	26	168,182	101,600	–	–
Other payables	23	9,782	–	9,782	–
Total non-current liabilities		235,612	158,897	9,782	–
Capital and reserves					
Issued capital	27	79,369	79,369	79,369	79,369
Treasury shares	28	(12,883)	(12,883)	(12,883)	(12,883)
Share premium	29	118,574	118,574	118,574	118,574
Other reserves	30	71,020	66,864	–	–
Capital reserve	31	(10,925)	(10,925)	–	–
Share-based payment reserve	32	1,527	1,527	1,527	1,527
Asset revaluation reserve	33	20,692	20,692	–	–
Accumulated profits (losses)		265,976	267,546	(113)	18
Total equity, representing equity attributable to equity holders of the Company		533,350	530,764	186,474	186,605
Total liabilities and equity		1,303,007	1,283,107	197,783	214,322

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2015

	Note	Group 2015	2014
		RMB'000	RMB'000
Revenue	34	536,604	562,856
Cost of sales		(436,736)	(447,860)
Gross Profit		99,868	114,996
Other operating income	35	10,443	4,367
Other gains and losses:			
Changes in fair value of other financial assets	8	486	190
Changes in fair value of investment properties	17	714	(13,820)
Subtotal		1,200	(13,630)
Selling expenses		(17,307)	(16,688)
Administrative expenses		(67,950)	(65,258)
Finance costs	36	(13,207)	(17,786)
Profit before income tax		13,047	6,001
Income tax (expense) credit	37	(4,867)	2,038
Profit for the year	38	8,180	8,039
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Revaluation gain of property (net of tax), representing total other comprehensive income		–	6,726
Total comprehensive income for the year, attributable to equity holders of the company		8,180	14,765
Earnings per share (RMB cents)	39		
- Basic		8.83	8.68 [(1)]
- Diluted		8.83	8.68 [(1)]

(1) The calculation of basic earnings per ordinary share for financial year ended December 31, 2014 was based on 92,630,849 ordinary shares in issued. For comparability, the number of ordinary shares in issue in 2014 is adjusted for the effect of the share consolidation exercise (Note 27).

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2015

	Note	Issued capital	Treasury shares	Share premium	Other reserves	Capital reserve	Share-based payment reserve	Asset revaluation reserve	Accumulated profits	Total equity
		← Attributable to equity holders of the Company							→	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group										
Balance as at January 1, 2014		79,369	(12,883)	118,574	63,766	(10,925)	1,527	13,966	265,373	518,767
Total comprehensive income for the year										
- Profit for the year		–	–	–	–	–	–	–	8,039	8,039
- Other comprehensive income		–	–	–	–	–	–	6,726	–	6,726
		–	–	–	–	–	–	6,726	8,039	14,765
Transfer	30	–	–	–	3,098	–	–	–	(3,098)	–
Transaction with owners, recognised directly in equity										
Dividends paid	43	–	–	–	–	–	–	–	(2,768)	(2,768)
Balance as at December 31, 2014		79,369	(12,883)	118,574	66,864	(10,925)	1,527	20,692	267,546	530,764
Profit for the year, representing total comprehensive income for the year		–	–	–	–	–	–	–	8,180	8,180
Transfer	30	–	–	–	4,156	–	–	–	(4,156)	–
Transaction with owners, recognised directly in equity										
Dividends paid	43	–	–	–	–	–	–	–	(5,594)	(5,594)
Balance as at December 31, 2015		79,369	(12,883)	118,574	71,020	(10,925)	1,527	20,692	265,976	533,350

Information on the nature of issued capital, treasury shares, share premium, other reserves, capital reserve, share-based payment reserve and asset revaluation reserve are provided in Notes 27 to 33.

See accompanying notes to financial statements.

	Note	Issued capital	Treasury shares	Share premium	Share-based payment reserve	Accumulated (losses) profits	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Company							
Balance as at January 1, 2014		79,369	(12,883)	118,574	1,527	(903)	185,684
Profit for the year, representing total comprehensive income for the year		–	–	–	–	3,689	3,689
Transaction with owners, recognised directly in equity							
Dividends paid	43	–	–	–	–	(2,768)	(2,768)
Balance as at December 31, 2014		79,369	(12,883)	118,574	1,527	18	186,605
Profit for the year, representing total comprehensive income for the year		–	–	–	–	5,463	5,463
Transaction with owners, recognised directly in equity							
Dividends paid	43	–	–	–	–	(5,594)	(5,594)
Balance as at December 31, 2015		79,369	(12,883)	118,574	1,527	(113)	186,474

See accompanying notes to financial statements.

Consolidated Statement of
Cash flows

Year ended December 31, 2015

	Group	
	2015	2014
	RMB'000	RMB'000
Operating activities		
Profit before income tax	13,047	6,001
Adjustments for:		
Depreciation and amortisation expense	7,767	8,217
Finance costs	13,207	17,786
Interest income	(5,775)	(1,137)
Doubtful trade receivables recovered	-	(2,100)
Allowance for doubtful trade receivables	2,854	5,320
Allowance for doubtful non-trade receivables	-	549
Loss on disposal of property, plant and equipment	-	25
Changes in fair value of other financial assets	(486)	(190)
Changes in fair value of investment properties	(714)	13,820
Operating profit before working capital changes	29,900	48,291
Trade receivables	35,558	16,689
Other receivables and prepayments	21,751	1,749
Construction contracts	(10,760)	24,043
Inventories	30,937	(13,538)
Properties under development (Note A)	(130,170)	(62,112)
Trade payables	(42,013)	31,887
Other payables and accrued expenses	2,267	10,198
Cash (used in) generated from operations	(62,530)	57,207
Interest received	5,775	1,137
Interest paid	(28,059)	(24,484)
Income tax paid	(5,892)	(4,786)
Net cash (used in) from operating activities	(90,706)	29,074
Investing activities		
Purchase of property, plant and equipment	(10,005)	(11,946)
Additions to land use rights	–	(13,472)
Proceed from disposal of land use rights	516	10,443
Addition of financial asset at fair value through profit or loss	(872)	(62,900)
Proceeds from disposal of financial assets at fair value through profit or loss	64,827	87
Proceeds from disposal of plant and equipment	2,479	28
Advances to a related party	(14,270)	(44,400)
Repayment of advances by a related party	14,270	44,400
Net cash from (used in) investing activities	56,945	(77,760)

See accompanying notes to financial statements.

Consolidated Statement of Cash flows (cont'd)

Year ended December 31, 2015

	Group	
	2015	2014
	RMB'000	RMB'000
Financing activities		
Repayment of short-term bank loans	(500,160)	(353,000)
Increase in short-term bank borrowings	407,700	401,360
Increase in long-term bank loans	124,382	44,600
Advances from a related party	61,284	25,670
Repayment of advances to a related party	(61,284)	(25,670)
Dividends paid	(5,594)	(2,768)
Decrease (Increase) in pledged fixed deposits	61,710	(36,461)
Net cash from financing activities	88,038	53,731
Net increase in cash and cash equivalents	54,277	5,045
Cash and cash equivalents at beginning of year	107,998	102,953
Cash and cash equivalents at end of year (Note B)	162,275	107,998

Note A:
During the year, interest capitalised for properties under development amounted to RMB14,852,000 (2014 : RMB6,698,000). At the end of reporting period, accrued cost for construction of properties under development amounted to RMB46,101,000 (2014 : RMB29,720,000).

Note B:

	Group	
	2015	2014
	RMB'000	RMB'000
Cash and bank balances (Note 7)	211,332	218,765
Less: Pledged deposits (Note 7)	(49,057)	(110,767)
Cash and cash equivalents at end of year	162,275	107,998

See accompanying notes to financial statements.

Notes to
Financial Statements

December 31, 2015

1 GENERAL

The Company (Registration No. 34713) is incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company with limited liability.

The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12 Bermuda. Its principal place of business is at 6/F, Tianyuan Building, 508 Wensan Road, Hangzhou City, Zhejiang Province, People's Republic of China ("PRC"). The Company is listed on the Main Board of Singapore Exchange Securities Trading Limited. The financial statements of the Group and of the Company are expressed in Chinese Renminbi ("RMB").

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries and associate are disclosed in Notes 15 and 16 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2015 were authorised for issue by the Board of Directors on March 28, 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with International Financial Reporting Standards ("IFRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these consolidated financial statements is determined on such a basis, except for for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets.*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group has adopted all the new and revised IFRSs and amendments to IFRSs issued by the IASB that are relevant to its operations and effective for annual periods beginning on or after January 1, 2015. The adoption of these new/revised IFRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new and revised IFRSs that are relevant to the Group and the Company were issued but not effective:

- IFRS 9 *Financial Instruments* [(1)]
- IFRS 15 *Revenue from Contracts with Customers* [(1)]
- Annual Improvements to IFRSs 2012-2014 Cycle [(2)]

(1) Effective from annual periods beginning on or after January 1, 2018, with earlier application permitted.

(2) Effective from annual periods beginning on or after January 1, 2016, with earlier application permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards. The management anticipates that the adoption of the above IFRSs and amendments to IFRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirement for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include (i) impairment requirements for financial assets and (ii) limited amendments to the classification and measurement requirement by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debts instruments.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in fair value of equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss (FVTPL), IFRS 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss;

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised; and

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

IFRS 9 applies to annual periods beginning on or after January 1, 2018, with early application permitted. Management is currently evaluating the potential impact of the application of IFRS 9 on the financial statements of the Group and the Company in the period of initial application.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 115 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

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

- Step 1: Identify the contract(s) with a customer.

- Step 2: Identify the performance obligations in the contract.

- Step 3: Determine the transaction price.

- Step 4: Allocate the transaction price to the performance obligations in the contract.

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. For more perspective guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors are still evaluating the impact of IFRS 15 and it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

The Company reassess 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 company 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 Company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company 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.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group.

All significant intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, the profit or loss on disposal 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 interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In the Company's financial statements, investment in subsidiaries is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

ASSOCIATE - An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associate are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investment in associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and fixed deposits less pledged fixed deposits, and are subject to an insignificant risk of changes in value.

Loans and receivables

Trade receivables, other receivables and amount due from subsidiaries are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

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

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. Fair value is determined in the manner described in Note 4.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When these receivables are uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities

Trade payables, other payables and amount due to subsidiaries are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method with interest expense recognised on an effective yield basis, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Interest-bearing bank borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Company holds a put option with the ability to sell shares in an associate back to the vendors at the same value as purchase if the performance of the associate does not meet the committed target. This option is a derivative financial instrument (Note 20).

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

CONSTRUCTION CONTRACTS - Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

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

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTIES UNDER DEVELOPMENT – Properties under development are stated at the lower of cost or estimated net realisable value. Cost comprises the cost of land, together with direct costs attributable to the development of the properties and borrowing costs capitalised during the period of development. Net realisable value takes into account the price ultimately expected to be realised and the anticipated costs to completion. When completed, the units held for sale are classified as completed properties are sale.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost, less accumulated depreciation and any accumulated impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

When a property is transferred from property, plant and equipment to investment property, any revaluation increase arising on the revaluation of a property at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a impairment loss for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the loss previously charged.

Construction-in-progress consists of related construction costs incurred during the period of construction. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of property, plant and equipment, other than those under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	-	20 years
Machinery	-	10 years
Motor vehicles	-	5 years
Fixtures and equipment	-	5 years

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

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

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

INVESTMENT PROPERTIES - Investment properties are properties held to earn rental income and/or for capital appreciation. They are measured initially at cost, including transaction costs and subsequent to initial recognition, measured at fair value. The fair value of an investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Professional valuations are obtained at least once every year. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

PREPAYMENTS (LAND USE RIGHTS) - This represents land use rights which are measured at cost and amortised on a straight-line basis over their estimated useful lives, which are 48 to 50 years.

INTANGIBLE ASSET – Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives, which is 10 years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

FOREIGN CURRENCY TRANSACTIONS - 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 functional currency of the Company and its subsidiaries is RMB. The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in RMB.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

RESEARCH COSTS - Research expenditure is recognised as an expense when incurred.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

<u>Sale of goods</u>

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Construction contracts

Revenue from construction contract is recognised by reference to the stage of completion. See accounting policy on Construction Contracts above.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income is recognised when the shareholder's right to receive payment has been established.

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

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

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss.

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant and is recognised as an expense in profit or loss.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following is the critical judgement apart from those involving estimations (see below), that directors have made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the financial statements.

<u>Revenue recognition</u>

The Group recognises revenue from construction contracts based on the stage of completion method (Note 34). The stage of completion is measured by reference to the contract costs incurred to date to the estimated total costs for the contracts. Significant judgement is required in determining the stage of completion and the estimated total contract costs. In making the judgement, the Group evaluates by relying on past experience.

<u>Accounting for Arete M Pte. Ltd.</u>

(i) As stated in Note 16, the directors consider Arete M Pte. Ltd. ("Arete M") is an associate of the Group even though the Company has 51% ownership interest and voting rights in Arete M. In coming to this conclusion, the directors assessed whether or not the Company has control over Arete M based on whether the Group has the practical ability to direct the relevant activities of Arete M unilaterally. The directors concluded that the Group has not obtained the control to direct the relevant activities of Arete M. However the Group is able to exercise influence over the decisions by virtue of its directorship in Arete M. Accordingly, Arete M is an associate of the Group.

(ii) Additionally, a judgement has been made about improbable ability of Arete M to achieve the performance targets specified in the sale and purchase agreement and the fair value of the put option on the equity stake in Arete M (Note 20) is considered by the directors to be equivalent to the amount of unpaid purchase consideration (Note 23).

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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:

<u>Allowance for bad and doubtful receivables</u>

The Group makes allowances for bad and doubtful receivables based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful receivables expenses in the period in which such estimate has been changed. The carrying amount of trade and other receivables at the end of the reporting period is disclosed in Notes 9 and 11.

<u>Carrying amount of construction contracts</u>

The carrying amount of construction contracts in Note 12 includes attributable profit less any foreseen losses and is therefore subject to judgement and estimation uncertainties regarding revenue recognised and estimated total contract cost to complete the contract work. In assessing recoverable amounts of contract work, management takes into consideration the progress of the work as well as collection of progress billings from customers.

<u>Allowance for inventories</u>

Allowance for inventories are made in the financial statements based on directors' best estimate of the net realisable value of inventories that are subject to obsolescence and review of aging analysis at the end of each reporting period. The carrying amount of inventories at the end of the reporting period is disclosed in Note 13.

<u>Carrying amounts of properties under development</u>

When it is probable that the total project costs will exceed the total projected revenue net of selling expenses, i.e. net realisable value, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value for the properties is subject to management's judgement and the effect of assumptions about development plans, timing of sale and the prevailing market conditions. Management performs cost studies for the properties, taking into account the costs incurred to date, the development status and costs to complete the development project. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the properties.

The carrying amount of properties under development at the end of the reporting period is disclosed in Note 14.

<u>Investment in subsidiaries and receivables due from subsidiaries</u>

Investment in subsidiary is stated at cost less impairment loss. The Company follows the guidance of IAS 36 *Impairment of Assets* to determine when its investment in subsidiary is impaired. This determination requires significant judgement and estimates.

The Company evaluates if there exist any indication of impairment, among other factors, the market and economic environment in which the subsidiary operates, including the economic performance of the subsidiary.

The carrying amount of amounts due from subsidiaries and investment in subsidiaries at the end of the reporting period are disclosed in Notes 10 and 15 respectively.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Where necessary, the Company makes allowances for bad and doubtful receivables on its receivables due from subsidiaries based on an assessment of their recoverability where events or changes in circumstances indicate that the balances may not be collectible.

Valuation of investment properties

As disclosed in Note 17, investment properties are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair values, the valuer has made reference to both the comparable sales transactions as available in the relevant market of these properties and the capitalisation of income net of expenses at an appropriate discount rate.

In relying on the independent professional valuation report, management considered the method of valuation and is of the view that the estimated values are reasonable.

Land appreciation tax

As describe in Note 24, PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, such appreciation being calculated based on the excess of values at which the completed properties developed by the Group are sold over deductible expenditures including sales charges, borrowing costs and all property development expenditures.

Significant estimation is required in determining the net amount subject to land appreciation tax and the quantum of the tax. The Group recognised these liabilities based on directors' best estimate. Should the final assessment of land appreciation tax by the authority be different from the amounts that were initially recorded, such differences will impact the provision for land appreciation tax in the period in which such determination is made.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Designated as at fair value through profit or loss	–	63,469	–	–
Derivative financial instrument	9,782	–	9,782	–
Loans and receivables at amortised cost (including cash and bank balances)	410,576	440,837	127,832	154,153
Financial liabilities				
Amortised cost	657,971	639,908	11,309	27,717

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives*

The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The overall financial risk management includes market risk (including foreign exchange risk), credit risk, liquidity risk and interest rate risk.

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

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including the United States dollar and Singapore dollar, and therefore is exposed to foreign exchange risk.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
United States dollar	99,852	124,872	141,534	126,438	–	306	104,552	89,971
Singapore dollar	14,351	7,749	4,144	6,996	11,308	7,749	92	10

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used which represents directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency strengthens by 10% against the functional currency of each group entity, profit before income tax will increase (decrease) by:

	US dollar impact		Singapore dollar impact	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Group	4,168	157	(1,021)	(75)
Company	10,455	8,697	(1,122)	(774)

For a 10% weakening of the relevant foreign currency against the functional currency of each group entity, there would be an equal and opposite impact on profit before income tax.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(ii) *Interest rate risk management*

The Group's exposure to interest rate risk is limited to those bank borrowings with variable interest rates. The interest rates of the short-term and long-term bank borrowings of the Group are disclosed in Note 21 and Note 26 respectively.

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended December 31, 2015 would decrease/increase by RMB966,000 (2014 : RMB633,000).

(iii) *Credit risk management*

Credit risk is the risk that counterparties are unable to meet their obligations resulting in financial loss to the Group. The Group has made allowance for potential losses on credits extended. Surplus funds are placed with reputable financial institutions. The Group's maximum exposure to credit risk in the event the counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position.

Further details of credit risks on trade receivables are disclosed in Note 9.

(iv) *Liquidity risk management*

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The board of directors review the liquidity management strategy for the Group, taking into consideration capital commitments, operating cash flow requirements and due dates for payment of loans. Where necessary, the Group will obtain external financing from financial institutions to finance its liquidity needs.

The financial assets and financial liabilities of the Group and Company have maturity dates of less than 1 year except for derivative financial instruments (Note 20), other payables (Note 23) and long-term bank loans (Note 26).

The financial assets and financial liabilities of the Group and Company are non-interest bearing, except for cash and bank balances (Note 7), short-term bank borrowings (Note 21) and long-term bank loans (Note 26).

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the estimated future interest attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management *(cont'd)*

	Weighted average effective interest rate	On demand or within 1 year	More than 1 year to 5 years	Adjustments	Total
	%	RMB'000	RMB'000	RMB'000	RMB'000
GROUP					
2015					
Non-interest-bearing	–	162,507	9,782	–	172,289
Variable interest rate instruments	5.81	35,328	206,228	(48,374)	193,182
Fixed interest rate instruments	6.17	301,973	–	(9,473)	292,500
Total		499,808	216,010	(57,847)	657,971
2014					
Non-interest-bearing	–	186,148	–	–	186,148
Variable interest rate instruments	6.21	31,768	109,577	(14,745)	126,600
Fixed interest rate instruments	6.55	332,817	–	(5,657)	327,160
Total		550,733	109,577	(20,402)	639,908
COMPANY					
2015					
Non-interest-bearing	–	1,527	9,782	–	11,309
2014					
Non-interest-bearing	–	27,717	–	–	27,717

Derivative financial instrument

As at December 31, 2015, the fair value of the put option given to the Group and the Company by the Group's associate at the point of acquisition of the associate (Note 16) amounted to RMB9,782,000. Further information of these derivative financial instrument are disclosed in Note 20.

The Group and the Company had no other derivative financial instrument in 2014.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(v) *Equity price risk management*

In 2014, the Group was exposed to equity risks arose from equity investments classified as other financial assets. Other financial assets were either held for trading or designated as FVTPL. No sensitivity analysis was prepared as the Group does not expect any material effect on the Group's profit before income tax which arose from the effects of reasonably possible change in equity price at the end of the reporting period.

Further details of these equity investments can be found in Note 8 to the financial statements.

(vi) *Fair value of financial assets and financial liabilities*

In 2015, the fair values of the put option held by the Company amounting to RMB9,782,000 (Note 20) are derived on the basis set out in Note 20.

In 2014, the fair values of quoted securities amounted to RMB569,000 (Note 8) were stated at prices in the open market (Level 1 of the fair value hierarchy).

There was no transfer between Level 1 and Level 2 of the fair value hierarchy in the period.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Directors have determined that the carrying amounts of cash and bank balances, fixed deposits with banks, trade and other receivables, amounts due from (to) subsidiaries, trade and other payables and interest bearing loans and borrowings approximate their fair values because these are mostly short-term in nature. The directors estimate that the carrying amounts of the long-term bank loans approximate their fair values as the directors estimate that similar loans that may be made available to the Group at the end of the reporting period would be priced at interest rates which approximates those its existing loans.

(c) *Capital risk management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings and equity attributable to owners of the Company, comprising issued capital, reserves and accumulated profits.

The group is not subject to any eternally imposed capital requirements.

The Group's overall strategy remains unchanged from 2014.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Manfaith Investments Ltd., incorporated in British Virgin Islands, which is also the Company's ultimate holding company. Related companies in these financial statements refer to members of the holding company's group of companies.

Some of the Group's transactions and arrangements are with the holding company and the effect of these transactions on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Details of transaction with the holding company during the financial year is as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Dividends paid to holding company	4,013	1,985

6 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these transactions on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Significant related party transactions other than those discussed elsewhere in these financial statements are as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Recharge of electrical expenses to companies in which a director has interest in	2,849	2,899
Advances to a company in which a director has equity interest subsequently repaid	14,270	44,400
Advances from a company in which a director has equity interest subsequently repaid	61,284	25,670
Guarantees of bank loans by a director	328,000	122,860
Guarantees of bank credit facilities by a company in which a director has interest in (1)	306,000	97,000
Sales of property units to related parties (2)	1,102	–

(1) Relates to a maximum guarantee of RMB85.5 million (2014: RMB34.0 million) and RMB220.5 million (2014: RMB63.0 million) on the short-term bank loans (Note 21) and long term bank loans (Note 26) respectively of the Group.

(2) This pertains to Property Reservation Transfer Agreements signed with the daughters of the Company's directors for the sale of property units of properties under development (Note 14) at 10% discount (similar to discount available to staff).

6 RELATED PARTY TRANSACTIONS (cont'd)

Compensation of Directors and key management personnel

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

	Group	
	2015	2014
	RMB'000	RMB'000
Short-term benefits	4,263	4,157
Post-employment benefits	147	132
	4,410	4,289

7 CASH AND BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed deposits	49,057	110,767	–	–
Cash and bank balances	162,275	107,998	474	1,047
Total	211,332	218,765	474	1,047

Fixed deposits of the Group earn interest at rates ranging from 2.10% to 2.75% (2014 : 2.20% to 3.50%) per annum and for tenure of 180 days (2014 : 180 days).

The fixed deposits are pledged to secure short-term bank loans and discounted notes (Note 21), notes payable (Note 22) and certain performance guarantees provided by banks to the Group's customers.

8 OTHER FINANCIAL ASSETS

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Quoted equities, at fair value	–	569	–	–
Other financial asset, at fair value	–	62,900	–	–
	–	63,469	–	–

The investments in quoted equity securities offered the Group the opportunity for return through dividend income and fair value gains. They had no fixed maturity or coupon rate. The fair values of these securities were based on closing quoted market prices on the last market day of the financial year.

Other financial asset, at fair value as of December 31, 2014 represented an investment product purchased from the Bank of China near the end of December 2014 for which the underlying funds were used by the bank to invest mainly in fixed income products such as government bonds, corporate bonds, money market funds, etc. The product was not capital protected, had no fixed tenure, was redeemable at any time and had an effective return of 2.3%. In 2015, the investment was fully redeemed by the Group and cash of RMB62,923,000 was received.

Changes in the fair value of other financial assets amounted to RMB486,000 (2014: RMB190,000) have been included in profit or loss for the year.

9 TRADE RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Outside parties	120,746	156,304	–	–
Less: Allowance for doubtful trade receivables	(18,659)	(15,805)	–	–
Net	102,087	140,499	–	–

The average trade credit period on sales of goods and revenue from construction contracts is 360 days (2014 : 360 days). No interest is charged on the overdue trade receivables. The Group has made full allowance for all receivables over 3 years because historically receivables that are past due beyond 3 years are generally not recoverable. Allowance for trade receivables between 7 months to 3 years are made based on esimated irrecoverable amounts determined by reference to past default experience and current assessment of results of collection efforts and collection prospects.

As at December 31, 2015, there are no trade receivables pledged to secure short-term bank loans. As at December 31, 2014, trade receivables of approximately RMB36,667,000 were pledged to secure short-term bank loans of RMB33,000,000 (Note 21).

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB3,604,000 (2014 : RMB61,819,000) which are past due at the end of the reporting period for which the Group has not made any allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. These past due receivables exceed credit terms by 4 to 7 months (2014 : 3 to 6 months).

Management has also assessed that balances that are not past due at the end of the reporting period to be collectible.

Movement in the allowance for doubtful debts:

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at beginning of the year	15,805	12,585	–	–
Amounts recovered during the year year (Note 38)	–	(2,100)	–	–
Increase in allowance (Note 38)	2,854	5,320	–	–
Balance at end of the year	18,659	15,805	–	–

10 AMOUNTS DUE FROM/TO SUBSIDIARIES

The amount due from/to subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

11 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Advances to staff	3,778	5,489	–	–
Advances to suppliers	9,254	36,297	–	–
Tax recoverable	7,747	7,279	–	–
Prepayments for land use rights (Note 19)	516	516	–	–
Deposits and other prepayments	14,381	7,167	169	169
Others	200	879	192	16
Less: Allowance for doubtful other receivables - advances to staff	(1,329)	(1,329)	–	–
Total	34,547	56,298	361	185

Movement in the allowance for doubtful debts:

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at beginning of the year	1,329	780	–	–
Increase in allowance recognised in profit or loss (Note 38)	–	549	–	–
Balance at end of the year	1,329	1,329	–	–

12 CONSTRUCTION CONTRACTS

Construction contracts at end of the reporting period:

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Contract costs incurred plus recognised profits less losses to date	491,815	581,046	–	–
Less: Progress billings	(410,912)	(510,903)	–	–
Less: Allowance for construction contruction contracts	(607)	(607)	–	–
Net	80,296	69,536	–	–

Movement in the allowance for construction contracts:

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at beginning and end of the year	607	607	–	–

13 INVENTORIES

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	11,421	14,823	–	–
Finished goods	1,498	10,286	–	–
Work-in-progress	1,897	20,644	–	–
Total	14,816	45,753	–	–

14 PROPERTIES UNDER DEVELOPMENT

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Properties under development	545,946	384,543	–	–

During the year, interest capitalised for properties under development amounted to RMB14,852,000 (2014 : RMB6,698,000) based on a capitalisation rate of 6.2% (2014 : 6.5%).

15 INVESTMENT IN SUBSIDIARIES

	Company	
	2015	2014
	RMB'000	RMB'000
Unquoted equity shares, at cost	60,414	60,414
Allowance for impairment loss	(414)	(414)
Net carrying value of investments in subsidiaries	60,000	60,000
Movement in the allowance for impairment loss:		
Balance at beginning and end of the year	414	414

15 INVESTMENT IN SUBSIDIARIES (cont'd)

Information relating to subsidiaries is as follows:

Name of company	Country of incorporation/ Place of business	Principal activities	Effective equity interest and voting power held by the Group 2015 %	2014 %
Aim Tech Network Investment Limited (1) (4)	British Virgin Islands/ People's Republic of China	Investment holding	100	100
East Jade International Limited (1) (4)	British Virgin Islands/ People's Republic of China	Investment holding	100	100
Subsidiaries of Aim Tech Network Investment Limited				
Jiaxin East Jade Information Technology Infrastructure Investment Construction Co., Ltd (2)	People's Republic of China	Construction of telecommunications pipes network	100	100
Zhejiang Adison Network Construction Co., Ltd (2)	People's Republic of China	Construction of telecommunications pipes network	100	100
Hangzhou Anterson Network Co., Ltd (2)	People's Republic of China	Construction of telecommunications pipes network	100	100
Subsidiaries of East Jade International Limited				
Zhejiang 8Telecom Technology Co., Ltd (2)	People's Republic of China	Sales and installation of communications materials, development service and consultation of computer science	100	100
Zhejiang 8Telecom Co., Ltd (2)	People's Republic of China	Manufacture and salesof underground telecommunications pipes, installation services for telecommunications engineering projects, manufacture and installation of telecommunications towers and other related products.	100	100

15 INVESTMENT IN SUBSIDIARIES (cont'd)

Name of company	Country of incorporation/ Place of business	Principal activities	Effective equity interest and voting power held by the Group	
			2015	2014
			%	%
Zhejiang Eight Adison Telecommunication Equipment Co., Ltd (2)	People's Republic of China	Manufacturing and selling of telecommunications equipment	100	100
Subsidiaries of Zhejiang 8Telecom Co., Ltd				
Hangzhou Eight Adison Industrial Co., Ltd (2)	People's Republic of China	Development and sale of office properties	100	100
Hangzhou 8Telecom H-Tech Co., Ltd (2)	People's Republic of China	Manufacture, sales and set up of communications materials, plastics and other related products	100	100
Hangzhou Bafang De Zhou Technology Co., Ltd (2) (3)	People's Republic of China	Manage the Group's technology development and consulting services	100	100
Guangzhou 8Telecom Communication Equipment Co., Ltd (2)	People's Republic of China	Design and manufacture telecommunication equipment & PVC pipes, and provide telecommunication technology consulting services	100	100
Hangzhou Proud Wish Industry Co., Ltd (2)	People's Republic of China	Network communications integrated systems design, development and property management	100	100

(1) Not required to be audited by law in country of incorporation. Reviewed by Deloitte & Touche LLP, Singapore for consolidation purposes.

(2) Audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, registered in Shanghai, the People's Republic of China, for consolidation purposes.

(3) Presently dormant.

(4) See subsequent event in Note 45.

16 INVESTMENT IN ASSOCIATE

	Group and Company	
	2015	2014
	RMB'000	RMB'000
Unquoted equity shares, at cost	–	–

Details of the associate are as follows:

Name of associate	Country of incorporation and operations	Principal activities	Proportion of ownership interest and voting power held	
			2015	2014
			%	%
Arete M Pte. Ltd.	Singapore	Information-communications services	51	–

During the year, the Company acquired from unrelated parties 102,000 shares (the "Sale Shares") in Arete M Pte. Ltd. ("Arete M"), representing 51% of the issued and paid up capital for a total consideration of S$2,150,000. The consideration was satisfied on June 29, 2015 by the issuance of a promissory note to each of the sellers by the Company. Each promissory note shall be free of interest, and shall mature and be redeemed by the Company two years from the date of the promissory note. As at December 31, 2015, these promissory notes totalling S$2,150,000 (approximately to RMB9,782,000) are recorded as other payable (Note 23) due more than 12 months after the reporting period.

As at end of reporting period, management had assessed based on IFRS 10 *Consolidated Financial Statements* that Arete M is not a subsidiary of the Company based on the following:

(i) The Company does not control the relevant activities of Arete M; and

(ii) The Company only has 1 representative on the Board of Directors of Arete M while the previous majority shareholders of Arete M has 3 members on the Board of Directors.

However the Company is able to exercise influence over the decisions made by the Board of Arete M through its directorship in Arete M. Accordingly, Arete M is an associate of the Company and its results should be equity accounted for in accordance with IAS 28 *Investment in Associates and Joint Ventures.*

In June 2015, each of sellers has jointly and severally irrevocably granted the Company a put option over all the Sale Shares held by Company (the "Put Option Shares") pursuant to which the Company has the right, at any time where any specified event occurs to require each of the sellers to purchase from the Company the Put Option Shares during the period of twenty months commencing from the date of completion of the acquisition of the Sale Shares, at the aggregate consideration of S$2,150,000.

A specified event means, with respect to Arete M, any of the following:-

(a) Net profit after tax of less than S$500,000 for the financial year ending 31 December 2015; and

(b) Net profit after tax of less than S$1,500,000 for the financial year ending 31 December 2016.

With respect to the Put Option Shares granted to the Company, management is of the view that it is probable that the put option will be exercised given Arete M's performance to date. Accordingly, the put option has been valued at S$2,150,000 (approximately RMB9,782,000) as a derivative financial instruments (Note 20) as at December 31, 2015.

16 INVESTMENT IN ASSOCIATE (cont'd)

As at end of the reporting period, there is no cost of investment and no share of loss has been recognised as there is expectation that the put option will be exercised. The Company has no obligation to any loss and not extended any funds to the associate.

17 INVESTMENT PROPERTIES

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at beginning of year	194,590	186,260	–	–
Transferred of property from property, plant and equipment (Note 18)	–	6,536	–	–
Changes in fair value of transferred property included in other comprehensive income	–	15,614	–	–
Change in fair value included in profit or loss (Note 38)	714	(13,820)		–
Balance at end of year	195,304	194,590	–	–

All investment properties are mortgaged to secure short-term bank loans (Note 21) and long term bank loans (Note 26) granted to the Group.

The fair values of the Group's investment properties as at December 31, 2015 and December 31, 2014 have been determined on the basis of valuations carried out at the respective year end dates by an independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The fair values were determined using market comparable approach which reflects recent transaction prices for similar properties and the income approach which capitalises income net of expenses at an appropriate discount rate. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

Details of the Group's investment properties and information about the fair value hierarchy as at December 31, 2015 are as follows:

	Commercial properties	Office units
Description :	Properties with mixture of commercial units, office units and car parks.	Several office units in a 20-storey building.
Location :	263 South Street, Yuhang, Hangzhou City, Zhejiang Province, People's Republic of China.	508 Wensan Road, Hangzhou City, Zhejiang Province, People's Republic of China.
Existing use :	Rented out for rental income.	Rented out for rental incoem.
Tenure :	Leasehold (46 years from April 2010).	Leasehold (45 years from August 2006). Leasehold (47 years from April 2004).

17 INVESTMENT PROPERTIES (cont'd)

The fair values of properties at the end of 2014 and 2015 are considered as Level 3 of the fair value hierarchy as defined in Note 2 to the financial statements.

The following table shows the significant unobservable inputs used in the valuation model:

Description	Fair value as at December 31, 2015	Valuation technique(s)	Significant unobservable input(s)	Range
	RMB'000			
Commercial properties	174,198	Direct comparison method	price per square meter (1)	RMB24,286 to RMB28,000
		Investment method	long-term net rental income margin (1)	75%
			capitalisation rate (2)	6.0% to 6.5%
Office units	21,106	Direct comparison method	price per square meter (1)	RMB12,000 to RMB19,608
		Investment method	long-term net rental income margin (1)	75%
			capitalisation rate (2)	4.0% to 4.5%
Total	195,304			

Description	Fair value as at December 31, 2014	Valuation technique(s)	Significant unobservable input(s)	Range
	RMB'000			
Commercial properties	173,560	Direct comparison method	price per square meter (1)	RMB13,560 to RMB18,870
		Investment method	long-term net rental income margin (1)	75%
			capitalisation rate (2)	4.5% to 5.0%
Office units	21,030	Direct comparison method	price per square meter (1)	RMB17,360 to RMB17,530
		Investment method	long-term net rental income margin (1)	75%
			capitalisation rate (2)	4.5% to 5.5%
Total	194,590			

(1) Any increase/decrease in these inputs would result in higher/lower fair values measurement respectively.

(2) Any increase/decrease in these inputs would result in lower/higher fair values measurement respectively.

17 INVESTMENT PROPERTIES (cont'd)

The rental income earned by the Group from its investment properties under operating leases amounted to approximately RMB8,383,000 (2014 : RMB7,877,000) (Notes 34 and 42). Direct operating expenses incurred in connection with the investment properties during the year amounted to RMB419,000 (2014 : RMB602,000).

18 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Motor vehicles	Fixtures and equipment	Construction-in-progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
Cost:						
At January 1, 2014	80,867	31,974	8,107	4,585	193	125,726
Additions	313	4,418	746	185	6,284	11,946
Transfer to investment properties (Note 17)	(10,537)	–	–	–	–	(10,537)
Disposals	–	–	(178)	(38)	–	(216)
At December 31, 2014	70,643	36,392	8,675	4,732	6,477	126,919
Additions	–	618	–	76	9,311	10,005
Disposals	–	(4,517)	(822)	(86)	–	(5,425)
At December 31, 2015	70,643	32,493	7,853	4,722	15,788	131,499
Accumulated depreciation:						
At January 1, 2014	16,149	12,186	4,268	3,772	–	36,375
Depreciation for the year	3,551	2,815	1,039	233	–	7,638
Transfer to investment properties (Note 17)	(4,001)	–	–	–	–	(4,001)
Disposals	–	–	(128)	(35)	–	(163)
At December 31, 2014	15,699	15,001	5,179	3,970	–	39,849
Depreciation for the year	3,015	2,869	1,114	197	–	7,195
Disposals	–	(2,121)	(744)	(81)	–	(2,946)
At December 31, 2015	18,714	15,749	5,549	4,086	–	44,098
Carrying amount:						
At December 31, 2014	54,944	21,391	3,496	762	6,477	87,070
At December 31, 2015	51,929	16,744	2,304	636	15,788	87,401

Buildings with carrying amount of approximately RMB51,929,000 (2014: RMB54,944,000) are pledged to secure short-term bank loans (Note 21).

19 PREPAYMENTS

	Group	Company
	RMB'000	RMB'000
Cost:		
At January 1, 2014	23,564	–
Additions	13,472	–
Disposal	(10,958)	–
At December 31, 2014	26,078	–
Disposal	(516)	–
At December 31, 2015	25,562	–
Accumulated amortisation:		
At January 1, 2014	3,683	–
Amortisation for the year	524	–
Disposal	(515)	–
At December 31, 2014	3,692	–
Amortisation for the year	516	–
At December 31, 2015	4,208	–
Carrying amount:		
At December 31, 2014		
- Current (Note 11)	516	–
- Non-current	21,870	–
	22,386	–
At December 31, 2015		
- Current (Note 11)	516	–
- Non-current	20,838	–
	21,354	–

The prepayments are land use rights relating to land in PRC for 48 to 50 years.

All land use rights are pledged to secure short-term bank loans (Note 21).

20 DERIVATIVE FINANCIAL INSTRUMENT

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Value of put option	9,782	–	9,782	–

As at December 31, 2015, derivative financial instrument amounting to RMB9,782,000 pertained to fair value of the put option granted to the Group by the previous majority shareholders of the Group's associate at the point of acquisition of the associate (Note 16).

The value will be recoverable through offset against the liability on promissory notes of RMB9,782,000 included in other payables (Note 23).

21 SHORT-TERM BANK BORROWINGS

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	239,500	254,300	–	–
Discounted notes	78,000	97,860	–	–
Total	317,500	352,160	–	–

As at December 31, 2015 the bank loans bear market interest rates ranging from 5.35 % to 6.61% (2014 : 5.88% to 6.90%) per annum. Bank loans of RMB25,000,000 (2014 : RMB25,000,000) are contracted with interest rates which are referenced to the rate quoted by the People's Bank of China and are subject to revision. Interest rates for other bank loans are fixed at the inception of the loans. The bank loans are repayable within a year and secured by charges over certain fixed deposits (Note 7), trade receivables (Note 9), investment properties (Note 17), buildings (Note 18), land use rights (Note 19) and/or covered by guarantees from a director (Note 6) and a related party (Note 6).

Certain bank borrowings relate to notes discounted by banks in connection with trade transactions between related companies within the Group. Discounted notes have a maturity period of 180 days (2014: 180 days) and are secured by fixed deposits (Note 7). The interest rates earned by the pledged deposits range from 2.10% to 2.75% (2014 : 2.4% to 3.2%) per annum, while the interest rates on the discounted notes range from 4.80% to 5.98% (2014 : 5.2% to 6.2%) per annum.

As at December 31, 2015, the total amount of notes discounted by banks relating to trade transactions between two related companies is approximately RMB78,000,000 (2014 : RMB97,860,000).

The following is an analysis of borrowings arising from the notes issued and subsequently discounted by the Group, presented based on remaining contractual period at the end of the reporting period:

	Group	
	2015	2014
	RMB'000	RMB'000
Discounted Notes		
<90 days	78,000	60,000
>90 days to 180 days	–	37,860
Total	78,000	97,860

Borrowings are secured through mortgage of investment properties (Note 17), pledge of land use rights (Note 19) and certain trade receivables (Note 9).

22 TRADE PAYABLES

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Outside parties	65,623	71,473	–	–
Notes payable	7,091	43,254	–	–
Total	72,714	114,727	–	–

As at December 31, 2015,

(a) notes payable of RMB7,091,000 (2014: RMB43,254,000) were secured by certain fixed deposits (Note 7) of the Group; and

(b) all notes payable are non-interest bearing.

The average credit period on purchases of goods is 3 months (2014: 3 months). No interest is charged on the outstanding trade payables.

23 OTHER PAYABLES AND ACCRUED EXPENSES

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Advances from customers	3,960	7,758	–	–
Accrued expenses	20,975	23,621	1,310	759
Accrued costs for construction of properties under development	46,101	29,720	–	–
Other tax payable	3,801	11,010	–	–
Deposits from suppliers	5,594	7,294	–	–
Payable to staff	2,108	2,092	3	–
Liability for promissory notes to pay for investment in associate (Notes 16 and 20)	9,782	–	9,782	–
Deposits from customers for properties under development	11,283	–	–	–
Outside parties	15,015	8,694	–	3
Total	118,619	90,189	11,095	762
Less: Amount for settlement for more than 12 months (non-current)	(9,782)	–	(9,782)	–
Amount for settlement within 12 months (current)	108,837	90,189	1,313	762

As at December 31, 2015 and 2014, the amounts due to outside parties and payables to staff are unsecured, interest-free and repayable on demand. Other tax payable mainly pertains to value-added taxes payable to the tax authorities.

Management is of the opinion that the fair values of non-current other payables approximate their carrying amounts.

24 PROVISION FOR LAND APPRECIATION TAX

Pursuant to the laws and regulations in the PRC, all income earned from the sale of state-owned land, buildings and associated structures are subject to land appreciation tax ("LAT"). Progressive tax rates ranging from 30% to 60% are applicable to the appreciation on land value, calculated as the sales value of the completed properties less deductible cost.

25 DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities and deferred tax assets recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	Group	
	2015	2014
	RMB'000	RMB'000
Deferred tax liabilities arising from temporary differences [(1)]		
At beginning and end of year	23,630	23,630
Deferred tax assets arising from provision for land appreciation tax [(2)]		
At beginning and end of year	(9,069)	(9,069)
Deferred tax liabilities arising from land appreciation and changes in fair value of investment properties		
At beginning of year	42,736	41,491
Charge to comprehensive income for the year [(3)]	-	8,888
Charge (Credit) to profit or loss for the year in respect of land appreciation tax of investment properties*	96	(5,657)
Charge (Credit) to profit or loss for the year in respect of changes in fair value of investment properties*	255	(1,986)
At end of year	43,087	42,736
*Net deffered tax charge (credit) for the year (Note 37)	351	(7,643)

Certain deferred tax assets and liabilities have been offset in accordance with the Group accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	Group	
	2015	2014
	RMB'000	RMB'000
Deferred tax liabilities	66,717	66,366
Deferred tax assets	(9,069)	(9,069)
	57,648	57,297

(1) Pertains to deferred tax liabilities arising from the temporary differences associated with the undistributed earnings of subsidiaries incorporated in People's Republic of China ("PRC") which would be subject to PRC withholding tax if remitted out of PRC.

(2) Pertains to deferred tax benefits on recognition of land appreciation tax as a tax-deductible expense, deductible in future years' taxable income.

(3) Pertains to deferred tax on fair value gain of property, plant and equipment prior to reclassifying to investment properties during 2014.

26 LONG TERM BANK LOANS

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	168,182	101,600	–	–

As at December 31, 2015, bank loans amounting to RMB44,200,000 bear interest at 6.30% per annum and are repayable from June 2017 to December 2017. The remaining loan of RMB123,982,000 bear interest ranging from 5.15% to 6.46% per annum and are repayable from July 2017 to February 2023. The interest rate is referenced to the rate quoted by the People's Bank of China and is subject to revision.

As at December 31, 2014, bank loans amounting to RMB57,000,000 bear interest at 6.15% per annum and are repayable in September 2016. The remaining loan of RMB44,600,000 bear interest at 6.30% per annum and is repayable from June 2016 to December 2017. The interest rate is referenced to the rate quoted by the People's Bank of China and is subject to revision.

The bank loans are secured by charges over the Group's investment properties (Note 17), properties under development (Note 14) and guarantees from a director and a related party (Note 6).

The directors estimate that the carrying amounts of the bank loans approximate their fair values as the directors estimate that similar loans that may be made available to the Group at the end of the reporting period would be priced at interest rates which approximates those its existing loans.

27 ISSUED CAPITAL

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares of		RMB'000	RMB'000
	US$0.10 each	US$0.02 each		
Authorised	1,000,000,000	5,000,000,000	828,650	828,650
Issued and paid up	95,780,849	478,904,250	79,369	79,369

The Company has one class of ordinary shares which carry no right to fixed income.

On June 24, 2015, the Company's every five existing shares of US$0.02 each was consolidated into one consolidated share of US$0.10 each. The issued share capital of the Company immediately following the share consolidation comprised 95,780,849 consolidated shares, including 92,630,849 ordinary shares and 3,150,000 treasury shares.

28 TREASURY SHARES

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares of		RMB'000	RMB'000
	US$0.10 each	US$0.02 each		
Balance at beginning and end of the year	3,150,000	15,750,000	12,883	12,883

29 SHARE PREMIUM

The share premium relates to the issue of shares at a premium to par value of US$0.02 per share pursuant to its initial public offer during the financial year ended December 31, 2004.

30 OTHER RESERVES

Pursuant to the laws and regulations in the PRC, certain subsidiaries of the Group are required to make appropriation from profit after income tax at rates determined by the board of directors.

These companies are required to make appropriation from profit after income tax as reported in the PRC statutory financial statements to statutory surplus reserve at rates determined by the board of directors.

The statutory surplus reserve fund may be used to make up losses incurred and, with approval from relevant government authority, to increase capital for expansion of production.

31 CAPITAL RESERVE

The capital reserve represents the excess of consideration over the carrying amount of the non-controlling interest eliminated upon assumed the acquisition of the remaining 10% of equity interest in Hangzhou Adison Industry Co., Ltd from the non-controlling shareholder during the financial year ended December 31, 2008.

32 SHARE-BASED PAYMENT RESERVE

The share-based payments relate to the recognition of 9,700,000 ordinary shares of US$0.02 each contributed by a substantial shareholder to certain directors and employees of the Group in 2009. The fair value of the shares was RMB1,527,000 and was recognised as an expense and as a share-based payment reserve in 2009.

33 ASSET REVALUATION RESERVE

The asset revaluation reserve arose from upward revaluation of properties, based on the fair valuation of investment properties (Note 17) provided by an independent valuer, DTZ Debenham Tie Leung International Property Advisor. Fair values were determined by making reference to both the comparable sales transactions as available in the relevant market of these properties and the capitalisation of income net of expenses at an appropriate discount rate.

During the year ended December 31, 2014, certain properties previously classified as property, plant and equipment were reclassified as investment properties as these properties were leased out in 2014 under long term leases. The asset revaluation reserve is not available for dividend distribution.

34 REVENUE

	Group	
	2015	2014
	RMB'000	RMB'000
Sale of goods	41,003	66,034
Revenue from construction contracts	487,218	488,945
Revenue from rental of properties	8,383	7,877
	536,604	562,856

35 OTHER OPERATING INCOME

	Group	
	2015	2014
	RMB'000	RMB'000
Rental income	–	10
Sale of raw materials	3	227
Interest income	5,775	1,137
Government grants	4,628	3,071
Foreign exchange gain – net	44	81
Others	(7)	(159)
Total	10,443	4,367

36 FINANCE COSTS

	Group	
	2015	2014
	RMB'000	RMB'000
Interest on bank loans	23,517	22,868
Interests on discounted notes	4,542	1,616
Less: Capitalised as cost of properties under development (Note 14)	(14,852)	(6,698)
	13,207	17,786

37 INCOME TAX EXPENSE (CREDIT)

	Group	
	2015	2014
	RMB'000	RMB'000
Income tax		
- Current tax	4,365	7,035
- Under (Over) provision in prior years	151	(1,430)
Deferred tax (Note 25)	351	(7,643)
Net	4,867	(2,038)

The domestic PRC income tax is calculated at 25% (2014 : 25%) of the estimated assessable profit for the year.

37 INCOME TAX EXPENSE (CREDIT) (cont'd)

The total expense charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Profit before income tax	13,047	6,001
Tax at PRC's statutory income tax rate of 25%	3,262	1,500
Non-allowable items	1,347	4,425
Tax concession	(5,240)	(2,867)
Under (Over) provision in prior years	151	(1,430)
Deferred tax (credit) and land appreciation tax (credit) on investment properties	413	(8,992)
Effect of tax deduction on deferred tax and land appreciation on investment properties	(62)	1,349
Effect of tax loss not recognised as deferred tax asset	4,861	3,579
Others	135	398
Net	4,867	(2,038)

Pursuant to the Enterprise Income Tax Law of the PRC (the "EIT" Law), resident and non-resident enterprises deriving income from the PRC are subject to Enterprise Income Tax ("EIT").

Under the EIT law, except for certain qualifying small-scale/small-profit enterprises and hi-tech enterprises (which are subject to EIT rates of 20% and 15%, respectively), the general applicable EIT rate in the PRC is 25%. The Group's wholly-owned subsidiary, Zhejiang 8Telecom Co., Ltd, qualifies as a high-tech enterprise and is being taxed at a rate of 15% for the current year (2014: 15%).

Pursuant to PRC tax regulations, at the end of the reporting period, the Group has unutilised tax losses of approximately RMB38,351,000 (2014 : RMB19,270,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Tax losses may be carried forward for 5 years from the year after the losses are incurred, subject to the conditions imposed by law including the retention of majority shareholders as defined.

38 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2015	2014
	RMB'000	RMB'000
Depreciation and amortisation expense [1]	7,767	8,217
Staff costs (including directors' and key management's remuneration)	26,915	28,876
Cost of defined contribution included in total staff costs	2,136	2,124
Cost of inventories recognised as expenses	141,449	158,699
Audit fees	1,745	1,799
Non-audit fees	109	133
Interest income	(5,775)	(1,137)
Government grants	(4,628)	(3,071)
Foreign exchange gain – net	(44)	(81)
Research costs [2]	34,276	30,167
Doubtful trade receivables recovered	-	(2,100)
Allowance for doubtful trade receivables	2,854	5,320
Allowance for doubtful other receivables	-	549
Change in fair value of other financial assets	(486)	(190)
Loss on disposal of property, plant and equipment	-	25
(Gain) Loss on value of investment properties	(714)	13,820

(1) Depreciation and amortisation expense, which includes depreciation charges for property, plant and equipment and amortisation charges for intangible assets and land use rights, is included in cost of sales and selling and administrative expenses.

(2) Research costs are included in administrative expenses.

39 EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on the Group's profit for the year of RMB8,180,000 (2014 : RMB8,039,000) divided by the number of ordinary shares of 92,630,849 (2014: 92,630,849) [1] in issue during the year, excluding treasury shares.

Fully diluted earnings per ordinary share is the same as basic earnings per ordinary shares as there is no dilutive potential shares outstanding at the end of the financial years ended December 31, 2015 and December 31, 2014.

(1) For comparability with 2015, the number of ordinary shares in issue in 2014 is adjusted to take into consideration the share consolidation exercise (Note 27).

40 CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	Group	
	2015	2014
	RMB'000	RMB'000
Contracted for future capital expenditure but not provided for in the financial statements:		
- contracted cost in relation to properties under development (Note 14)	34,000	36,457
- contracted cost in relation to construction-in-progress (Note 18)	1,155	16,800
	35,155	53,257

41 CONTINGENT LIABILITIES

	Group	
	2015	2014
	RMB'000	RMB'000
Potential additional tax relating to transfer pricing	8,097	8,097

The above is an estimate of the additional tax payable if the transfer pricing policy for transactions between entities within the Group is not agreed to by the PRC tax authority. The directors are of the opinion that such tax exposure, if any, and the related liabilities are uncertain. In accordance with IAS 37 *Provision, Contingent Liabilities and Contingent Assets*, such potential obligations are estimated and disclosed as contingent liabilities.

42 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2015	2014
	RMB'000	RMB'000
Minimum lease payments under operating leases recognised as an expense in the year	708	860

Operating lease payments represent rentals payable by the Group for certain office premises. Leases are fixed for the duration of the leases.

42 OPERATING LEASE ARRANGEMENTS (cont'd)

At the end of the reporting period, the Group had commitments in respect of operating non-cancellable operating leases for office premises with a term of more than one year are as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Within one year	211	523
Within two to five years	17	703
After fifth years	–	12
	228	1,238

The Group as lessor

The Group lease out its investment properties with lease terms of between 1 to 5 years (2014: 2 to 10 years). The lessees do not have an option to purchase the properties at the expiry of the lease period.

Rental income earned by the Group from its investment properties and direct operating expenses arising on the investment properties for the year are set out in Note 17.

At the end of the reporting period, the Group had commitments in respect of operating non-cancellable operating leases for its investment properties as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Within one year	7,275	8,367
Within two to five years	18,162	22,140
More than five years	–	3,297
	25,437	33,804

43 DIVIDENDS

The final dividend of S$0.0012 per share (amounting to approximately RMB2,768,000 for the financial year ended December 31, 2013 has been paid to shareholders during the financial year ended December 31, 2014.

The final dividend of S$0.0013 per share and special dividend of S$0.0013 per share (amounting to approximately RMB5,594,000) for the financial year ended December 31, 2014 has been paid to shareholders during the financial year ended December 31, 2015.

On March 15, 2016, the Company obtained shareholders' approval for certain transactions which includes distribution of RMB415.56 million to be paid to shareholders as dividend (Note 45 (iii)).

44 SEGMENT INFORMATION

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products and services within particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of the other segment.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(i) Business segments

The Group is currently primarily engaged in five business segments namely, telecommunications pipes, telecommunications engineering services, telecommunications and other towers, property development and others.

Principal activities are as follows:

Telecommunications pipes	-	manufacture and selling of communications materials
Telecommunications engineering services	-	installation services for various telecommunications engineering products
Telecommunications and other towers	-	manufacture and installation of telecommunications and other towers
Property	-	development, sale and rental of properties
Others	-	investment holding

<u>Segment revenue and expenses</u>

Segment revenue and expenses are the operating revenue and expenses reported in the Group's consolidated statement of profit and loss and other comprehensive income that either are directly attributable to a segment or can be allocated on a reasonable basis to a segment.

<u>Segment assets and liabilities</u>

Segment assets are all operating assets that are employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment liabilities are all operating liabilities that are employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

44 SEGMENT INFORMATION (cont'd)

Segment information about the Group's operations are presented below.

(i)

	Tele-communication pipes		Tele-communications engineering services		Tele-communications and other towers		Property		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	41,003	66,034	188,835	154,025	298,383	334,920	8,383	7,877	–	–	536,604	562,856
Results:												
Segment results	(4,431)	3,156	1,422	3,249	30,891	33,425	410	5,581	–	–	28,292	45,411
Unallocated corporate expenses											(2,752)	(7,804)
Gain (Loss) on fair value of investment properties	–	–	–	–	–	–	714	(13,820)	–	–	714	(13,820)
Finance costs											(13,207)	(17,786)
Profit before income tax											13,047	6,001
Income tax (expense) credit											(4,867)	2,038
Profit for the year											8,180	8,039
Assets:												
Segment assets, representing consolidated total assets	107,568	233,238	137,831	143,736	547,016	465,535	486,084	347,133	24,508	93,465	1,303,007	1,283,107
Liabilities:												
Segment liabilities, representing consolidated total liabilities	62,789	92,132	38,707	45,988	250,353	199,759	260,140	110,025	157,668	304,439	769,657	752,343

44 SEGMENT INFORMATION (cont'd)

	Tele-communication pipes		Tele-communications engineering services		Tele-communications and other towers		Property		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other information:												
Gain on fair value of financial assets	133	38	–	–	155	62	198	90	–	–	486	190
Capital expenditure	493	731	–	35	9,311	23,470	–	167	201	745	10,005	25,148
Depreciation and amortisation expense	3,126	2,875	84	78	998	2,627	1,879	782	1,680	1,855	7,767	8,217
Other non-cash expenses [1]	669	1,860	889	312	1,296	3,722	–	–	–	–	2,854	5,894

[1] Other non-cash expenses pertain to allowance for doubtful trade and non-trade receivables and loss on disposal of property, plant and equipment.

(ii) Geographical segments

All assets, operations and customers of the Group are substantially located in PRC.

Information about major customers

There is no single customer which contributes 10% or more of the revenue in 2015 and 2014 respectively.

45 EVENTS AFTER REPORTING PERIOD

On March 15, 2016, the Company has obtained shareholders' approval at the Special General Meeting ("SGM") for the following resolutions:

(i) the proposed disposal of the Company's entire interests in its two wholly-owned subsidiaries, East Jade International Limited and Aim Tech Network Investment Limited ("Proposed Disposal") to Manfaith Investments Ltd. (the "Purchaser") for a consideration of RMB420 million.

Manfaith Investments Ltd. is the Company's ultimate holding company and held 71.73% interest in the ordinary shares, excluding treasury shares of the Company as at December 31, 2015 and March 15, 2016. The Purchaser is wholly-owned (legally and beneficially) by the Company's Executive Chairman and CEO, Mr. Ye Tianyun.

(ii) the proposed capital reorganisation involves the following :

(a) reduction of the issued share capital of the Company (the "Capital Reduction"):

- in respect of the issued share capital - cancelling the paid-up capital of the Company to the extent of US$0.099 on each of the issued shares of US$0.100 par value in the capital of the Company (excluding treasury shares) so that each issued share of the Company shall have a par value of US$0.001; and the issued and paid up capital of the Company is reduced from US$9,263,085 to US$92,631 (reflecting a difference of approximately US$9,170,454); and

- in respect of the treasury shares - cancelling the issued capital of the Company to the extent of US$0.099 on each of the 3,150,000 treasury shares of US$0.100 par value so that the par value of each treasury share shall be reduced to US$0.001 per treasury share;

(b) in respect of unissued shares of the Company - subject to and forthwith upon the capital reduction taking effect, the sub-division of each unissued share of US$0.100 in the Company's authorised but unissued share capital (which shall include those unissued shares resulting from the capital reduction) into 100 unissued shares of US$0.001 each (the "Sub-division");

(c) the reduction of the Company's share premium account by cancellation of the entire sum standing to the credit of the Company's share premium account (the "Share Premium Cancellation") amounting to US$16,552,583 (approximately RMB118,574,000) ; and

(d) subject to and forthwith upon the Capital Reduction and the Share Premium Cancellation taking effect, the crediting of the credit amount of US$9,170,454 arising from the Capital Reduction and the credit amount of US$16,552,583 arising from the Share Premium Cancellation, to the contributed surplus account of the Company.

The aggregate of the credit amount arising from the Capital Reduction of US$9,170,454 and the credit amount arising from the Share Premium Cancellation of US$16,552,583 is the aggregate credit amount of US$25,723,037 (approximately RMB184.27 million based on the exchange rate of US$1.00 to RMB7.1645 as at the time of listing of the Company) which will be credited to the Company's contributed surplus account to be utilised for distributions to be made by the Company to its shareholders pursuant to the proposed dividend.

(iii) the proposed special dividend to the shareholders of approximately RMB415.56 million (approximately S$90.16 million based on the exchange rate of S$1.00 to RMB4.6091 as at the latest practicable date prior to the printing of the circular for SGM on February 2, 2016) (representing 99% of the net proceeds from the Proposed Disposal) to the entitled shareholders.

Shareholdings
Statistics

As at March 16, 2016

Authorised share capital	:	US$100,000,000
Issued and fully paid up capital	:	US$9,578,084.90
Class of shares	:	Ordinary shares of US$0.10 each
Voting rights	:	One vote per ordinary share
No. of issued shares	:	95,780,849
No. of issued shares excluding treasury shares	:	92,630,849
No. of treasury shares	:	3,150,000
Percentage of treasury shares	:	3.40%

DISTRIBUTION OF SHAREHOLDERS AS AT 16 MARCH 2016

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1-99	6	0.65	249	0.00
100 – 1,000	333	35.92	155,090	0.17
1,001 - 10,000	384	41.42	1,916,780	2.07
10,001 - 1,000,000	199	21.47	12,183,640	13.15
1,000,001 and above	5	0.54	78,375,090	84.61
	927	100.00	92,630,849	100.00

* Shareholdings exclusive of 3,150,000 treasury shares

Twenty One Largest Shareholders as at 16 March 2016

	SHAREHOLDER'S NAME	NO OF SHARES	%
1	MANFAITH INVESTMENTS LTD	54,246,450	58.56
2	KGI FRASER SECURITIES PTE LTD	9,017,800	9.74
3	RAFFLES NOMINEES (PTE) LTD	8,552,340	9.23
4	YE TIANYUN	3,895,800	4.21
5	OCBC SECURITIES PRIVATE LTD	2,662,700	2.87
6	TAN KIA HONG	980,400	1.06
7	PHEE CHENG KOON	704,000	0.76
8	RHB SECURITIES SINGAPORE PTE LTD	641,400	0.69
9	KWA CHING TZE	630,100	0.68
10	MAYBANK KIM ENG SECURITIES PTE LTD	579,900	0.63
11	CHAN KWOK WENG	351,700	0.38
12	QUINTESTELLAR RE CAPITAL INC	350,000	0.38
13	GAY SOON WATT	282,400	0.30
14	WANG JUNG HSIN	270,000	0.29
15	CHAN SOH KWAN CECILIA	240,000	0.26
16	PUK SOH KWAN	240,000	0.26
17	NG BOON GUAT	228,200	0.25
18	LIE TJOEI TJOE	200,000	0.22
19	JADE PROJECTS PTE LTD	184,000	0.20
20	KUEK SER KHIANG KEITH	155,000	0.17
21	TAN TIEN SENG	155,000	0.17
	Total	84,567,190	91.31

Notes:

* Shareholdings exclusive of 3,150,000 treasury shares

Shareholdings
Statistics

As at March 16, 2016

Substantial Shareholders

As recorded in the Register of Substantial Shareholders as at 16 March 2016

No	Name	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1	Manfaith Investments Ltd.	54,246,450	58.562	12,196,000(1)	13.166
2	Ye Tianyun	3,895,800	4.206	66,442,450(2)	71.728
3	Signa Air Limited	–	–	26,862,950(3)	29.00
4	Chung Fui Leng Shirley @ Mrs. Tan Fui Leng Shirley	–	–	26,862,950(4)	29.00

Notes:

(1) The deemed interest in the 12,196,000 shares includes:-

(a) 5,176,000 shares held by its nominee, KGI Fraser Securities Pte Ltd; and

(b) 7,020,000 shares held by its nominee, Raffles Nominees (Pte) Ltd.

(2) Deemed to have an interest in the 66,442,450 shares held by Manfaith Investments Ltd.

(3) Deemed to be interested in the 26,862,950 shares via a conditional sale and purchase agreement with Manfaith Investments Ltd. dated 10 September 2015.

(4) Deemed to be interested in the 26,862,950 shares via a conditional sale and purchase agreement between Manfaith Investments Ltd. and Signa Air Limited dated 10 September 2015. Signa Air Limited is 83% owned by Chung Fui Leng Shirley @ Mrs. Tan Fui Leng Shirley.

SHARES HELD BY PUBLIC

On the basis of the information available to the Company as at 16 March 2016, approximately 23.742% of the Company's total numbers of issued shares excluding treasury shares are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited which requires at least 10% of a listed issuer's total number of issued shares excluding treasury shares at all times held by the public.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Meeting Room 300, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on Thursday, 28 April 2016 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Directors' Statement together with the Auditors' Report. **(Resolution 1)**

2. To re-elect Mr Ye Tianyun who is retiring by rotation pursuant to Bye-Law 104 of the Company's Bye-Laws[1]. **(Resolution 2)**

   Mr Ye will, upon re-election as a Director of the Company, remain as the CEO and Chairman of the Board and member of Nominating Committee.

3. To re-elect Mr Yu Chunxiang who is retiring by rotation pursuant to Bye-Law 104 of the Company's Bye-Laws[1]. **(Resolution 3)**

4. To approve the payment of Directors' fees of SGD111,240 for the financial year ended 31 December 2015 (2014:SGD110,300). **(Resolution 4)**

5. To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

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

6. **Authority to allot and issue shares** **(Resolution 6)**

   "That pursuant to the Bye-Laws of the Company and the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

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

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

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

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

[1] Detailed information on the Directors who are proposed to be re-elected can be found under the sections entitled "Board of Directors", "Further Information on Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2015.

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), shall not exceed 50% of the Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro rata basis to the shareholders of the Company (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) shall not exceed 20% of the Company's total number of issued shares excluding treasury shares (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 is based on the Company's total number of issued shares excluding treasury shares at the time of the passing of this Resolution, after adjusting for:

    (i) new shares arising from the conversion or exercise of any convertible securities outstanding at the time this authority is given;

    (ii) (where applicable) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 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 Bye-Laws for the time being of the Company; and

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

[See Explanatory Note]

7. To transact any other business that may be properly transacted at Annual General Meeting.

By Order of the Board

Teo Meng Keong
Company Secretary
12 April 2016

Explanatory Note:-

The Ordinary Resolution 6, if passed, will authorise the Directors of the Company to allot and issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors may consider would be in the best interests of the Company. The aggregate number of shares (including shares to be made in pursuance of instruments made or grant pursuant to this Resolution) to be allotted and issued would not more than 50% of the Company's total issued shares excluding treasury shares at the time of passing of this Resolution. For issue of shares (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) other than on a pro-rata basis to all shareholders, the aggregate number of shares (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) to be allotted and issued shall not exceed 20% of the Company's total issued shares excluding treasury shares at the time of the passing of this Resolution. The authority, unless varied or revoked by the Company in a general meeting, shall continue in force from the date of this annual general meeting until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting is required by law to be held, whichever is the earlier.

Notes:

1. With the exception of CDP (which may appoint more than two proxies), a member of the Company who is entitled to attend and vote at the Annual General Meeting (the "**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his stead. A member who wishes to appoint a proxy to attend and vote on his behalf thereat, should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon. A proxy need not be a member of the Company.

2. A Depositor whose name appears in the Depository Register 48 hours as maintained by CDP but is unable to attend the Meeting personally and wishes to appoint a nominee to attend and vote on his behalf thereat as CDP's proxy, should complete, sign and return the attached Depositor Proxy Form in accordance with the instructions printed thereon. A Depositor that has appointed a nominee to attend and vote at the Meeting on his behalf as CDP's proxy may attend and vote in person as CDP's proxy at the Meeting if he so wishes.

3. All proxy forms must be lodged at the office of the Company's Share Transfer Agent, Tricor Barbinder Share Registration Services, either by hand at 80 Robinson Road, #11-02, Singapore 068898 or by post at 80 Robinson Road, #02-00, Singapore 068898, not less than 48 hours before the time appointed for holding the Meeting in order for the proxy (or the nominee, as the case may be) to be entitled to attend and vote at the Meeting.

Personal data privacy:

By submitting a proxy form 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, 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**"), (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, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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