CEDAR STRATEGIC HOLDINGS LTD

ANNUAL REPORT 2015

RELIABLE
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CORPORATE PROFILE

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

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

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

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

On 4 November 2015, CSH has, through its wholly-owned subsidiary Cedar Properties Pte Ltd, acquired 60% of the registered capital of Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited ("Daya Bay"), for an aggregate consideration of RMB48 million.This is part of the Company's corporate turnaround strategy to not only secure shareholders' value but to allow shareholders to recover part of the value lost. Daya Bay is the sole developer of a project in No. 3 Xia Guang Road West, Xia Chong Town, Daya Bay District, Huizhou, Guangdong Province, PRC and comprised of, inter alia, 1,099 suites of decorated apartments (the "Property"). Construction of the Property has been substantially completed and the handover of the apartments for sale to purchasers have commenced from 3Q2015. The remaining apartments in the Property will continue to be owned by Daya Bay, and will be rented out as holiday apartments for recurring income. An independent and well-established hotel operator who has experience in the hotel management business in the PRC, has been hired as the hotel management company.

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

a. The Group is committed to finding a balance between long term recurrent rental income and short term development profit;
b. Given the Group's modest financial ability, the Group intends to maximize profit by focusing on emerging cities and areas. The Group believes that Daya Bay district is fast becoming the beachside holiday resort destination of many middle and working class families from Hong Kong and surrounding regions; and
c. The Group is committed to ensuring that its projects produce sufficient cash profit so that it can make distributions and pay dividends.

GROUP STRUCTURE AS AT 31 DECEMBER 2015

CHAIRMAN'S STATEMENT

MY DEAREST FELLOW SHAREHOLDERS,

This is my sixth letter[1] to you since the 'shareholders' revolt' last June but the first to be published in an Annual Report. I am therefore delighted to stop having to share with you only bad news and to focus on some of the more positive aspects of our future. This is not to say that all the damage or issues have been repaired, nor does this mean we are not mindful of our promise to continue to pursue what is owing to the Company, but it does mean that the Board, Management and I can now look towards rebuilding shareholders' value and, in particular, the share price.

Given our size and limited resources, we are constrained as to what we can do in the property development business. Thus in this letter, I thought it would be useful to: (i) share with you our thought processes; (ii) our near and more distant goals; (iii) the risks we are willing to assume and (iv) our execution strategy.

THOUGHT PROCESS

Our size dictates that we shall be a niche player (unless we are willing to assume massive amounts of risk). Meaning no iconic, big CBD or splashy buildings. But niche does not mean that we have to be relegated to the third league but rather we need to be at the fringe of a large metropolis or, better yet, at the heart of an emerging city or town, region or industry. Our definition of an emerging city or town is one whose GDP and/or population is growing well above the national average. Meaning the city or town is only being ignored by the big boys because of its size. Our definition of an emerging region is one that has an emerging competitive advantage such as an area benefiting from changing political trends (Myanmar) or other changes (climate change, urbanization etc). Our definition of an emerging industry is one whose growth is sustainable and above average due to a rising consumer need. For us, an emerging industry would be domestic tourism, given the continued rise in China and regional GDP, rising expectations and that the millennials value experiences as much as material goods.

NEAR AND MORE DISTANT GOALS

Given our recent brush with corporate disaster, our near terms goals are prosaic. We seek to stabilize the Company, rebuild a management team with functional internal controls and execute a few deals so that we can generate profits, cash and pay some dividends. However, in the not too distant future, and to place the Company on a better competitive footing, we would like to see the Company's market capitalization cross S$100 million. The parameters we will have to meet to achieve this will depend on how investors view us. If investors require say:

a. 10x PER (Price Earnings Ratio), then our net profit after tax including revaluation gains would have to be around S$10 million;

b. 3% yield, our dividend would have to be around S$3 million; and

c. 50% discount to revalued NTA, our revalued NTA would have to be around S$200 million.

These parameters offer guidance in absolute terms but also when we look at new projects.

RISKS

Whilst it goes without saying that there is no reward without risk, we see risk in three parts: sovereign, project and Company risk. We seek to mitigate sovereign risk by sticking to countries the Board has working knowledge of. Thus whilst Ulan Bator, the capital of Mongolia may well be an emerging city, it is not on our mental map since we have no working knowledge of that city. We seek to mitigate project risk by understanding these risks fully, avoiding wholly green field sites, through joint ventures and through commercial or locational diversification. We seek to have near zero Company risk by having a good internal control system. Our latest Internal Audit report was satisfactory and Management is currently in the process of implementing a COSO (Committee of Sponsoring Organizations of the Treadway Commission) based ERM (enterprise risk management) platform.

EXECUTION STRATEGY

The Daya Bay project, our first, meets both our criteria of an emerging region and an emerging industry. It is an emerging region by virtue that it is a direct neighbor of Shenzhen who is now China's fourth largest city with a working population of about 3.3 million and a 2015 GDP estimated at around US$270 billion (if it were a country, it would rank 41st or only 4 places below Singapore, according to the Statistics Times). Our project and the area meets our criteria of emerging industry in that it targets domestic tourism by providing affordable accommodation, time share and second homes. The

[1] Please see our website or http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/company_announcements for copies of the previous letters.

Daya Bay project also takes us significantly down the road to achieving our more distant goals by providing cash flow, profits and capital/revaluation gains.

Other areas we are looking at (but not committed to expand into) include panda country – Sichuan, and political change – Myanmar. However, as we reach out across our combined networks, other projects are starting to emerge that require evaluation and which may prove 'better'.

I apologize if this letter is unduly long (actually it was longer than this but our capable management pruned it back). But before I end, I would very much like to thank the many people who helped us in the re-habilitation of the Company. These include my fellow directors, our CEO, our company secretary (WTL), our auditors (FKT), our sponsor (Stamford), our legal advisers (Drew & Napier, Yuan Tai and Angela Wong), our special and internal auditors (Baker Tilly), the Singapore Exchange and last but not least, you, my fellow shareholders.

Yours Sincerely,

CHRISTOPHER CHONG MENG TAK
Chairman

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

I am delighted to pen this, my fifth letter to you. In compliance with Rule 704(4) of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Company noted that its Independent Auditor, Foo Kon Tan LLP, has issued its Independent Auditor's Report for the financial statements of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2015 (the "**IA Report 2015**") and the IA Report 2015 contains a qualified opinion and an emphasis of matter. This letter seeks to explain the qualification and emphasis of matter that will appear in the IA Report 2015.

(If you missed our first four letters released on the SGX website please go to http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/company_announcements, and then set the announcement period for 12 months, the security name to *Cedar Strategic Holdings Ltd* and then press GO.)

Terms which are capitalised herein but not defined shall have the same meaning in the IA Report 2015.

QUALIFIED AUDIT OPINION

In their report, the Independent Auditor note under the Auditor's Responsibility section that:

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

and under the Qualified Opinion section, the Independent Auditors, state that:

"In our opinion, except for the possible effects described in the Basis of Qualified Opinion paragraph, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the Act and Singapore 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 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year then ended".

The Basis of Qualified Opinion paragraph is shown at the end of this section.

To understand the qualification and the Independent Auditors' reasoning, you must first appreciate that they had disclaimed the whole of the FY2014 financials. This was because management was unable to prove to the satisfaction of the Independent Auditors that:

1. the consolidation of the Company's subsidiaries was complete;
2. the Company had control of all the PRC entities it claims to control;
3. there was no change in the beneficial owner of Talented Creation International Limited ("**TCI**") who owes a significant liability to the Company;
4. all related party transactions had been declared and were correct;
5. the carrying cost after impairments were appropriate;
6. an amount due from New Inspiration Development Limited ("**New Inspiration**") is recoverable;
7. the impairment on the amount from TCI is appropriate;
8. the retrenchment benefits, bonuses and other salary related costs of certain past directors and employees were appropriately approved;
9. certain payments amounting to over RMB4 million were in the ordinary course of business of the Company and properly supported and approved;
10. the use of certain share placement proceeds were in the ordinary course of business of the Company and properly accounted for;
11. the Company has fully complied with all the accounting standards; and
12. the Company is a going concern.

As you will note the list is extensive and several items, despite herculean effort by the new management team, are simply not resolvable. For instance, missing documents remain missing and inappropriate payments remain inappropriate payments. Given this the Independent Auditors had disclaimed the Group's FY2014 numbers.

Management has however been able to clear the Group's profit and loss figures for FY2015 and the Group's balance sheet as at 31 December 2015 and accordingly; these are unqualified. However, as we are required to compare the FY2015 numbers against the FY2014 numbers and show the FY2014 numbers in our Annual Report, it is logical that the auditors have to repeat their qualification of the FY2014 numbers, or in accounting terminology, qualify the comparatives.

As an aside, point 6, 10 and 11 of the above list also affect the opening balance for FY2015. In the Basis of Qualified Opinion paragraph, the Independent Auditors accept that points 6 and 10 have been cleared and point 11 relates to non-compliance on the disclosure of comparative information in relation to the Group's FY2014 financial statements.

Your Board and I see the qualification as a regretful, logical and technical qualification. But given that the qualification for the Group's FY2015 numbers relates to disclosure on the comparative information for the Group's FY2014 numbers, we do not feel stakeholders should be overly concerned by it.

BASIS OF QUALIFIED OPINION

"Our audit report dated 24 November 2015 on the consolidated financial statements for the previous financial year ended 31 December 2014 contained a disclaimer of opinion. With further resolution of the disclaimer items in FY 2015 as described in Note 27 to the financial statements, certain bases for the disclaimer of opinion in the 2014 auditors' report did not affect the opening statement of financial position of the Group and the Company as at 1 January 2015 except for:

Item 6: Recoverability of the amount due from New Inspiration Development Limited/Dr Charlie In;

Item 10: Use of share proceeds of S$3.6 million and the settlement of the consideration payable to TCI; and

Item 11: Non-compliance with disclosure requirements under the respective FRSs.

Items 6 and 10 have been resolved during the current financial year ended 31 December 2015 and accordingly, they do not have an impact on the Group's and the Company's statement of financial position as at 31 December 2015. Only Item 11 which relates to the non-compliance with disclosure requirements under the respective FRSs in respect of the comparable information disclosed for FY 2014 financial statements has not been resolved as at 31 December 2015 because the non-compliance with disclosures would render the comparative information for FY 2014 to be not meaningful."

GOING CONCERN

The Independent Auditors also note that the Company has deficits in net current assets and cash flow from operations. But they accept that the Company has plans that will remedy this and thus have expressed this as an Emphasis of Matter.

As previously noted, the Company plans to raise new equity through several ways including share placements, rights issue and taking action to recover the S$1.5 million debt owed by New Inspiration/Dr In Nany Sing Charlie.

Given that several investors have indicated interest in our capital raising exercise, your Board and I believe the going concern issue should be resolved beyond doubt within the next several months.

I thank you for your attention.

CHRISTOPHER CHONG MENG TAK
Chairman

This letter has been announced by the Company on SGXNET on 30 March 2016.

BOARD OF DIRECTORS

MR CHRISTOPHER CHONG MENG TAK

Non-executive Chairman, Chairman of the Nominating & Corporate Governance Committee and Remuneration Committee and a member of the Audit Committee.
Appointed to the Board on 24 June 2015

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

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

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

MR PETER TAN

Independent Director, Chairman of the Audit Committee and a member of the Nominating & Corporate Governance Committee and the Remuneration Committee.
Appointed to the Board on 24 June 2015

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

Prior to that Mr Tan was the Group CFO or Financial Controller of various SGX-ST listed companies and unlisted corporations including Sinija Land Limited from March 2011 to November 2014, MFS Technology Ltd from March 2001 to February 2010; OCBC Wearnes & Walden Management (Singapore) Pte Ltd from June 2000 to February 2001; Pacific Silica Pty Ltd from March 1998 to May 2000; SEM Communications Pte Ltd from 1996 to 1998 and Chuan Hup Group of companies (based in Australia and overseas) from 1984 to 1995.

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

MR TAN THIAM HEE

Chief Executive Officer and Executive Director
Appointed to the Board as Independent Director on 24 June 2015 and as the Chief Executive Officer and Executive Director on 15 December 2015

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

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

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

KEY MANAGEMENT

MR TEO CHENG KWEE

Non-executive Director and a member of the Remuneration Committee.
Appointed to the Board on 21 July 2015

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

Mr Teo brings with him more than 30 years of vast experience in the building and construction industry and his prominent projects include the Supreme Court Building, the Merlion at Sentosa, Nanyang Technological University, besides several condominium and housing development projects. Mr Teo has more than 40 years of experience in management and cross-border investment and has led the IPOs of multiple Hong Kong and Singapore listed companies.

Mr Teo is a committed investor in Myanmar with multiple on-going projects. Mr Teo entered Myanmar in the early 1990s and was the contractor for Traders Hotel (now known as Sule Shangri-La, Yangon). Mr Teo founded and led the Golden City Project, Yangon's first mixed development and also the tallest and one of the best-selling development project in Myanmar. Mr Teo's vast experience and acute business acumen has contributed to the Company.

MR PATRICK WONG PAK HIM

Independent Director and a member of the Audit Committee and Nominating & Corporate Governance Committee.
Appointed to the Board on 21 July 2015

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

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

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

MR OU HAIJIE

Chief Operating Officer
Appointed on 21 July 2015

Mr Ou is responsible for overseeing the operations of the Group and will be advising the Board of Directors on our existing businesses as well as potential new investment. He has more than 20 years' experience in the China property industry and is familiar with the operation, internal controls, marketing and sale. He is also kept abreast of up and coming trends of the China property market.

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

MR JOSEPH LIM

Chief Financial Officer
Appointed on 1 October 2015

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

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

MR YANG CHA

Chief Development Officer
Appointed on 8 December 2015

Mr Yang is responsible for overseeing the development projects of the Group and is advising the Chief Executive Officer of the Company on its existing businesses as well as potential new development and investment.

Mr Yang has 20 years' of real estate experience in construction, design, cost control, merger and acquisition in real estate sector and assets managements. His projects span the residential, commercial, hotel and office sectors with total developed area in excess of a million square meters. All these projects achieved excellent economic results.

OPERATION AND FINANCIAL REVIEW

The Group, for the financial year ended 31 December 2015 ("FY2015"), reported a clear turnaround in business operations to record a net profit of RMB7 million.

Since the appointment of the Current Board in June 2015, the Current Board has reviewed and evaluated the adequacy and effectiveness of the Company's system of internal controls and work procedures and processes. Internal controls have been put in place to safeguard the shareholders' investment and the Company's assets, and to ensure that the Company's financial statements give a true and fair view of the Company's operations and finances. The Current Board has implemented an enterprise risk management ("ERM") initiative as well as sustainability practices for the Group. The Current Board has been actively looking at issues including those raised by the special auditor and has appointed various professionals, including Drew & Napier LLC, Angela Wang & Co and Shanghai Yuan Tai Law Offices to look into the various matters, including but not limited to taking legal actions or reporting the incident(s) to the relevant authorities. The Current Board has also been periodically updating the shareholders via SGXNET announcements on the numerous actions that the Company has taken or is currently taking.

FINANCIAL RESULTS

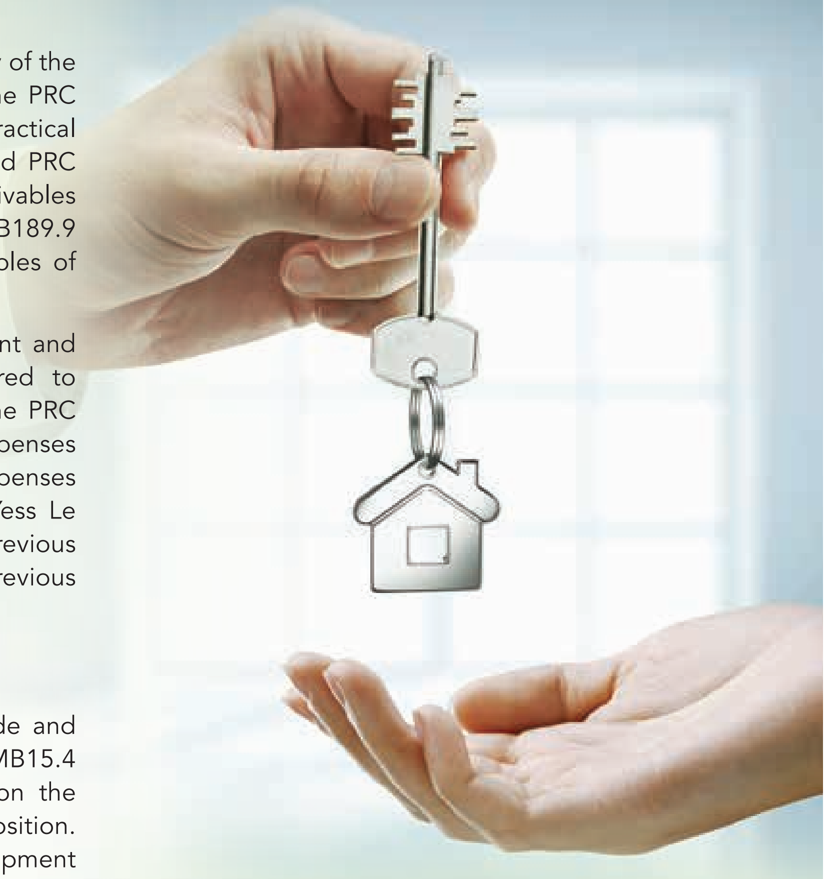
Revenue for FY2015 was contributed by Daya Bay, which was acquired on 4 November 2015, arising from the sale of property units in the Daya Bay project of RMB25.5 million and rental of holiday apartments of RMB0.8 million whilst revenue for FY2014 was contributed by the Trechance Group arising mainly from the sale of property units in the "Xiao Cheng Gu Shi" project. Gross profit of approximately RMB0.9 million (FY2014: RMB60.0 million) was recorded for FY2015, after deducting direct costs of approximately RMB25.4 million (FY2014: RMB110.7 million) for the same year. Direct cost of RMB25.4 million (FY2014: RMB110.7 million) for FY2015 was derived mainly from the cost of property units in the respective projects sold.

Other income increased from RMB90,000 in FY2014 to RMB21.9 million in FY2015 mainly due to the recognition of negative goodwill of RMB21.2 million arising from the acquisition of a 60% equity interest in Daya Bay. Other income in FY2015 also included a gain on disposal of a motor vehicle of RMB141,000.

Distribution costs of RMB2.5 million in FY2015 arose from the sale of property units in the Daya Bay project.

Administration expenses decreased from RMB25.2 million in FY2014 to RMB11.4 million in FY2015, mainly due to the deconsolidation of the PRC entities following the loss of control of the said PRC entities in 4Q2014, partially offset by the inclusion of administrative expenses incurred by Daya Bay.

Other non-operating expenses of RMB2.3 million was incurred in FY2015 mainly due to partial impairment provision made on the consideration receivable from New Inspiration (which arose from the disposal of subsidiaries in FY2013). Other non-operating expenses of RMB284.7 million was recorded in FY2014 as the Company made full impairment provisions on (i) property, plant and equipment (RMB72.8 million) and (ii) carrying amounts of the net current assets (RMB15.6 million), based on the management accounts of the PRC entities



as at 30 September 2014 due to the unavailability of the accounting records and the loss of control of the PRC entities as the Company no longer has the practical ability to direct the relevant activities of the said PRC entities. Impairment losses on consideration receivables from the vendor of the Trechance Group of RMB189.9 million and impairment losses on other receivables of RMB6.3 million were also recognised in FY2014.

Finance costs and depreciation of property, plant and equipment also decreased in FY2015 compared to FY2014 mainly due to the deconsolidation of the PRC entities, partially offset by the inclusion of expenses incurred by Daya Bay. The one-off acquisition expenses in FY2015 was incurred for the acquisition of Yess Le Green Pte. Ltd. (incurred but not accrued in previous year), West Themes (incurred but not accrued in previous year) and Daya Bay.

FINANCIAL POSITION

Property, plant and equipment ("PPE") and trade and other receivables rose to RMB6.3 million and RMB15.4 million respectively as at 31 December 2015 on the maiden consolidation of Daya Bay's financial position. The group recorded investment and development properties of RMB265.5 million and RMB169.1 million respectively on consolidation of Daya Bay's financial position. The investment and development properties are now recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer.

Trade and other payables, current tax payable, deferred tax liabilities and financial liabilities increased mainly on the maiden consolidation of Daya Bay's financial position. Provision for reinstatement costs of RMB135,000 (classified as non-current liability) was made in FY2015. In July 2015, the Company secured investment amounts in total of about S$2.0 million (equivalent to RMB9.6 million).

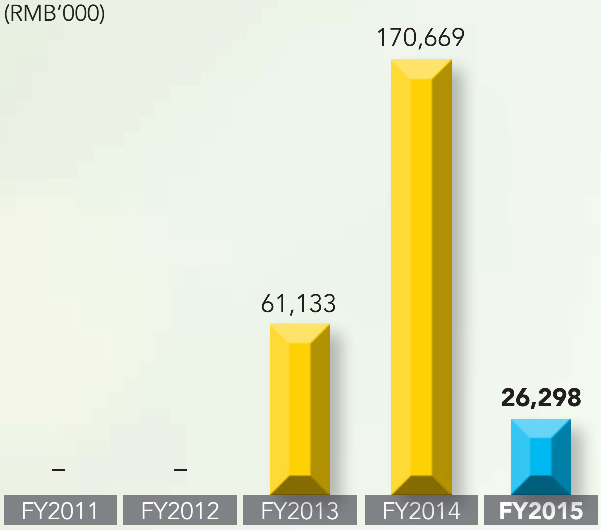
As at 31 December 2015, current liabilities exceeded current assets by RMB59.0 million, mainly due to deposits received amounting to RMB80.0 million which would be reversed upon handover of the property units in the Daya Bay project to the buyers and S$2.0 million (equivalent to RMB9.6 million) of investment amounts which would be converted into equity once trading of the Company's share resumes, subject to the requisite approval-in-principle for the issuance of new shares.

CASH FLOW

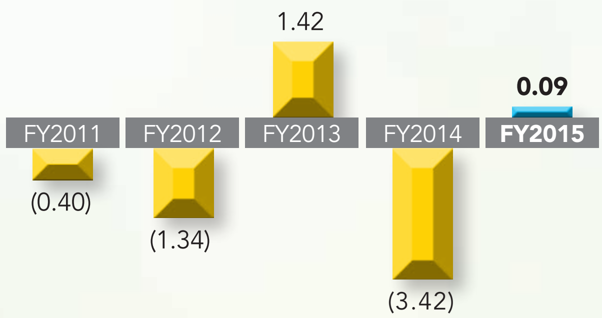
Net cash used in operating activities was approximately RMB29.8 million for FY2015 (largely as a result of the operating loss and working capital changes) whilst net cash used in operating activities was approximately RMB38.4 million for FY2014 (largely as a result of the net loss before taxation and working capital changes). There was a net cash inflow from investing activities of RMB16.9 million for FY2015 arising mainly from the acquisition of Daya Bay, which was partially offset by purchase of furniture and office equipment and capitalization of office renovation. Net cash generated from financing activities was RMB30.3 million for FY2015 arising from investment amounts in total of about S$2.0 million (equivalent to RMB9.6 million) and proceeds from financial liabilities of about RMB20.7 million, whilst net cash generated from financing activities was RMB5.3 million for FY2014 from the proceeds from an issue of ordinary shares, which was partially offset by the repayment of a financial liability.

FINANCIAL SUMMARY

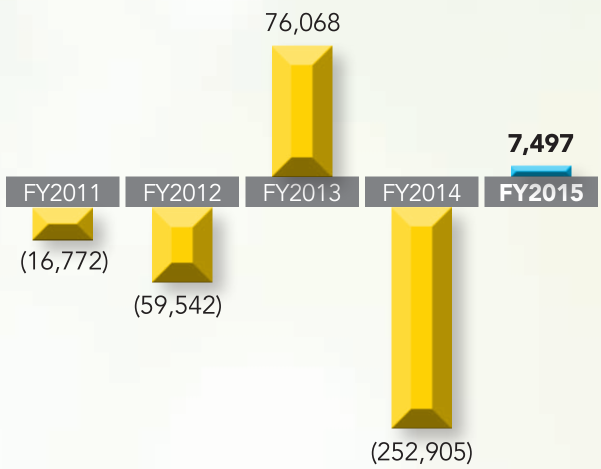
REVENUE
(RMB'000)



BASIC EARNINGS/(LOSS) PER SHARE (RMB FEN)



PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS (RMB'000)



NET TANGIBLE ASSETS PER SHARE (RMB FEN)

FINANCIAL YEAR REVIEW

Decrease in Revenue and Gross Profit
1. Not comparable
2. FY2015 contributed by Daya Bay project
3. FY2014 contributed by Trechance Group's "Xiao Cheng Gu Shi" project whose contributions were fully impaired in 4Q2014 due to loss of control

Increase in Other Income
Mainly due to recognition of negative goodwill of RMB21.2 million from acquisition of Daya Bay.

Increase in Distribution Costs
Arose from the sale of the 48 units at Daya Bay project

Decrease in Administrative Expenses
Mainly due to the loss of control of the PRC entities partially offset by contributions from Daya Bay

Decrease in Non-Operating Expenses
Mainly due to impairment provisions/write-off for Trechance Group in FY2014

Decrease in Finance Costs
Mainly due to the loss of control of the PRC entities

Net cash used in operating activities of RMB29.8 million for FY2015 due to operating loss and working capital changes

Net cash inflow from investing activities of RMB16.9 million for FY2015 arising mainly from the acquisition of Daya Bay, which was partially offset by purchase of furniture and office equipment and capitalization of office renovation.

Net cash generated from financing activities was RMB30.3 million for FY2015 arising from investment amounts in total of about S$2.0 million (equivalent to RMB9.6 million) and proceeds from financial liabilities of about RMB20.7 million

Financial Performance (RMB'000)

	Group	
	FY2015	FY2014
Revenue	**26,298**	170,669
Cost of sales	**(25,368)**	(110,690)
Gross profit	**930**	59,979
Other income	**21,872**	90
Distribution costs	**(2,478)**	–
Administrative expenses	**(11,441)**	(25,176)
Other non-operating expenses	**(2,261)**	(284,742)
Finance costs	**–**	(3,056)
Profit/(Loss) before taxation	**6,622**	(252,905)
Taxation	**373**	–
Profit/(Loss) for the year	**6,995**	(252,905)

Cashflow (RMB'000)	Group	
	FY2015	FY2014
Net Cash used in Operating Activities	**(29,768)**	(38,404)
Net Cash generated from/(used in) Investing Activities	**16,862**	(299)
Net Cash generated from Financing Activities	**30,280**	5,272
Net increase/(decrease) in Cash and Cash Equivalents	**17,374**	(33,431)
Cash and Cash equivalents at 1 January	**987**	34,421
Effect of exchange rate fluctuation on cash held	**(5)**	(3)
Cash and Cash Equivalents at 31 December	**18,356**	987

FINANCIAL YEAR REVIEW

Financial Position (RMB'000)

	Group	
	FY 2015	FY 2014
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	**6,305**	170
Investment properties	**265,500**	–
Total Non-Current Assets	**271,805**	170
Current Assets		
Development properties	**169,085**	–
Trade and Other Receivables	**15,443**	7,328
Cash and Cash Equivalents	**18,356**	987
	202,884	8,315
Total Assets	**474,689**	8,485
EQUITY AND LIABILITIES		
Capital and Reserves:		
Share Capital	**471,355**	471,355
Capital Reduction Reserve	**79,151**	79,151
Capital Reserve	**10,454**	–
Warrant Reserve	**14,167**	14,167
Foreign Currency Translation Reserve	**26,752**	26,757
Accumulated Losses	**(580,788)**	(588,285)
Equity attributable to equity holders of the Company	**21,091**	3,145
Non-Controlling Interests	**44,467**	–
Total Equity	**65,558**	3,145
LIABILITIES		
Non-Current Liabilities		
Provision for site restoration	**135**	–
Deferred tax liabilities	**45,130**	–
Financial liabilities	**101,980**	–
Total Non-Current Liabilities	**147,245**	–
Current Liabilities		
Trade and Other Payables	**170,916**	5,340
Deposits from customers on purchase of development properties	**80,030**	–
Current tax payable	**10,940**	–
Total Current Liabilities	**261,886**	5,340
Total Liabilities	**409,131**	5,340
Total Equity and Liabilities	**474,689**	8,485

Mainly due to maiden consolidation of Daya Bay's financial position.

CORPORATE MILESTONES

- 31 MAR '16 — Resumption of Trading
- 15 FEB '16 — Release of FY2015 results
- 24 NOV '15 — Release of Special Audit
- 4 NOV '15 — Acquisition of Daya Bay project
- 1 OCT '15 — Appointment of CFO
- 21 JUL '15 — Appointment of COO & two Board members
- 3 JUL '15 — Proposed placement and investment
- 24 JUN '15 — Appointment of new Board members
- 11 JUN '15 — Removal of old Board
- 14 APR '15 — Trading suspension

STRATEGIC BUSINESS DIRECTION

CORPORATE TURNAROUND STRATEGY

FOCUS ON FIVE KEY AREAS:

1. Investments in emerging cities
    - Development properties
    - Investment properties
    - Other related businesses
2. Combination of long term recurring income and short term development profit
3. Continual generation of cash flows to support healthy business operations
4. Maintaining a lean operating structure for cost management
5. Eventual turnaround of business will support management's objective of rewarding shareholders with dividends

SUSTAINABILITY PERFORMANCE STATEMENT

At CSH we are focused on not just maximising returns, but also to develop a long-term, sustainable business that delivers economic, social and environmental values for all our stakeholders. In 2015, we implemented an enterprise risk management initiative which seeks to identify and assess the risks and impact of our business operations, including on the environment and society, and measures were put into place to mitigate and monitor such risks.

As part of our commitment to maintain an on-going engagement with our stakeholders, we have produced a sustainability performance statement that states our efforts taken to address the economic, social and environmental aspects relating to our business activities. The statement covers the fiscal period from 1 January 2015 to 31 December 2015, and adopts the economic, social and environmental categories of the Global Reporting Initiative's ("GRI") Sustainability Guidelines. Coverage of this report is selected based on GRI's principles and guidance.

ECONOMIC

Economic impact

As part of CSH's aim to enhance shareholder value, we commit ourselves to create direct and indirect positive economic impact to the local communities where we operate our businesses. With our principal business as a property developer, we conduct social and environmental impact analysis prior to each of our property development projects, aiming to contribute positively to local communities.

With our core business segment currently comprising of, inter alia, 1,099 suites of decorated apartments (the "Property") in Huizhou, Guangdong province, PRC, numerous new jobs have been created for the local communities during the construction and operating phases of the Property, such as positions in the area of sales, engineering, construction and hotel management. We have also hired 2 senior executives from the PRC in 2015, as we believe that diversity in our senior management team would provide valuable localised knowledge and expertise.

Other economic benefits that we bring to the local communities include enhanced quality of life through quality housing and improved surroundings from our Property, boosting of the local housing and tourism market, increased choices of quality homes, enhancing the attractiveness of the Property's location to visitors and expatriates, increased tax revenues as well as the creation of new business opportunities. This also supports Guangdong Province's economic development objectives to develop Huizhou City into an ecological coastal city, a modern port logistics zone and a world-class petrochemical capital.

The following table summarizes the direct economic value generated and distributed by CSH Group for 2015. It describes the economic benefits we have created for stakeholders.

	2015 (RMB'000)
Direct economic value generated:	
Revenue	26,298
Economic value distributed:	
Operating costs[1]	32,811
Employee wages and benefits	1,096
Payments to providers of capital[2]	–
Payments to governments[3]	
– Singapore	342
– China	4,508
Community investments[4]	5

[1] Operating costs exclude depreciation, impairment charges and finance costs. Employee wages and benefits, community investments and payments to governments, normally form part of operating costs, but have been excluded as they appear on separate lines in the calculations.
[2] Payments to providers of capital include dividends paid to shareholders, where there were none in 2015.
[3] Payments to governments include taxes, property taxes and land use rights payments.
[4] Community investments include donations.

SUSTAINABILITY PERFORMANCE STATEMENT

Procurement practices

CSH is committed to partnering with reputable suppliers who are socially and environmentally responsible. We utilise a stringent supplier qualification and performance review system for our key suppliers and sub-contractors and key considerations include reputation, quality control, safety, experience, financial stability and technical competency. We engage key suppliers and sub-contractors tactically through regular communications and meetings, conducting discussions on supplier operational and control performance.

Clauses of our contracts with key suppliers and sub-contractors also stipulate supplier compliance in key areas, such as material requirements, safety requirements, environmental protection, labour protection, anti-corruption and compliance with local laws and regulations.

We will give consideration to local suppliers and sub-contractors to ensure that our procurement qualification process does not unfairly disadvantage them in seeking to do business with CSH. In 2015, all of our procurement spend for our core business segment in the Huizhou, Guangdong province, PRC was on local suppliers and sub-contractors.

Looking Ahead

Going forward, we aim to implement the following initiatives to achieve greater sustainability targets that we have set for our Company in relation to the economic category:

	Target	Initiative(s)
Short Term (within next 12 months)	To fulfil our commitment to develop a long-term, sustainable business that delivers economic, social and environmental values for all our stakeholders	✓ To improve on the current sustainability framework
	Promote responsible sourcing along the supply chain	✓ Include a set of guidelines over environmental, social and ethical aspects for the selection of key suppliers
Medium to long term (within next 36 months)	Encourage sustainable practices by suppliers	✓ Implement a supplier code of conduct for suppliers' compliance ✓ Conduct audits on suppliers' compliance with the code of conduct

SOCIAL

Fair hiring, compensations and welfare

CSH values talents and believes that a proper job fit maximizes employees' potential and increases job satisfaction. We practice fair hiring without prejudice, regardless of age, gender and ethnicity. We are committed to recruit based on qualifications and experience of the personnel to fit the positions, providing talents the opportunities to achieve their goals.

To attract and retain talents, employees' compensations are competitive and are in line with their qualifications and experiences. We ensure that compensation meets or exceeds the minimum wage requirement in operating jurisdictions where applicable. For instance, for our core operations in Huizhou, Guangdong Province, PRC, the minimum entry wage of our male and female employees exceeds the minimum wage requirement of RMB1,350.

The employee share option scheme, which has been approved by shareholders in 2009, is also available to recognize and reward employees' contribution to CSH.

In addition, CSH contributes to social security schemes in each operating jurisdiction. In Singapore, contribution to employees' Central Provident Funds ("CPF") account is made monthly. CPF allows employees to purchase affordable government developed housing, cover medical expenses, and caters to future retirement savings. For our core operations in Huizhou, Guangdong Province, PRC, we contribute to the Social Insurance Scheme and Housing Provident Fund in accordance with the local statutory rate which allows employees to claim benefits in times of disability, long-term illness, industrial injuries, retrenchment and retirement.

During festivities such as Chinese New Year and Mid-Autumn Festival, we award employees with cash rewards or holiday gifts. We also reward employees through non-monetary ways such as appreciation during monthly employee meetings, periodic staff gatherings and volunteerism programs. Other benefits that our employees are entitled to include maternity leave, paternity leave, medical leave, nursing leave and marriage leave.

Training and development

We empower employees through formal training programs and impart them with necessary requisite skills for personal growth which enables them to excel in their roles.

Through on the job training and mentoring from supervisors and department heads, our employees are able to develop their skill sets and knowledge. Training programs and activities are in place to ensure employees are equipped with the right skills and knowledge to excel. We also organise team building activities to further strengthen the bond between employees and to promote cohesive teamwork.

Employee engagement

We believe that open communication is key to a cohesive and positive working environment for our employees. Open communication between all levels of employees are encouraged. Monthly meetings are held to keep employees updated on the Company's business direction and to address any concerns that employees may have.

Performance appraisals are carried out once a year to allow employees and their respective supervisors to review their performances and to identify potential areas for growth. This also helps to create a positive working environment that can boost employees' morale and job satisfaction.

Anti-child labour

At CSH, we are fully against exploitation of children for labour. We comply with the minimum employment age in our existing operating jurisdictions and we ensure that all our employees meet the minimum age requirement.

Safety and wellbeing of stakeholders

Our stakeholders, including employees, customers, sub-contractors and local community, are vital contributors to the continued growth of our Company. As such, we are committed to the safety and wellbeing of our stakeholders while we operate our businesses in a responsible manner.

✓ Employees: Besides medical benefits, our employees are entitled to one free health check-up per year. We have developed workplace safety guidelines to promote a safe working environment for our employees.

  We also make our employees aware of their rights, including:

  - Being treated with dignity, respect and in a culturally appropriate manner.
  - Being employed in an operationally safe environment.
  - Not being discriminated against, harassed or be placed in a position of abuse or violence.
  - Fair remuneration for the job done or responsibility assumed.
  - The right to communicate with management in matters where they feel their rights have been breached and report to the Audit Committee, in private, where the Company's whistle blowing policy applies.

✓ Customers: We are committed to ensure product safety for our customers. For our property development business, we ensure that the safety of our buildings fulfill regulatory and industry requirements. As certain parts of our property development business are sub-contracted to suppliers and sub-contractors, we utilize a stringent qualification and performance review system to ensure that quality and safety requirements are fulfilled by them.

✓ Sub-contractors: As stipulated in the contracts with our key sub-contractors, they are required to comply with relevant safety laws and regulations. For our Property, a Construction Safety Evaluation was issued and certified by the Construction Engineering Safety Supervisory Authority from Huizhou Daya Bay Economic and Technological Development Zone upon completion.

✓ Local communities: We organize volunteering activities to promote employee volunteerism. In 2015, our employees in the PRC visited the Huiyang Qiaobei Orphanage to spend quality time with the children there. We have also made donations of RMB5,135 to the orphanage.

SUSTAINABILITY PERFORMANCE STATEMENT

Anti-corruption & fraud

CSH seeks to conduct our business in an ethical manner to ensure honest dealings with all relevant stakeholders and to comply with all applicable laws and regulations and best practices. We adopt several measures to embed the values of anti-corruption, zero tolerance towards fraud, and ethical business, into our corporate culture.

✓ We have developed a code of ethics that we expect to continue to refine with various stakeholders. The underlying principle of the code of ethics is that we expect our management and our staff to act with integrity towards those with whom we have business dealings, to the people in the society where we do business and towards each other. The Code of Ethics outlines how this principle is to be applied. Our systems and processes are based on:

- o Management and staff understanding that they are responsible and accountable for their own actions.
- o Dealing honestly towards our investors, customers, subcontractors, suppliers and other stakeholders, and not engaging in misleading or deceptive conduct.
- o Treating all persons with dignity and in a manner that provides equal access and/or opportunity to all and which prevents harassment or discrimination.
- o Respecting and complying with all applicable laws, regulations and local customs relating to behavioral and ethical practices, including consumer protection, trade practices, local social norms and operational health & safety matters.
- o Where possible avoiding conflict of interest and where not possible resolve them in a transparent manner and in favour of the Company.

✓ A code of conduct has also been developed to inform and to guide our employees located in Huizhou, Guangdong Province, PRC in their everyday conduct at the Company. During employee orientation programs, employees are educated with proper business conduct and reminded of zero tolerance towards corruption and fraud.

✓ A whistle blowing policy is in place to help employees who have major concerns over any wrong-doing within CSH relating to unlawful conduct, financial malpractice or dangers to CSH, the public or the environment. All employees, CSH's overseas operations and subsidiaries as well as contractors working for CSH are allowed to report suspected wrongdoings directly to the Audit Committee anonymously without reprisal. If an investigation is warranted, matters raised may be investigated by management, internal audit, a committee set up by the Board of Directors or through the disciplinary process be referred to the police, be referred to the external auditor and/or form the subject of an independent inquiry.

- ✓ Sub-contractors engaged by us are required to commit to anti-corruption and integrity clauses and as stipulated in our contracts with them.
- ✓ To prevent unauthorized leakage of confidential information that could potentially jeopardize CSH's interests and violate our customers' privacy, our employees are required to acknowledge on confidentially related clauses.

Looking ahead

Going forward, we aim to implement the following initiatives to achieve greater sustainability targets that we have set for our Company in relation to the social category:

	Target	Initiative(s)
Short Term (within next 12 months)	Achieve operational excellence	Set out CSH's vision & mission and communicate to all employees ✓ To develop occupational health and safety management policies ✓ Formalize performance measurement (e.g. balance scorecards) ✓ Periodic monitoring of performances ✓ Conduct control self-assessment
	No employment of child labour by suppliers and subcontractors	✓ To include the prohibition against child labour employment in agreements with key suppliers and sub-contractors
	High performance and competent workforce	✓ Monitor training hours attended by each employee ✓ Formalize and conduct employee engagement surveys
	Satisfactory services delivered to customers	✓ Formalize customer service guidelines to ensure prompt handling of feedbacks/ complaints
Medium to long term (within next 36 months)	Participate in Employers' Pledge of Fair Employment Practices with the Tripartite Alliance for Fair Employment Practices ("TAFEP")	✓ Sign The Employers' Pledge of Fair Employment Practices

ENVIRONMENTAL

Managing construction noise

To protect neighbouring residences during the construction phase of our Property, we emphasised that our builders have to abide by the construction noise limits and took all necessary actions to resolve related complaints. Construction works were restricted to specific timings to limit the disturbances to surrounding residences.

Biodiversity protection

We are dedicated to preserving the biodiversity at our Property and its surroundings, whenever possible. We ensure that consumers, businesses and the ecology can co-exist without compromising any party by taking into consideration the nature reserve and ecological features within and around our Property's location. Within our Property, we have set aside approximately 30% of the land area as a "green" area, so as to create an ecological environment for our customers.

Waste and resource management

Since waste is generally produced by residents, tenants and the general public, we target to engage our stakeholders through multiple means to reduce and recycle waste. Waste is sealed and removed from the Property on a daily basis so as to prevent contamination of the environment through diffusion and leakage.

SUSTAINABILITY PERFORMANCE STATEMENT

Environmental compliance

CSH is committed to complying fully with all environmental related legal requirements imposed by local regulatory authorities. Prior to the construction of the Property, we conducted an environmental analysis for reporting to the local regulatory authorities. Key aspects of the report include potential threats that might occur during and after construction, possible solutions to minimize or mitigate the impact, conserving biodiversity and compliance with environmental regulations.

For the construction of our Property, we require all key suppliers and sub-contractors to strictly adhere to regulations related to environmental protection. For main materials used for renovation works for our Property, we require our renovation subcontractors to utilise environmental friendly materials that comes with quality and environmental compliance certifications.

Our Property has passed the environmental audit by Huizhou Daya Bay Environmental Agency upon completion of construction. Our property has also passed the interior environment pollution test in accordance with the local indoor environmental pollution control regulations.

Looking ahead

Going forward, we aim to implement the following initiatives to achieve greater sustainability targets that we have set for our Company in relation to the environmental category:

	Target	Initiative(s)
Short Term (within next 12 months)	Effective environmental practices are carried out throughout the Company	✓ Environmental training and awareness programmes would be planned and conducted for all staff ✓ Develop an environmental management policy
	Encourage an environmental consciousness among stakeholders and the society	✓ Participate in environmental conservation related activities ✓ Contribute to environmental groups supporting eco-outreach and education in terms of monetary and manpower
Medium to long term (within next 36 months)	Reduce greenhouse gas emissions, water consumption and electricity consumption	✓ To identify and evaluate the aspects that our operations have significant impacts on the environment on an annual basis ✓ To develop metrics and controls for significant environmental impacts. To set performance improvement targets and to track and report our performance relative the targets ✓ Invest in innovative solutions and fixtures to reduce energy consumption and greenhouse gas emissions

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

Since the appointment of the Current Board in June 2015, the Current Board has reviewed and evaluated the adequacy and effectiveness of the Company's system of internal controls and work procedures and processes. Internal controls have been put in place to safeguard the shareholders' investment and the Company's assets, and to ensure that the Company's financial statements give a true and fair view of the Company's operations and finances. The Current Board has implemented an enterprise risk management ("**ERM**") initiative as well as sustainability practices for the Group. The Current Board has been actively looking at issues including those raised by the special auditor and has appointed various professionals, including Drew & Napier LLC, Angela Wang & Co and Shanghai Yuan Tai Law Offices to look into the various matters, including but not limited to taking legal actions or reporting the incident(s) to the relevant authorities. The Current Board has also been periodically updating the shareholders via SGXNET announcements on the numerous actions that the Company has taken or is currently taking.

CORPORATE GOVERNANCE REPORT

BOARD MATTERS

Board's Conduct of Its Affairs

Principle 1: Effective Board to lead and control the Company

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

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

a) reviewing and approving the annual budget;

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

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

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

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

f) overseeing risk management strategies;

g) reviewing and approving quarterly and annual results announcements;

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

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

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

k) providing entrepreneurial leadership and setting strategic directions;

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

The attendance of the Directors at meetings of the Board and Board Committees in the financial year ended 31 December 2015 ("**FY2015**") is tabulated on the below:

Directors' Attendance at Board, Board Committee Meetings and other Additional Meetings held during the financial year ended 31 December 2015

	Board of Directors	Audit Committee	Nominating & Corporate Governance Committee	Remuneration Committee
Number of Meetings per Charter	4	4	2	2
Number of Meetings Held	13	4	2	2

Name of Directors	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
In Nany Sing Charlie (Dr)[1]	4[A]	N/A	N/A	N/A
Huang Chuan[2]	4[B]	N/A	N/A	N/A
Teo Moh Gin[3]	2[C]	N/A	N/A	N/A
Yang Luoqing[4]	1[D]	N/A	N/A	N/A
Christopher Chong Meng Tak[5]	9[E]	4	2	2
Tan Thiam Hee[6]	9	4	2	2
Peter Tan[7]	8	4	2	2
Wong Pak Him Patrick[8]	7[F]	3[F] (attended as invitee)	2[F] (attended as invitee)	2[F] (attended as invitee)
Teo Cheng Kwee[9]	6[G]	2 (attended as invitee)	1 (attended as invitee)	1 (attended as invitee)

CORPORATE GOVERNANCE REPORT

N/A – not applicable

[A] Attended 4 Board of Directors' Meeting via teleconference.
[B] Attended 4 Board of Directors' Meeting via teleconference.
[C] Attended 2 Board of Directors' Meeting via teleconference.
[D] Attended 1 Board of Directors' Meeting via teleconference.
[E] Attended 1 Board of Directors' Meeting via teleconference.
[F] Attended 5 Board of Directors' Meeting, 2 AC Meeting, 1 NCGC Meeting and 1 RC Meeting via teleconference.
[G] Attended 2 Board of Directors' Meeting via teleconference.

Notes:

1. Appointed as a Non-Executive Director on 30 April 2010. Re-designated as an Executive Director on 1 April 2011 and thereafter as Executive Chairman on 1 January 2013. Re-designated as Non-Executive Chairman on 31 October 2014. Resigned as Non-Executive Chairman, stepped down as a Member of AC, NCGC and RC on 29 June 2015. Announcement in relation to the cessation of appointment as Director was release via SGXNET on 29 June 2015.

2. Appointed as an Independent Director and a Member of AC, NCGC and RC on 1 October 2012. Re-designated as Chairman of NCGC on 31 October 2014. Resigned as Director of the Company, stepped down as Chairman of NCGC and a Member of AC & RC on 29 June 2015. Announcement in relation to the cessation of appointment as Director was release via SGXNET on 29 June 2015.

3. Appointed as Lead Independent Director, the Chairman of AC and RC and a Member of NCGC on 15 October 2014. Resigned as Director of the Company, stepped down as Chairman of AC and RC and a Member of NCGC on 19 June 2015. Announcement in relation to the cessation of appointment as Director was released via SGXNET on 23 June 2015.

4. Appointed as an Executive Director on 4 December 2014. Resigned as Director of the Company on 19 June 2015. Announcement in relation to the cessation of appointment as Director was released via SGXNET on 23 June 2015.

5. Appointed as Acting Chairman on 24 June 2015 and re-designated as Non-Executive Chairman and as a Member of AC, NCGC and RC on 29 June 2015. Re-designated as an Independent Director of the Company and as Chairman of NCGC and RC on 16 December 2015. Announcements in relation to the appointment as Non-Executive Chairman and to the Board Committees were released via SGXNET on 24 June 2015, 29 June 2015 and 16 December 2015.

6. Appointed as an Independent Director on 24 June 2015 and as Chairman of AC and a Member of NCGC and RC on 29 June 2015. Re-designated as an Executive Director of the Company on 15 December 2015 and stepped down as Chairman of AC and a Member of NCGC and RC on 16 December 2015. Announcements in relation to the appointment as an Independent Director and to the Board Committees and subsequently as an Executive Director were released via SGXNET on 24 June 2015, 29 June 2015 and 16 December 2015.

7. Appointed as an Independent Director on 24 June 2015 and as Chairman of NCGC and RC and a Member of AC on 29 June 2015. Re-designated as Chairman of AC and a Member of NCGC and RC on 16 December 2015. Announcements in relation to the appointment as Independent Director and to the Board Committees were released via SGXNET on 24 June 2015, 29 June 2015 and 16 December 2015.

8. Appointed as an Independent Director on 21 July 2015. Re-designated as a Member of AC and NCGC on 16 December 2015. Announcements in relation to the appointment as Independent Director and to the Board Committees were released via SGXNET on 21 July 2015 and 16 December 2015.

9. Appointed as Non-Executive Director on 21 July 2015. Re-designated as a Member of RC on 16 December 2015. Announcements in relation to the appointment as Non-Executive Director and to the Board Committees were released via SGXNET on 21 July 2015 and 16 December 2015.

The Board's approval is required for all major matters such as corporate restructuring, mergers and acquisitions, investments, acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly and annual results, interested person transactions of a material nature, and declaration of interim dividends and proposal of final dividends. All other matters are delegated to committees whose actions are reported to and monitored by the Board.

CORPORATE GOVERNANCE REPORT

The Current Board noted that formal documents have been adopted to set out the following:

(a) the approval matrix;

(b) delegation of limits of authority;

(c) the matters reserved for the Board's decision; and

(d) clear directions to Management on matters that must be approved by the Board

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

The Company also has in place orientation programs for newly-appointed Directors to ensure that they are familiar with the Group's structure, the Group's business, and its operations. New Directors will be expected to undergo orientation with the Company which includes meeting with the Chairman and/or the Executive Director for an introduction to the business of the Group. Newly appointed Directors are encouraged to attend formal courses to familiarise themselves with the regulatory environment in Singapore and the roles and responsibilities as a director of a listed company. Mr Wong Pak Him Patrick, a Director with no prior experience as a director of listed companies in Singapore and who was appointed on 21 July 2015, has attended a formal course on compliance, regulatory and corporate governance matters conducted by the Singapore Institute of Directors. The external auditors also briefed the AC members on the developments in accounting standards (where applicable) during AC meetings whilst the Company Secretary periodically updates the Board on any changes in the regulatory environment in Singapore as well as those pertaining to the roles and responsibilities of a director of a listed company. Whilst the Current Board members were not provided with formal letters of appointment (setting out the directors' duties and obligations) at their appointment, the Current Board has determined, following the conclusion of the Group's internal control review, that future directors will be provided with such formal letters of appointment.

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

Board Composition & Balance

Principle 2: Strong and independent element on the Board

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

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

CORPORATE GOVERNANCE REPORT

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

Pursuant to its review for FY2015, the NCGC is of the view that the Current Board size of five Directors is appropriate, taking into account the scope and nature of the Company's current operations. The NCGC believes that the Current Board comprises persons who as a group provide core competencies necessary to meet the Company's objectives. Notwithstanding that the expertise of a majority of the Directors is accounting-related, the NCGC further believes that the Current Board comprise Directors who as a group (taking into consideration their current fields) provides an appropriate balance of skills, experience and knowledge of the industry.

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

Key information on each Director is set on pages 6 to 7 of the Annual Report.

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

Access to Information & Accountability

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

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

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

In order to ensure that the Current Board is able to contribute in a meaningful manner during board meetings, the management provides the members of the Board with management accounts at each quarterly board meeting, as well as relevant background information and documents relating to the items of business to be discussed at a board meeting, such as copies of disclosure documents, budgets, forecasts and monthly internal financial statements, before the scheduled meeting. Key information relating to the Group's operations and finances are also circulated to the Current Board via email so that the Directors may monitor with ease the Group's performance as well as the management's fulfilment of goals and objectives set by the Current Board.

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

The Group's financial results for the first three financial quarters were released to shareholders on 15 December 2015. The first three quarterly financial statements for FY2015 were only released on 15 December 2015 as the audited financial statements for the year ended 31 December 2014 was only adopted and approved by shareholders at the Annual General Meeting of the Company on the same day. The quarterly financial statements were signed by two Directors, thereby confirming that, to the best of the Board's knowledge, nothing had come to the attention of the Board which may render the unaudited interim financial results contained in that announcement to be false or misleading in any material aspect.

The Company announced various significant corporate developments since the appointment of the Current Board on 24 June 2015 and 21 July 2015 including on the acquisition of a 60% stake in Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited, updates on the business of Trechance Holdings Limited and the proposed settlement of amounts due from the disposal of Yess Le Green Pte Ltd and West Themes Pte Ltd.

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

CORPORATE GOVERNANCE REPORT

Non-Executive Chairman, Executive Director and CEO

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

As at the date of this Report, the Company has a Non-Executive & Independent Chairman, two Independent Directors, a Non-Executive Director and an Executive Director/CEO. In addition, the Company also has a COO, CFO and CDO each with specific areas of responsibility within the Company. There is a clear division of responsibilities between the Non-Executive Chairman, the other Independent Directors, and the management of the Company, who are also not related to each other.

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

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

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

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

d) ensuring effective communication with shareholders;

e) encouraging constructive relations between the Board and management;

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

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

h) promoting high standards of corporate governance.

The CEO is engaged in the overall management of the Group. The CEO's responsibilities pertaining to the Current Board include the following:

a) schedules meetings that enable the Board to perform its duties responsibly;

b) prepares meeting agenda in consultation with the Non-Executive Chairman;

c) ensures quality, quantity and timeliness of the flow of information between the management and the Board; and

d) assists in ensuring compliance with Company's guidelines on corporate governance.

The CEO manages the business of the Company, implements the Current Board's decision and monitors the translation of the Current Board's decisions into executive action. He reviews and approves the agendas for the board meetings. He exercises control over the quality, quantity and timeliness of information flow between the Current Board and management.

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

CORPORATE GOVERNANCE REPORT

The CFO is engaged to oversee the finance, accounting and treasury functions of the Group's businesses. In addition to overseeing the finance responsibilities in the Group, the CFO also assist the CEO in the day-to-day management of the Group.

The CDO is engaged to oversee the development projects of the Group and advises the CEO on the businesses of the Group as well as potential new developments and investments given his experience and results in the real estate sector and assets management.

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

NOMINATING & CORPORATE GOVERNANCE COMMITTEE

Nominations

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

The NCGC comprises the following members:

Christopher Chong Meng Tak (Chairman)	Non-Executive Chairman
Peter Tan	Independent Director
Wong Pak Him Patrick	Independent Director

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

Name of Directors	Appointment	Date of Initial Appointment	Date of last re-election/ re-appointment
Christopher Chong Meng Tak[1]	Non-Executive Chairman	24 June 2015	15 December 2015
Tan Thiam Hee[2]	Executive Director	24 June 2015	15 December 2015
Peter Tan	Independent Director	24 June 2015	15 December 2015
Wong Pak Him Patrick	Independent Director	21 July 2015	15 December 2015
Teo Cheng Kwee	Non-Executive Director	21 July 2015	15 December 2015

Notes:

1 On 16 December 2015, Mr Christopher Chong Meng Tak, Non-Executive Chairman of the Company, was re-designated as an Independent Director.

2 On 16 December 2015, Mr Tan Thiam Hee was re-designated as an Executive Director and CEO of the Company.

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

CORPORATE GOVERNANCE REPORT

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

Name of Directors	Directorship in Listed Company		Shareholding in the Company and related corporations	
	Present	Past Preceding 5 years	Direct	Indirect
Christopher Chong Meng Tak	Ying Li International Real Estate Limited GLG Corp Ltd. ASL Marine Holdings Ltd. Singapore O&G Ltd. Forise International Limited	Lorenzo International Ltd. Koda Ltd. Imagi International Holdings Ltd. Xpress Holdings Ltd. Sky China Petroleum Services Ltd. Koon Holdings Limited	277,777,777 ordinary shares and 277,777,777 warrants of the Company	N.A.
Tan Thiam Hee	GPS Alliance Holdings Limited	Koon Holdings Limited JES International Holdings Limited Passion Holdings Limited	N.A.	N.A.
Peter Tan	Nil	Nil	N.A.	N.A.
Wong Pak Him Patrick	Nil	Far City Mining Limited	450,000,000 ordinary shares	N.A.
Teo Cheng Kwee	Sapphire Corporation Limited	China Vanadium Titano-Magnetite Mining Company Limited	500,000,000 ordinary shares	N.A.

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

Based on the above, Mr Christopher Chong Meng Tak and Mr Tan Thiam Hee are required to retire pursuant to Article 87 of the Company's Constitution at the forthcoming Annual General Meeting.

It be noted that Mr Christopher Chong Meng Tak and Mr Tan Thiam Hee have given their consent to stand for re-election as Directors of the Company at the forthcoming Annual General Meeting. The NCGC and the Current Board has recommended Mr Christopher Chong Meng Tak and Mr Tan Thiam Hee who shall be retiring pursuant to Article 87 of the Company's Constitution at the forthcoming AGM, to be re-elected.

Consistent with the spirit of the Constitution, the NCGC has also determined that commencing from January 2004, members of Board Committees shall assume the chairmanship by rotation, and the term of office as Chairman shall not exceed five consecutive years. The Board Committees shall be re-constituted at a later date when required. The Board Committees were last re-constituted at 16 December 2015 following the re-designation of Mr Christopher Chong Meng Tak as Independent Director and Mr Tan Thiam Hee as an Executive Director/CEO.

Corporate Governance

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

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

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

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

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

d) performing other functions assigned by law, the Company's Constitution, or by the Board from time to time.

CORPORATE GOVERNANCE REPORT

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

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

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

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

REMUNERATION COMMITTEE

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

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

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

The RC comprises the following members:

Christopher Chong Meng Tak (Chairman)	Non-Executive Chairman
Peter Tan	Independent Director
Teo Cheng Kwee	Non-Executive Director

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

CORPORATE GOVERNANCE **REPORT**

Its responsibilities include the following:

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

Directors' fees of S$230,000 for the financial year ending 31 December 2017, which are to be paid quarterly in arrears, will be recommended to the shareholders for approval at the forthcoming AGM. The actual Directors' fees paid out will be disclosed in the Company's Annual Report for the relevant financial year.

It was noted that Directors' fees of S$300,000 for the financial year ended 31 December 2016 has been approved by the shareholders during the last AGM held on 15 December 2015. It was also noted that Directors' fees of S$217,034 for the financial year ended 31 December 2015 have been paid out.

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

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

The NC and the RC review the terms of the service contract for the Executive Director and they are of the view that the Executive Director has a service contract which includes fair and reasonable terms for termination under appropriate notice and that the service contract is in line with market practices and is not overly generous.

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

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

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

Details of the Directors and key management executives' remuneration for FY2015 are set out on the next page. Disclosure of the Directors' remuneration is also made in Note 17 of the financial statements.

CORPORATE GOVERNANCE REPORT

Directors' Remuneration

	Fees %	Salary and Bonus %	Other Benefits* %	Total %
Directors				
Between S$100,000 – S$199,999				
Tan Thiam Hee(1)	39.14	60.16	0.70	100
Between S$0 – S$99,999				
Christopher Chong Meng Tak(2)	100	–	–	100
Peter Tan(3)	100	–	–	100
Teo Cheng Kwee(4)	100	–	–	100
Wong Pak Him Patrick(5)	100	–	–	100

Notes:

* Other Benefits include granting of share options under the CSH Employee Share Option Scheme, benefits in kind and employer's contribution to Central Provident Fund.

1. Directors' fees paid for FY2015 were S$47,671.

2. Directors' fees paid for FY2015 were S$70,548.

3. Directors' fees paid for FY2015 were S$52,329.

4. Directors' fees paid for FY2015 were S$22,854.

5. Directors' fees paid for FY2015 were S$23,630.

CORPORATE GOVERNANCE **REPORT**

Key Management Executives' Remuneration

	Fees %	Salary and Bonus %	Other Benefits* %	Total %
Key Management Executives				
Between S$0 – S$99,999				
Chen Siew Loon (CFO) (Appointed on 6 February 2015 and resigned on 14 April 2015)	–	91.56	8.44	100
Ou Haijie (COO) (Appointed on 21 July 2015)	–	100	–	100
Joseph Lim (CFO) (Appointed on 1 October 2015)	–	96.23	3.77	100
Yang Cha (CDO) (Appointed on 8 December 2015)	–	100	–	100

Notes:

* Other benefits include granting of share options under the CSH Employee Share Option Scheme, benefits in kind and employer's contribution to the Central Provident Fund.

1. The Company only has 5 key management personnel (including the CEO) in FY2015.

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

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

As the Current Board has highlighted, due to the previous Directors effectively being removed as a result of shareholders' action, there was no proper handover between the former Board and the Current Board who took over on 24 June 2015. Accordingly, the Current Board is unable to opine on the link between remuneration paid to the top executives and key management personnel of the Group, and their performance who was appointed prior to the Current Board's appointment date. With regards to the current management personnel in place, the Current Board confirms that the remuneration paid to the top executives and key management personnel of the Group is based, inter alia, on the prevailing market forces, their qualification and expertise and their contribution to the Group (for e.g. additional hours put in to sort out the issues arising as a result of the improper handover).

For the purpose of rule 704(10) of the Catalist Rules, the Company hereby confirm that it has no persons occupying managerial positions who are related to any Director, Chief Executive Officer or Substantial Shareholders of the Group.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

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

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

Peter Tan (Chairman)	Independent Director
Christopher Chong Meng Tak	Non-Executive Chairman
Wong Pak Him Patrick	Independent Director

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

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

The responsibilities of the AC include the following:

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

l) recommending and approving the appointment or dismissal of the internal auditors function and in relation to this, the AC considers the independence and objectivity of the internal auditors, reviews and recommends to the Board the compensation of the internal auditors;

m) review the adequacy and effectiveness of the internal audit function.

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

Foo Kon Tan LLP is an audit firm registered with the Singapore Accounting & Corporate Regulatory Authority and its appointment as the Company's external auditors was approved by the Company's shareholders at the Extraordinary General Meeting held on 21 August 2009. The AC noted that there were no non-audit services rendered by Foo Kon Tan LLP in the financial year ended 31 December 2015. In accordance with Rule 1204(6) of the Catalist Rules, the audit fees paid to Foo Kon Tan LLP for their audit services in FY2015 are S$180,000 (excluding disbursements and GST).

Foo Kon Tan LLP was also appointed in FY2015 to audit the accounts of the Company, its subsidiaries and its significant associated companies. The Company has therefore acted in compliance with Rule 712 and Rule 715 of the Catalist Rules. For reasons which are disclosed in the announcements made by the Company on 12 October 2015 and 19 November 2015, the Group no longer has the practical ability to direct the relevant activities of Huacheng, Shengxiang, Shunhe and Huamao and on this basis, these PRC subsidiaries ceased to be subsidiaries of the Company. As such, Foo Kon Tan LLP was unable to audit the aforesaid PRC subsidiaries.

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

CORPORATE GOVERNANCE REPORT

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

Internal Controls & Internal Audit

Principle 11: Sound system of internal controls

Principle 13: Setting up independent internal audit function

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

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

The AC and management also review the Group's operational activities on an on-going basis to identify areas of material risks. The AC together with the management and the internal and external auditors will table all control issues and review the appropriate measures being recommended to mitigate areas of weaknesses highlighted to the Current Board during its quarterly meetings.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, current Board Committees and the Current Board, the AC and the Current Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, have been adequate and effective since the Current Board took over.

In arriving at the opinion, the Current Board is of the view that the internal controls of the Group have reasonable assurance about achieving the objectives set out below having evaluated the effectiveness of the Group's internal controls as at the end of the financial year and approved the report and conclusion to the AC.

The Company has engaged Baker Tilly to conduct an internal audit of the Company as well as to implement ERM initiatives within the Group to assist in determining whether the Group's checks and balances and control systems are adequate. In addition, Baker Tilly will also assist on the implementation of sustainability practices throughout the Group to assess and disclose the environmental and social aspects of the Group's performance. Baker Tilly will report directly to the AC and will provide reports to AC on a timely basis.

CORPORATE GOVERNANCE REPORT

At present, the Current Board relies on external audit reports and management letters prepared by the external auditors, Baker Tilly's internal audit findings and ERM report on any material non-compliance or internal control weaknesses. Going forward, the Board would be able to, in addition to the aforesaid, rely on Baker Tilly's sustainability reporting to better determine whether the Group conduct their business responsibly, particularly the environmental and social aspects.

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

Due to several factors, such as the relatively recent constitution of the current Board in June 2015, Mr Ou Haijie's appointment as COO on 21 July 2015, Mr Joseph Lim's appointment as CFO on 1 October 2015, Mr Yang Cha's appointment as CDO on 8 December 2015, Mr Tan Thiam Hee's appointment as CEO on 15 December 2015 and the fact that the previous directors resigned in the light of certain shareholders' action, there was no proper handover of any of the Group's documents to the new Board. The Current Board also noted that the Company had no management personnel at the time the Current Board took over. As such, the Company did not have access to certain files and financial records of the Company's PRC subsidiaries (the "**Affected Subsidiaries**"). The Current Board has however already impaired in part or in full the financial of the Affected Subsidiaries and the audit of the Company for the financial year ended 31 December 2015 comprise the Company, Trechance Holdings Limited, Cedar Properties Pte Ltd, Futura Pte Ltd and Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited (the "**Cedar Current Group**").

The Current Board has received assurance from the CEO and CFO that the financial records of the Cedar Current Group for the the financial year ended 31 December 2015 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

In light of the improper handover, the CEO and CFO are however unable to opine on the effectiveness of the Company's risk management and internal controls system for the period 1 January 2015 to 24 June 2015.

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

The Current Board has also received assurance from the CEO and CFO that the Group's risk management and internal controls system are effective for the period 25 June 2015 to 31 December 2015.

Taking into account of the Company's corporate structure and scope of operations and based on the internal controls established and maintained by the Group, work performed by the external auditors, and reviews performed by management, the AC and the Current Board, the Current Board with the concurrence of the AC is of the opinion that the Group's internal controls, addressing financial, operations, compliance and information technology risks, and risk management system were adequate as at 31 December 2015.

CORPORATE GOVERNANCE REPORT

The Audit Committee has also set in place certain internal controls (for example, setting limits on transactions amounts and having different bank signatories), risk management practices and sustainability practices, taking into consideration the risks which the Group is exposed to, the likelihood of occurrence of such risks, the costs of implementing the corresponding controls and the environmental and social interactions within the communities in which the issuers operate. Furthermore, as mentioned above, the Company is assisted by Foo Kon Tan LLP (in the course of their audit), and has engaged Baker Tilly to conduct internal audits on the Group to introduce ERM initiatives for the Group and advise on the Group's corporate transparency on responsible business practices, particularly the environmental and social aspects.

KEY OPERATIONAL RISKS

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

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

To mitigate such risks, the Company has hired Mr Ou Haijie as COO of the Company, as announced on SGXNET on 21 July 2015 and Mr Yang Cha as CDO of the Company, as announced on SGXNET on 8 December 2015. Mr Ou Haijie has more than 20 years' experience in the property industry of China and is familiar with the operation, internal controls, marketing procedures, and upcoming trends of the Chinese property market while Mr Yang Cha has 20 years' of real estate experience in construction, design, cost control, merger and acquisition in real estate sector and assets managements. In addition, the Company has also re-designated Mr Tan Thiam Hee as CEO of the Company, announced on SGXNET on 16 December 2015. The Current Board is of the view that, taking into consideration Mr Tan's qualifications, working experience and his involvement in the day-to-day management of the Company and Daya Bay, Mr Tan is the appropriate person to take on the role of CEO of the Company.

COMMUNICATION WITH SHAREHOLDERS

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

Principle 15: Regular, effective and fair communication with shareholders

Principle 16: Shareholders participation at AGM

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

- annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual reports include all relevant information about the Group, including future developments and other disclosures required under the Catalist Rules and the relevant accounting standards;

CORPORATE GOVERNANCE REPORT

- quarterly financial statements containing a summary of the financial information and affairs of the Group for the period;
- notices of annual general meetings and extraordinary general meetings ("**Notices**");
- replies to email queries from shareholders;
- disclosures to the SGX-ST and the shareholders by releasing announcements via SGXNET; and
- circulars or letters to shareholders to provide the shareholders with more information on its major transactions.

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

The Current Board has written to the shareholders in a series of open letters (as announced on SGXNET) and invites shareholders to communicate directly with the Company as a means to update shareholders on the current events of the Company, as well as to solicit and understand the views of shareholders. In addition, the Current Board has also kept the shareholders abreast on the developments in relation to the issues raised by the special auditors (as announced on SGXNET).

The Current Board also regards the general meetings as opportunities to communicate directly with the shareholders and encourages greater shareholder participation. As such, the shareholders are encouraged to attend general meetings of the Company to grasp a better understanding of the Group's businesses and be informed of the Group's strategic goals and objectives. Notices of general meetings are dispatched to the shareholders at least 14 days before the meeting if ordinary businesses are to be transacted at the meeting or at least 21 days before the meeting if special businesses are to be transacted at the meeting.

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

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

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

INTERNAL COMPLIANCE CODE ON DEALINGS IN COMPANY'S SECURITIES

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

CORPORATE GOVERNANCE REPORT

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

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

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

INTERESTED PERSON TRANSACTIONS
(Catalist Rule 907)

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

As the members of the Current Board were only appointed on 24 June 2015 and there are no proper handover from the earlier management, they have not been informed of any interested person transactions which occurred from 1 January 2015 to 24 June 2015 save that the Current Board noted from the special audit conducted by Baker Tilly that there were payments made by the Group for and on behalf of In Nany Sing Charlie (Dr). Such amount owing by/owed to In Nany Sing Charlie (Dr) has not been recovered/paid out.[(1)]

Note 1: This relates to payment on behalf of a Director, Dr In Nany Sing Charlie, who resigned on 26 June 2015. During the year, there were repayment of loans of RMB5.4 million made to him. During FY2014, the Group recorded retrenchment benefits, bonus and other salary-related costs amounting to approximately RMB4.4 million paid/payable to its ex-Executive Directors and ex-key management personnel of the Company and its subsidiary in the Group's statement of comprehensive income. We were unable to obtain sufficient evidence to determine that such retrenchment benefits, bonus and other salary-related costs have been appropriately approved and are currently seeking legal advice on some of the transactions. Please see our write up on the same in our Annual Report for the Financial Year ended 31 December 2014.

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

MATERIAL CONTRACTS
(Catalist Rule 1204(8))

There were no material contracts of the Company or its subsidiary involving the interests of the Chief Executive Officer, any director or controlling shareholders subsisting at the end of FY2015 or if not then subsisting, entered into since the end of the previous financial year.

CORPORATE GOVERNANCE REPORT

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

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

NON-SPONSOR FEES
(Catalist Rule 1204(21))

No non-sponsor fees were paid to Stamford Corporate Services Pte Ltd for FY2015.

USE OF PROCEEDS
(Catalist Rule 1204(22))

Pursuant to the terms of the investment agreements dated 3 July 2015, the Company raised the sum of S$2,090,000 (the "**Investment**") which shall be repaid by the issue of an aggregate of 950,000,000 new ordinary shares in the capital of the Company at an issue price of S$0.0022 per share subject to the approval from the shareholders (approved during the Extraordinary General Meeting held on 15 December 2015). The net proceeds of approximately S$1,985,000 (after deducting Introducer fees of approximately S$105,000) as at 11 January 2016 had been fully utilised to repay the Group's existing liabilities and to fund the special audit, the preparation of the Company's audit for the financial year ended 31 December 2014, preparation and issuance of Annual Report and the holding of the Annual General Meeting, and the salaries of the Group's employees, legal and professional fees and ancillary expenses for the Group (details of which are announced via SGXNET on 11 January 2016).

The Company confirms that the use of proceeds arising under the Investment is in accordance with the stated use and is in accordance with the percentage allocated as announced by the Company to shareholders.

EMPLOYEE SHARE OPTION SCHEME
(Catalist Rule 1204(16))

On 21 August 2009, shareholders approved the CSH Employee Share Option Scheme (previously known as CTL Employee Share Option Scheme). Information on the scheme can be found on page 48 to 49 of the Annual Report.

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DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

The directors submit this annual report to the members together with the audited financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2015.

In our opinion,

(a) the accompanying statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows, together with the notes thereon, except as disclosed above, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2015 and the results, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

Names of directors

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

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

Arrangements to acquire shares, debentures, warrants or options

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

Directors' interest in shares, debentures, warrants or options

On 3 July 2015, the Company entered into investment agreements with Teo Cheng Kwee ("TCK") and Wong Pak Him Patrick ("WPHP"), pursuant to which TCK and WPHP agreed and invested S$1.1 million and S$0.99 million respectively in the Company (the "Investment Amount"). It is intended that the Company shall repay the Investment Amount by issuing and allotting an aggregate of 950,000,000 new ordinary shares ("Investment Share"). The shareholders approved the proposed allotment and issue of an aggregate of 950 million new ordinary shares in the capital of the Company to TCK and WPHP as repayment of the Investment Amount at the Extraordinary General Meeting held on 15 December 2015. On 18 March 2016, SGX-ST granted the listing and quotation notices for the listing and quotation of the aggregate of 950 million investment shares into new ordinary shares in the capital of the Company.

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Directors' interest in shares, debentures, warrants or options (cont'd)

	Number of ordinary shares			
	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at date of appointment	**As at 31.12.2015**	As at date of appointment	**As at 31.12.2015**
The Company - Cedar Strategic Holdings Ltd.				
Ordinary shares				
Christopher Chong Meng Tak	277,777,777	**277,777,777**	–	–
Warrants				
Christopher Chong Meng Tak	277,777,777	**277,777,777**	–	–

The directors' interests of the ordinary shares and warrants of the Company as at 21 January 2016 were the same as at 31 December 2015.

Share Option Scheme

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

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

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

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

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Share Option Scheme (cont'd)

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

Details of options granted to directors and employees under the Scheme are as follows:

	Options granted for period from 01.01.2015 to 31.12.2015	Aggregate options granted since commencement of the Scheme to 31.12.2015	Aggregate options forfeited/ lapsed since commencement of the Scheme to 31.12.2015	Aggregate options outstanding as at 31.12.2015
Former directors	–	148,500,000	(148,500,000)	–
Others				
Employees	–	127,000,000	(127,000,000)	–
	–	275,500,000	(275,500,000)	–

There were no outstanding options granted to the directors, controlling shareholders of the Company or their associates (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited) as at the end of the financial year. No employee has received 5% or more of the total number of options available under the Scheme. No options were granted at a discount during the financial year.

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

Warrants

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

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

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Audit Committee

The Audit Committee at the date of report comprises the following members:

Peter Tan (Chairman)
Christopher Chong Meng Tak
Wong Pak Him Patrick

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Company Act and the Listing Manual of the Singapore Exchange Securities and Trading Limited ("SGX-ST Listing Manual"). The functions performed are detailed in the Report on Corporate Governance set out in the Annual Report of the Company for the financial year ended 31 December 2015.

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

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

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

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

Internal Control

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

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

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Internal Control (cont'd)

Since the release of the special audit report, the Current Board have reviewed and evaluated the adequacy and effectiveness of the Company's system of internal controls and work procedures and processes. Internal controls have been put in place to safeguard the shareholders' investment and the Company's assets, and to ensure that the Company's financial statements give a true and fair view of the Company's operations and finances. The Current Board have implemented an enterprise risk management ("ERM") initiative as well as sustainability practices for the Group. The Current Board has been actively looking at issues including those raised by the special auditor and has appointed various professionals, including Drew & Napier LLC, Angela Wang & Co and Shanghai Yuan Tai Law Offices to look into the various matters, including but not limited to taking legal actions or reporting the incident(s) to the relevant authorities. The Current Board has also been periodically updating the shareholders via SGXNET announcements on the numerous actions that the Company has taken or is currently taking.

The Company has engaged Baker Tilly as its internal auditors to conduct regular and periodic internal audits of the Company as well as to review the ERM initiatives within the Group to assist in determining whether the Group's checks and balances and control systems are adequate. In addition, Baker Tilly has been engaged by the Company to review and advise on the implementation of sustainability practices throughout the Group on a on-going basis to assess and disclose the environmental and social aspects of the Group's performance. Baker Tilly will report directly to the AC and would provide reports to AC on a timely basis.

On 12 February 2016, Baker Tilly issued its report on the review on Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited ("Daya Bay"), the sole operating subsidiary of the Group, which review, evaluate and test the effectiveness of controls that are in place for Daya Bay with respect to (i) control environment assessment, cash management and review of operating expenses. The Board would look into the recommendations made by Baker Tilly and take the necessary steps to further strengthen and enhance the internal controls of Daya Bay.

Independent auditor

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

On behalf of Board of Directors

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CHRISTOPHER CHONG MENG TAK

....

TAN THIAM HEE

Dated: 30 March 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Cedar Strategic Holdings Ltd.

Report on the financial statements

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

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 auditors' judgement, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 interest controls. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of Cedar Strategic Holdings Ltd.

Auditor's responsibility (cont'd)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion (See Basis of Qualified Opinion below).

Basis of Qualified Opinion

Disclaimer of Opinion on the Financial Statements for the Year ended 31 December 2014

Our audit report dated 24 November 2015 on the consolidated financial statements for the previous financial year ended 31 December 2014 contained a disclaimer of opinion. With further resolution of the disclaimer items in FY 2015 as described in Note 27 to the financial statements, certain bases for the disclaimer of opinion in the 2014 auditors' report did not affect the opening statement of financial position of the Group and the Company as at 1 January 2015 except for:

Item 6: Recoverability of the amount due from New Inspiration Development Limited/Dr Charlie In;
Item 10: Use of share proceeds of S$3.6 million and the settlement of the consideration payable to TCI; and
Item 11: Non-compliance with disclosure requirements under the respective FRSs.

Items 6 and 10 have been resolved during the current financial year ended 31 December 2015 and accordingly, they do not have an impact on the Group's and the Company's statement of financial position as at 31 December 2015. Only Item 11 which relates to the non-compliance with disclosure requirements under the respective FRSs in respect of the comparable information disclosed for FY 2014 financial statements has not been resolved as at 31 December 2015 because the non-compliance with disclosures would render the comparative information for FY 2014 to be not meaningful.

Qualified opinion

In our opinion, except for the possible effects described in the Basis of Qualified Opinion paragraph, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the Act and Singapore 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 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year then ended.

Emphasis of Matter – Going concern

We draw attention to Note 2(a) to the financial statements.

Going concern

Trading in the Company's shares was halted on 9 April 2015 and subsequently suspended on 14 April 2015. As at 31 December 2015, the Company reported a deficiency in net assets and current assets of RMB7.5 million (2014: surplus in net assets of RMB4.8 million) and RMB8.4 million (2014: surplus in net current assets of RMB4.2 million), respectively, and registered a loss before taxation of RMB12.3 million (2014: RMB244.1 million).

In addition, the Group registered a deficiency in net current assets and cash outflows from operating activities of RMB59.0 million (FY 2014: surplus in net current assets of RMB3.0 million) and RMB29.8 million (2014: RMB38.4 million), respectively, as at the balance sheet date. These factors indicate the existence of an uncertainty which may cast doubt on the Group and the Company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

To the members of Cedar Strategic Holdings Ltd.

Going concern (cont'd)

As described in further details in Note 2(a) to the financial statements, the deficiencies in net current assets of the Group and the Company as at 31 December 2015 arose mainly from (i) the aggregate of investment amounts received in advance from Mr. Teo Cheng Kwee and Mr. Wong Pak Him Patrick (collectively known as the "Investees") amounting to RMB9.6 million, will be discharged by way of issuance and allotment of new ordinary shares once the Company resumes trading of the Company's shares on the Catalist, (ii) settlement of the accrued consideration payable of RMB48 million arising from the acquisition of Huizhou Daya Bay Mei Tai Cheng Property Co., Ltd ("Daya Bay") by 30 June 2016, assuming the Vendor of Daya Bay completes and resolves the remaining outstanding conditions precedent by 31 March 2016 as stipulated in the second supplementary agreement signed on 2 February 2016.

The viability of the Group and the Company's operations to a large extent is dependent on whether (i) the aggregate of investment amounts received in advance from the Investees amounting to RMB9.6 million will be discharged by way of issuance and allotment of new ordinary shares once the Company resumes of the Company's shares on the Catalist; (ii) the Company is able to raise fresh funds to settle the outstanding consideration payable to the Vendor of Daya Bay and (iii) the Group generates sufficient revenue and receipts from the sale of the remaining unsold development properties held for sale to meet the liabilities of Daya Bay as and when they fall due.

The financial statements have been prepared on a going concern basis, which contemplate the realisation of assets and the satisfaction of liabilities in the normal course of business. As described above, management is of the view that they have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. If the Group and the Company are unable to continue to generate sufficient revenues and/or raise new funds from lenders, third parties and shareholders or through the injection or acquisition of new businesses, and are unable to discharge their liabilities in the normal course of business, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Company may need reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide further liabilities that may arise. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

In our opinion, except for the matter described in the preceding paragraphs, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore, of which we are auditors, have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 30 March 2016

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	The Group 31 December 2015 RMB'000	The Group 31 December 2014 RMB'000	The Company 31 December 2015 RMB'000	The Company 31 December 2014 RMB'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	**6,305**	170	**549**	170
Intangible assets	4	**–**	–	**–**	–
Subsidiaries	5	**–**	–	**467**	467
Investment properties	6	**265,500**	–	**–**	–
		271,805	170	**1,016**	637
Current Assets					
Development properties	7	**169,085**	–	**–**	–
Other receivables and prepayments	8	**15,443**	7,328	**5,711**	7,328
Cash and cash equivalents	9	**18,356**	987	**544**	22
		202,884	8,315	**6,255**	7,350
Total assets		**474,689**	8,485	**7,271**	7,987
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	10	**471,355**	471,355	**471,355**	471,355
Reserves	11	**(450,264)**	(468,210)	**(478,840)**	(466,562)
Equity attributable to equity Holders of the company		**21,091**	3,145	**(7,485)**	4,793
Non-controlling interests		**44,467**	–	**–**	–
Total Equity		**65,558**	3,145	**(7,485)**	4,793
LIABILITIES					
Non-Current Liabilities					
Provision for site restoration		**135**	–	**135**	–
Deferred tax liabilities	12	**45,130**	–	**–**	–
Financial liabilities	13	**101,980**	–	**–**	–
		147,245	–	**135**	–
Current Liabilities					
Trade and other payables	14	**170,916**	5,340	**14,621**	3,194
Deposits from customers on purchase of development properties		**80,030**	–	**–**	–
Current tax payable		**10,940**	–	**–**	–
		261,886	5,340	**14,621**	3,194
Total liabilities		**409,131**	5,340	**14,756**	3,194
Total equity and liabilities		**474,689**	8,485	**7,271**	7,987

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	The Group Year ended 31 December 2015 RMB'000	The Group Year ended 31 December 2014 RMB'000
Revenue	15	**26,298**	170,669
Cost of sales		**(25,368)**	(110,690)
Gross profit		**930**	59,979
Other income	16	**21,872**	90
Distribution costs		**(2,478)**	–
Administrative expenses		**(11,441)**	(25,176)
Other non-operating expenses		**(2,261)**	(284,742)
Finance costs		**–**	(3,056)
Profit/(loss) before taxation	17	**6,622**	(252,905)
Taxation	18	**373**	–
Profit/(loss) for the year		**6,995**	(252,905)
Other comprehensive income:			
Other comprehensive income reclassified to profit or loss in subsequent periods (net of tax)			
Currency translation difference (Nil tax)		**(5)**	(3)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(5)**	(3)
Total comprehensive income/(loss) for the year		**6,990**	(252,908)
Profit/(loss) attributable to:			
Owners of the Company		**7,497**	(252,905)
Non-controlling interests		**(502)**	–
Total comprehensive income/(loss) for the year		**6,995**	(252,905)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**7,492**	(252,908)
Non-controlling interests		**(502)**	–
		6,990	(252,908)
Earnings/(loss) per share (Fen) attributable to owners of the Company			
– basic	19	**0.09**	(3.42)
– diluted	19	**0.09**	(3.42)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

The Group	Note	Share capital RMB'000	Capital reduction reserve RMB'000	Capital reserve RMB'000	Statutory common reserve RMB'000	Share option reserve RMB'000	Warrant reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total attributable to equity holders of the company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2014		462,913	79,151	–	971	2,587	–	26,760	(338,938)	233,444	–	233,444
Loss for the year		–	–	–	–	–	–	–	(252,905)	(252,905)	–	(252,905)
Other comprehensive loss		–	–	–	–	–	–	(3)	–	(3)	–	(3)
Total comprehensive loss for the year		–	–	–	–	–	–	(3)	(252,905)	(252,908)	–	(252,908)
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Issue of ordinary shares	10	8,442	–	–	–	–	14,167	–	–	22,609	–	22,609
Equity-settled share options cancelled		–	–	–	–	(2,587)	–	–	2,587	–	–	–
Total contributions by and distributions to owners		8,442	–	–	–	(2,587)	14,167	–	2,587	22,609	–	22,609
Changes in ownership interest in subsidiaries												
Loss of control in subsidiaries		–	–	–	(971)	–	–	–	971	–	–	–
Balance at 31 December 2014		**471,355**	**79,151**	**–**	**–**	**–**	**14,167**	**26,757**	**(588,285)**	**3,145**	**–**	**3,145**
Profit for the year		–	–	–	–	–	–	–	7,497	7,497	(502)	6,995
Other comprehensive loss		–	–	–	–	–	–	(5)	–	(5)	–	(5)
Total comprehensive income for the year		–	–	–	–	–	–	(5)	7,497	7,492	(502)	6,990
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Acquisition of a subsidiary	20	–	–	–	–	–	–	–	–	–	44,969	44,969
Additional investment in a subsidiary by a non-controlling interests	11	–	–	10,454	–	–	–	–	–	10,454	–	10,454
Total contributions by and distributions to owners		–	–	10,454	–	–	–	–	–	10,454	44,969	55,423
Balance at 31 December 2015		**471,355**	**79,151**	**10,454**	**–**	**–**	**14,167**	**26,752**	**(580,787)**	**21,091**	**44,467**	**65,558**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2015

	Note	The Group Year ended 31 December 2015 RMB'000	The Group Year ended 31 December 2014 RMB'000
Cash Flows from Operating Activities			
Profit/(loss) before taxation		**6,622**	(252,905)
Adjustments for:			
Amortisation of intangible assets	4	–	2
Depreciation of property, plant and equipment	3	**293**	3,791
Write off of property, plant and equipment	17	–	21
Impairment losses on property, plant and equipment	3	–	72,817
Impairment losses on net current assets of PRC subsidiaries	17	–	15,645
Impairment losses on consideration receivables from vendors	8	–	189,912
Impairment losses on other receivables	17	**2,261**	6,347
Gain on disposal of property, plant and equipment	16	**(141)**	–
Fair value gain on investment properties	16	**(400)**	–
Interest income	16	**(15)**	(3)
Interest expenses		–	600
Gain on bargain purchase from acquisition of a subsidiary	16	**(21,202)**	–
Operating (loss)/profit before working capital changes		**(12,582)**	36,227
Other receivables		**239**	(187,621)
Trade and other payables		**(38,055)**	14,083
Development properties		**20,630**	98,907
Cash used in operations		**(29,768)**	(38,404)
Income tax paid		–	–
Net cash used in operating activities		**(29,768)**	(38,404)
Cash Flows from Investing Activities			
Interest received		**15**	3
Purchase of property, plant and equipment	3	**(607)**	(302)
Proceeds from disposal of property, plant and equipment		**192**	–
Acquisition of a subsidiary (net of cash acquired)	20	**17,262**	–
Net cash generated from/(used in) investing activities		**16,862**	(299)
Cash Flows From Financing Activities			
Issue of ordinary shares		–	22,609
Proceeds from financial liabilities		**20,691**	–
Investment placement amounts received from directors	14(a)	**9,589**	–
Repayment of financial liabilities		–	(17,337)
Net cash generated from financing activities		**30,280**	5,272
Net increase/(decrease) in cash and cash equivalents		**17,374**	(33,431)
Cash and cash equivalents at beginning of year		**987**	34,421
Effect of exchange rate fluctuations on cash held		**(5)**	(3)
Cash and cash equivalents at end of year	9	**18,356**	987

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

1 GENERAL INFORMATION

1.1 The Company

The financial statements of Cedar Strategic Holdings Ltd. (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

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

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

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

1.2 Independent investigation

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

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

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

Since the release of the special audit report, the Current Board have reviewed and evaluated the adequacy and effectiveness of the Company's system of internal controls and work procedures and processes. Internal controls have been put in place to safeguard the shareholders' investment and the Company's assets, and to ensure that the Company's financial statements give a true and fair view of the Company's operations and finances. The Current Board have implemented an enterprise risk management ("ERM") initiative as well as sustainability practices for the Group. The Current Board has been actively looking at issues including those raised by the special auditor and has appointed various professionals, including Drew & Napier LLC, Angela Wang & Co and Shanghai Yuan Tai Law Offices to look into the various matters, including but not limited to taking legal actions or reporting the incident(s) to the relevant authorities. The Current Board has also been periodically updating the shareholders via SGXNET announcements on the numerous actions that the Company has taken or is currently taking.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

1 GENERAL INFORMATION (CONT'D)

1.2 Independent investigation (cont'd)

The Company has engaged Baker Tilly to conduct an internal audit of the Company as well as to implement ERM initiatives within the Group to assist in determining whether the Group's checks and balances and control systems are adequate. In addition, Baker Tilly will also assist on the implementation of sustainability practices throughout the Group to assess and disclose the environmental and social aspects of the Group's performance. Baker Tilly will report directly to the AC and would provide reports to AC on a timely basis.

The Board has on 6 January 2016 submitted an application to Stamford Corporate Services Pte. Ltd. (Company Sponsor), for resumption in trading of the Company's shares on the Catalyst, with the Company Sponsor having submitted its corresponding application to SGX-ST in support of the Company's application subsequent to its review. Management has in the process attended to queries and comments from the Company Sponsor and SGX-ST on the Company's application for resumption of trading. The Company has received an in-principle approval from SGX-ST on 18 March 2016 (subject to certain confirmations and/or undertakings from the Current Board and/or Sponsor) on its application for resumption of trading of the Company's shares on the Catalist.

2(A) GOING CONCERN

Trading in the Company's shares was halted on 9 April 2015 and subsequently suspended on 14 April 2015. As at 31 December 2015, the Company reported a deficiency in net assets and current assets of RMB7.5 million (2014: surplus in net assets of RMB4.8 million) and RMB8.4 million (2014 – surplus in net current assets of RMB4.2 million) respectively, and registered a loss before taxation of RMB12.3 million (2014 – RMB244.1 million).

In addition, the Group registered a deficiency in net current assets and cash outflows from operating activities of RMB59.0 million (FY 2014: surplus in net current assets of RMB3.0 million) and cash outflows from operating activities of RMB29.8 million (2014 – RMB38.4 million) respectively as at the balance sheet date. These factors indicate the existence of an uncertainty which may cast doubt on the Group and the Company's ability to continue as a going concern.

The deficiency in the Company's net current assets of RMB8.4 million as at 31 December 2015 was mainly represented by the aggregated of investment amounts received in advance from Mr. Teo Cheng Kwee and Mr. Wong Pak Him Patrick (collectively known as the "Investees") amounting to RMB9.6 million (also known as the "Investment Placement Amounts") and accrued professional fees amounting to RMB3.4 million, against the consideration receivable due from New Inspiration Development Limited ("New Inspiration")/ Dr Charlie In amounting to RMB4.6 million.

The net proceeds raised from the investment placement of RMB9.6 million (S$2.1 million) have been fully utilised by January 2016 to repay the Group's and the Company's existing liabilities (including but not limited to legal and professional fees, special audit fee, annual audit fee and staff costs of the Group's employees and other ancillary expenses).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(A) GOING CONCERN (CONT'D)

In respect of the investment placement amounts received from the Investees, the intention was for the Company to discharge the investment placement amounts by issuing and allotting an aggregate of 950 million new ordinary shares at a price of S$0.0022, which has been subsequently approved by the shareholders of the Company at the Extraordinary General Meeting held on 15 December 2015. As stipulated in the investment agreements, the Company shall by 3 January 2016, repay the entire investment placement amounts in cash, plus accrued interest at a rate of 12% per annum in the event the Company does not repay the investment amount by way of issuance and allotment of the investment shares. The interest on the investment placement amounts will only be waived in the event the Company repays the investment placement amounts by way of issuance and allotment of the investment shares. As announced on 8 January 2016, the repayment date for the investment placement amounts has been extended to 29 February 2016. The Company has defaulted on the repayment of the investment placement amounts. However, on 18 March 2016, SGX-ST granted the listing and quotation notices for the listing and quotation of the aggregate of 950 million placement shares into new ordinary shares in the capital of the Company.

Though the Company received an in-principle approval from SGX-ST on 18 March 2016 on its application for the resumption of trading of the Company's shares on the Catalist, the Company would still need to conduct fund raising exercises to raise RMB48 million to settle the accrued consideration payable arising from the acquisition of Huizhou Daya Bay Mei Tai Cheng Property Development Co., Ltd ("Daya Bay") by 30 June 2016 assuming the Vendor of Daya Bay resolves the remaining outstanding conditions precedent by 31 March 2016 as stipulated in the second supplemental agreement signed on 2 February 2016.

These factors indicate the existence of an uncertainty which may cast doubt on the Group and the Company's ability to continue as a going concern. Notwithstanding this, the directors are of the view that the going concern assumption is appropriate for the presentation of these financial statements as:

(A) Receipt of the proceeds from Placement Subscribers

The Company had on 3 July 2015 entered into separate share subscription agreements with Mr. Zhu Xiaolin and Mr. Tao Xucheng (collectively known as the "Placement Subscribers") respectively, pursuant to which the Company will allot and issue to the Placement Subscribers an aggregate of 950 million new ordinary shares in the capital of the Company at the issue price of S$0.0026 for each placement share. The placement has been approved by the shareholders of the Company at the Extraordinary General Meeting on 15 December 2015. The Company has subsequently received the proceeds of RMB6.1 million and RMB5.4 million (equivalent to S$1.3 million and S$1.17 million) from Mr Zhu Xiaolin and Mr Tao Xucheng on 5 February 2016 and 19 February 2016 respectively. On 18 March 2016, SGX-ST granted the listing and quotation notices for the listing and quotation of the aggregate of 950 million placement shares into new ordinary shares in the capital of the Company.

(B) Expressions of interest from Cornerstone Investors

Management has received letters of expression of interest from Mr. Teo Cheng Kwee, Mr. Wong Pak Him Patrick, Mr. Zhu Xiaolin and Mr. Tao Xucheng to participate in the fund raising exercises to be conducted by management and is expected to raise approximately S$14.7 million, which would be sufficient for the Company to settle the outstanding consideration payable of RMB48 million due to the Vendor.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(A) GOING CONCERN (CONT'D)

(C) Share subscription agreement with Mr Luo Shandong

On 22 February 2016, the Company entered into a share subscription agreement with Mr Luo Shandong ("Mr Luo") pursuant to which Mr Luo has agreed to subscribe for an aggregate of 500 million new ordinary shares at S$0.0028 for each subscription share. The Company subsequently entered into a supplemental agreement with Mr Luo such that the consideration for the subscription shares are to be paid by 15 April 2016 as opposed to 29 February 2016.

(D) Cash flows generated from Daya Bay

The directors are confident that the cash flows generated from the sale of remaining unsold development properties for sale and the net rental income derived from the lease of the holiday apartments at Haiyunyayuan ("海韵雅苑") project following the acquisition of Daya Bay will be able to settle the liabilities of Daya Bay as and when they fall due.

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

2(B) BASIS OF PREPARATION

For financial year ended 31 December 2014

Statement of comprehensive income

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(B) BASIS OF PREPARATION (CONT'D)

For financial year ended 31 December 2014 (cont'd)

Statement of comprehensive income (cont'd)

Due to the unavailability of the accounting records and the loss of control of the PRC entities, the current management eventually made full impairment provisions on the net assets of the PRC entities, comprising (i) property, plant and equipment (RMB72.8 million) and (ii) carrying amounts of the net current assets of RMB15.6 million, comprising gross current assets of RMB489.7 million and gross current liabilities of RMB474.1 million, based on the management accounts of the PRC entities as at 30 September 2014.

The matters mentioned in the preceding paragraphs have been resolved in the current financial year as disclosed in Note 27(a) to the financial statements.

Balance sheet as at 31 December 2014

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

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

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

Significant accounting estimates and judgements

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(B) BASIS OF PREPARATION (CONT'D)

Significant judgements made in applying accounting policies

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

(i) Identification of functional currencies

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

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

(ii) Classification of development properties as current assets (Note 7)

The Group's current assets include assets which are expected to be realised, or are intended for sale or consumption, in the Group's normal operating cycle. One of the subsidiaries is engaged in the development of properties for sale which has an operating cycle of more than one year. Significant judgement is involved in determining the length of the normal operating cycle which is the basis for classifying development properties as current assets when those development activities have commenced and are expected to be completed within the normal operating cycle. The carrying amounts of the development properties is disclosed in Note 7 to the financial statements.

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

As at 31 December 2015, the amount due from New Inspiration/Dr Charlie In amounted to RMB4.6 million (equivalent to S$1.0 million) (2014 – RMB7.0 million, equivalent to S$1.5 million). This amount arose from the disposal of the Company's entire interest in West Themes Pte. Ltd. ("West Themes") and Yess Le Green Pte Ltd ("YLG") in FY2013 to Yess Management International Pte Ltd ("YESS"), which was subsequently novated to New Inspiration/Dr Charlie In. Management is confident that the carrying amount, net of impairment loss recognised, approximates the expected proceeds that will be realised from the sale of a property owned by West Themes, which is a company now owned by Dr Charlie In.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(B) BASIS OF PREPARATION (CONT'D)

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

(iv) Deferred taxation on investment properties (Note 12)

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, management has reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under the business model whose objective is to consume substantially all of the economic benefits embodied the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, management has determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group has recognised deferred taxes on changes in fair value of investment properties. The carrying amount of deferred tax liabilities is disclosed in Note 12 to the financial statements.

(v) Control over Huizhou Daya Bay Mei Tai Cheng Property Development Co. Ltd. ("Daya Bay") (Note 5)

On 4 November 2015, management announced the completion of the acquisition of Daya Bay from Shenzhen Tong Ze, even though there are a number of conditions precedent, mainly (i) approval of the acquisition by the relevant government authorities, (ii) renewal business license of Daya Bay, as well as (iii) discharge of guarantees undertaken by Daya Bay to financial institutions on behalf of related parties of Shenzhen Tong Ze that need to be resolved prior to the final completion, which is scheduled on 31 March 2016 based on the Second Supplementary Agreement entered on 2 February 2016. The directors are of the view that the outstanding conditions precedent are mainly formalities and should be resolved and completed on or before 31 March 2016. In assessing whether the Group has control over Daya Bay, the directors have assessed whether the Group has the practical ability to direct the relevant activities of Daya Bay taking into consideration the Group's absolute size of shareholdings in Daya Bay, the composition of the board of directors, its exposures and rights to variable returns from its involvement with Daya Bay and its ability to affect those returns through the power established over Daya Bay. After the assessment, the directors concluded that the Group has sufficient dominant voting interests to direct the relevant activities of Daya Bay and therefore the Group has control over Daya Bay from the date of acquisition.

(vi) Fair value of the interest free loans extended by related parties of a non-controlling interest (Note 14)

Where the fair values of interest-free loans recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of the interest-free loans. The carrying amount of the Group's interest-free loans at the end of the reporting period is disclosed in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(B) BASIS OF PREPARATION (CONT'D)

Significant assumptions used and accounting estimates in applying accounting policies

(i) Depreciation of property, plant and equipment (Note 3)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage, maintenance programmes, and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment is disclosed in Note 3 to the financial statements. A reduction/extension in useful life of the property, plant and equipment by one year would reduce/increase the Group's profit for the financial year by approximately RMB33,000/RMB 29,000 (2014 – RMB161,000/RMB 51,000) respectively.

(ii) Valuation of investment properties (Note 6)

The Group's investment properties are stated at estimated fair value based on the valuation performed by independent professional valuer who has adopted the income approach to value the investment properties. The income approach takes into account the net rental income of 399 residential units derived from the existing leases entered and/or rental income achievable in the existing market. Where appropriate, reference has also been made to comparable sale transactions as available in the relevant market. The fair value based on estimated market value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. The carrying amounts of investment properties at the reporting date are disclosed in Note 6 to the financial statements. If the net rental income increase/decrease by 5% from the valuer's estimates, the Group's profit will increase/decrease by RMB2.1 million.

(iii) Allowance for bad and doubtful debts (Note 8)

Allowances for bad and doubtful debts are based on an assessment of the recoverability of other receivables. Allowances are applied to other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of other receivables and doubtful debt expenses in the period in which such estimate has been changed. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Group's and the Company's allowance for impairment will increase by RMB0.6 million and RMB0.5 million respectively (2014 – increase by RMB0.7 million and RMB0.7 million respectively).

2(C) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2015

On 1 January 2015, the Group has applied the new and revised standards, amendments and interpretation of FRSs that are mandatory for application from that date.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(D) FRS AND INT FRS NOT YET EFFECTIVE

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

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

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 1	*Presentation of Financial Statements*	1 January 2016
Amendments to FRS 7	*Statement of Cash Flows*	1 January 2017
FRS 115	*Revenue from Contracts with Customers*	1 January 2018
FRS 109	*Financial Instruments*	1 January 2018

Amendments to FRS 1 *Presentation of Financial Statements*

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

Amendments to FRS 7 – *Statement of Cash Flows*

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

FRS 115 *Revenue from Contracts with Customers*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(D) FRS AND INT FRS NOT YET EFFECTIVE (CONT'D)

FRS 109 *Financial Instruments*

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

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

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

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

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

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

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

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

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Consolidation (cont'd)

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

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

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

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

Transactions eliminated on consolidation

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

Transactions with Non-Controlling Interest

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Functional and presentation currency

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

Conversion of foreign currencies

Transactions and balances

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

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

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

Group entities

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiaries

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

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

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

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

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

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

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

Intangible assets

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

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

<u>Computer software</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

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

Office equipment	5 to 8 years
Furniture and fittings	3 years
Renovations	5 years
Motor vehicles	1 to 8 years
Yacht	10 years

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment properties

Investment properties include those portions of buildings that are held for long-term rental yields and/or capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use, and where an insignificant portion is held for the Group's own occupation. Investment properties comprise completed investment properties and properties under construction or development for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest- and best-use basis. Changes in fair values are recognised in the statement of comprehensive income.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions and the carrying amounts of the replaced components are written off to the statement of comprehensive income. The cost of maintenance, repairs and minor improvement is charged to the statement of comprehensive income when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

Development properties

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Development properties (cont'd)

Unsold completed development properties

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

Sold development properties

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

Financial assets

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

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

De-recognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each reporting date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Loans and receivables

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

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

Cash and cash equivalents

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

Share capital

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

Financial liabilities

Financial liabilities include borrowings and trade and other payables.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities (cont'd)

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

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

Provision

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

Leases

Where the Group and the Company is the lessee,

Operating leases

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

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

Where the Group and the Company is the lessor,

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

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

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

Employee benefits

Pension obligations

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee benefits (cont'd)

Employee leave entitlements

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

Employee Share Option Scheme

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

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

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

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

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

Key management personnel

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Related parties

A related party is defined as follows:

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

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

   (ii) has significant influence over the Company; or

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

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

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

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

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

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

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

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

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

Impairment of non-financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of non-financial assets (cont'd)

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

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

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

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

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

Revenue recognition

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

Sale of development properties

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue recognition (cont'd)

Rental and car park income

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

Interest income

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

Earnings per share

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

Operating Segments

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

Additional disclosures on operating segments are shown in Note 23 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 PROPERTY, PLANT AND EQUIPMENT

The Group	Car park lots RMB'000	Office equipment RMB'000	Furniture and fittings RMB'000	Renovations RMB'000	Motor vehicles RMB'000	Yacht RMB'000	Total RMB'000
Cost							
At 1 January 2014	76,756	274	–	–	650	–	77,680
Additions	–	15	–	–	287	–	302
Written off	–	(121)	–	–	–	–	(121)
At 31 December 2014	**76,756**	**168**	**–**	**–**	**937**	**–**	**77,861**
Additions	**–**	**69**	**–**	**538**	**–**	**–**	**607**
Acquisitions through business combination (Note 20)	**–**	**32**	**158**	**–**	**637**	**5,045**	**5,872**
Disposals	**–**	**–**	**–**	**–**	**(287)**	**–**	**(287)**
At 31 December 2015	**76,756**	**269**	**158**	**538**	**1,287**	**5,045**	**84,053**
Accumulated depreciation/ impairment losses							
At 1 January 2014	979	186	–	–	18	–	1,183
Depreciation charge for the year (Note 17)	3,656	17	–	–	118	–	3,791
Impairment losses recognised (Note 17)	72,121	65	–	–	631	–	72,817
Written off	–	(100)	–	–	–	–	(100)
At 31 December 2014	**76,756**	**168**	**–**	**–**	**767**	**–**	**77,691**
Depreciation charge for the year (Note 17)	**–**	**12**	**18**	**51**	**131**	**81**	**293**
Disposals	**–**	**–**	**–**	**–**	**(236)**	**–**	**(236)**
At 31 December 2015	**76,756**	**180**	**18**	**51**	**662**	**81**	**77,748**
Net carrying amount							
At 31 December 2015	**–**	**89**	**140**	**487**	**625**	**4,964**	**6,305**
At 31 December 2014	–	–	–	–	170	–	170

As at 31 December 2014, management performed an assessment and concluded that the Group no longer has the practical ability to direct the relevant activities of the PRC entities as defined in Note 2(b) and on this basis, management made a full impairment loss of RMB72.8 million on the carrying amount of the property, plant and equipment recorded in the books of the PRC entities in the consolidated statement of comprehensive income.

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	Office equipment RMB'000	Renovations RMB'000	Motor vehicle RMB'000	Total RMB'000
Cost				
At 1 January 2014	111	–	–	111
Additions	15	–	287	302
Written-off	(121)	–	–	(121)
At 31 December 2014	**5**	**–**	**287**	**292**
Additions	**69**	**538**	**–**	**607**
Disposals	**–**	**–**	**(287)**	**(287)**
At 31 December 2015	**74**	**538**	**–**	**612**
Accumulated depreciation				
At 1 January 2014	87	–	–	87
Depreciation for the year	18	–	117	135
Written-off	(100)	–	–	(100)
At 31 December 2014	**5**	**–**	**117**	**122**
Depreciation for the year	**7**	**51**	**119**	**177**
Disposals	**–**	**–**	**(236)**	**(236)**
At 31 December 2015	**12**	**51**	**–**	**63**
Net carrying amount				
At 31 December 2015	**62**	**487**	**–**	**549**
At 31 December 2014	–	–	170	170

Included in "renovations" was a provision made for restoration cost of RMB135,000 in respect of the Company's corporate office located in UOB Plaza 1.

The motor vehicle was disposed of in August 2015 at a consideration of RMB192,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

4 INTANGIBLE ASSETS

The Group and Company	Computer software RMB'000
Cost	
At 1 January 2014	141
Written off	(141)
At 31 December 2014 and 31 December 2015	–
Accumulated amortisation	
At 1 January 2014	139
Amortisation for the year (Note 17)	2
Written off	(141)
At 31 December 2014 and 31 December 2015	–
Net carrying amount	
At 31 December 2014 and 31 December 2015	–

5 SUBSIDIARIES

The Company	**2015 RMB'000**	2014 RMB'000
Unquoted equity investments, at cost	**467**	22,967
At 1 January	**–**	–
Amount written off	**–**	(22,500)
At 31 December	**–**	(22,500)
Unquoted equity investment, net	**467**	467

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

5 SUBSIDIARIES (CONT'D)

Details of the subsidiaries are:

Name of subsidiaries	Country of incorporation/ principal place of business	Principal activities	Effective percentage of equity held by the Company 2015 %	2014 %	Cost of Investment 2015 RMB'000	2014 RMB'000
Held by the Company						
Futura Asset Holdings Pte. Ltd.("Futura") @	Singapore	Inactive	**100**	100	**467**	467
Trechance Holdings Limited ("Trechance") ^	Hong Kong	Investment holding	**100**	100	**–**	22,500
Cedar Properties Pte. Ltd. ("CPPL") ^	Singapore	Investment holding	**100**	–	**–***	–
					467	22,967
Held by CPPL						
Huizhou Daya Bay Mei Tai Cheng Property Development Co. Ltd. ("Daya Bay") ^	PRC	Property development and investment	**60**	–	**++**	–
Held by Trechance						
Guizhou Cedar Hua Cheng Investment Management Co., Ltd ("Cedar Hua Cheng")	PRC	Investment holdings	**Note 1**	Note 1	**++**	++
Guizhou Shengxiang Investment Management Co., Ltd ("Guizhou Shengxiang)	PRC	Inactive	**Note 1**	Note 1	**++**	++
Held by Cedar Hua Cheng						
Guiyang Shunhe Real Estate Development Co., Ltd ("Guiyang Shunhe")	PRC	Property development	**Note 1**	Note 1	**++**	++
Guizhou Huamao Assets Operation Management Co., Ltd ("Guizhou Huamao")	PRC	Property leasing	**Note 1**	Note 1	**++**	++

@ – Audited by Foo Kon Tan LLP
^ – Audited by Foo Kon Tan LLP for FY2015 consolidation purposes
++ Interest held through subsidiaries
* Amount less than RMB1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

5 SUBSIDIARIES (CONT'D)

Incorporation of CPPL

On 23 September 2015, the Company incorporated CPPL with an issued share capital of S$1.00 vested in one ordinary share.

Acquisition of Daya Bay

On 28 September 2015, CPPL entered into a conditional sale and purchase agreement (the "SPA") with Shenzhen Tong Ze, pursuant to which CPPL agreed to purchase 60% of the registered capital of Daya Bay for an aggregate consideration of RMB48 million, to be satisfied in cash, on the terms and subject to the conditions of the SPA.

Daya Bay is the developer of a parcel of land located at No.3 Xia Guang Road West, Xia Chong Town, Daya Bay District, Huizhou City, Guangdong Province. The Haiyunyayuan ("海韵雅苑") project has 1,099 suites of decorated apartments, of which 700 units will be sold to strata owners while the remaining 399 units will be retained by Daya Bay and they will be rented out as holiday apartments for recurring rental income. Daya Bay has appointed Estay Inc, an unrelated established hotel operator as the hotel management company for its holiday apartments. Pursuant to the tenancy agreement signed with Estay Inc, the rent of the holiday apartments has been confirmed at RMB2,000 per unit per month up to July 2021. The rent shall be adjusted on a half yearly basis, according to market conditions but it will not be less than RMB2,000 per unit per month.

On 4 November 2015, the Vendor and CPPL entered into a supplemental agreement and amended certain terms and conditions to the original SPA where the Vendor and CPPL irrevocably and unconditionally agreed that the completion of the SPA shall take place on 4 November 2015 given that certain conditions precedent such as the completion of the valuation of the properties held by Daya Bay by an independent valuer and legal, business and financial diligences have been completed. CPPL and the Vendor have also agreed that the final completion shall take place on or before 31 March 2016, based on the second supplemental agreement dated 2 February 2016.

Management has assessed whether or not the Group has the practical ability to direct the relevant activities of Daya Bay, by taking into consideration the Group's absolute size of shareholdings in Daya Bay, the composition of the board of directors, its exposures and rights to variable returns from its involvement with Daya Bay and its ability to affect those returns through the power established. Based on the assessment, Management concluded that the Group has sufficient dominant voting interests to direct the relevant activities of Daya Bay and therefore control is established over Daya Bay.

As at the balance sheet date, there was an amount owing to the Vendor an amount of RMB48 million, which was reflected as "accrued consideration payable" included under "trade and other payables" as disclosed in Note 14 to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

5 SUBSIDIARIES (CONT'D)

Note 1:

As at 31 December 2014, management performed a 'control' assessment in accordance with FRS 110 – *Consolidated Financial Statements* and concluded that the Group no longer has the practical ability to direct the relevant activities of Guizhou Cedar Hua Cheng, Guizhou Shengxiang, Guiyang Shunhe and Guizhou Huamao and on this basis, these PRC entities ceased to be subsidiaries of the Company by 31 December 2014. As such, management wrote off the investment amount of RMB22.5 million, being the cost of investment of Trechance. The amount written off has been recognised in the Company's statement of comprehensive income for the financial year ended 31 December 2014.

Acquisition of Futura

On 27 October 2014, the Company entered into a conditional Sale and Purchase Agreement with a third party individual – Ms. Yan Qin (the "Vendor") to purchase one ordinary share, representing the entire issued and paid-up share capital of Futura for a consideration of S$1. The Vendor subsequently increased the issued and paid up share capital by S$100,000 (equivalent to RMB467,000) prior to the completion of the acquisition. The acquisition of Futura was completed on 5 December 2014.

Details of a non-wholly subsidiary that have material non-controlling interests – Daya Bay

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

Name of subsidiary	Country of incorporation/ principal place of business	Loss allocated to non-controlling interest 2015 RMB'000	Accumulated non-controlling interest 2015 RMB'000	Dividends paid to non-controlling interest 2015 RMB'000
Held by CPPL				
Daya Bay	PRC	**502**	**502**	–

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

5 SUBSIDIARIES (CONT'D)

Details of a non-wholly subsidiary that have material non-controlling interests – Daya Bay (cont'd)

Summarised statement of financial position

Daya Bay	31 December 2015 RMB'000
Non-current assets	271,256
Current assets	196,649
Non-current liabilities	(134,300)
Current liabilities	(211,985)
Equity attributable to owners of the Company	121,620

Summarised statement of comprehensive income

Daya Bay	Period from 4 November 2015 (the date of acquisition) to 31 December 2015 RMB'000
Revenue	26,298
Expenses	(27,553)
Loss for the period	(1,255)
Loss and other comprehensive income attributable to owners of the Company	(753)
Loss and other comprehensive income attributable to the non-controlling interests	(502)
Loss for the period	(1,255)
Total comprehensive loss attributable to owners of the Company	(753)
Total comprehensive loss attributable to the non-controlling interests	(502)
Total comprehensive loss for the period	(1,255)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

5 SUBSIDIARIES (CONT'D)

Details of a non-wholly subsidiary that have material non-controlling interests – Daya Bay (cont'd)

Other summarised information

Daya Bay	Period from 4 November 2015 (the date of acquisition) to 31 December 2015 RMB'000
Net cash inflow from operating activities	172
Net cash flow from investing activities	–
Net cash flow from financing activities	–
Net cash inflow	172

6 INVESTMENT PROPERTIES

The Group	2015 RMB'000	2014 RMB'000
At 1 January	–	–
Acquisition through business combination (Note 20)	265,100	–
Fair value gain recognised in the profit or loss (Note 16)	400	–
At 31 December	265,500	–

The investment properties are held by the Company's subsidiary – Daya Bay, which comprises of:

Location	Type	Description	Area (Sq. metres)	Tenure
No. 3 Xia Guang Road West, Xia Chong Town, Daya Bay District, Huizhou City, Guangdong Province, PRC	Leasehold	Haiyunyayuan ("海韵雅苑") project	20,055 (399 units)	70 years*

*: The construction of 海韵雅苑 project was completed in July 2015. As at the date of balance sheet, management is still in the process of applying for the Registration of Construction Completion Acceptance ("RCCA") (工程竣工验收登记) from the relevant government authorities. Following which, management will proceed to register & obtain the house ownership certificates for its 399 units of holiday apartments with the Housing Administration Authority. Based on the land use right certificate issued by the Municipal People's Government of Huizhou of Guangdong Province dated 24 August 2011, the land use rights will expire on 23 August 2081.

The fair value of investment properties is determined by Asia-Pacific Consulting and Appraisal Limited ("APA"), an independent firm of professional valuers, who have appropriate recognised professional qualification and recent experience in the location and category of the investment properties being valued.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

6 INVESTMENT PROPERTIES (CONT'D)

The valuation is based on income approach in arriving at the fair value of the investment properties. The income approach takes into account the net rental income of the 399 holiday apartments derived from the existing leases entered and/or rental income achievable in the current market and where appropriate, reference has also been made to comparable sale transactions as available in the relevant market.

The Group	2015 RMB'000
Rental Income (Note 15)	**798**
Direct operating expenses arising from investment properties that generated rental income	**(45)**

7 DEVELOPMENT PROPERTIES

Completed properties for sale, at cost

The Group	2015 RMB'000	2014 RMB'000
At 1 January	–	164,625
Acquisition through business combination (Note 20)	**189,715**	–
Units sold and recognised in statement of comprehensive income	**(20,630)**	(98,907)
Less: impairment losses on development properties	–	(65,718)
At 31 December	**169,085**	–

Completed properties for sale are as follows:

Location	Description	Existing use	Gross floor area (sq. meters)	Group's effective interest 2015	Group's effective interest 2014
Guangdong, PRC (海韵雅苑Project) No. 3 Xia Guang Road West, Xia Chong Town, Daya Bay District, Huizhou City, Guangdong Province, PRC	Residential units for sale	Residential units for sale	17,349 (400 units, of which 255 units have been contracted for and revenue to be recognised in FY 2016)	**60%**	–
Guizhou, PRC (小城故事Project) No. 117 Zhujiang Road, Xiaohe District, Guiyang City, Guizhou Province, PRC	Commercial and residential units	Commercial and residential units for sale	465,000	–	100%

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

7 DEVELOPMENT PROPERTIES (CONT'D)

海韵雅苑 Project

As at the date of balance sheet, all the remaining unsold development properties and investment properties as disclosed in Note 6 have been mortgaged to Shanghai Pudong Development Bank Co., Ltd. Chengdu Branch ("Pudong Bank") who has extended certain credit facilities to certain related parties of Shenzhen Tong Ze. Pursuant to the SPA signed between the Company and Shenzhen Tong Ze, one of the conditions precedent is to discharge the mortgages of the development properties and investment properties of 海韵雅苑 project. On 1 February 2016, CPPL received a letter of confirmation and undertaking from Shenzhen Tong Ze who unconditionally and irrevocably represents, warrants and undertakes to CPPL that they will discharge the mortgages of 海韵雅苑 project by 31 March 2016. On 25 March 2016, the mortgages of the remaining unsold development properties and investment properties have been discharged by Pudong Bank. The development properties and investment properties sit on a land area of 15,000m^2 as stipulated in the land use right certificate.

小城故事 Project

Development properties are capitalised in the accounting records of Guiyang Shunhe and included capitalised interest expense amounting to RMB44.3 million arising from loans taken out to fund the construction of 小城故事 project.

As at 31 December 2014, management made full impairment loss on the carrying amount of development properties of 小城故事 project amounting to RMB65.7 million in the consolidated statement of comprehensive income, following its assessment that the Group no longer has the practical ability to direct the relevant activities of Guiyang Shunhe.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

8 OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current				
Amount due from a subsidiary (Note A)	**–**	–	**189,912**	189,912
Less: Allowance for impairment losses	**–**	–	**(189,912)**	(189,912)
	–	–	**–**	–
Consideration receivables from TCI (Note A)	**189,912**	189,912	**–**	–
Less: Allowance for impairment losses	**(189,912)**	(189,912)	**–**	–
	–	–	**–**	–
	–	–	**–**	–
Current				
Consideration receivable from New Inspiration (Note B)	**6,881**	6,957	**6,881**	6,957
Less: Allowance for doubtful receivables	**(2,261)**	–	**(2,261)**	–
	4,620	6,957	**4,620**	6,957
Amount due from subsidiaries (non-trade)	**–**	–	**15,371**	14,988
Less: Allowance for impairment losses (Note C)	**–**	–	**(14,972)**	(14,988)
	–	–	**399**	–
Other receivables, including tax recoverable	**7,499**	6,347	**15**	–
Less: Allowance for doubtful receivables	**(6,347)**	(6,347)	**–**	–
	1,152	–	**15**	–
Other deposits	**435**	23	**410**	23
Loans and receivables	**6,207**	6,980	**5,444**	6,980
Prepayments to suppliers	**8,968**	–	**–**	–
Other prepayments	**268**	348	**267**	348
	15,443	7,328	**5,711**	7,328

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

8 OTHER RECEIVABLES AND PREPAYMENTS (CONT'D)

Note A:

The Company had previously entered into an Equity Transfer Agreement (the "Agreement") dated 16 August 2012 with Trechance, Talented Creation International Limited ("TCI") and Mr Ji Yudong ("JYD") where the Company agreed to transfer all its beneficial interests and title in its 51% equity stake in Jade Marketing & Distribution Pte. Ltd., 100% interest in Jade Real Estate Pte. Ltd. and its equity interests in Daqing Xinde Chemical Marketing & Distribution Ltd and Daqing XinLong Chemical Company Ltd (collectively known as the "Disposal Group Held for Sale") to TCI for a consideration of RMB180 million (the "Consideration"). The divestment was completed in February 2013.

Under the same Agreement, management agreed to utilise the Consideration by (i) extending a loan amounting to RMB100 million to Trechance for a tenure of 3 years, bearing an interest rate of 10% per annum and (ii) acquiring a 25% economic interest in a piece of land in Kaiyang County ("Land"), Guizhou Province, PRC for a consideration of RMB80 million. (NB: Trechance was previously a wholly-owned subsidiary of TCI before the acquisition.)

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

On 25 August 2013, the Company entered into a Sale and Purchase Agreement with TCI to acquire the entire issued and paid-up share capital of Trechance for a consideration of RMB22.5 million. Trechance agreed to repay the Company a sum equivalent to the land purchase price of RMB80 million by way of a loan due to the Company based on the same terms and conditions of the initial loan of RMB100 million as mentioned above. The loan extended to Trechance, including accrued interest receivable of RMB9.9 million, totalling RMB189.9 million, was denominated in RMB.

Trechance subsequently entered into a separate back-to-back loan agreement amounting to RMB180 million with TCI. The loan bears interest of 10% per annum for a period of 3 years. Accordingly, the entire outstanding balance of RMB189.9 million due from Trechance (including interest thereon) recorded at the Company's statement of financial position was reclassified to "consideration receivable from TCI" in the consolidated statement of financial position at the balance sheet date.

As at 31 December 2014, management impaired the entire amounts due from TCI (at Group level) and Trechance (at Company level) on the basis that there was evidence of significant financial difficulty faced by JYD, the sole shareholder of TCI.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

8 OTHER RECEIVABLES AND PREPAYMENTS (CONT'D)

Note B:

As at 31 December 2015, the consideration receivable of RMB4.6 million (equivalent to S$1 million) (2014 – RMB7.0 million) (equivalent to S$1.5 million) relates to the receivable from New Inspiration/Dr Charlie In. The consideration receivable was novated to New Inspiration from YESS on 31 October 2014 pursuant to a Settlement Agreement. The consideration receivable due from YESS arose from the disposal of the Company's entire interest in YLG and West Themes in FY2013. Under the Settlement Agreement, the vendor of YESS agreed to transfer the entire interest in West Themes to New Inspiration. Following which, New Inspiration will be responsible for disposing of the assets owed by West Themes and the proceeds raised from the disposal will be used to settle the consideration receivable owing to the Company.

As at the balance sheet date, management conducted an impairment assessment and an impairment loss amounting to RMB2.3 million (equivalent to S$0.5 million) was recognised into the Group's and the Company's statement of comprehensive income. The recoverable amount for the amount due from New Inspiration was determined based on the estimated fair value less cost to sell of a property owned by West Themes, where Dr Charlie In is currently the sole shareholder and director.

Note C:

The amounts due from subsidiaries are unsecured, interest free and repayable on demand. As at 31 December 2014, management made full impairment provision on the amount due from the subsidiaries based on the reason cited in Note A.

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

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
No credit terms	**1,587**	23	**824**	23
Past due but not impaired				
– Less than 12 months	**–**	6,957	**–**	6,957
– More than 12 months	**4,620**	–	**4,620**	–
	6,207	6,980	**5,444**	6,980

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For the financial year ended 31 December 2015

8 OTHER RECEIVABLES AND PREPAYMENTS (CONT'D)

Financial assets that are neither past due nor impaired

Other receivables that are neither past due nor impaired are creditworthy debtors with a good payment record with the Group and Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions.

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

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**196,259**	–	**204,900**	–
Allowance recognised in profit or loss	**2,261**	196,259	**2,261**	204,900
Allowance reversed to profit or loss	**–**	–	**(16)**	–
At 31 December	**198,520**	196,259	**207,145**	204,900

9 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank	**18,356**	987	**544**	22
Cash and bank balances	**18,356**	987	**544**	22

10 SHARE CAPITAL

	2015	2014	**2015**	2014
The Company	**Number of ordinary shares**		**RMB'000**	RMB'000
Issued and fully paid, with no par value				
At beginning of year	**7,966,782,808**	6,689,005,031	**471,355**	462,913
Issue of ordinary shares	**–**	1,277,777,777	**–**	8,442
At end of year	**7,966,782,808**	7,966,782,808	**471,355**	471,355

On 12 June 2014, the Company issued an aggregate of 1,277,777,777 new ordinary shares at an issuing price of S$0.0036 per share, amounting to RMB22.6 million, with 1,277,777,777 free detachable unlisted warrants on the basis of one free warrant for every one share held by the shareholders at an exercise price of S$0.0036. The newly issued shares rank *pari passu* in all respects with the previously issued shares. As a result, RMB8.44 million was recorded within share capital and another RMB14.17 million was recorded under "warrant reserve" respectively.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

11 RESERVES

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Capital reduction reserve	**79,151**	79,151	**79,151**	79,151
Capital reserve (Note 13)	**10,454**	–	–	–
Warrant reserve	**14,167**	14,167	**14,167**	14,167
Exchange fluctuation reserve	**26,752**	26,757	**26,760**	26,760
Accumulated losses	**(580,788)**	(588,285)	**(598,918)**	(586,640)
	(450,264)	(468,210)	**(478,840)**	(466,562)

Capital reduction reserve

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

Capital reserve

The capital reserve represents the additional investment in Daya Bay by certain related parties of Shenzhen Tong Ze, the non-controlling shareholder of Daya Bay, in connection with the interest free loans extended to Daya Bay.

Warrant reserve

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

Exchange fluctuation reserve

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

12 DEFERRED TAX LIABILITIES

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Deferred tax liabilities				
– To be settled after one year	**45,130**	–	–	–
	45,130	–	–	–
At 1 January	–	–	–	–
Acquisition through business combination (Note 20)	**46,593**	–	–	–
Transfer from profit or loss (Note 18)	**(1,463)**	–	–	–
At 31 December	**45,130**	–	–	–

The balance comprises tax on the following temporary differences:

The Group	**Investment properties RMB'000**	**Developed properties RMB'000**	**Total RMB'000**
At 1 January 2015	–	–	–
Acquisition through business combination (Note 20)	32,220	14,373	46,593
Recognised in profit or loss (Note 18)	100	(1,563)	(1,463)
At 31 December 2015	32,320	12,810	45,130

13 FINANCIAL LIABILITIES

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current liabilities				
Interest free loans	**101,980**	–	–	–

On 31 December 2015, Daya Bay restructured its existing loans entered with certain related parties of Shenzhen Tong Ze, which are repayable on demand, to one that is interest-free and repayable at the end of two years. The Group will bear a late penalty fee of 5% per annum if the interest-free loans are not repaid by 31 December 2017.

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FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

13 FINANCIAL LIABILITIES (CONT'D)

Arising from this, the Group determined the fair value of the interest-free loans from these parties at inception based on an effective interest rate of 5% per annum; and subsequently measured them at amortised cost using the effective interest method. In the following two financial years, the effect of unwinding of interest expense of approximately RMB5 million each for each of the financial year will be recognised in the consolidated statement of comprehensive income. A day-one "gain" amounting to RMB10.4 million, being the difference between the interest-free loans received and the fair value of the interest-free loans computed, is accounted for as a transaction with shareholders in accordance with FRS 1 – *Presentation of Financial Statements*, and accordingly, it was credited to "capital reserve" (Note 11). The carrying amount of the interest-free loans approximate its fair value.

14 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**87,425**	–	**–**	–
Accrued operating expenses	**4,885**	2,281	**3,464**	2,237
Accrued interest on deferred consideration	**1,748**	–	**–**	–
Amounts due to an ex-director	**2,252**	2,252	**254**	254
Amount due to a subsidiary (non-trade)	**–**	–	**337**	–
Amount due to related parties (non-trade)	**1,104**	–	**–**	–
Accrued consideration payable (Note 20)	**46,252**	467	**–**	467
Salary and welfare payable	**204**	–	**–**	–
Other payables	**1,364**	340	**977**	236
Land appreciation tax payables	**12,966**	–	**–**	–
Business and other tax payables	**3,127**	–	**–**	–
Financial liabilities at amortised cost	**161,327**	5,340	**5,032**	3,194
Investment amounts received from directors (Note a)	**9,589**	–	**9,589**	–
Total trade and other payables	**170,916**	5,340	**14,621**	3,194

The amounts due to an ex-director and non-trade amounts due to a subsidiary and related parties are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

14 TRADE AND OTHER PAYABLES (CONT'D)

Note a:

This relates to investment placement amounts received from Mr. Teo Cheng Kwee and Mr Wong Pak Him Patrick, who are directors of the Company in connection with the investment agreements entered where the directors will subscribe for 950 million new ordinary shares of the Company at a price of S$0.0022 for each subscription share. The amounts received will be reclassified and capitalised as "share capital" upon the successful resumption of trading of the Company. The amounts received bear an interest rate of 12% per annum if the Company is unable to resume trading and allot and issue the new ordinary shares to the directors by 29 February 2016. As at the balance sheet date, no accrual of interest expense was recorded as Management is confident that the Company is able to resume trading following the submission of the resumption of trading application to SGX-ST in early January 2016 by the Company's Sponsor. The Company has defaulted on the repayment of the investment placement amounts. However, on 18 March 2016, SGX-ST granted the listing and quotation notices for the listing and quotation of the aggregate of 950 million placement shares into new ordinary shares in the capital of the Company.

15 REVENUE

The Group	2015 RMB'000	2014 RMB'000
Sale of development properties	25,500	170,669
Rental income from investment properties (Note 6)	798	–
	26,298	170,669

16 OTHER INCOME

The Group	2015 RMB'000	2014 RMB'000
Interest income	15	3
Rental income	98	33
Gain on disposal of property, plant and equipment	141	–
Gain on bargain purchase from the acquisition of a subsidiary (Note 20)	21,202	–
Fair value gain on investment properties (Note 6)	400	–
Others	16	54
	21,872	90

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

17 PROFIT/(LOSS) BEFORE TAXATION

The Group	Note	2015 RMB'000	2014 RMB'000
Profit/(loss) before taxation has been arrived at after charging:			
Amortisation of intangible assets	4	–	2
Depreciation of property, plant and equipment	3	293	3,791
Exchange loss		237	827
Operating lease expenses		509	730
Property, plant and equipment written off		–	21
Impairment losses on property, plant and equipment	3	–	72,817
Impairment losses on net current assets of PRC subsidiaries		–	15,645
Impairment losses on consideration receivable from TCI	8	–	189,912
Impairment losses on other receivables	8	2,261	6,347
Other non-operating expenses		2,261	284,742
Staff costs:			
Directors of the Company:			
Directors' fees		978	1,656
Directors' remuneration other than fees			
– salaries and other related costs		331	1,961
– contributions to defined contribution plan		4	85
– retrenchment benefits		–	1,737
Directors of the subsidiary:			
Directors' remuneration other than fees			
– salaries and other related costs		–	1,524
– retrenchment benefits		–	505
Key management personnel (other than directors):			
– salaries and other related costs		688	2,330
– contributions to defined contribution plan		23	83
– retrenchment benefits		–	1,158
Other than directors and key management personnel:			
– salaries and other related costs		354	1,070
– contributions to defined contribution plan		31	98
– retrenchment benefits		–	351
		2,409	12,558

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

18 TAXATION

The Group	2015 RMB'000	2014 RMB'000
Current taxation	1,090	–
Deferred taxation (Note 12)	(1,463)	–
Total taxation	(373)	–

The Company, CPPL and Futura, which are established in Singapore, are subject to Singapore income tax at 17% (2014: 17%). Trechance, which is established in Hong Kong, is subject to Hong Kong tax rate at 16.5% (2014: 16.5%). No provision for Singapore and Hong Kong profits tax have been made as the Group did not have assessable profit subject to Singapore and Kong Kong profits tax.

The Group's subsidiaries in PRC are subject to PRC income tax rate at 25% (2014: 25%).

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

The Group	2015 RMB'000	2014 RMB'000
Profit/(loss) before taxation	6,622	(252,905)
Tax at applicable statutory tax rates	2,693	(41,890)
Tax effect on non-deductible expenses	2,747	41,890
Tax effect on non-taxable income	(3,604)	–
Reversal of deferred tax liabilities on sale of development properties held for sale acquired in a business combination (Note 12)	(1,563)	–
Deferred tax liabilities relating to fair value gain on investment properties (Note 12)	100	–
	(373)	–

Expenses not deductible for tax purposes mainly include the operating expenses incurred by the Company, Futura, CPPL and Trechance that have no taxable income and excess entertainment expenses & staff welfare for the PRC subsidiary. Income not taxable for tax purpose mainly include negative goodwill amounting to RMB21.2 million from the acquisition of Daya Bay.

As at the reporting date, the Company reported RMB10,169,000 of tax losses to be carried forward (2014 – RMB10,169,000). The tax losses are subject to agreement by the Inland Revenue Authority of Singapore. Deferred tax assets have not been recognised in respect of the tax losses because there is no reasonable certainty that future taxable profit will be available against which the Company can utilise the benefits.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

19 EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share

The calculation of basic and diluted earnings/(loss) per share was based on the profit attributable to ordinary shareholders of RMB7,497,000 (2014 – Loss of RMB252,905,000) and a weighted average number of ordinary shares outstanding of 7,966,783,000 (2014 – 7,399,660,000), calculated as follows:

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

The Group	Total RMB'000
2015	
Earnings attributable to ordinary shareholders	**7,497**
Basic and diluted earnings per share (Fen)	**0.09**
2014	
Loss attributable to ordinary shareholders	(252,905)
Basic and diluted loss per share (Fen)	(3.42)

(b) Weighted average number of ordinary shares

The Company	2015 '000	2014 '000
Issued ordinary shares at beginning of year	**7,966,783**	6,689,005
Effect of ordinary shares issued	–	710,655
	7,966,783	7,399,660

In 2015, the diluted earnings per share was computed based on the basic weighted average number of shares of 7,966,783,000 shares (2014 – 7,399,660,000 shares). In 2015, 1,527,777,777 warrants were also excluded from the dilutive weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20 ACQUISITION OF SUBSIDIARIES

(i) Acquisition of Daya Bay

On 28 September 2015, CPPL, a wholly owned subsidiary of the Company entered into a conditional sale and purchase agreement with Shenzhen Tong Ze to acquire 60% equity interest in Daya Bay for an aggregate consideration of RMB48 million, which shall be satisfied in cash. On 4 November 2015, CPPL and Shenzhen Tong Ze irrevocably and unconditionally agreed that the completion shall take place on 4 November 2015. The acquisition is undertaken as part of the Group's efforts to expand its core business and leverages on Daya Bay's potential in the real estate sector in Guangdong province. As at the balance sheet date, the purchase consideration has not been paid as there were a number of conditions precedent as set out in the Sales and Purchase Agreement that need to be met by 31 March 2016.

Daya Bay reported revenue of RMB26.3 million and a loss before tax of RMB1.3 million from the date of acquisition to 31 December 2015. If the acquisition had occurred on 1 January 2015, management estimates that the Group's revenue and profit before tax would have been RMB163.6 million and RMB37.0 million respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

The following summarised the major classes of consideration transferred, and fair value of the recognised amount of identifiable assets acquired and liabilities assumed of Daya Bay at the acquisition date:

(a) Consideration transferred

The Group	**RMB'000**
Accrued consideration payables – cash [1]	**46,252**

(1) The present value of deferred consideration of RMB48.0 million is recognised and measured at fair value at the acquisition date and discounted using a market rate at 16%. The unwinding of the interest element of the deferred consideration will be recognised in the consolidated statement of comprehensive income in FY2016.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20 ACQUISITION OF SUBSIDIARIES (CONT'D)

(i) Acquisition of Daya Bay (cont'd)

(b) Fair value of identifiable assets acquired and liabilities assumed at acquisition date

	Note	RMB'000
Plant and equipment	3	**5,872**
Investment properties	6	**265,100**
Development properties held for sale	7	**189,715**
Prepayments to suppliers		**9,964**
Other receivables		**651**
Cash and cash equivalents		**17,262**
Deferred tax liabilities	12	**(46,593)**
Amounts due to related parties of Shenzhen Tong Ze (Non-trade)		**(92,742)**
Trade and other payables		**(223,860)**
Contingent liabilities		**(3,096)**
Current tax payable		**(9,850)**
Total identifiable net assets acquired at fair value		**112,423**
Less: Non-controlling interests (40%)		**(44,969)**
Less: Gain on bargain recognised in profit or loss	16	**(21,202)**
Total consideration		**46,252**

The contingent liability of RMB3,096,000 is determined on a provisional basis and it represents a present obligation in respect of a claim arising from the ex-management agent who sued Daya Bay for terminating its management contract. It is expected that a decision on this case will be reached in FY2016. The recognised total fair value of RMB3,000,000 is based on the expected outcome of the claim, including legal costs.

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

(c) Effect on cash flows of the Group

	RMB'000
Net cash at bank of subsidiaries acquired, net	**17,262**
Consideration paid to date	**–**
Cash inflow on acquisition	**17,262**

(d) Acquisition-related costs

The Group incurred acquisition-related costs of RMB1.02 million related to external legal fees, audit fees, valuation, purchase price allocation exercise and due diligence costs. These expenses have been included in administrative expenses in the Group's statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20 ACQUISITION OF SUBSIDIARIES (CONT'D)

(i) Acquisition of Daya Bay (cont'd)

(e) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Plant and equipment

The fair value of plant and equipment recognised as a result of a business combination is the estimated amount for which the asset could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction. The fair value of items of plant and equipment is based on cost approach using depreciated replacement cost which reflects adjustments for physical deterioration as well as functional and economic obsolescence.

(ii) Investment properties

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio at each reporting date. The valuation is prepared by considering the net rental income of the 399 holiday apartments derived from existing leases entered and/or rental income achievable in the existing market and where appropriate, reference is also made to comparable sale transactions as available in the relevant market.

(iii) Development properties held for sale

The fair value of development properties acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the efforts required to complete and sell the development properties held for sale.

(iv) Amounts due to related parties of Shenzhen Tong Ze (Non-trade)

The non-trade amounts due to six related parties of Shenzhen Tong Ze acquired are interest-free and repayable on demand and the carrying amounts approximate the fair value.

(v) Non-controlling interest

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of Daya Bay's identifiable net assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20 ACQUISITION OF SUBSIDIARIES (CONT'D)

(ii) Acquisition of Futura

On 5 December 2014, Group completed the acquisition of the entire issued and paid-up share capital of Futura for a consideration of S$100,001. Futura was incorporated in Singapore and remained inactive as at 31 December 2015.

21 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

The Group	2015 RMB'000	2014 RMB'000
Advances from an ex-director	–	171
Payment on behalf of an ex-director	–	(7,124)
Loans repaid to an ex-director	–	(415)
Advisory fee paid to an ex-key management personnel and an ex-director	–	348
Rental Income earned from a company owned by directors	98	–

22 COMMITMENTS

22.1 Capital commitment

The Group	2015 RMB'000	2014 RMB'000
Capital expenditure contracted but not provided for in the financial statements	–	118,000

Based on the supplementary agreement entered between Guizhou Shengxiang and 贵州省贵阳市开阳县人民政府 (the "Authority") dated 24 November 2011, Guizhou Shengxiang is required to pay RMB118 million to the Authority based on RMB100,000 per acre for the development of the land. The project comprises the construction of 低碳木业园 project and 旅游地产和生态风情园, covering an area of 450 acres and 750 acres of land respectively. Based on the agreement, the Authority will refund the income tax collected from Guizhou Shengxiang for the first 3 years and 50% of the tax collected in the subsequent two years.

As at 31 December 2015, management is of the view that the Group is no longer liable for the capital expenditure contracted for following the loss of control over the PRC entities in FY 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

22 COMMITMENTS (CONT'D)

22.2 Operating lease commitments (non-cancellable)

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

The Group and the Company	2015 RMB'000	2014 RMB'000
Not later than one year	**1,055**	52
Later than one year and not later than five years	**1,805**	45
	2,860	97

The leases on the Company's office premises on which rentals are payable will expire on 10 September 2018, with the option to renew another two years.

23 OPERATING SEGMENTS

For management purposes, the Group is organised into the following reportable operating segments which are the Group's strategic business units as follows:

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

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

(ii) Property investment – relates to the business of investing in properties to earn rentals and for capital appreciation in the People's Republic of China.

(iii) Corporate – comprises Corporate Office which incurs general corporate expenses and inactive entities in the Group.

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

Segment revenue and expenses:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

23 OPERATING SEGMENTS (CONT'D)

Segment assets and liabilities:

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

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

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

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

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

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

23 OPERATING SEGMENTS (CONT'D)

	Property development		Property Investment		Corporate		Eliminations		Total	
	Group 2015 RMB'000	Group 2014 RMB'000	**Group 2015 RMB'000**	Group 2014 RMB'000	**Group 2015 RMB'000**	Group 2014 RMB'000	**Group 2015 RMB'000**	Group 2014 RMB'000	**Group 2015 RMB'000**	Group 2014 RMB'000
Segment revenue	**25,500**	170,669	**798**	–	**–**	–	**–**	–	**26,298**	170,669
Results										
Segment (loss)/profit	**(2,841)**	55,143	**798**	–	**(13,207)**	(308,138)	**–**	–	**(15,250)**	(252,995)
Other income	**15**	–	**400**	–	**21,457**	90	**–**	–	**21,872**	90
(Loss)/profit before taxation	**(2,826)**	55,143	**1,198**	–	**8,250**	(308,048)	**–**	–	**6,622**	(252,905)
Taxation	**473**	–	**(100)**	–	**–**	–	**–**	–	**373**	–
(Loss)/profit for the period	**(2,353)**	55,143	**1,098**	–	**8,250**	(308,048)	**–**	–	**6,995**	(252,905)
Attributable to:										
Owners of the Company	**(1,049)**	55,143	**296**	–	**8,250**	(308,048)	**–**	–	**7,497**	(252,905)
Non-controlling interests	**(699)**	–	**197**	–	**–**	–	**–**	–	**(502)**	–
	(1,748)	55,143	**493**	–	**8,250**	(308,048)	**–**	–	**6,995**	(252,905)
Assets and liabilities										
Segment assets	**202,405**	–	**265,500**	–	**6,784**	8,485	**–**	–	**474,689**	8,485
Segment liabilities	**313,964**	–	**32,320**	–	**62,847**	5,340	**–**	–	**409,131**	5,340
Capital expenditure and significant non-cash items										
Amortisation of intangible assets	**–**	–	**–**	–	**–**	2	**–**	–	**–**	2
Capital expenditure on property, plant and equipment	**–**	–	**–**	–	**607**	302	**–**	–	**607**	302
Depreciation of property, plant and equipment	**115**	3,656	**–**	–	**178**	135	**–**	–	**293**	3,791
Impairment of property, plant and equipment	**–**	72,601	**–**	–	**–**	216	**–**	–	**–**	72,817
Written-off of property, plant and equipment	**–**	–	**–**	–	**–**	21	**–**	–	**–**	21
Impairment losses on net current assets of PRC subsidiaries	**–**	15,654	**–**	–	**–**	–	**–**	–	**–**	15,645
Impairment losses on consideration receivables from TCI	**–**	–	**–**	–	**–**	189,912	**–**	–	**–**	189,912
Impairment losses on other receivables	**–**	–	**–**	–	**2,261**	6,347	**–**	–	**2,261**	6,347
Gain on disposal of property, plant and equipment	**–**	–	**–**	–	**141**	–	**–**	–	**141**	–
Operating lease expenses	**–**	–	**–**	–	**509**	730	**–**	–	**509**	730

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

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

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

24.1 Credit risk

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

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

The Company's and Group's exposure to credit risk arises primarily from other receivables. For other financial assets, the Company and Group adopts the policy of dealing only with high credit quality counterparties.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

24.1 Credit risk (cont'd)

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

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

24.2 Liquidity risk

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

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

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

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

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

Please refer to Note 2(a) on going concern assumptions which affects the liquidity assumptions of the Group and the Company.

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

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For the financial year ended 31 December 2015

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

24.2 Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

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

	Carrying amount RMB'000	Contractual cash flows RMB'000	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000
The Group					
2015					
Financial liabilities:					
Financial liabilities	**(101,980)**	**(112,568)**	**–**	**(112,568)**	**–**
Trade and other payables	**(170,916)**	**(170,916)**	**(170,916)**	**–**	**–**
Total undiscounted financial liabilities	**(272,896)**	**(283,484)**	**(170,916)**	**(112,568)**	**–**
2014					
Financial liabilities:					
Trade and other payables	(5,340)	(5,340)	(5,340)	–	–
Total undiscounted financial liabilities	(5,340)	(5,340)	(5,340)	–	–

	Carrying amount RMB'000	Contractual cash flows RMB'000	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000
The Company					
2015					
Financial liabilities:					
Trade and other payables	**(14,621)**	**(14,621)**	**(14,621)**	**–**	**–**
Total undiscounted financial liabilities	**(14,621)**	**(14,621)**	**(14,621)**	**–**	**–**
2014					
Financial liabilities:					
Trade and other payables	(3,194)	(3,194)	(3,194)	–	–
Total undiscounted financial liabilities	(3,194)	(3,194)	(3,194)	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

24.3 Interest rate risk

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

As at the balance sheet date, the Group and the Company has no interest-bearing financial instruments, hence, is not exposed to any movements in market interest rates.

24.4 Foreign currency risk

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

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

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

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

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

	Hong Kong dollar RMB'000	Singapore dollar RMB'000	United States dollar RMB'000
The Group			
2015			
Other receivables	**–**	**5,314**	**–**
Cash and cash equivalents	**–**	**900**	**22**
Trade and other payables	**(20)**	**(14,443)**	**–**
Net exposure	**(20)**	**(8,229)**	**22**
2014			
Other receivables (Note 8)	–	7,328	–
Cash and cash equivalents (Note 10)	–	967	21
Trade and other payables	(1,774)	(3,341)	–
Net exposure	(1,774)	4,954	21

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

24.4 Foreign currency risk (cont'd)

	Hong Kong dollar RMB'000	Singapore dollar RMB'000	United States dollar RMB'000
The Company			
2015			
Other receivables (Note 8)	**–**	**5,711**	**–**
Cash and cash equivalents (Note 9)	**–**	**544**	**–**
Trade and other payables (Note14)	**–**	**(14,621)**	**–**
Net exposure	**–**	**(8,366)**	**–**
2014			
Other receivables (Note 8)	–	7,328	–
Cash and cash equivalents (Note 10)	–	22	–
Trade and other payables (Note14)	–	(3,194)	–
Net exposure	–	4,156	–

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

24.4 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

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

		2015 RMB'000	2014 RMB'000
The Group			
SGD	– strengthened 5% (2014 – 5%)	**(411)**	248
	– weakened 5% (2014 – 5%)	**411**	(248)
USD	– strengthened 5% (2014 – 5%)	**1**	1
	– weakened 5% (2014 – 5%)	**(1)**	(1)
HKD	– strengthened 5% (2014 – 5%)	**(1)**	(89)
	– weakened 5% (2014 – 5%)	**1**	89
The Company			
SGD	– strengthened 5% (2014 – 5%)	**(418)**	208
	– weakened 5% (2014 – 5%)	**418**	(208)

24.5 Market price risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

25 CAPITAL MANAGEMENT

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

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

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

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

(d) To provide an adequate return to shareholders.

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

The Group and the Company monitor capital using capital net debt ratio, which is net debt divided by total capital plus debt. The Group and the Company include within net debt, provision for restoration cost, financial liabilities and trade and other payables, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company.

	The Group		**The Company**	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial liabilities	**101,980**	–	**–**	–
Trade and other payables (Note 14)	**170,916**	5,340	**14,621**	3,194
Cash and cash equivalents (Note 9)	**(18,356)**	(987)	**(544)**	(22)
Net Debt	**254,540**	4,353	**14,077**	3,172
Equity attributable to the owners of the Company				
Total capital	**65,558**	3,145	**(7,485)**	4,793
Capital and net debt	**320,098**	7,498	**6,592**	7,965
Capital net debt ratio	**79.5%**	58.1%	**213.5%**	39.8%

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

26 FAIR VALUE MEASUREMENT

Definition of fair value

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

Accounting classifications and fair values

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

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

(b) Level 2: those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

Fair value measurement of financial instruments

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

The following table shows the Levels within the hierarchy of non-financial assets and non-current financial liabilities measured at fair value on a recurring basis at 31 December 2015.

The Group	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
31 December 2015				
Non-financial assets				
Investment properties (Note 6)	–	–	**265,500**	**265,500**
Financial liabilities				
Non-current financial liabilities (Note 13)	–	**101,980**	–	**101,980**

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FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

26 FAIR VALUE MEASUREMENT (CONT'D)

The following table shows the Group's valuation technique used in measuring the fair value of the investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The valuation is based on income approach in arriving at the fair value of the properties. The income method takes into consideration the estimated net rent at a capitalisation rate applicable to the nature and type of asset in question.	– Weighted average price per square meter: RMB13,239 – Expected average rental growth: not more than 5% – Discount rate: 6.6% – Capitalisation rate: 6.6%	The estimated fair value would increase (decrease) if: – Expected average rental growth was higher (lower); – Discount rate was lower (higher); – Capitalisation rate was lower (higher)

The fair value of non-current financial liabilities are estimated using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market interest rate of similar debt instrument with similar risk. The interest rate used for this calculation is 5%.

Level 3 fair value measurements

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:–

The Group	**Investment properties 2015 RMB'000**
At 1 January	–
Acquisition through business combination (Note 20)	**265,100**
Fair value gain recognised in the profit or loss (Note 16)	**400**
At 31 December	**265,500**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

27 DISCLAIMER IN AUDIT REPORT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2014

The audit report dated 24 November 2015 on the financial statements for the previous financial year ended 31 December 2014 contained a disclaimer opinion on the matters as discussed below, which were resolved during the current financial year ended 31 December 2015:

(A) Items (1) – Consolidation of subsidiaries and (2) – Loss of control of PRC entities

Due to the unavailability of the accounting records and the loss of control of the PRC entities, the current management made full impairment provisions on (i) property, plant and equipment of RMB72.8 million and the carrying amounts of the net current assets of RMB15.6 million, comprising gross current assets of RMB489.7 million and gross current liabilities of RMB474.1 million, based on the management accounts of the PRC entities as at 30 September 2014. Accordingly, the auditors were unable to obtain sufficient audit evidence over the completeness of liabilities incurred, existence and ownership of assets, accuracy and presentation of financial numbers as reported and disclosed, including the amount of impairment losses made to reflect the reported amounts in the consolidated statement of comprehensive income and the consolidated statement of cash flows for the financial year ended 31 December 2014. Furthermore, the auditors have not been able to obtain satisfactory explanations from the ex-management of the Company over the loss of control of the PRC entities and accordingly, the auditors were unable to satisfy themselves on the Company's rights and ownership over the PRC entities as at the balance sheet date.

On 12 October 2015, the current Board announced that the shareholders of Guiyang Shunhe and Guizhou Huamao have been changed from Cedar Hua Cheng, its immediate holding company, to unrelated individuals, following the verification due diligence exercise conducted by Shanghai Yuan Tai Law Offices. Accordingly, both Guiyang Shunhe and Guizhou Huamao are no longer the indirect wholly owned subsidiaries of the Company.

On 19 November 2015, the current Board was also informed by Dr Charlie In, an ex-director of the Company, who is the legal representative of Cedar Hua Cheng and Guizhou Shengxiang, which were either dormant and non-significant contributors to the Group's financials, that he did not possess any documents or company seals of Cedar Huacheng and Guizhou Shengxiang and accordingly, he could not effectively carry out his role as the legal representatives of Cedar Huacheng and Guizhou Shengxiang. Accordingly, both Cedar Huacheng and Guizhou Shengxiang are no longer the indirect wholly owned subsidiaries of the Company.

Based on the above observations, Management is of the view that the Group has effectively lost control over the PRC entities in accordance with FRS 110 and there will not be further financial impact to the Group's financial statements in FY 2015 as the carrying amounts of the net assets of these PRC entities, previously reported in the Group's management accounts up to 30 September 2014, had been fully impaired in the consolidated financial statements of the Group for the financial year ended 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

27 DISCLAIMER IN AUDIT REPORT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

(B) Items (5) – Impairment losses recognised on the cost of investment in subsidiaries and amounts due from subsidiaries and (7) – Impairment loss recognised on amounts due from TCI

As at 31 December 2014, the current management had fully impaired the cost of investment in Trechance, and non-trade amounts due from Trechance amounting to RMB22.5 million and RMB204.9 million respectively, in the Company's statement of comprehensive income and the consideration receivable due from TCI amounting to RMB189.9 million in the consolidated statement of comprehensive income. The auditors were unable to satisfy themselves as to the appropriateness of the impairment losses recognised in respect of the cost of investment, non-trade amounts due from Trechance and consideration receivable due from TCI.

Based on the developments noted in (1), the cost of investment in Trechance, being the investment holding company of the PRC entities, is no longer recoverable following the loss of control over the PRC entities. The current Management has also engaged Yuan Tax Law Offices to ascertain whether the Group is able to seek legal recourse against TCI and/or JYD on the consideration receivable arising from the sale of the titanium dioxide business in FY 2013. Yuan Tai Law Offices has since indicated that it would be difficult to enforce a judgement against TCI and/or JYD in light of the fact that JYD is no longer contactable. The current Board is still in the midst of assessing the costs and benefits of the action(s) available to the Company in connection with the matter. As previously announced on 25 November 2015, the Board will decide on the course of action to be taken after it has received the full legal advice and will keep the shareholders updated on the Board's decision accordingly.

Management is of the view that there will not be further financial impact to the Group's and the Company's financial statements as the carrying amounts of the said investments and receivables recorded in the Group's and the Company's financial statements had been fully impaired in FY 2014.

(C) Items (3) – Beneficial Owner of TCI and (10) – Use of Share Proceeds and Settlement of Consideration Payable

The auditors were unable to ascertain the beneficial owner of TCI and whether it was appropriate for the ex-management to consider TCI as being interchangeable with JYD. Furthermore, in June 2014, the Company raised gross proceeds amounting to S$4.6 million pursuant to the issuance of 1,277,777,777 new subscription shares at an issue price of S$0.0036 per share to 3 investors. The proceeds were intended to repay the consideration payable arising from the acquisition of Trechance in FY 2013. Only S$1 million has been received by the Company. S$3.6 million of the gross proceeds were purportedly used to settle the outstanding bond issued to TCI. In addition, conflicts of interest arose in the execution of the transactions. Accordingly, the auditors were unable to satisfy themselves as to whether the liabilities arising from the outstanding bond and the cash consideration payable have been appropriately discharged as at 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

27 DISCLAIMER IN AUDIT REPORT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

(C) Items (3) – Beneficial Owner of TCI and (10) – Use of Share Proceeds and Settlement of Consideration Payable (cont'd)

As at the balance sheet date, confirmation from the Company's legal counsel has been received that TCI has not made any claim or threatened any legal action against the Company for any alleged failure to redeem the bond which matured in July 2014. In addition, management has also received a letter from Mr Zhou Wei Jian dated 26 January 2016, informing the Company that he has transferred S$1.8 million each to TCI and/or JYD on behalf of Jadeite Capital ("Jadeite") and Sinowealth Capital Limited ("SWC") at the instruction of Jadeite and SWC as consideration for their respective shares under the placement arrangement dated 12 June 2014. Mr Zhou Wei Jian has also given an undertaking to indemnify the Company in the event that TCI and/or JYD were to make a claim against the Company in relation to the sum of S$3.6 million.

(D) Item (6) – Recoverability of amount due from New Inspiration Development Limited ("New Inspiration")/Dr Charlie In

Included in trade and other receivables (Note 8(B)) in the Group and the Company's statement of financial position as at 31 December 2014 was the remaining consideration receivable of RMB7 million (equivalent to S$1.5 million) arising from the disposal of subsidiaries in FY 2013. The Settlement Agreement was not approved by the then-Board of Directors as at that point in time. In addition, conflicts of interest arose as part of the settlement process and the Company had not obtained control over the assets owned by West Themes from New Inspiration. On this basis, the auditors were unable to obtain sufficient appropriate audit evidence on the recoverability of the consideration receivable as at 31 December 2014.

On 18 January 2016, the Company entered into a deed of settlement with New Inspiration, West Themes and Dr Charlie In (collectively called the "Parties"), where New Inspiration and Dr Charlie In are liable to pay the Company a debt of S$1.5 million as a result of an assignment of the debt from YESS to New Inspiration and Dr In. Dr In has become the sole shareholder and director of West Themes, who is the owner of the property located at 1120 and 1120A Serangoon Road, Singapore 328205 (the "Property"). The Parties arranged that the Company shall arrange for the sale of the Property by working with appointed property agents to market and auction the Property. Dr Charlie In, West Themes and New Inspiration shall ensure that the sale proceeds from the sale of the Property are paid directly to the Company and the Company shall then pay West Themes any part of the sale proceeds exceeding the sum of S$1.5 million. If the sale proceeds are less than S$1.5 million, Dr Charlie In and New Inspiration shall pay the Company the difference between the sale proceeds and S$1.5 million within 30 days from the date of completion of the sale of the Property. If the sale of the Property is not completed by 29 February 2016, the full amount of S$1.5 million shall become immediately due and owing from Dr Charlie In and New Inspiration.

During the current financial year, management carried out an impairment assessment and recognised an impairment loss of RMB2.3 million to arrive at the recoverable amount of the amount due from New Inspiration/Dr Charlie In, which was based on the estimated fair value less cost to sell the Property.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

27 DISCLAIMER IN AUDIT REPORT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

(E) Item (4) – Related party transactions, Item (8) – Remuneration matters and Item 9 – Supporting accounting documents

In the previous financial year ended 31 December 2014, the Group made certain payments on behalf of an ex-key management personnel which were not approved by the ex-Audit Committee and the ex-Board of the Company. In addition, management had also recorded (i) retrenchment benefits, bonus and other salary related costs paid/payable to its ex-executive directors and ex-key management personnel and (ii) other payments, mainly bank facilitation charges where such amounts had not been appropriately approved. The current Board is still in the midst of assessing the costs and benefits of the action(s) available to the Company in connection with the matters.

Management is of the view that there will not be further financial impact to the Group's and the Company's financial statements as the payments, including the retrenchment benefits, bonuses and other salary related costs have been paid/accrued for in the Group's and the Company's financial statements for the financial year ended 31 December 2014.

(F) Item (12) – Appropriateness of going concern assumption of the Group and the Company

As at 31 December 2014, there were material uncertainties that cast doubts about the Group's and the Company's ability to continue as a going concern as the auditors were unable to obtain sufficient appropriate audit evidence on whether SGX-ST would approve the resumption of trading of the Company's shares that would enable management to raise fresh funds to meet the Group's and the Company's operational needs.

On 21 March 2016, the Company announced that SGX-ST has on 18 March 2016 approved the Company's application for the resumption of trading of the Company's shares on the Catalist, subject to certain confirmations and undertakings to be furnished by the Current Board and/or Sponsor. The resumption of trading of the Company's shares will enable management to raise fresh funds to meet the Group's and the Company's operational needs for the next twelve months.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

28 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Share Subscription Agreement

The Company has entered into a share subscription agreements dated 22 February 2016 (the "Share Subscription Agreement") with an investor, namely Mr Luo Shandong (Mr "Luo"), pursuant to which the Mr Luo has agreed to subscribe for an aggregate of 500,000,000 new ordinary shares (the "Subscription Shares") at a price of S$0.0028 for each Subscription Share. The Company subsequently entered into a supplemental agreement with Mr Luo such that the consideration for the subscription shares are to be paid by 15 April 2016 as opposed to 29 February 2016.

Resumption of trading of shares and Listing and quotation of the placement shares and investment shares

On 21 March 2016, the Company announced that the SGX-ST has on 18 March 2016 approved the Company's application for the resumption of trading in the Company's shares on the Catalist, subject to certain confirmations and undertakings to be furnished by the Current Board and/or Sponsor. In addition, SGX-ST has also granted the listing and quotation notices for the listing and quotation of the placement shares and the investment shares of 950,000,000 each, on the Catalist Board of the SGX-ST.

ADDITIONAL INFORMATION

Year Ended 31 December 2015

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

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
In Nany Sing Charlie (Dr) Payment on behalf of a director (1)	–	(1,696)	–	–

Note 1: This relates to payment on behalf of a Director, Dr In Nany Sing Charlie, who resigned on 26 June 2015. During FY2014, there were repayment of loans of RMB5.4 million made to him. During FY2014, the Group recorded retrenchment benefits, bonus and other salary related costs amounting to approximately RMB4.4 million paid/payable to its ex-Executive Directors and ex-key management personnel of the Company and its subsidiary in the Group's statement of comprehensive income. We were unable to obtain sufficient evidence to determine that such retrenchment benefits, bonus and other salary related costs have been appropriately approved and are currently seeking legal advice on some of the transactions.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2016

Issued share capital	:	S$87,819,611.408
No. of issued and fully paid-up shares	:	7,966,782,808
Class of shares	:	Ordinary share
Voting rights attached to shares	:	One vote per share
Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	187	2.29	2,367	0.00
100 – 1,000	214	2.62	152,519	0.00
1,001 – 10,000	696	8.52	5,039,475	0.06
10,001 – 1,000,000	6,056	74.16	1,520,244,768	19.08
1,000,001 and above	1,013	12.41	6,441,343,679	80.86
Total	8,166	100.00	7,966,782,808	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Maybank Kim Eng Securities Pte Ltd	782,710,510	9.82
2	RHB Securities Singapore Pte Ltd	508,975,750	6.39
3	Jadeite Capital	500,000,000	6.28
4	Christopher Chong Meng Tak	277,777,777	3.49
5	DBS Nominees Pte Ltd	105,962,864	1.33
6	Zhao Yanshi	98,963,000	1.24
7	United Overseas Bank Nominees Pte Ltd	95,224,116	1.20
8	Phillip Securities Pte Ltd	81,971,213	1.03
9	UOB Kay Hian Pte Ltd	76,276,506	0.96
10	Teo Ee Seng	62,500,000	0.78
11	Samuel Ng Chee Yong (Samuel Wu Zhiyong)	57,465,000	0.72
12	Xia Zheng	53,659,500	0.67
13	Wong Han Yew	52,437,000	0.66
14	Raffles Nominees (Pte) Ltd	45,434,900	0.57
15	OCBC Securities Private Ltd	43,112,125	0.54
16	OCBC Nominees Singapore Pte Ltd	42,698,519	0.54
17	Ong Boon Kheng	42,406,875	0.53
18	Chua Yew Chong	39,900,000	0.50
19	Hon Che Cheng	33,036,666	0.41
20	Ho Yeng Pew	31,000,000	0.39
	Total:	3,031,512,321	38.05

STATISTICS OF SHAREHOLDINGS

As at 18 March 2016

Substantial Shareholders

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

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

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

Public Shareholdings

Based on the information available to the Company as at 18 March 2016, approximately 83.96% of the Company's issued ordinary shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist issued by SGX-ST.

NOTICE OF
ANNUAL GENERAL MEETING

CEDAR STRATEGIC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Co Registration No: 198003839Z)

To All Shareholders

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders ("**Shareholders**") of **CEDAR STRATEGIC HOLDINGS LTD.** (the "**Company**") will be held at 55 Market Street, #03-01, Singapore 048941 on Thursday, 28 April 2016 at 9.30 a.m. to transact the following businesses:

Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 December 2015 and the Auditors' Report thereon. **Resolution 1**

2. To re-elect Mr Christopher Chong Meng Tak as Director, who shall retire pursuant to Article 87 of the Company's Constitution. **Resolution 2**

{See Explanatory Note (1)}

3. To re-elect Mr Tan Thiam Hee as Director, who shall retire pursuant to Article 87 of the Company's Constitution. **Resolution 3**

{See Explanatory Note (1)}

4. To approve the payment of the proposed directors' fees of up to S$230,000 to be paid quarterly in arrears for the financial year ending 31 December 2017. **Resolution 4**

5. To re-appoint Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix its remuneration. **Resolution 5**

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

Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolutions with or without modifications:

7. **Authority to issue shares in the capital of the Company pursuant to Rule 806 of the Listing Manual – Section B: Rule of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST")**

   That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), authority be and is hereby given to the Directors to:

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

NOTICE OF
ANNUAL GENERAL MEETING

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and,

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

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with subparagraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to Shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provision of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held.

{See Explanatory Note (2)} **Resolution 6**

NOTICE OF
ANNUAL GENERAL MEETING

8. **Mandate to Directors to issue Shares under CSH Employee Share Option Scheme**

That approval be and is hereby given to the Directors to offer and grant options over ordinary shares in the Company in accordance with the provisions of the CSH Employee Share Option Scheme (the "**Scheme**"); and pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such number of shares in the capital of the Company (the "**Scheme Shares**") as may be required to be issued pursuant to the exercise of the options that may be granted under the Scheme provided always that the aggregate number of the Scheme Shares (excluding treasury shares) available under the Scheme shall not exceed 15% of the total issued share capital of the Company from time to time, as determined in accordance with the provisions of the Scheme.

{See Explanatory Note (3)} **Resolution 7**

By Order of the Board

Ong Beng Hong
Joint Secretary
Singapore
13 April 2016

Explanatory Notes

(1) Ordinary Resolutions 2 and 3 – To re-elect Mr Christopher Chong Meng Tak and Mr Tan Thiam Hee as Directors, who shall retire pursuant to Article 87 of the Constitution of the Company

If re-elected, Mr Christopher Chong Meng Tak will remain as the Non-Executive Chairman of the Company, Chairman of the Nominating & Corporate Governance Committee and Remuneration Committee and a member of the Audit Committee.

If re-elected, Mr Tan Thiam Hee will remain as an Executive Director and Chief Executive Officer of the Company.

(2) Ordinary Resolution 6 – Authority to issue shares in the capital of the Company pursuant to Rule 806 of the Listing Manual – Section B: Rule of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST")

The Ordinary Resolution 6 proposed in item 7 above, if passed, will authorise the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

NOTICE OF ANNUAL GENERAL MEETING

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of shares awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(3) Ordinary Resolution 7 – Mandate to Directors to issue Shares under CSH Employee Share Option Scheme

Ordinary Resolution 6 proposed in item 7 above is to allow the Directors to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme provided that the aggregate number of shares to be issued under the Scheme, when aggregated with shares to be issued under any other existing share schemes of the Company does not exceed 15% of the total number of shares issued by the Company, excluding treasury shares, if any, from time to time. The Scheme was first approved by the Shareholders at the Extraordinary General Meeting held on 21 August 2009 and subsequently renewed by the Shareholders at the Annual General Meetings held on 28 January 2010, 28 January 2011, 12 January 2012 and 10 April 2013 and 15 December 2015. Details of the Scheme may also be found in the Circular to Shareholders dated 29 July 2009.

Notes:

(1) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(2) If a proxy is to be appointed, the form must be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00, Aso Building, Singapore 048544, not less than 48 hours before the meeting.

(3) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

(4) In the case of joint shareholders, all holders must sign the form of proxy.

This notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of Singapore Exchange Securities Trading Limited (the SGX-ST). The Company's Sponsor has not independently verified the contents of this notice.

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Company's Sponsor is Mr Ng Joo Khin
(Tel: 6389 3000 Email: jookhin.ng@morganlewis.com).

PROXY FORM

CEDAR STRATEGIC HOLDINGS LTD.

(Company Registration Number: 198003839Z)
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "relevant intermediary").
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. PLEASE READ THE NOTES TO THE PROXY FORM.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2016.

I/We ______________________________

of ______________________________

being a member/members of Cedar Strategic Holdings Ltd. (the "**Company**") hereby appoint Mr/Mrs/Ms

Name	Address	NRIC/Passport Number	Proportion of Shareholding (%)

and/or (delete as appropriate)

or failing him/her, the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll at the AGM of the Company to be held at **55 Market Street, #03-01, Singapore 048941** on **Thursday, 28 April 2016** at **9.30 a.m.** I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions Relating To:	For	Against	Abstain*
	Ordinary Business			
1.	To adopt the Directors' Statement, Audited Financial Statements and Auditors' Report			
2.	To re-elect Mr Christopher Chong Meng Tak as Director			
3.	To re-elect Mr Tan Thiam Hee as Director			
4.	To approve Directors' Fees to be paid quarterly in arrears for the year ending 31 December 2017.			
5.	To re-appoint Foo Kon Tan LLP as Auditors of the Company			
	Special Business			
6.	To authorise the Directors to issue shares pursuant to Rule 806 of the Listing Manual			
7.	To authorise the Directors to issue shares pursuant to the CSH Employee Share Option Scheme			

* Please indicate your vote "For" or "Against" or Abstain" with a "X" in the appropriate box provided.

Dated this __________ day of ______________ 2016.

Register	Number of Shares Held
1) CDP Register	
2) Register of Members	

____
Signature of Shareholder(s) or Common Seal

Important: Please read notes overleaf

Notes:

1. Please insert the total number of shares registered in your name. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap.289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If the number of shares is not inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. Save for a member who is a relevant intermediary as defined in Note 3, a member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
3. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Fold Here

Affix

Stamp

Office of the Share Registrar
Cedar Strategic Holdings Ltd.
B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

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4. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
5. The instrument appointing a proxy/proxies must be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00, ASO Building, Singapore 048544 not less than 48 hours before the time set for the Annual General Meeting or any postponement or adjournment thereof.
6. The instrument appointing a proxy/proxies shall be in writing under the hand of the appointor or of his attorney, or if such appointor is a corporation, under its common seal or under the hand of its officer or attorney, duly authorised in writing.
7. A corporation, which is a member, may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

General

The Company shall be entitled to reject the instrument appointing a proxy/proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy/proxies. In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy/proxies if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Peter Tan
Chairman
Christopher Chong Meng Tak
Patrick Wong Pak Him

NOMINATING & CORPORATE GOVERNANCE COMMITTEE

Christopher Chong Meng Tak
Chairman
Peter Tan
Patrick Wong Pak Him

REMUNERATION COMMITTEE

Christopher Chong Meng Tak
Chairman
Peter Tan
Teo Cheng Kwee

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

COMPANY REGISTRATION

No. 198003839Z

REGISTRAR & SHARE TRANSFER OFFICE

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

CATALIST SPONSOR

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

AUDITORS

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

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

BANKERS

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

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

CEDAR
Strategic
世达

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