



CHIWAYLAND INTERNATIONAL LIMITED



EXPANDING
OPPORTUNITIES

ANNUAL
REPORT
2015

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CORPORATE PROFILE

Suzhou Royal Palace
苏州尚城花园



Committed to building quality real estate and quality living

Chiwayland International Limited (中锐地产国际股份有限公司) ("Chiwayland" or the "Group") is one of the leading property developers in China. Based on its core value of building "quality real estate and quality living", the Group focuses on delivering a full suite of services, ranging from real estate investment and development, township planning, project management, marketing and sales, to building maintenance. With a stellar track record in developing affordable quality residential and commercial properties, as well as educational zones in China, the Group ventured overseas and established a presence in Australia. Its portfolio of property developments comprises residential and commercial properties, office buildings and education hubs, mostly in prime locations.

Its properties in China span the heart of the Yangtze River Delta Region, including Shanghai, Suzhou, Wuxi, Xuzhou, Zhangjiagang and Xuancheng. In Australia, the Group has property development projects in Brisbane, Queensland and Sydney, New South Wales.

Suzhou Industrial Park Royal Mansion
苏州星公元名邸



CHAIRMAN'S STATEMENT



"THE GROUP ACHIEVED 62% HIGHER REVENUE IN FY2015 TO RMB3.6 BILLION, MAINLY DUE TO THE INCREASE IN THE NUMBER OF UNITS THAT WERE HANDED OVER TO BUYERS. CHIWAYLAND WILL CONTINUE TO SEEK OUT STRATEGIC OPPORTUNITIES TO STRENGTHEN ITS PRESENCE IN BOTH ITS CHINA AND AUSTRALIA MARKETS."

We also saw increased pre-sales activities for the launch and pre-sales of our new projects in both China and Australia. Chiwayland prides itself in being very selective in choosing the land site for our property development projects as we believe that location and the convenience it provides are key consideration factors for buyers. Hence, most of our projects are in prime locations and command higher ASP. In China, the Group achieved pre-sales GFA of approximately 377,694 sqm in FY2015 (22.7% higher than that in FY2014) with an aggregate consideration of approximately RMB4.2 billion in FY2015 (68% higher than that in FY2014), mainly from the launch and pre-sales of Suzhou Royal Palace and Suzhou Industrial Park Royal Mansion. In Australia, we have started to launch the pre-sales activities for three of our development projects, namely Vivir, Illumina and Uptown. A total of 314 units from these projects have been pre-sold, with an aggregate consideration of AUD222.9 million.

Dear Shareholders,

On behalf of the Board of **Chiwayland International Limited** (中锐地产国际股份有限公司) ("Chiwayland" or the "Group"), I am pleased to present to you the annual report for the financial year ended 31 December 2015 ("FY2015").

FY2015 was an encouraging year for the Group. The overall real estate market in China received a boost from the government as interest rates were lowered and minimum downpayments for second home buyers were cut three times during the year. The Group achieved 62% higher revenue in FY2015 to RMB3.6 billion, mainly due to the increase in the number of units that were handed over to buyers, as well as the higher average selling prices ("ASP") of property units that were handed over. The Group recorded a 6% increase in aggregate GFA sold and recognized or 25,326 sqm, from 420,780 sqm in FY2014 to 446,106 sqm in FY2015, while it recorded an approximately 52% increase in ASP or RMB2,742 per square metre ("sqm") in FY2015. This was mainly attributable to the Suzhou Royal Palace, Zhangjiagang Royal Palace and Xuzhou Royal Palace projects.

Our selling and distribution expenses and administrative expenses were higher, in line with the rise in business activities. However, in the absence of the one-off RTO related expenses incurred last year, the Group achieved a 290% increase in net profit attributable to owners to RMB37.7 million in FY2015.

As the Chinese government unwinds the cooling measures that were previously implemented, demand for residential properties in China is likely to remain stable. Similarly in Australia, interstate migration and a relatively low interest rate environment continue to lend support to demand for residential housing. In FY2015, the Group won the land use rights for four land parcels in Suzhou and Nanjing, China. It plans to develop these land sites into residential and commercial units. The Group also further strengthened its presence in Australia with the successful tenders for two land parcels, in the Epping and Ryde suburbs of Sydney. The Group plans to develop these two sites into residential developments with 90 units each. The land site in Epping spans across an area of 4,424 sqm, while that at Ryde is approximately 2,866 sqm.

While the Group continues to establish itself in Australia, it has also embarked on setting up a presence in the United States. In March 2016, the Group has entered into an interim business agreement with Urban Comms, LLC ("Urban Comms") to jointly develop a mixed-use development project in Los Angeles, California. This project is expected to include retail, hotel and residential units. Urban Comms is a Los Angeles-based real estate development company that specialises in hotel and mixed-use development properties. With this collaboration in place, it would open up more opportunities for the Group to expand in the US. Chiwayland will be better positioned to become an international real estate development group as it continues to grow.

During the year, the Group made its foray into the fund management business to manage and administer borrowings raised from investors and high net worth individuals. This would enable it to take advantage of the opportunities in the real estate sector to make further real estate and real estate-related investments, and take the Group to greater heights. Apart from investments in and divestments of properties under its own portfolio, the fund management business may also be able to identify potential property development opportunities for the Group, which in turn could contribute positively to its growth.

The global economic slowdown presents a challenging environment to the overall real estate markets in both China and Australia. Nonetheless, the Group will continue to seek out strategic opportunities to strengthen its presence in both markets, while

building on our track record in our key China market. We remain committed to delivering "quality real estate and quality living" to our customers.

NOTE OF APPRECIATION

At our last Annual General Meeting held on 27 April 2015, Mr Chua Yong Hai did not seek re-election and stepped down from the Board as the Lead Independent Director. On behalf of the Board, we would like to thank Mr Chua for his valuable contributions and guidance to the Group. We would also like to welcome Mr Chua Hwee Song, who joined the Board as Independent Non-Executive Director on 06 July 2015.

I would like to express my appreciation to our Board of Directors for their contributions and guidance throughout the year. On behalf of the Board, I would also like to thank our management and staff for their commitment and hard work. Last but not least, I would like to thank our shareholders, customers and business partners, for their continued support and confidence. We remain committed to improving value for our stakeholders.

Yours sincerely,

Qian Jianrong

Executive Chairman & Chief Executive Officer
April 2016

Suzhou Royal Palace
苏州尚城花园



主席致辞

尊敬的各位股东：

本人很荣幸代表中锐地产国际股份有限公司（简称“中锐地产”或“集团”）董事会，在此为您呈上截至2015年12月31日财政年度的年度报告。

2015年对于集团来说是振奋人心的一年。依托于政府在本年度内降低基准利率并三次调低二套房的首付款比例，中国的整体房地产市场有了迅猛增长。2015年集团实现主营业务收入人民币36亿元，较同期增长62%，主要是由于交房数量及每套房的平均销售价均有所增加。集团销售结转的建筑面积达446,106平方米，较去年的420,780平方米增加25,326平方米，增幅为6%。同时2015年的平均销售价格较前期增长了人民币2,742元/平方米，上涨幅度为52%。这些增长主要是归功于本期主要的交房结转项目：苏州尚城花园、张家港尚城花园以及徐州尚城花园项目。

我们在中国和澳洲新项目的预售量也在增加。中锐地产坚信，项目的地点及便利程度是买家在选购住房时的首要考虑因素，因而在项目地点的选择上，中锐地产一直精挑细选。正因为此，我们大部分项目都处在黄金地段，因而带来较高的平均销售价格。在中国，集团2015年的预售建筑面积达377,694平方米（较2014年增长22.7%），预售合同价格约为人民币42亿元（较2014年增长68%），主要得益于苏州尚城花园和苏州星公元名邸项目的预售。在澳洲，我们三个项目已经开始预售，分别是Vivir、Illumina和Uptown，共计售出314套公寓，合计澳币2.229亿元。

随着业务的增加，我们的销售费用及管理费用也有所上升。若不考虑2014年反向受购的一次性相关费用，2015年集团归属于所有者的净利润较去年增长了290%，实现人民币3,766万元。

随着中国政府对前期实施的楼市调控政策的放宽，国内对住房的需求保持稳定。澳洲的情况也类似，洲际移民及相对较低的利率环境持续支撑着住房市场的需求。2015年，集团获得了在中国苏州和南京的四个地块的使用权，并打算用于开发住宅及商铺。集团在澳洲也积极开拓业务，并在悉尼的Epping和Ryde成功拍得两个地块。集团计划将此开发成各有90套的住宅项目，其中Epping项目占地4,424平方米，Ryde项目占地2,866平方米。

集团在持续耕耘澳洲的同时，也开始尝试进入美国市场。在2016年3月，集团和 Urban Comms, LLC 签署了一份商业框架协议，联合开发位于加利福尼亚州洛杉矶的综合用途项目。此项目预计包括商业、酒店和住宅。Urban Comms 是一家位于洛杉矶的房地产开发企业，专注于酒店及综合性开放项目。此合作将带给集团更多在美国发展的机会。中锐地产将在成为国际房地产开发集团的道路上持续前进。

在2015年，集团涉足了基金管理行业，以此来管理和运营从投资者和高净值个人处取得的借款。集团可以利用现有房地产业务中的机会，进行房地产及与房地产相关的投资，并将集团提升到一个更高的层面。除了对自有房地产投资组合的投资及资产转让，基金管理业务还能为集团发掘潜在的房地产开发机会，同时也有助于基金业务自身的发展壮大。

全球经济的放缓为中国及澳洲的房地产市场带来挑战。尽管如此，集团仍将在原来取得成就的基础上，寻求新的战略机会以壮大我们在中国及澳洲的市场。我们将继续为我们的客户缔造“品质地产，品味生活”的地产项目。

感谢辞

在我们2015年4月27日召开的上一次股东大会上，蔡涌海先生没有谋求连任并辞去了首席独立董事的职务。我们代表整个董事会，感谢蔡先生对集团做出的杰出贡献及指导。我们也在此次欢迎蔡辉松先生，他于2015年7月6日加入了董事会，担任独立非执行董事的职务。

本人在此对董事会成员在本年度做出的贡献及指导表示感谢，也代表董事会，在此感谢集团的管理团队及员工们的辛勤工作。最后，我要感谢我们的股东、客户及商业合作伙伴，感谢他们对集团一如既往的支持和信心。我们将致力于为我们的股东创造更多的价值。

谨启，

钱建蓉

执行主席及首席执行官

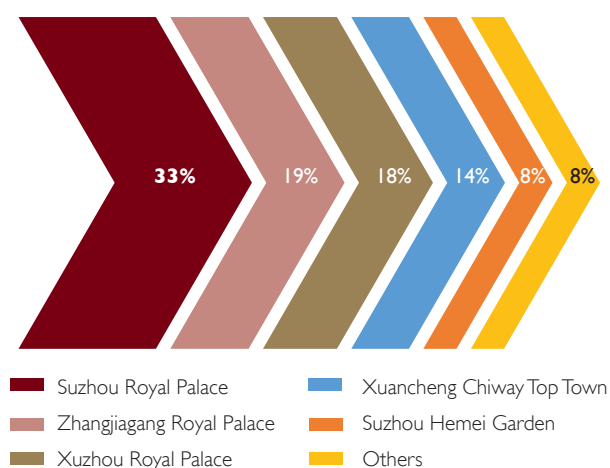
2016年4月

PERFORMANCE REVIEW

The Group achieved revenue growth of 62% to RMB3.6 billion in FY2015, from RMB2.2 billion in FY2014. This was mainly due to overall higher average selling prices ("ASP") of its property units and an increase in gross floor area ("GFA") sold and recognized during the year. ASP increased by approximately 52% or RMB2,742 per sqm in FY2015. The number of property units handed over to customers also increased. The aggregate GFA sold and recognized increased by approximately 6% or 25,326 sqm, to 446,106 sqm for FY2015. This was mainly driven by its Suzhou Royal Palace, Zhangjiagang Royal Palace and Xuzhou Royal Palace projects. These three property projects contributed approximately 70.0% of total revenue for FY2015.

Revenue contribution by property development projects

FY2015 Revenue = RMB3.6 billion



FY2015 saw an encouraging increase in pre-sales activities. The Group achieved pre-sales GFA of approximately 377,694 sqm (FY2014: approximately 307,788 sqm) with an aggregate consideration of approximately RMB4.2 billion (FY2014: approximately RMB2.5 billion) from the China property market in FY2015. The Group also saw an increase in the ASP of units pre-sold by approximately RMB3,045 per sqm. This was mainly due to the launch and pre-sales of its Suzhou Royal Palace and Suzhou Industrial Park Royal Mansion projects in FY2015. These two projects are situated at prime locations and therefore commanded higher ASP.

The Group also launched its pre-sales activities for three of its development projects in Australia during the year. A total of 314 units from these projects – Vivir, Illumina, and Uptown, have been pre-sold with an aggregate consideration of AUD222.9 million.

Along with the increase in revenue, the Group's gross profit increased by 61% to RMB297.8 million in FY2015, from RMB184.7 million. Gross profit margin in FY2015 remained stable at 8.3%.

Other income amounting to RMB95.0 million in FY2015 consisted mainly of fair value gains from investment properties that relate to the commercial retail units of Suzhou Xingshang Tiandi. This was 57% lower than that in FY2014 as FY2014 consisted of fair value gains from the commercial retail units of Phase 2 of Suzhou Royal Palace, gains on disposal of joint ventures and government grant received in relation to the Zhangjiagang Royal Palace project.

Operating profit increased 37% to RMB205.9 million in FY2015, from RMB150.3 million in FY2014 mainly due to the absence of one-off RTO-related expenses of RMB105.6 million incurred in FY2014. With increased business activities, the Group's selling and distribution expenses and administrative expenses were 18% higher respectively.

Share of loss of joint ventures in FY2015 amounting to RMB1.3 million was mainly from Suzhou Gaoxin. Share of loss of joint ventures in FY2014 were mainly from Shanghai Real Estate Group and Xuzhou Chiway.

As a result of the above, the Group recorded net profit attributable to owners of the Company of RMB37.7 million in FY2015.

BALANCE SHEET

The Group's total assets increased from RMB10.1 billion as at 31 December 2014 to RMB11.2 billion as at 31 December 2015, while total liabilities increased from RMB9.1 billion as at 31 December 2014 to RMB9.9 billion as at 31 December 2015. The Group achieved net asset attributable to owners of the Company of RMB515.2 million as at 31 December 2015. Based on the total number of issued shares of 666,851,006, this translates into a net asset value of RMB77.26 cents as at 31 December 2015, compared with RMB72.95 cents as at a year ago.



PERFORMANCE REVIEW

Non-current assets increased by RMB165.4 million to RMB1.1 billion as at 31 December 2015 mainly due to an increase in investment properties of RMB185.4 million for the costs incurred for investment properties under development and a gain from the change in fair value of investment properties. This was partially offset by the decrease in interest in joint ventures of RMB9.3 million and a decrease in deferred tax assets of RMB8.6 million as at 31 December 2015.

Current assets increased by RMB845.5 million to RMB10.1 billion as at 31 December 2015 mainly due to increase in trade receivables, other receivables and advance payments of RMB1.9 billion owing to the increases in advance payments made to land suppliers and prepaid tax, and increase in cash and cash equivalents of RMB72.3 million. This was partially offset by the decrease in development properties of RMB1.1 billion due largely to the handover of units sold.

Non-current liabilities increased by RMB502.2 million to RMB3.3 billion as at 31 December 2015 due to an increase in loans from financial institutions of RMB468.5 million and a RMB33.7 million increase in deferred tax liabilities.

Current liabilities was RMB296.8 million higher at RMB6.6 billion, due mainly to the increase in trade payables, other payables and advance receipts of RMB472.2 million. This was partially offset by the decrease in short-term loans and borrowings of RMB151.7 million as it repaid some loans.

CASH FLOW

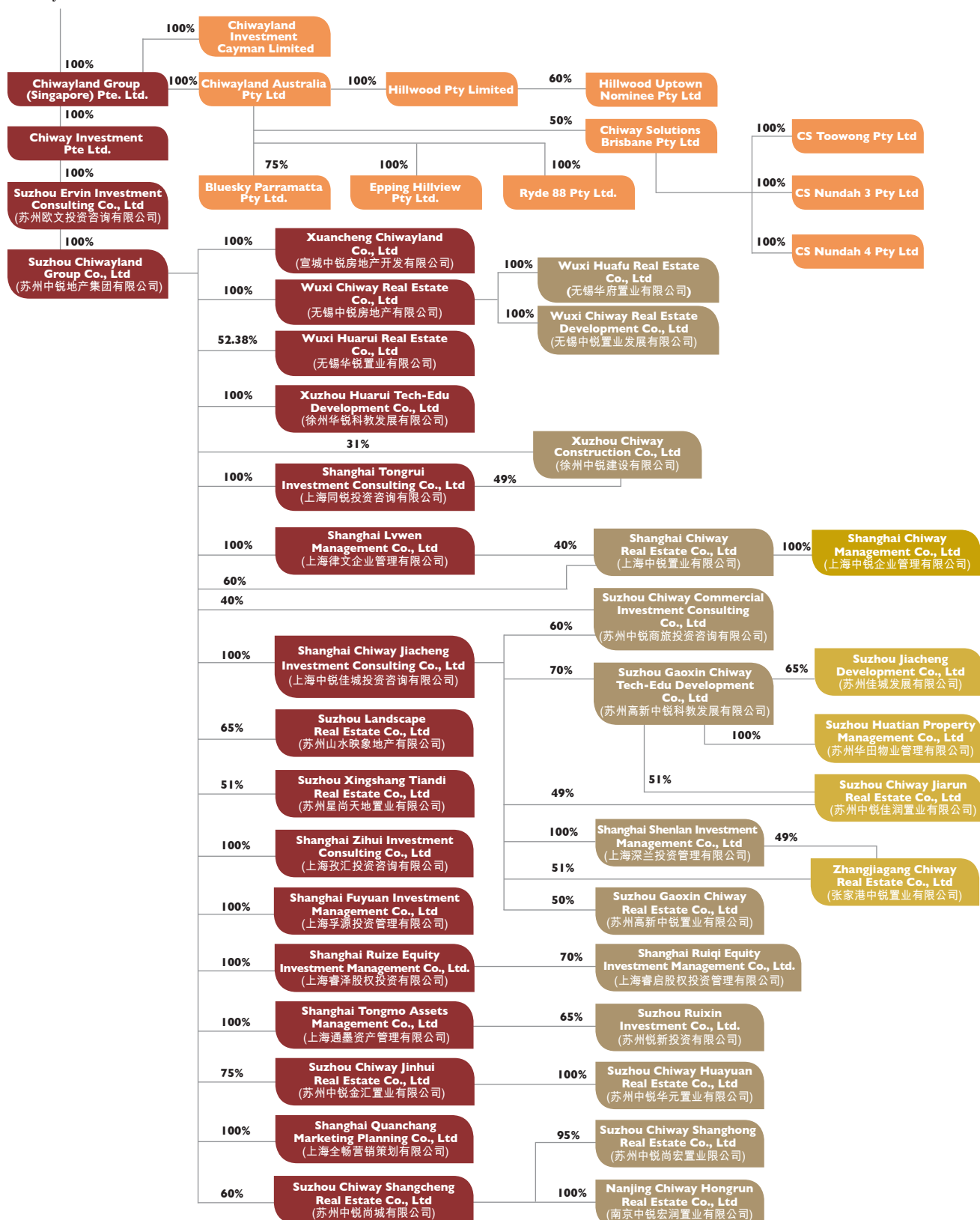
The Group's net cash generated from operating activities surged from RMB180.0 million in FY2014 to RMB748.7 million in FY2015, due mainly to the decrease in development properties of RMB1.4 billion, increase in trade receivables, other receivables and advance payments amounting to RMB1.7 billion, and an increase in trade and other payables of RMB0.9 billion. Net cash used in investing activities of RMB279.9 million was mainly due to the acquisition of financial assets, increase in amounts due from non-controlling interests and development expenditure on investment properties, which were partially offset by proceeds from the disposal of financial assets available-for-sale. The Group recorded net cash used in financing activities of RMB415.7 million in FY2015, compared with net cash generated of RMB456.2 million in FY2014. This was mainly due to the net repayment of borrowings from financial institutions and interest paid during the year, partially offset by net proceeds from borrowings from non-controlling interests and unquoted debt securities and capital contribution from non-controlling interests. The Group's cash and cash equivalents increased from RMB1.1 billion as at 31 December 2014 to RMB1.2 billion as at 31 December 2015.



ORGANISATION STRUCTURE



中锐地产国际股份有限公司
Chiwayland International Limited



PROPERTY PORTFOLIO

CHIWAYLAND IS COMMITTED TO BE THE PREMIER PROPERTY DEVELOPER IN PROVIDING QUALITY URBAN LIVING SOLUTIONS.

2002



2009



2010

Suzhou Xuefu Garden

Type: Residential & Commercial
Total GFA: 356,626 sqm
Completed: 2009



Wuxi Chiway Center

Type: Commercial & Offices
Total GFA: 63,581 sqm
Completed: 2009



Suzhou Fortune Plaza

Type: Commercial & Offices
Total GFA: 55,565 sqm
Completed: 2010



2011



Suzhou Landscape Garden

Type: Residential
Total GFA: 204,033 sqm
Completed: 2011



Suzhou Herun Garden

Type: Residential & Commercial
Total GFA: 118,263 sqm
Completed: 2011



Suzhou Hivle Mansion

Type: Commercial
Total GFA: 7,950 sqm
Completed: 2011



2012

Wuxi Chiway Artdeco Garden

Type: Residential & Commercial
Total GFA: 189,975 sqm
Completed: 2012



2013

Wuxi Chiway Regent Town

Type: Residential & Commercial
Total GFA: 345,321 sqm
Completed: 2013



Wuxi Jun Mansion

Type: Residential & Commercial
Total GFA: 44,286 sqm
Completed: 2013



2014

Suzhou Hetai Garden

Type: Residential
Total GFA: 328,251 sqm
Completed: 2014



Suzhou Hemei Garden

Type: Residential & Commercial
Total GFA: 238,961 sqm
Completed: 2014



2015

Zhangjiagang Royal Palace

Type: Residential
Total GFA: 164,749 sqm
Completed: 2015



PROPERTY PORTFOLIO

Building on our expertise and strong track record, our properties are located in China and Australia.

CHINA

Chiwayland continues to leverage on its core expertise, to build quality real estate and quality living for consumers. The following are some of the Group's high end property development projects that had significant contribution to FY2015 revenue.



SUZHOU ROYAL PALACE

is located in the center of Pingjiang New Town in Suzhou and close to Suzhou District Government. Spanning a total planned construction area of over 250,000 sqm, the mixed development project comprises of 20,563 sqm of commercial space and 1,622 high-rise residential apartments. Its symmetrical landscape layout creates a picturesque disorder; with scenery changing at every step. The Suzhou Royal Palace project won the title "China Real Estate Innovation Model of 2013".





ZHANGJIAGANG ROYAL PALACE

is located in the west of the Zhangjiagang city. The 915-unit residential development sits on a site area of 67,115 sqm and has an approximate gross floor area of 164,749 sqm. The Zhangjiagang Royal Palace is the first to introduce classic Chicago architectural style in its design. It follows a hotel-style development concept, has a double-interior lobby design, and is equipped with the exclusive Gold Club. The Project won the title of China Top 10 Quality Habitat Model Estate in 2012.

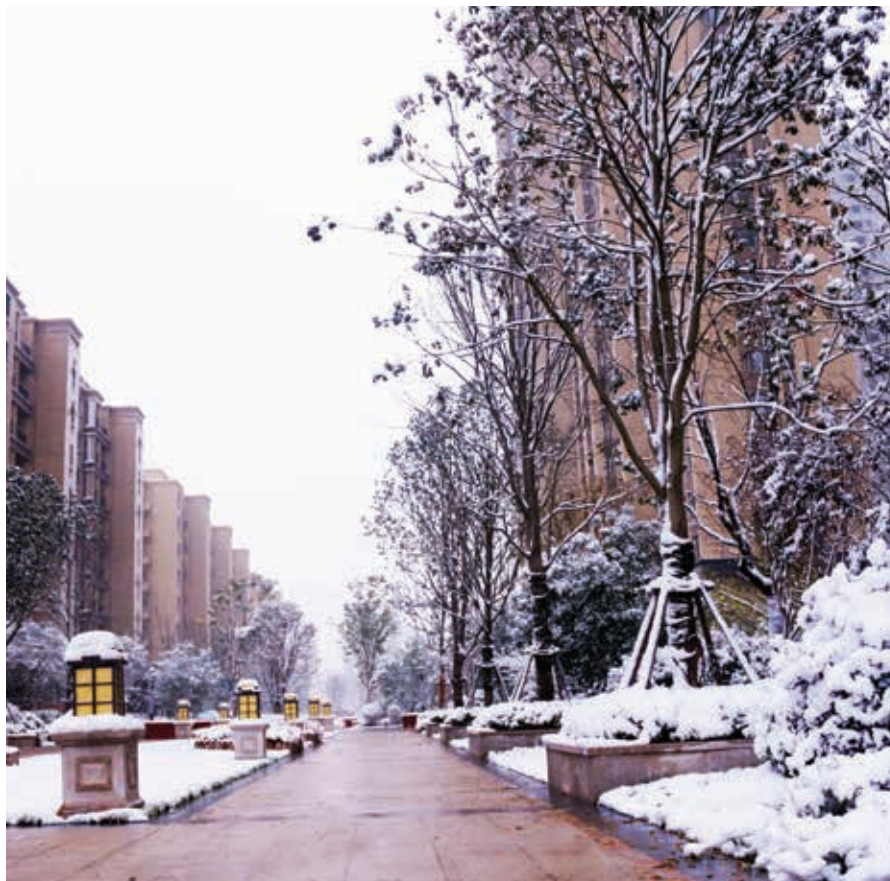


PROPERTY **PORTFOLIO**



XUZHOU ROYAL PALACE

is located in the Science and Education Industrial Park in Xincheng District in Xuzhou. This mixed development, comprising educational facilities, commercial and residential units, is home to a number of high-end education institutions such as international schools, bilingual schools and international kindergartens. Spanning across a total gross floor area of 800,000 sqm, the development will mainly consist of high-level innovation type projects, e.g., education industry incubation and modern service industry bases, children-themed commerce, high-end business offices, and international living communities. Of the total area, 500,000 sqm is for upscale residential living, 100,000 sqm for international science and education, and 200,000 sqm for cultural-themed businesses. With completion expected in 2017, the project has won the title of 'China's Most Influential Real Estate 2013'.



AUSTRALIA

Chiwayland further strengthened its presence in Australia, with property development projects in key Australian cities – Brisbane and Sydney. These projects have seen encouraging pre-sales activities, which is testament to the Group's expertise and capabilities in real estate development. The following are some of the Group's latest projects in Australia.

UPTOWN

is situated at the heart of Roseville, Sydney. The development is surrounded by three national parks, and is one kilometre away from Chatswood Shopping Centre and about 10 kilometres from the Sydney Central Business District ("CBD"). With a land size of approximately 13,693 square metres, six blocks of five storeys each are expected to be built, comprising a total of 220 residential units.



MARINE'S HILL

is a 90-unit residential development located at Epping, Sydney. The 4,424 sqm land site is 400 metres from the Epping railway station and a station away from Macquarie University.

About 18 kilometres northwest of Sydney's CBD, Epping is an upcoming suburb and a transportation hub with rail links to Sydney. The New South Wales government has drafted urban renewal plans for Epping and Macquarie Park, which include revitalising the local areas at Epping Town Centre, Macquarie University Station, Macquarie Park and North Ryde Station. Key features of the plans for Epping Town Centre include re-zoning parts of the area for new homes, and buildings for mixed commercial and residential use to be within a 400-metre radius of the railway station.



PROPERTY PORTFOLIO

Chiwayland is committed to develop quality real estate to contribute to the vibrancy in high-growth cities.

The Group continues to scout for potential opportunities in key cities in the PRC and overseas, riding on the demand for real estate. Its maiden overseas foray comprises six property development projects in Australia.

Property Development

Residential and Commercial Properties	Site Area (Sq Metres)	Approximate Gross Floor Area (Sq. Metres)	Effective Group Interest (%)	Year Completed/ Expected Year of Completion
PRC PROPERTIES				
Suzhou Herun Garden is a mixed development comprising 7 commercial units and 930 residential units.	49,898	118,263	45.5	2011
Wuxi Chiway Artdeco Garden is a mixed development comprising 35 commercial units and 1,327 residential units.	84,112	189,975	100.0	2012
Suzhou Hetai Garden is a mixed development comprising 8 commercial units and 2,678 residential units.	115,293	328,251	84.7	2014
Suzhou Hemei Garden is a mixed development, comprising of 2,640 sqm of commercial space and 2,087 residential units.	92,572	238,961	70.0	2014
Wuxi Chiway Regent Town comprising of 94 commercial units and 2,071 residential units	125,611	345,321	100.0	2013
Suzhou Industrial Park Royal Mansion is a residential development with 1,180 units of apartments.	97,099	210,742	60.0	2016
Shanghai Royal Palace is a mixed development, comprising of 48,780 sqm of commercial space and 734 residential units.	Phase 1: 34,464	47,320	100.0	2010
	Phase 2: 41,294	64,978		2013
	Phase 3: 24,390	56,362		2016
	Total: 100,148	168,660		
Suzhou Royal Palace is a mixed development, comprising of 20,563 sqm of commercial space and 1,622 residential units.	73,441	254,544	75.0	2016
Xuancheng Chiway Top Town is a mixed development, comprising of 42,555 sqm of commercial space and 5,185 residential units.	Phase 1: 82,685	126,665	100.0	2014
	Phase 2: 36,911	78,087		2014
	Phase 3: 48,642	230,051		2015
	Phase 4: 68,614	220,407		2017
	Total: 236,852	655,210		

Residential and Commercial Properties	Site Area (Sq Metres)	Approximate Gross Floor Area (Sq. Metres)	Effective Group Interest (%)	Year Completed/ Expected Year of Completion
Xuzhou Royal Palace is a mixed development, comprising of educational facilities, commercial and residential units.	Phase 1: 60,710 Phase 2: 61,425 Phase 3: 184,119 Total: 306,254	91,628 235,936 510,264 837,828	100.0 100.0 80.0	2014 2017 2017
Zhangjiagang Royal Palace is a residential development with 915 units.	Phase 1: 32,115 Phase 2: 35,000 Total: 67,115	87,043 77,706 164,749	100.0	2013 2015
Suzhou Chiway Star Hub is a mixed development, comprising of commercial and residential units.	19,110	77,869	51.0	2018
Suzhou Chiway Prime Palace is a residential development.	46,814	99,815	75.0	2017
Suzhou Chiway Royal Paradisebay is a residential development.	24,200	64,950	60.0	2018
Nanjing Chiway Jiangning project is a mixed development, comprising of residential and commercial units.	14,185	61,231	60.0	2019
Suzhou Hengtang project is a mixed development, comprising of residential and commercial units.	32,270	96,826	57.0	2019
AUSTRALIA				
Vivir comprises of 54 residential units and 1 commercial unit, is located in Brisbane	1,215	3,743	50.0	2016
Illumina comprises of 221 residential units and 3 commercial units, is located in Brisbane	2,200	17,156	50.0	2017
Uptown comprises of 220 residential units located in Roseville, Sydney	13,693	17,801	60.0	2016
Parramatta Project located in Sydney is a residential development	2,878	28,778	75.0	2018
Marine's Hill comprises of 90 residential units located in Epping, Sydney	4,424	N/A	100.0	2017
Ryde comprises of 90 residential units located in Ryde, Sydney	2,866	7,453	100.0	2018

The Group retained some of its property development projects, particularly those developments with commercial and retail space and educational facilities, as investment properties with the view of generating returns from recurring rental income and long-term capital appreciation potential.

PROPERTY PORTFOLIO

Investment Properties

Properties	Site Area (Sq Metres)	Approximate Gross Floor Area (Sq. Metres)	Effective Group Interest (%)	Year Completed/ Expected Year of Completion
Retail of Suzhou Hemei Garden comprises of 2,650 commercial space.	—	2,650	70.0	2014
Wuxi Chiway Regent Town comprises of 12 retail units.	—	2,157	100.0	2009
Suzhou Fortune Innovation Centre is a commercial-cum-office development to be completed in four phases, comprising 78,409 commercial space and 6-storey office buildings.	Phase 1: 7,468 Phase 2: 14,209 Phase 3: 7,986 Phase 4: 18,947 Total: 48,610	7,683 17,744 8,455 44,527 78,409	70.0	2010 2013 2013 2016
Retail of Phase 2 of Suzhou Royal Palace comprises of 5,483 retail space.	—	5,483	75.0	2015
Eton House International School (Wuxi) Phase I comprise 3 buildings of educational facilities, Phase 2 will comprise an international school with a total gross floor area of 4,126 sqm.	Phase 1: 8,293 Phase 2: 4,707 Total: 13,000	7,269 4,126 11,395	100.0	2008 2016
Wuxi Chiway School will comprise a school with a total gross floor area of 16,294 sqm.	18,580	16,284	100.0	2016
Wuxi Chiway Regent Town Community Center is a 4-storey commercial building.	8,420	7,397	100.0	2008
Building SYI# of Xuancheng Chiway Top Town comprises of 5,708 commercial space.	7,250	5,708	100.0	2014
Xuzhou Royal Palace Phase I is a mixed educational facility including a kindergarten and an international school.	60,710	91,628	100.0	2014
Retail of Suzhou Chiway Star Hub comprises of 27,740 commercial space.	—	27,740	51.0	2018

BOARD OF DIRECTORS



Mr. Qian Jianrong 钱建蓉

Executive Chairman and Chief Executive Officer

Mr. Qian Jianrong is the co-founder of Chiwayland Group. As the Executive Chairman and Chief Executive Officer of Chiwayland, he is responsible for the overall development of the Group's corporate direction and policies.

Prior to founding Chiwayland Group, Mr. Qian held the position of Deputy Section Chief at the Bureau of Education of Zhangjiagang Municipal Government in Jiangsu Province from September 1988 to December 1991, where he was responsible for the overall management of the Zhangjiagang city's school-run enterprises. Subsequently, in January 1992, Mr. Qian joined the Hainan Nanyang Development Group as Vice Chairman and assisted the Chairman in daily operations of the group until 1994. In 1996, Mr. Qian founded a private education business together with Mr. Mao En, Mr. Liu Dahong, Mr. Gong Ming, Mr. Wu Hongzhi, and Mr. Tian Honglei, which is currently held under an investment holding company, Chiway Holding. Mr. Qian is currently the majority shareholder and non-executive Chairman of Chiway Holding Group Co., Ltd, a related company of Chiwayland ("Chiway Holding").

Mr. Qian currently holds the positions as the Chairman of the Federation of Industry and Commerce of Changning District in Shanghai (上海市长宁区工商联), the Vice Chairman of the China Real Estate Chamber of Commerce (全国房地产商会) and the Vice Chairman of the Shanghai Federation of Industry and Commerce (上海市工商联).

Mr. Qian graduated from Soochow University (苏州大学) with a Bachelor of Science in 1988, and obtained a Master in Business Administration from the China Europe International Business School (中欧国际工商学院) in 2000.



Mr. Li Bin 李斌

Executive Director and Chief Operating Officer

Mr. Li Bin joined Chiwayland Group in February 2009 as a general manager in charge of the operations of Shanghai Investment, and rose to rank as the Executive Director and Chief Operating Officer. He has been responsible for the overall management of the daily operations of Chiwayland Group since 2011.

Mr. Li started his career in January 2002 as a project director in Shanghai Matsuo Co., Ltd. Jiulongshan Development Company (上海莱织华股份有限公司九龙山开发公司), where he was responsible for overseeing various operational aspects of the company's real estate division. From June 2004 to August 2009, Mr. Li worked at Shanghai Daye Real Estate Development Co., Ltd (上海大业房地产开发有限公司) and Shanghai Daye Hotel Management Co., Ltd (上海大业酒店管理有限公司), where he managed the company's project development projects and investment properties.

Mr. Li graduated with a Bachelor of Engineering and a Bachelor of Laws from Huazhong University of Science and Technology (华中理工大学) in 1999. He obtained a Master of Engineering from Huazhong University of Science and Technology (华中科技大学) in 2002, and a Senior Master of Business Administration from the School of Management of Fudan University (复旦大学) in 2012.

BOARD OF DIRECTORS



Mr. Tian Honglei 田洪雷

Executive Director

Mr. Tian Honglei is also the co-founder of Chiwayland Group. As the Executive Director of Chiwayland Group, Mr. Tian is also the Vice President and Head of Human Resource and Compliance for the group. He is responsible for (i) reviewing and approving all human resource requirements, matters and policies of the Chiwayland Group; and (ii) reviewing and ensuring that the Chiwayland Group's daily business operations and processes adhere to its internal process policies.

Prior to his appointment as the Executive Director, Mr. Tian was Assistant Vice President from 2009 to 2012, and was promoted to Vice President of Chiwayland Group in 2012. He has been overseeing the Group's human resource and compliance functions since 2011. Mr. Tian joined Chiway Holding in 2002 as an Investment Director and was responsible for the analysis and implementation of investment projects and a restructuring exercise involving Chiway Holding. He was the Vice General Manager with a subsidiary of Chiway Holding, Shanghai Chiway Education Investment (Group) Co., Ltd (上海中锐教育投资(集团)有限公司) from 2006 to 2009, where he was responsible for planning and implementing business strategy. Prior to joining Chiway Holding, Mr. Tian held management positions in various PRC companies where he led their investment projects.

Mr. Tian holds a Bachelor of Economics and a Master of Economics from the Renmin University of China (人民大学).



Mr. Kwok Wei Woon 郭伟文

Independent Director

Mr. Kwok Wei Woon was appointed to the Board on 5 August 2014. He is the Chairman for Audit Committee. He is also a member of the Remuneration, Nominating and Risk Management & Compliance Committee.

Mr. Kwok is up to January 2016 Deputy General Manager, Products and Research with Professional Investment Advisory Services Pte Ltd ("PIAS"), one of the largest independent financial advisory firm in Singapore that is a subsidiary of Aviva Insurance. He has more than 17 years' experience in the financial services industry and has held senior roles with global financial institutions like Standard Life; JP Morgan Private Wealth Management; UBS AG and Standard Chartered.

Apart from his professional roles, he is active in non-profit organisations. He is currently the President of the Financial Planning Association of Singapore (FPAS) and Audit Committee Chairman for Singapore Gymnastics.

Mr. Kwok is also currently an Independent Director of Asia Fashion Holdings Limited and ISR Capital Limited, both of which are listed on the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST").

Mr. Kwok graduated with a Master of Commerce degree (majoring in Advance Finance) and a Bachelor of Commerce degree (majoring in Accounting and Finance) from University of New South Wales. He is also a Certified Financial Planner ("CFP") and a certified accountant with CPA Australia.



Mr. Poh Chee Kuan 傅志宽

Independent Director

Mr. Poh Chee Kuan has more than 40 years of professional and business experience in the field of civil, foundation and geotechnical engineering in Singapore, Malaysia, Indonesia and Philippines.

He was formerly an Executive Director of CSC Holdings Limited (1999–2011), a company listed on the Mainboard of the Singapore Exchange, where he oversaw the group's core business in foundation and geotechnical engineering. Mr. Poh continued to serve as a Non-Executive Director and a Member of Risk Management and ESOS 20014 Committees of CSC Holdings Limited from April 2011 to July 2013.

Currently, Mr. Poh is an advisor to some companies in various areas of engineering.

Mr. Poh is a fellow of the Institute of Engineers (Singapore) and the American Society of Civil Engineers. He is also the Chairman of the Piling Task Force of the Geotechnical Society of Singapore and a registered Professional Engineer (Singapore) in both civil and geotechnical engineering. He has also been a member of the Singapore Institute of Directors since November 2002.

Mr. Poh holds a Bachelor of Engineering degree from the University of Singapore, a Master of Science (Civil Engineering) degree from the National University of Singapore and a Master of Business Administration from Brunel University-Henley Management College (UK).



Mr. Chua Hwee Song 蔡辉松

Independent Director

Mr. Chua Hwee Song was appointed to the Board on 6 July 2015. He is the Chairman for Remuneration and Nominating Committees. He is also a member of the Audit Committee, and Risk Management & Compliance Committee.

Mr. Chua has many years of experience in capital markets and corporate finance. He is the founder and Managing Director of Tembusu Ventures Pte Ltd ("Tembusu"), where he manages a private equity fund that invests in growth companies throughout Asia.

Prior to Tembusu, Mr. Chua was with the Singapore Economic Development Board ("EDB"), where he led the promotion of technology entrepreneurship and development of the enterprise financing infrastructure in Singapore, with a specific focus on the industry development of the venture capital and private equity industry.

Mr. Chua obtained his Masters of Business Administration from the National University of Singapore. He is a Chartered Financial Analyst and a Chartered Accountant.

KEY MANAGEMENT



Mr. Tai Jiun Kaei 戴俊凯

Chief Financial Officer

Mr. Tai has been the Chief Financial Officer of the Chiwayland Group since August 2011. He is responsible for the overall financial functions of the Chiwayland Group.

Mr. Tai began his career in 1997 as an audit assistant with Price Waterhouse. He has several years of experience in accounting and finance, having held financial controller positions with Falmac Limited and Behringer Industries Corporation and held chief financial officer positions with VSC-Ryerson China Limited and Sinostar Pec Holdings Limited. Prior to joining Chiwayland, he was a portfolio Chief Financial Officer for Pacific Alliance Group where he was seconded to portfolio investee companies to oversee and ensure the integrity of financial records, compliance and fund management activities.

Mr. Tai is a Certified Practising Accountant with CPA Australia, and is also a Chartered Accountant with the Malaysian Institute of Accountants. He obtained a Bachelor of Commerce (Accounting and Finance) degree from the University of New South Wales in 1997 and a Master of Business Administration degree from the Curtin Graduate School of Business in 2009.



Mr. Sun Weihou 孙伟厚

Head of Project Costing

Mr. Sun Weihou is the Head of the Project Costing Department in the Chiwayland Group. Mr. Sun has been with the Chiwayland Group since September 2002 and was responsible for the project management (including project costing) of several property development projects.

Mr. Sun was the project manager of Suzhou Gaoxin Chiway Tech-Edu Development Co., Ltd, before being promoted to Vice General Manager of Wuxi Huarui Real Estate Co., Ltd in 2005. In 2009, Mr. Sun was promoted to project manager of Chiwayland Group Suzhou Region, where he was responsible for property project management and development in the Suzhou Region. From 2013 to present, Mr. Sun has been in charge of the daily operations of property projects, and project management and development in the Wuxi Region. Mr. Sun has the requisite capability and experience to assume the role of Head of Project Costing, and he was appointed on 9 January 2015.

Mr. Sun studied Industrial and Civil Construction at Northwest Architectural Engineering Institute and graduated in 1987 with a bachelor's degree.

CORPORATE GOVERNANCE

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND LISTING MANUAL

The Board of Directors (the “**Board**”) of Chiwayland International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This corporate governance report, set out in tabular form, outlines the Company's corporate governance structures and practices that were in place during the financial year ended 31 December 2015 (“**FY2015**”), with specific reference made to the principles of the Code of Corporate Governance 2012 (the “**Code**”) and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in January 2015 (the “**Guide**”).

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
General	(a) Has the Company complied with all the principles and guidelines of the Code?	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable.
	If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2015.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
BOARD MATTERS		
<u>The Board's Conduct of Affairs</u>		
I.1	What is the role of the Board?	The primary function of the Board is to provide entrepreneurial leadership so as to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board's role is to: 1. Provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives; 2. Establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets; 3. Review the management performance; 4. Identify the key stakeholder groups and recognize that their perceptions affect the company's reputation; 5. Set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; 6. Consider sustainability issues such as environmental and social factors, as part of its strategic formulation; and 7. Be responsible for corporate governance. While matters relating in particular to the Company's objectives, strategies and policies require the Board's direction and approval, Management is responsible for the day-to-day operations and administration of the Company in accordance with the objectives, strategies and policies set by the Board.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
I.2	All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the company.	All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and objectively take decisions in the best interests of the Company.
I.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	To facilitate effective management, certain functions have been delegated to various board committees, namely the Nominating Committee ("NC"), the Remuneration Committee ("RC"), the Audit Committee ("AC"), the Risk Management and Compliance Committee ("RMCC") which have been constituted with clearly defined terms of reference. These Board Committees have the authority to examine particular issues and whose actions are reported to and monitored by the Board. Please refer to Table I – Board and Board Committees for the composition of the various board committees.
I.4	Have the Board and Board Committees met in the last financial year?	The Board meets regularly on a quarterly basis and as warranted. Ad hoc meetings will be arranged to deliberate on urgent substantive matters when required. Board meetings by telephone conference, video conferencing, audio visual and other similar communications equipment are allowed under the Company's Constitution. Please refer to Table 2 – Attendance at Board and Board Committee Meetings for the attendance of the Directors at the various Board and Board Committee Meetings.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
I.5	What are the types of material transactions which require approval from the Board?	The Company has adopted internal guidelines setting forth matters that require board approval. The types of material transactions that require board approval under such guidelines are listed below: a. Approval of financial statements' announcements; b. Approval of interested parties' transactions or matters involving a conflict of interest for a substantial shareholder or director; c. Declaration of interim dividends and proposal of final dividends; d. Convening of shareholders' meetings; e. Approval of corporate strategy; f. Authorisation of merger and acquisition or disposal transactions; g. Approval of share issuance; and h. Authorisation of major funding, investment or divestment transactions.
I.6	(a) Are new Directors given formal training? If not, please explain why.	The Company has an orientation programme for new directors to ensure that the incoming Director is familiar with the Company's business and governance practices. He/she will be given a tour and/or briefing of key facilities and activities of the Company, as well as a detailed presentation by key senior management covering structure, business activities and growth strategies of the Group and an overview of the more significant business risks, issues and challenges it faces. Corporate materials and documents such as the latest Annual Report, minutes of recent board meetings, and the Constitution of the Company will also be given to him/her to facilitate his/her understanding of the structure and operations of the Group. For first time Directors, the Company will arrange relevant training courses for them to familiarise with the duties and responsibilities as a Director of a listed company. The Company also encourages Directors to regularly attend training courses organised by the Singapore Institute of Directors or other training institutions in connection with their duties as Directors.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	The Board as a whole is updated quarterly during the Board and AC meetings on risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board or Board committee members. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the Directors are circulated to the Board. Briefings, updates and trainings for the Directors in FY2015 included: • Briefings on changes and/or amendments to accounting standards by the external auditors. • China VAT reform training conducted by PWC Shanghai. • CFO Connect Symposium 2015. • CPA Congress held by CPA Australia Singapore in 2015. • Various training courses by the Institute of Singapore Chartered Accountants.
1.7	Upon appointment of each director, the company should provide a formal letter to the director, setting out the director's duties and obligations.	A formal letter of appointment is provided to every new Director, setting out the duties and obligations of the director upon his or her appointment.
Board Composition and Guidance		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	In view that the Executive Chairman and the CEO is the same person, the Company has complied with the relevant guidelines of the Code requiring at least half the Board to comprise Independent Directors. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs. Mr Kwok Wei Woon has been appointed as the Lead Independent Director of the Company and makes himself available to shareholders at the Company's general meetings.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The independence of each Director will be reviewed annually by the NC. The NC adopts the definition in the Code as to what constitutes an independent director in its review to ensure that there is strong independent element on the Board such that the Board is able to exercise objective judgement on corporate affairs independently. The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company. The NC has reviewed the independence of the Independent Directors for FY2015 and is of the view that Mr Kwok Wei Woon, Mr Poh Chee Kuan and Mr Chua Hwee Song are independent as determined according to the guidelines provided in the Code.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	The Independent Directors do not have any relationship as stated in the Code that would otherwise deem him not to be independent.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	None of the Independent Directors has served on the Board for more than 9 years from the date of his first appointment.
2.5	The Board should examine its size and, with a view to determining the impact of the number upon effectiveness, decide on what it considers an appropriate size for the Board, which facilitates effective decision making. The Board should take into account the scope and nature of the operations of the company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and board committees. The Board should not be so large as to be unwieldy.	The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company and the wide spectrum of skill and knowledge of the Directors. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.
2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The NC periodically reviews the existing attributes and competencies of the Board in order to determine the desired expertise or experience required to strengthen or supplement the Board. This assists the NC in identifying and nominating suitable candidates for appointment to the Board.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																	
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The current Board and the Board Committees comprise Directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge and strategic planning experience as follows: <table> <tr> <th></th><th>Number of Directors</th><th>Proportion of Board (%)</th></tr> <tr> <td>Core Competencies</td><td></td><td></td></tr> <tr> <td>– Accounting or finance</td><td>3</td><td>50</td></tr> <tr> <td>– Business management</td><td>6</td><td>100</td></tr> <tr> <td>– Legal or corporate governance</td><td>2</td><td>33.3</td></tr> <tr> <td>– Relevant industry knowledge or experience</td><td>4</td><td>66.7</td></tr> <tr> <td>– Strategic planning experience</td><td>6</td><td>100</td></tr> <tr> <td>– Customer based experience or knowledge</td><td>6</td><td>100</td></tr> <tr> <td>Gender</td><td></td><td></td></tr> <tr> <td>– Male</td><td>5</td><td>100</td></tr> <tr> <td>– Female</td><td>0</td><td>0</td></tr> </table> Please refer to pages 17 to 19 of the Annual Report for further details regarding the Directors' background and experience.		Number of Directors	Proportion of Board (%)	Core Competencies			– Accounting or finance	3	50	– Business management	6	100	– Legal or corporate governance	2	33.3	– Relevant industry knowledge or experience	4	66.7	– Strategic planning experience	6	100	– Customer based experience or knowledge	6	100	Gender			– Male	5	100	– Female	0	0
	Number of Directors	Proportion of Board (%)																																	
Core Competencies																																			
– Accounting or finance	3	50																																	
– Business management	6	100																																	
– Legal or corporate governance	2	33.3																																	
– Relevant industry knowledge or experience	4	66.7																																	
– Strategic planning experience	6	100																																	
– Customer based experience or knowledge	6	100																																	
Gender																																			
– Male	5	100																																	
– Female	0	0																																	
	(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	The Board has taken the following steps to maintain or enhance its balance and diversity: • Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and • Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board. The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent Directors.																																	

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
2.7	How have the non-executive directors: (a) constructively challenge and help develop proposals on strategy; and (b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance?	The Board, particularly the Independent Directors, which are Non-Executive Directors, are kept well informed of the Group's business and are knowledgeable about the industry the Group operates in to aid in the development of strategic proposals and oversees the effective implementation by Management to achieve set objectives. To ensure that the Independent Directors are well supported by accurate, complete and timely information, they have unrestricted access to Management, and have sufficient time and resources to discharge their oversight functions effectively.
2.8 3.4	Have the Non-Executive Directors/ Independent Directors met in the absence of key management personnel in the last financial year?	Where warranted, the Independent Directors met in the absence of the Management to review any matters that must be raised privately before providing feedback to the Chairman of the Board. The Independent Directors have met in the absence of Management for FY2015.
Chairman and Chief Executive Officer		
3.1	Are the duties between Chairman and CEO segregated?	Mr Qian Jianrong currently assumes the roles of both the Executive Chairman and CEO. Taking into account the current corporate structure and the scope of the Company's operations, the roles of the Executive Chairman and CEO are not separated as the Board is of the view that there is adequate accountability and transparency within the Group. The Board is also of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence. All the Board committees are chaired by Independent Directors and at least half of the Board consists of Independent Directors. To promote a high standard of corporate governance, Mr Kwok Wei Woon had been appointed as the Lead Independent Director. As the Lead Independent Director, he shall be available to the shareholders where they have concerns which contact through normal channels of the Chairman and CEO or the Chief Financial Officer has failed to resolve or for which such contact is inappropriate.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
3.2	What is the role of the Chairman?	The role of the Executive Chairman, among others, include: a. Leading the Board to ensure its effectiveness on all aspects of its role and set its agenda; b. Ensuring that the Directors receive complete, adequate and timely information; c. Ensuring effective communication with shareholders; d. Encouraging constructive relations between the Board and Management; e. Facilitating the effective contribution of the Independent Directors; f. Encouraging constructive relations within the Board and between the Board and Management; g. Promoting a culture of openness and debate at the Board; and h. Promoting high standards of corporate governance.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Membership		
4.1 4.2	What are the duties of the NC?	The duties of the NC are set out in the terms of reference and include, among others,: (a) nomination of the proposed directors taking into consideration each proposed director's contribution and performance; (b) determining annually whether or not a director is independent; (c) deciding whether or not a director is able to and has been adequately carrying out his duties as a director; (d) reviewing and determining the training requirements of a director; and (e) reviewing and approving any new employment of related persons and the proposed terms of their employment. The NC meets at least once a year. Mr Chua Hwee Song will, upon re-appointment as a Director of the Company, remain as the Chairman for both the NC and the RC and a member of the AC and the RMCC. Mr Poh Chee Kuan will cease to be the Chairman of the RMCC and a member of the AC and the RC. His replacement for each of the Committees will be announced in due course.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																				
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has not prescribed the maximum number of listed company board representations each Director may hold.																																				
	(b) If a maximum has not been determined, what are the reasons?	The Board is of the view that the assessment of whether each Director is able to devote sufficient time to discharge his or her duties should not be restricted to the number of board representations. Holistically, the contributions by the Directors during the meetings and attendance at such meeting should also be taken into consideration. As such, the NC would (i) continue to review from time to time the listed company board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately; and (ii) decide on the maximum number of listed company board representations which directors may hold should such need arise. The dates of appointment and re-election and directorships of the Directors in other listed companies are set out below: <table><tr><th rowspan="2">Name of Director</th><th rowspan="2">Date of Appointment</th><th rowspan="2">Last Re-Election Date</th><th colspan="2">Directorships in Other Listed Companies</th></tr><tr><th>Present</th><th>Last Three Years</th></tr><tr><td>Qian Jianrong</td><td>5 August 2014</td><td>Not applicable</td><td>Nil</td><td>Nil</td></tr><tr><td>Li Bin</td><td>5 August 2014</td><td>Not applicable</td><td>Nil</td><td>Nil</td></tr><tr><td>Tian Hong Lei</td><td>5 August 2014</td><td>27 April 2015</td><td>Nil</td><td>Nil</td></tr><tr><td>Kwok Wei Woon</td><td>5 August 2014</td><td>27 April 2015</td><td>Asia Fashion Holdings Limited ISR Capital Limited</td><td>Nil</td></tr><tr><td>Poh Chee Kuan</td><td>5 August 2014</td><td>Not applicable</td><td>Nil</td><td>CSC Holdings Limited</td></tr><tr><td>Chua Hwee Song</td><td>6 July 2015</td><td>Not applicable</td><td>Nil</td><td>Rowsley Limited (Resigned on 1 January 2016)</td></tr></table>	Name of Director	Date of Appointment	Last Re-Election Date	Directorships in Other Listed Companies		Present	Last Three Years	Qian Jianrong	5 August 2014	Not applicable	Nil	Nil	Li Bin	5 August 2014	Not applicable	Nil	Nil	Tian Hong Lei	5 August 2014	27 April 2015	Nil	Nil	Kwok Wei Woon	5 August 2014	27 April 2015	Asia Fashion Holdings Limited ISR Capital Limited	Nil	Poh Chee Kuan	5 August 2014	Not applicable	Nil	CSC Holdings Limited	Chua Hwee Song	6 July 2015	Not applicable	Nil
Name of Director	Date of Appointment	Last Re-Election Date				Directorships in Other Listed Companies																																
			Present	Last Three Years																																		
Qian Jianrong	5 August 2014	Not applicable	Nil	Nil																																		
Li Bin	5 August 2014	Not applicable	Nil	Nil																																		
Tian Hong Lei	5 August 2014	27 April 2015	Nil	Nil																																		
Kwok Wei Woon	5 August 2014	27 April 2015	Asia Fashion Holdings Limited ISR Capital Limited	Nil																																		
Poh Chee Kuan	5 August 2014	Not applicable	Nil	CSC Holdings Limited																																		
Chua Hwee Song	6 July 2015	Not applicable	Nil	Rowsley Limited (Resigned on 1 January 2016)																																		

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(c) What are the specific considerations in deciding on the capacity of directors?	The considerations in assessing the capacity of Directors include the following: • Expected and/or competing time commitments of Directors; • Geographical location of Directors; • Size and composition of the Board; and • Nature and scope of the Group's operations and size.
	(d) Have the Directors adequately discharged their duties?	The Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company.
4.5	Are there alternate Directors?	There are no alternate Directors on the Board.
4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	The NC, in consultation with the Board, determined the selection criteria and identified candidates with the appropriate expertise and experience for the appointment as new Director. Candidates were suggested by Directors, Management and sourced from external sources, based on the needs of the Company and the relevant expertise required. The NC interviewed the shortlisted candidates and assessed them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, good decision making track record, relevant experience and financial literacy. The NC then nominated the most suitable candidate to the Board for approval. Mr Chua Hwee Song was appointed as a new independent Director of the Company in FY2015 after the NC conducted the above procedures. Under Regulation 107 of the Company's Constitution, one third (1/3) of the Board is to retire by rotation and subject themselves to re-election by shareholders at every AGM. The NC assessed and evaluated whether Directors retiring at each AGM are properly qualified for reappointment by virtue of their skills, experience and contributions, as well as the date of their last re-election. The NC then recommended to the Board that Mr Qian Jianrong be nominated for re-election under Regulation 107 and Mr Chua Hwee Song be nominated for re-election under Regulation 117 of the Constitution. Mr Poh Chee Kuan does not intend to seek re-election and will retire at the forthcoming AGM.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
4.7	Please provide the following key information regarding the Directors': • academic and professional qualifications • Shareholding in the Company and its related corporation • Board committees served on (as a member or chairman), date of first appointment and last re-appointment as a director; • Directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments; • Indicate which directors are executive, non-executive or considered by the NC to be independent; and • The names of the directors submitted for appointment or re-appointment should also be accompanied by such details and information to enable shareholders to make informed decisions.	The profiles of the Directors are set out on pages 17 to 19 of this Annual Report. The shareholdings of the individual Directors of the Company as at 31 December 2015 are set out on page 60 of this Annual Report. None of the directors hold shares in the subsidiaries of the Company as at 31 December 2015. Pursuant to the completion of the restructuring of shareholding in Sinway Investment Co., Ltd. on 28 March 2016, Mr Li Bin is deemed to be interested in 8,040,380 shares in the Company as a result of his 62.7% equity interest in Floriland Co., Ltd. The other shareholder of Floriland Co., Ltd is Mr Sun Weihou (37.3%). Directors who are seeking re-appointment at the forthcoming AGM to be held on 26 April 2016 are stated in the Notice of AGM set out on pages 161 to 164 of this Annual Report.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Performance		
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	The NC decides on how the Board's and its Board Committees' performance and individual Directors' contributions are to be evaluated and to propose objective performance criteria, subject to the Board's approval, which address how the Directors have enhanced long-term shareholders' value. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the board committees, and for assessing the contribution from each individual Director to the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director. In evaluating the Board's and the Board Committees' performance, the NC considers a set of quantitative and qualitative performance criteria that has been approved by the Board. The performance criteria for the Board evaluation are in respect of: a. Board size and composition; b. Board processes; c. Board information and accountability; d. Board performance in relation to discharging its principal functions and responsibilities; e. Corporate Strategy and Planning; f. Risk Management and Internal Control; g. Measuring and Monitoring Performance; and h. Communication with Shareholders. The individual director's performance criterion is in relation to the Director's: a. Industry knowledge and/or functional expertise; b. Contribution and workload requirements; c. Sense of independence; and d. Attendance at Board and Board Committee meetings.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																					
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	All Directors are requested to complete a board evaluation questionnaire designed to seek their view on various aspects of the Board performance as described above. Some factors taken into consideration by the NC include value of contribution to the development of strategy, availability at board meetings (as well as informal contribution via email and telephone), interactive skills, degree of preparedness, industry and to the business knowledge and experience each Director possess which are crucial to the Group's business.																					
	(b) Has the Board met its performance objectives?	The Board reviews its performance against qualitative and quantitative targets on an annual basis and is of the view that it has met its performance objectives.																					
Access to Information																							
6.1 6.2 10.3	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	In order to ensure that the Independent Directors to discharge their responsibilities effectively, the Management provides Independent directors with complete, adequate and timely information prior to Board meetings, and on an on-going basis, including at the request of the Independent Directors in the same timely manner, so as to enable them to make informed decisions to discharge their duties and responsibilities. Independent directors have separate and independent access to the Company's senior management, who together with the Company Secretary, are responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. Information provided to the Independent Directors are set out below:- <table> <tr> <th></th><th>Information</th><th>Frequency</th></tr> <tr> <td>1.</td><td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>Quarterly</td></tr> <tr> <td>2.</td><td>Updates to the Group's operations and the markets in which the Group operates in</td><td>Quarterly</td></tr> <tr> <td>3.</td><td>Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis), and EA' report(s)</td><td>Quarterly</td></tr> <tr> <td>4.</td><td>Reports on on-going or planned corporate actions</td><td>Quarterly</td></tr> <tr> <td>5.</td><td>Enterprise risk framework and internal auditors' ("IA") report(s)</td><td>Quarterly</td></tr> <tr> <td>6.</td><td>Shareholding statistics</td><td>Yearly</td></tr> </table> Changes to regulations and accounting standards are closely monitored by the Management. The Independent Directors are briefed either during Board and Board Committee meetings or by the Company Secretary of these changes, especially where these changes have an important bearing on the Directors' disclosure obligations.		Information	Frequency	1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Quarterly	2.	Updates to the Group's operations and the markets in which the Group operates in	Quarterly	3.	Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis), and EA' report(s)	Quarterly	4.	Reports on on-going or planned corporate actions	Quarterly	5.	Enterprise risk framework and internal auditors' ("IA") report(s)	Quarterly	6.	Shareholding statistics	Yearly
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4.	Reports on on-going or planned corporate actions	Quarterly																					
5.	Enterprise risk framework and internal auditors' ("IA") report(s)	Quarterly																					
6.	Shareholding statistics	Yearly																					

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
6.3 6.4	What is the role of the Company Secretary?	All Directors have separate and independent access to the Company Secretary. The Company Secretary and/or her representatives attend all quarterly board meetings and prepare minutes of all board and committee meetings. She assists the Executive Chairman and CEO in ensuring that board procedures are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company's Constitution and relevant rules and regulations, including requirements of the Companies Act and the provisions in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") are complied with. Under the direction of the Executive Chairman and CEO, the Company Secretary is responsible for ensuring good information flow within the Board and its committees, facilitating the directors' orientation programme, and assisting with professional developments as required. She is also the primary channel of communication between the Company and the SGX-ST. The appointment and removal of the Company Secretary is a matter for the Board as a whole.
6.5	Is there a procedure for directors, either individually or as a group, to take independent professional advice, if necessary?	The Board engages independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. Subject to the approval of the Executive Chairman and CEO, Directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1 7.2 7.4	What is the role of the RC?	The role of the RC are set out in the terms of reference and include, among others: a. The recommendation to the Board of a framework of remuneration for the directors and executive officers including but not limited to director's fees, salaries, allowances, bonuses, options, benefits in kind; b. In respect of service contracts (if any) for any director or executive officer, the consideration of what compensation entitlements such director or executive officer shall have in the event of early termination; and c. In respect of long-term incentive schemes (if any) including share schemes as may be implemented, the consideration of whether any director should be eligible for benefits under such long-term incentive schemes. The RC's recommendations are submitted for endorsement by the entire Board. No Director is involved in deciding his/her own remuneration. Each member of the RC shall abstain from voting on any recommendation and/or participating in respect of matters in which he or she has an interest. The RC has full authority to obtain any external professional advice on matters relating to remuneration as and when the need arises.
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged for FY2015.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation												
Level and Mix of Remuneration														
8.1	What are the measures for assessing the performance of executive directors and key management personnel?	The review of the remuneration of the executive officers takes into consideration the performance and the contributions of the officer to the Company and gives due regard to the financial and business performance of the Group. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management of the required competency to run the Group successfully. The Company has entered into separate service agreements with Mr Qian Jianrong, Mr Li Bin and Mr Tian Honglei (collectively, "Executive Directors"), each of which is valid for an initial three year period and subject to automatic renewal for subsequent periods of one year each unless earlier terminated. The service contract does not contain any onerous removal clauses. Notice periods are six months in the service agreements for Executive Directors. The Executive Directors will be paid a variable performance bonus based on the Group's "PBT". For this purpose, "PBT" shall refer to the consolidated audited profit before tax and minority interests of the Group in each financial year, provided always that: (a) the PBT shall not include profits or losses arising from the revaluation of assets; and (b) the PBT is calculated prior to the payment of any variable performance bonus to the Executive Directors. The amount of variable performance bonus payable to each of the Executive Directors will be determined as follows: <u>Qian Jianrong and Li Bin</u> <table><tr><th>Where the Group's PBT for the financial year is</th><th>Amount of variable performance bonus payable for that financial year</th></tr><tr><td>RMB100 million and below</td><td>1% of PBT</td></tr><tr><td>Above RMB100 million</td><td>1.2% of PBT</td></tr></table> <u>Tian Honglei</u> <table><tr><th>Where the Group's PBT for the financial year is</th><th>Amount of variable performance bonus payable for that financial year</th></tr><tr><td>RMB100 million and below</td><td>0.6% of PBT</td></tr><tr><td>Above RMB100 million</td><td>0.8% of PBT</td></tr></table>	Where the Group's PBT for the financial year is	Amount of variable performance bonus payable for that financial year	RMB100 million and below	1% of PBT	Above RMB100 million	1.2% of PBT	Where the Group's PBT for the financial year is	Amount of variable performance bonus payable for that financial year	RMB100 million and below	0.6% of PBT	Above RMB100 million	0.8% of PBT
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RMB100 million and below	0.6% of PBT													
Above RMB100 million	0.8% of PBT													

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
8.2	Are there long-term incentive schemes for Executive Directors and key management personnel?	The Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.
8.3	How are the remuneration for non-executive directors determined?	The fees of the Independent Directors are determined by the Board according to the level of contribution, and taking into account factors such as the effort and time spent, and their respective responsibilities. The fees are subject to approval by the shareholders at each AGM. Except as disclosed, the Independent Directors do not receive any other remuneration from the Company. They do not have any service agreements with the Company. The Company does not have any share-based compensation schemes or any long-term scheme involving the offer of shares in place to encourage Independent Directors to hold shares in the Company.
8.4	Are there any contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company?	Having reviewed and considered the variable components of the Executive Directors and the key management personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to reclaim any incentives or related payment to the Executive Directors and key management personnel except for exceptional circumstances such as misstatements of financial results, or of misconduct resulting in financial loss to the Group. In addition, the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.
Disclosure on Remuneration		
9.	What is the Company's remuneration policy?	The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The remuneration policy considers the overall performance of the Company and each individual, taking into consideration the relevant and comparative compensation in the market. There are no termination, retirement or any post-employment benefits to Directors and key officers.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
9.1 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The remuneration of each individual Director to the nearest thousand is not disclosed as the Board believes that the disclosure may be prejudicial to its business interests given the highly competitive business environment the Company operates in. The RC has reviewed the practice of the industry and considered the pros and cons of such disclosure. Please refer to Table 3(i) – Remuneration of Directors for further details.
9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).	The remuneration of each key management personnel to the nearest thousand is not disclosed as the Board believes that the disclosure may be prejudicial to its business interests given the highly competitive business environment the Company operates in. The RC has reviewed the practice of the industry and considered the pros and cons of such disclosure. Please refer to Table 3(ii) – Remuneration of key management personnel for further details. The aggregate total remuneration paid to or accrued to key management personnel (who are not Directors or the CEO) amounted to RMB5.61 million, or approximately S\$1.23 million.

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
9.4	Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S\$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	No employee of the Company and its subsidiaries was an immediate family member of a Director or CEO and whose remuneration exceeded S\$50,000 in FY2015.
9.5	Please provide details of the employee share scheme(s).	The Company does not have any employee share option scheme or other long-term employee incentive scheme.
9.6	(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	Executive Directors do not receive Directors' fees but are remunerated as members of Management. The remuneration package of the Executive Directors and the key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group. Please refer to Guideline 8.1 above for more information.
	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?	Please refer to Guideline 8.1 above for more information.
	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes. Please refer to Guideline 8.1 above for more information.

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
ACCOUNTABILITY AND AUDIT		
10.1 10.2	The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.	The Board is accountable to shareholders and ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements. The Board strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects. The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Rules, where appropriate. The Independent Directors in consultation with Management will request for Management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control. The Management provides board members with management accounts that present a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis. At present, the Management prepares the management accounts on a monthly basis and provides the monthly management accounts to the Board whenever the Board requests for it.
Risk Management and Internal Controls		
11.1	The Board should determine the company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems.	The Board reviews the Group's business and operational activities to identify areas of significant business risk as well as the measures in place to control and mitigate these risks within the Group's policies and business strategies. The objective of this risk assessment exercise also include identifying and assessing key risk areas to the Group such as financial, operational, compliance and information technology risks.
11.2	The Board should, at least annually, review the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.	The Board has conducted the review of the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls for FY2015, with the assistance of Yang Lee & Associates, the internal auditors.

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Yang Lee & Associates has been appointed by the Group to oversee the internal controls system of the Group. Based on the work performed by the internal and external auditors in the course of their statutory audit, reviews performed by the management and various Board Committees, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing the financial, operational, compliance and information technology controls risks, and risk management systems of the Company were adequate and effective as at 31 December 2015. This is also supported by the assurance statement received from the CEO and CFO. The Board and the AC also notes that all internal controls contain inherent limitations and no systems of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improve the Group's internal controls system.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	The Board has received assurance from the Executive Chairman and CEO and the Chief Financial Officer that the financial records have been properly maintained and the financial statements for the financial year ended 31 December 2015 give a true and fair view of the Company's operations and finances, and the Company's risk management and internal control systems were adequate and effective.

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11.4	The Board may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the company's risk management framework and policies.	The RMCC assists the Board in carrying out its responsibilities and is responsible for, <i>inter alia</i>: a. reviewing and guiding the Group in formulating its risk and compliance policies; b. discussing risk mitigation and compliance strategies with management; c. examining the effectiveness of the Group's risk management and compliance system to ensure that a robust risk management and compliance system is maintained; d. providing oversight and guidance in establishing a process to effectively identify, evaluate and manage significant risks and compliance issues; e. reviewing risk limits and compliance procedures where applicable; f. reviewing the Group's risk profile and compliance record periodically; g. providing a forum for discussion on risk and compliance issues; h. reporting to the Board on material matters, findings and recommendations; i. performing such other functions as the Board may determine; j. reviewing the types and levels of risks undertaken by the Group and any matters relating to compliance (including compliance with the relevant conditions and/or provisions of the Group's trust financing arrangements); k. recommending and approving the policies and procedures for monitoring and managing such risk and compliance issues, as advised by the Group's compliance adviser; l. monitoring the risks associated with the operations of the Group, including but not limited to the developments of the regulatory framework surrounding trust financing arrangements and identifying any newly identified/developed risks which had not been previously disclosed in the announcements; m. reviewing and approving all non-bank loans, including new trust financing arrangements to be entered into by the Group; n. monitoring the use of proceeds from trust financing in the supervision accounts which will be applied towards the project undertaken by the relevant borrowing subsidiary;

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		o. reviewing the usage of the trust financing proceeds against the monthly plan agreed upon with the respective trust financing company; p. reviewing new trust financing arrangements to be entered into by the Group to ensure that: (i) they are not prejudicial to the interests of the shareholders of the Company; and (ii) in the event such trust financing arrangements include the transfer of assets of the Group to the trust financing companies, there are sufficient safeguards or measures in place to (A) prevent the trust financing companies from taking any actions which could be detrimental to the interests of the Group; and (B) mitigate the effects of any such actions on the Group (if taken). The Chairman of the RMCC is required to be independent from any management and business relationship with the Group. In the event the votes for any decision deliberated by the RMCC are equally divided, the Chairman of the RMCC shall have a casting vote.
Audit Committee		
12.1 12.3 12.4	What is the role of the AC?	The key function of the AC, based on its written terms of reference, is to: a. review with the external auditors the audit plan, scope of work, their evaluation of the system of internal accounting controls, their management letter and the management's response, and results of the audits conducted by the Group's internal and external auditors; b. review the half-yearly and annual, and quarterly, if applicable, financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Listing Manual and any other statutory or regulatory requirements; c. review the risk profile of the Group, effectiveness and adequacies of its internal control and risk management procedures, including accounting, financial, operational, compliance and information technology controls and procedures and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		d. ensure co-ordination between the external and internal auditors and the management, and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary) and if necessary, appoint a suitable accounting firm as internal auditors for the Group; e. review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response; f. consider the appointment, remuneration, terms of engagement or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors; g. review the appointments of persons (upon appointment and upon renewal of their respective service contracts), occupying managerial positions who are related to the directors, CEO or the controlling shareholders of the Group, including their remuneration; h. review and approve any transactions falling within the scope of Chapter 9 of the Listing Manual (if any); i. Review the scope and results of external audit and evaluate the independence of the external auditors; j. review the adequacy of the internal audit function and ensure that a clear reporting structure is in place between the AC and the internal auditors; k. review any potential conflicts of interest; l. review the adequacy of potential business risk management processes to the extent applicable to financial compliance; m. review and approve all hedging policies and instruments (if any) to be implemented by the Group; n. undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; o. review and establish procedures for receipt, retention and treatment of complaints received by the Group, including criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		p. generally to undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time. The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meeting, and reasonable resources to enable it to discharge its function properly. In addition, the AC is given the task to commission investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and to review the findings thereof.
12.2	Are the members of the AC appropriately qualified to discharge its responsibilities?	At least two members, including the AC Chairman have recent and relevant accounting or related and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgment. The Board is of the view that the AC, chaired by Mr Kwok Wei Woon has sufficient financial management expertise and experience to discharge the AC's functions. Please refer to pages 18 to 19 of the Annual Report for further details regarding the background and experience of the AC members.
12.5	Has the AC met with the auditors in the absence of key management personnel?	The AC has met with the external and internal auditors, without the presence of management for FY2015, to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, and the independence, objectivity and observations of the auditors.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation									
12.6	Has the AC reviewed the independence of the EA?	The AC reviews the independence of the external auditors annually. The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services does not affect the independence of the external auditors and has recommended to the Board for the re-appointment of KPMG LLP as the auditors of the Company at the forthcoming AGM. The Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to its external auditors.									
	(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year. (b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.	The aggregate amount of fees paid or payable to the external auditors of the Company, broken down into audit and non-audit services during FY2015 are as follows:— <table> <tr> <td>Audit fees</td><td>:</td><td>S\$420,400</td></tr> <tr> <td>Non-audit fees</td><td>:</td><td>S\$ 7,000</td></tr> <tr> <td>Total</td><td>:</td><td>S\$427,400</td></tr> </table> The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services does not affect the independence of the external auditor.	Audit fees	:	S\$420,400	Non-audit fees	:	S\$ 7,000	Total	:	S\$427,400
Audit fees	:	S\$420,400									
Non-audit fees	:	S\$ 7,000									
Total	:	S\$427,400									
12.7	Does the Company have a whistle-blowing policy?	The AC has put in place a Whistle-Blowing Policy, whereby employees of the Group and external parties, which includes the Group's suppliers and customers, may in confidence, raise concerns about possible improper financial reporting or other matters to Mr Kwok Wei Woon, the AC Chairman. The objective for such arrangement is to ensure independent investigations of such matters and for appropriate follow-up actions. Reports of suspected fraud, corruption, dishonest practices or other similar matters can be lodged via email to Mr Kwok Wei Woon, the AC Chairman at ACchairman@chiway.com.cn The AC further noted that no report on whistle blowing was received during FY2015.									
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	The AC is kept abreast by the Management and the external auditors of changes to the financial reporting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements during the AC Meetings.									

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.9	Is any of the member of the AC a former partner or director of the Company's existing auditing firm or auditing corporation?	No member of the AC is a former partner or director of the Company's existing auditing firm or auditing corporation.
Internal Audit		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	The AC is aware of the need to establish a system of internal controls within the Group to safeguard the shareholders' interests and the Group's assets, and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business risks. The AC, in consultation with Management, approves the hiring, removal, evaluation and the fees of the internal auditors. The internal auditors have unfettered access to all the Company's documents, records, properties, and personnel, including access to the AC. The Internal Auditors carries out its function according to the standards set by nationally or internationally recognised professional bodies including the Standard for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Group has in place an internal audit plan which is designated to provide reasonable assurance as to the effectiveness and efficiency of operations, integrity and reliability of financial information and to safeguard and maintain accountability of the Group's assets. Yang Lee & Associates has been appointed as the Group's internal auditors ("Internal Auditors") to review and assess the system of internal controls as well as compliance with the relevant rules and regulations of the Group on an annual basis. The Internal Auditors are staffed with persons with the relevant qualifications and experience, and reports directly to the AC on its findings and recommendations. The AC will review with the Internal Auditors their audit plan, evaluation of the system of internal controls, audit findings, risk management policy and will ensure that the Group follows up on the recommendations. The AC had reviewed the adequacy of the internal audit function for FY2015 and is satisfied that the existing internal audit is adequately resourced and has the appropriate standing within the Group as at 31 December 2015.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Shareholder Rights		
14.1	Companies should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the company's shares.	The Company recognizes and accepts the principle that all shareholders are treated fairly and equitably and that they have been accorded certain rights under the Singapore Companies Act and the Company's Constitution. Material information, especially information pertaining to the Company's business development and financial performance, is disclosed to all shareholders in a timely and transparent manner and in compliance with SGX disclosure requirements.
14.2	Companies should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders.	Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the Business Times and posted onto the SGXNET. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon. Shareholders are given ample opportunity to attend, participate and vote at the Company's general meetings. The Company's Constitution allows a shareholder to appoint up to 2 proxies to attend a shareholder's meeting on his behalf.
14.3	Companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.	In line with the amendments to the Companies Act (Cap. 50), corporate shareholders of the Company which provide nominee or custodial services to third parties to appoint more than two proxies to attend and vote on their behalf at general meetings.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Communication with Shareholders		
15.1 15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Information is communicated to the shareholders on a timely basis. Where inadvertent disclosure has been made to a select group, the Company will make the same disclosure publicly to all others as soon as practicable. The Board provides shareholders with an assessment of the Company's performance, position and prospects on a quarterly basis via the quarterly announcements of results; and other ad hoc announcements as required by the SGX-ST. The Company's Annual Report is sent to all shareholders and is available on request. The Company's latest Annual Report is also accessible via the Company's website. While the AGM of the Company is a principal forum for dialogue and interaction with all shareholders, the Company will consider use of other forums such as analyst briefings as and when applicable. Shareholders, investors or analysts may also send their queries or concerns to the Company's investor relations team, whose contact details can be found on the Company's website. Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website. The Company have procedures in place for responding to investors' queries.
15.5	Does the Company have a dividend policy?	The Company does not have a dividend policy at present.
	Is the Company is paying dividends for the financial year? If not, please explain why.	The Board has not recommended any dividend for FY2015 because the Board wants to ensure that the Company has adequate resources to deal with adverse changes in macroeconomics environments.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.2 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	The Board welcomes the view of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Separate resolutions are proposed for substantially separate issues at shareholders' meetings. The Chairman of the Board and the Chairmen of the AC, RC and NC as well as the external auditors are usually available at the general meetings to answer those questions relating to the work of these committees. The external auditors are also present to address the shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report. The Constitution of the Company allows members of the Company who are individuals to appoint up to two proxies to attend and vote on their behalf through proxy forms sent in advance. The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and these minutes are available upon request by shareholders. Pursuant to the amendments of the Companies Act (Cap. 50) effective from 3 January 2016, corporations which provide nominee or custodial services and are members of the Company are entitled to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general as proxies. To enhance shareholder participation, the Group puts all resolutions at general meeting to vote by poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage to the audience at the general meetings. With effect from the forthcoming AGM, the Company will put all resolutions to vote by manual polling.

CORPORATE GOVERNANCE

COMPLIANCE WITH APPLICABLE LISTING RULES		
Listing Rule	Rule Description	Company's Compliance or Explanation
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance with Rules 712 and 715 of the Listing Manual.
1207(8)	Material Contracts	Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that except as disclosed in the Directors' Statement and Financial Statements (pages 59 to 157), there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either still subsisting at the end of FY2015 or if not then subsisting, which were entered into since the end of the previous financial year.
1207(10)	Confirmation of adequacy of internal controls	Please refer to guideline 11.3 above.
1207(17)	Interested Persons Transaction ("IPT")	The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such transaction. All interested person transactions will be documented and submitted periodically to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company.

CORPORATE GOVERNANCE

		The AC reviewed the following significant transactions entered into by the Company with its interested persons for the financial year ended 31 December 2015 in accordance with its existing procedures:– <table> <tr> <th>Name of Interested Person</th><th>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</th><th>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</th></tr> <tr> <td>Chiway Holding Group Co., Ltd. (中锐控股集团有限公司)</td><td>RMB5.0 million (Lease of property from Chiway Holding: 1 year lease from 1 January 2015 to 31 December 2015)</td><td>–</td></tr> <tr> <td>Wuxi Yinsufan Trading Co., Ltd. (无锡音速凡贸易有限公司)</td><td>RMB0.49 million (Lease of property from Wuxi Yinsufan: 1 year lease from 1 November 2015 to 31 October 2016)</td><td>–</td></tr> <tr> <td>Suzhou Chiway Hivle Co., Ltd. (苏州中锐华府实业有限公司)</td><td>RMB0.46 million in year 2015 (Provision by Suzhou Hivle of hotel accommodation and related services at Suzhou Hivle Mansion for Chiwayland's employees and business associates)</td><td>–</td></tr> </table>	Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$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 \$100,000)	Chiway Holding Group Co., Ltd. (中锐控股集团有限公司)	RMB5.0 million (Lease of property from Chiway Holding: 1 year lease from 1 January 2015 to 31 December 2015)	–	Wuxi Yinsufan Trading Co., Ltd. (无锡音速凡贸易有限公司)	RMB0.49 million (Lease of property from Wuxi Yinsufan: 1 year lease from 1 November 2015 to 31 October 2016)	–	Suzhou Chiway Hivle Co., Ltd. (苏州中锐华府实业有限公司)	RMB0.46 million in year 2015 (Provision by Suzhou Hivle of hotel accommodation and related services at Suzhou Hivle Mansion for Chiwayland's employees and business associates)	–
Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$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 \$100,000)												
Chiway Holding Group Co., Ltd. (中锐控股集团有限公司)	RMB5.0 million (Lease of property from Chiway Holding: 1 year lease from 1 January 2015 to 31 December 2015)	–												
Wuxi Yinsufan Trading Co., Ltd. (无锡音速凡贸易有限公司)	RMB0.49 million (Lease of property from Wuxi Yinsufan: 1 year lease from 1 November 2015 to 31 October 2016)	–												
Suzhou Chiway Hivle Co., Ltd. (苏州中锐华府实业有限公司)	RMB0.46 million in year 2015 (Provision by Suzhou Hivle of hotel accommodation and related services at Suzhou Hivle Mansion for Chiwayland's employees and business associates)	–												

CORPORATE GOVERNANCE

1207(19)	Dealing in Securities	The Company has adopted policies in line with the requirements of the Listing Manual of the SGX-ST on dealings in the Company's securities. The Company, its Directors and officers are also discouraged from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's shares during the periods commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of the financial year and one month before the Company's full year financial statements and ending on the date of the announcement of the relevant financial results.																
1207(20)	Use of Proceeds	The Company raised net proceeds of approximately S\$29.7 million from the issuance of perpetual capital securities. As at the date of this Annual Report, such proceeds had been utilised in accordance with the intended purposes as follows: <table><tr><th>Use of proceeds</th><th>Allocated (\$)</th><th>Utilised (\$)</th><th>Balance (\$)</th></tr><tr><td>Investment in joint venture for the property development projects in Brisbane Australia</td><td>11.9 million</td><td>11.9 million</td><td>–</td></tr><tr><td>Investment in other property development projects in Australia, as and when the appropriate opportunities arise</td><td>14.8 million</td><td>14.8 million⁽¹⁾</td><td>–</td></tr><tr><td>General working capital</td><td>3.0 million</td><td>3.0 million</td><td>–</td></tr></table> (1) Include investment in Parramatta and Roseville, Australia	Use of proceeds	Allocated (\$)	Utilised (\$)	Balance (\$)	Investment in joint venture for the property development projects in Brisbane Australia	11.9 million	11.9 million	–	Investment in other property development projects in Australia, as and when the appropriate opportunities arise	14.8 million	14.8 million ⁽¹⁾	–	General working capital	3.0 million	3.0 million	–
Use of proceeds	Allocated (\$)	Utilised (\$)	Balance (\$)															
Investment in joint venture for the property development projects in Brisbane Australia	11.9 million	11.9 million	–															
Investment in other property development projects in Australia, as and when the appropriate opportunities arise	14.8 million	14.8 million ⁽¹⁾	–															
General working capital	3.0 million	3.0 million	–															

CORPORATE GOVERNANCE

Table 1- Board and Board Committee

Name of Director ¹	Audit Committee Meetings	Nominating Committee Meetings	Remuneration Committee Meetings	Risk Management and Compliance Committee Meetings
Qian Jianrong	–	Member	–	–
Li Bin	–	–	–	Member
Tian Hong Lei	–	–	–	–
Kwok Wei Woon	Chairman	Member	Member	Member
Chua Hwee Song	Member	Chairman	Chairman	Member
Poh Chee Kuan	Member	–	Member	Chairman

Table 2

Name of Director ¹	Board Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		Audit Committee Meetings		Risk Management and Compliance Committee Meetings	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Qian Jianrong	4	2	1	1	–	–	–	–	–	–
Li Bin	4	4	–	–	–	–	–	–	4	3
Tian Hong Lei	4	3	–	–	1	1*	–	–	–	–
Kwok Wei Woon	4	3	1	1	1	1	4	4	4	3
Chua Hwee Song ¹	4	2	–	–	–	–	4	2	4	2
Poh Chee Kuan	4	4	1	1*	1	1	4	4	4	4
Dr Chua Yong Hai ²	4	1	1	1	1	1	4	1	4	1

¹ Mr Chua Hwee Song was appointed a Director of the Company on 6 July 2015

² Dr Chua Yong Hai resigned as a Director of the Company on 27 April 2015

* By invitation

CORPORATE GOVERNANCE

Table 3(i) – Remuneration of Directors

Remuneration Band	Name	Salary and CPF (%)	Bonus & Profit Sharing (%)	Other Benefits and Allowances (%)	Directors' Fees (%) ¹	Total (%)
Band B ³	Qian Jianrong	51	23	26	–	100
Band B	Li Bin	52	47	1	–	100
Band A ²	Tian Hong Lei	65	34	1	–	100
Band A	Poh Chee Kuan	–	–	–	100	100
Band A	Kwok Wei Woon	–	–	–	100	100
Band A	Chua Hwee Song	–	–	–	100	100

1. Includes fee for directorships held in the Company.

2. Band A means below S\$250,000.

3. Band B means from S\$250,000 to S\$500,000.

A breakdown, showing the remuneration band of the top five key management personnel' remuneration for the financial year ended 31 December 2015 is as follows:

Table 3(ii)- Remuneration of key management personnel

Remuneration Band	Name	Salary and CPF (%)	Bonus (%)	Other Benefits and Allowances (%)	Total (%)
Band A	Tai Jiun Kaei	69	27	4	100
Band A	Sun Weihou	44	55	1	100
Band A	Gong Ming	41	58	1	100
Band A	Li Liangchao	19	79	2	100
Band A	Zhu Xiaojun	14	84	2	100

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

- (a) the financial statements set out on pages 65 to 157 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year then 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, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Qian Jianrong	Executive Chairman and Chief Executive Officer	
Kwok Wei Woon	Lead Independent Director	
Tian Honglei	Executive Director	
Li Bin	Executive Director	
Poh Chee Kuan	Independent Director	
Chua Hwee Song	Independent Director	(Appointed on 6 July 2015)

DIRECTORS' STATEMENT

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Direct interests		Deemed interests	
	Holdings at beginning of the year/ date of appointment	Holdings at end of the year	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Ultimate and immediate holding company				
Sinway Investments Pte. Ltd.				
Ordinary shares				
Qian Jianrong	80	80	—	—
Tian Honglei	2	2	—	—
The Company				
Ordinary shares ('000)				
Qian Jianrong	—	—	536,025 ⁽¹⁾	536,025 ⁽¹⁾

(1) Mr Qian Jianrong owns 80% of the equity interest in Sinway Investment Co., Ltd., and is therefore deemed to be interested in the shares in the Company held by Sinway Investment Co., Ltd. The other shareholders of Sinway Investment Co., Ltd. are Mr Mao En (4%), Mr Gong Ming (4%), Mr Liu Dahong (4%), Mr Wu Hongzhi (3%) and Mr Tian Honglei (2%).

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except as disclosed in note 32 to the financial statements, since the end of the last financial year, no director has received nor become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2016.

DIRECTORS' STATEMENT

Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

Audit committee

The members of the Audit Committee during the year and at the date of this statement are:

Kwok Wei Woon (Chairman)	Independent Director
Chua Hwee Song	Independent Director
Poh Chee Kuan	Independent Director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

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 auditors 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 auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

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

DIRECTORS' STATEMENT

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Qian Jianrong

Executive Chairman and Chief Executive Officer

Tian Honglei

Executive Director

4 April 2016

INDEPENDENT AUDITORS' REPORT

Members of the Company
Chiwayland International Limited

Report on the financial statements

We have audited the accompanying financial statements of Chiwayland International Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 65 to 157.

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.

Auditors' responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the 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 ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

4 April 2016

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Assets					
Property, plant and equipment	5	5,714	7,831	3	6
Investment properties	6	993,200	807,800	–	–
Subsidiaries	7	–	–	1,378,109	1,393,759
Joint ventures	8	15,062	24,410	–	–
Deferred tax assets	9	42,961	51,538	–	–
Non-current assets		1,056,937	891,579	1,378,112	1,393,765
Development properties	10	5,597,862	6,712,045	–	–
Contract work-in-progress	11	382,998	381,301	–	–
Financial assets	12	250,000	258,519	–	–
Trade receivables, other receivables and advance payments	13	2,664,697	770,475	195,028	64,841
Cash and cash equivalents	14	1,203,532	1,131,274	300	149,099
Current assets		10,099,089	9,253,614	195,328	213,940
Total assets		11,156,026	10,145,193	1,573,440	1,607,705
Equity					
Share capital	15	298,577	298,577	1,582,272	1,582,272
Reserves	16	216,630	187,896	(153,254)	(118,989)
Equity attributable to owners of the Company		515,207	486,473	1,429,018	1,463,283
Other equity instruments	17	214,695	143,781	143,781	143,781
		729,902	630,254	1,572,799	1,607,064
Non-controlling interests	18	516,317	404,148	–	–
Total equity		1,246,219	1,034,402	1,572,799	1,607,064
Liabilities					
Loans and borrowings	19	3,144,601	2,676,066	–	–
Deferred tax liabilities	9	121,440	87,778	–	–
Non-current liabilities		3,266,041	2,763,844	–	–
Loans and borrowings	19	1,075,260	1,227,000	–	–
Trade payables, other payables and advance receipts	20	5,078,377	4,606,129	641	641
Advance receipts from government	11	439,853	439,853	–	–
Tax payable		50,276	73,965	–	–
Current liabilities		6,643,766	6,346,947	641	641
Total liabilities		9,909,807	9,110,791	641	641
Total equity and liabilities		11,156,026	10,145,193	1,573,440	1,607,705

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2015

	Note	Group	
		2015 RMB'000	2014 RMB'000
Continuing operations			
Revenue	21	3,577,293	2,213,971
Cost of sales		(3,279,475)	(2,029,260)
Gross profit		297,818	184,711
Other income	22	94,990	221,880
Selling and distribution expenses		(76,320)	(64,545)
Administrative expenses		(98,252)	(83,446)
Other expenses		(12,299)	(108,267)
Results from operating activities		205,937	150,333
Net finance costs	24	(41,387)	(16,085)
Share of results of joint ventures, net of tax	8	(1,348)	(9,570)
Profit before income tax from continuing operations	25	163,202	124,678
Tax expense	26	(91,940)	(75,182)
Profit from continuing operations		71,262	49,496
Discontinued operations			
Loss from discontinued operation, net of tax	33	—	(1,681)
Profit for the year		71,262	47,815
Profit attributable to:			
Owners of the Company		37,663	9,648
Non-controlling interests		33,599	38,167
Profit for the year		71,262	47,815
Earnings per share			
Basic and diluted earnings per share (RMB cents)	34	4.21	1.26

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2015

	Group	
	2015	2014
	RMB'000	RMB'000
Profit for the year	71,262	47,815
Other comprehensive loss		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences on foreign operations/		
Other comprehensive loss for the year, net of tax	(2,998)	(114,929)
Total comprehensive income/(loss) for the year	68,264	(67,114)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	34,665	(105,281)
Non-controlling interests	33,599	38,167
Total comprehensive income/(loss) for the year	68,264	(67,114)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

Group	Share capital	Merger reserve	Statutory reserve	Foreign	Accumulated profits	Total	Other equity instruments	Total	Non-controlling interests	Total equity
				currency translation reserve		ordinary equity				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	—*	(44,710)	95,440	—	245,600	296,330	—	296,330	285,166	581,496
Total comprehensive income for the year										
Profit for the year	—	—	—	—	9,648	9,648	—	9,648	38,167	47,815
Other comprehensive loss										
Foreign currency translation differences on foreign operations	—	—	—	(114,929)	—	(114,929)	—	(114,929)	—	(114,929)
Total other comprehensive loss	—	—	—	(114,929)	—	(114,929)	—	(114,929)	—	(114,929)
Total comprehensive (loss)/ income for the year	—	—	—	(114,929)	9,648	(105,281)	—	(105,281)	38,167	(67,114)
Transaction with owners, recognised directly in equity										
Contributions by and distributions to owners										
Capital contribution by non-controlling interests	—	—	—	—	—	—	—	—	81,022	81,022
Issuance of new shares pursuant to the reverse takeover ("RTO") exercise	239,556	—	—	—	—	239,556	—	239,556	—	239,556
Professional fees paid in shares	41,618	—	—	—	—	41,618	—	41,618	—	41,618
Issuance of shares pursuant to share placement exercise	18,083	—	—	—	—	18,083	—	18,083	—	18,083
Share issuance expenses	(680)	—	—	—	—	(680)	—	(680)	—	(680)
Issuance of perpetual capital securities	—	—	—	—	—	—	143,781	143,781	—	143,781
Transfer to statutory reserves	—	—	7,223	—	(7,223)	—	—	—	—	—
Total contributions by and distributions to owners	298,577	—	7,223	—	(7,223)	298,577	143,781	442,358	81,022	523,380

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

Group	Note	Share	Merger	Statutory	Foreign	Accumulated	Total	Other	Non-	
		capital	reserve	reserve	currency	profits	ordinary	equity	controlling	Total
		RMB'000	RMB'000	RMB'000	translation	RMB'000	equity	instruments	interests	equity
		RMB'000	RMB'000	RMB'000	reserve	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Changes in ownership										
interests in subsidiaries										
Acquisition of interest in subsidiaries										
without a change in control	27	–	–	–	–	(3,153)	(3,153)	–	(3,153)	(3,360)
Total changes in ownership										
interests in subsidiaries		–	–	–	–	(3,153)	(3,153)	–	(3,153)	(3,360)
Total transactions with owners		298,577	–	7,223	–	(10,376)	295,424	143,781	439,205	520,020
At 31 December 2014		298,577	(44,710)	102,663	(114,929)	244,872	486,473	143,781	630,254	1,034,402

* Amount below RMB1,000

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

Group	Note	Share	Merger	Statutory	Foreign	Accumulated	Total	Other	Non-	
		capital	reserve	reserve	currency	profits	ordinary	equity	Total	controlling
		RMB'000	RMB'000	RMB'000	translation	RMB'000	equity	instruments	RMB'000	interests
		RMB'000	RMB'000	RMB'000	reserve	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015		298,577	(44,710)	102,663	(114,929)	244,872	486,473	143,781	630,254	404,148
Total comprehensive income										
for the year										
Profit for the year		-	-	-	-	37,663	37,663	-	37,663	33,599
Other comprehensive loss										
Foreign currency translation										
differences on foreign operations		-	-	-	(2,998)	-	(2,998)	-	(2,998)	-
Total other comprehensive loss		-	-	-	(2,998)	-	(2,998)	-	(2,998)	-
Total comprehensive (loss)/										
income for the year		-	-	-	(2,998)	37,663	34,665	-	34,665	33,599
Transaction with owners,										
recognised directly in equity										
Contributions by and										
distributions to owners										
Capital contribution by										
non-controlling interests		-	-	-	-	-	-	-	-	45,000
Issuance of redeemable preference										
shares by a subsidiary	17	-	-	-	-	-	-	70,914	70,914	-
Transfer to statutory reserves		-	-	12,605	-	(12,605)	-	-	-	-
Dividends paid to holders of										
perpetual capital securities	17	-	-	-	-	(12,361)	(12,361)	-	(12,361)	-
Total contributions by and										
distributions to owners		-	-	12,605	-	(24,966)	(12,361)	70,914	58,553	45,000

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

Group	Note	Share	Merger	Statutory	Foreign	Accumulated	Total	Other	Non-	
		capital	reserve	reserve	currency	profits	ordinary	equity	Total	controlling
		RMB'000	RMB'000	RMB'000	translation	RMB'000	equity	instruments	RMB'000	interests
					reserve					equity
					RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Changes in ownership										
interests in subsidiaries										
Disposal of interest in a subsidiary										
without a change in control	27	-	-	-	-	6,430	6,430	-	6,430	33,570
Total changes in ownership										
interests in subsidiaries		-	-	-	-	6,430	6,430	-	6,430	33,570
Total transactions with owners		-	-	12,605	-	(18,536)	(5,931)	70,914	64,983	78,570
At 31 December 2015		298,577	(44,710)	115,268	(117,927)	263,999	515,207	214,695	729,902	516,317
										1,246,219

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

	Group	
	2015	2014
	RMB'000	RMB'000
Cash flows from operating activities		
Profit for the year	71,262	47,815
Adjustments for:		
Changes in fair value of financial assets	–	122
Changes in fair value of investment properties	(91,802)	(180,024)
Depreciation of property, plant and equipment	2,496	2,679
Gain on disposal of financial assets available-for-sale	(589)	–
Loss on disposal of subsidiaries	–	12,903
Gain on disposal of investments in joint ventures	–	(35,634)
Gain on disposal of property, plant and equipment	(538)	(553)
Acquisition costs arising from the RTO exercise	–	51,073
Professional fees paid in shares	–	41,618
Allowance for impairment loss on investment in financial asset available-for-sale	2,250	2,250
Write-down of development properties	47,459	56,195
Net finance costs	41,387	16,085
Share of results of joint ventures	1,348	9,570
Foreign exchange loss	123	919
Tax expense	91,940	75,182
	165,336	100,200
Changes in:		
– Inventories	–	(8,897)
– Development properties	1,434,324	(943,423)
– Trade receivables, other receivables and advance payments	(1,668,581)	1,320,557
– Construction costs incurred on contract work-in-progress	(1,697)	(650)
– Trade payables, other payables and advance receipts	919,618	(238,688)
Cash generated from operations	849,000	229,099
Tax paid	(100,328)	(49,087)
Net cash from operating activities	748,672	180,012

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

Note	Group	
	2015 RMB'000	2014 RMB'000
Cash flows from investing activities		
Acquisition of financial assets available-for-sale	(250,000)	(260,500)
Acquisition of property, plant and equipment	(448)	(3,065)
Acquisition of subsidiaries, net of cash acquired	27 –	26,924
Disposal of subsidiaries, net of cash disposed	27 –	47,312
Increase in amounts due from related corporations, non-trade	(8,265)	(633)
Increase in amounts due from non-controlling interests, non-trade	(197,500)	(97,500)
(Increase)/Decrease in amounts due from joint ventures	(12,056)	352,300
Development expenditure incurred on investment properties	6 (93,598)	(87,203)
Dividend from joint ventures	8 8,000	–
Interest received	16,478	11,807
Proceeds from disposal of financial assets available-for-sale	256,858	–
Proceeds from disposal of property, plant and equipment	607	849
Net cash used in investing activities	(279,924)	(9,709)
Cash flows from financing activities		
Acquisition of subsidiary from non-controlling interests	27 –	(300)
Proceeds from disposal of interest in subsidiaries without a change in control	27 40,000	–
Capital contribution from non-controlling interests	45,000	81,022
Interest paid	(425,816)	(437,042)
Dividends paid	(27,361)	–
(Increase)/Decrease in restricted cash	(20,561)	64,745
Decrease in amount due to director	(810)	(25)
Decrease in amounts due to related corporations	(60,789)	(64,763)
Decrease in amounts due to non-controlling interests	(262,400)	(880,000)
Decrease in amounts due to joint ventures	(53,803)	(174,726)
Decrease in bills payable	(42,100)	(12,900)
Proceeds from issuance of placement shares, net of share issuance expenses	–	17,403
Proceeds from issuance of perpetual capital securities	–	143,781
Proceeds from issuance of redeemable perpetual preference shares	70,914	–
Proceeds of borrowings from financial institutions	1,093,035	3,375,066
Repayment of borrowings from financial institutions	(2,317,260)	(1,656,074)
Proceeds of borrowings from non-controlling interests	1,435,000	–
Proceeds of borrowings from unquoted debt securities	111,260	–
Net cash (used in)/from financing activities	(415,691)	456,187

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

	Note	Group	
		2015 RMB'000	2014 RMB'000
Net increase in cash and cash equivalents		53,057	626,490
Cash and cash equivalents at 1 January		933,604	305,864
Effect of exchange rate changes on cash held		(1,360)	1,250
Cash and cash equivalents at 31 December	14	985,301	933,604

Non-cash transactions

2014

On 5 August 2014, Chiwayland Group (Singapore) Pte Ltd ("Chiwayland Group Singapore") completed the reverse takeover of R H Energy Ltd and its subsidiaries ("R H Energy Group"). In accordance with the terms of the acquisition, the consideration comprised (i) 549,275,362 new ordinary shares issued by the Company amounting to RMB1,385,425,000; and (ii) cash consideration of RMB98,279,000 (equivalent to S\$20 million). The cash consideration was paid by the former controlling shareholders of the Company ("Former Shareholders") on its behalf. On 30 September 2014, the Company disposed of the existing businesses of R H Energy Group to the Former Shareholders. The Company and the Former Shareholders agreed to set off the amount of RMB98,279,000 due to the Former Shareholders against the proceeds arising from the disposal of the existing businesses of R H Energy Group to the Former Shareholders (see Note 27(i) and 27(iv)).

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 4 April 2016.

I DOMICILE AND ACTIVITIES

Chiwayland International Limited (the "Company") is incorporated in the Republic of Singapore and has its registered office at 6 Eu Tong Sen Street #04-08, The Central, Singapore 059817.

The financial statements of the Group as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's investments in joint ventures.

The principal activity of the Company is that of an investment holding company. The principal activities of the Group entities are set out in Note 7 to the consolidated financial statements.

The immediate and ultimate holding company during the year was Sinway Investment Co., Ltd., a company incorporated in the British Virgin Islands.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements are prepared in accordance with the Singapore Financial Reporting Standards ("FRSs").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise indicated.

2.3 Functional and presentation currency

The financial statements of the Group's entities are measured in the currency of primary environment in which the entities operate. The financial statements are presented in Renminbi ("RMB"), which is the presentation currency of the Group. The functional currency of the Company is Singapore Dollar ("SGD"). As the Group mainly operates in People's Republic of China (the "PRC"), RMB is used as the presentation currency of the Group and the Company. All financial information presented in RMB have been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

2 BASIS OF PREPARATION (Cont'd)

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements, and in arriving at estimates with a significant risk of resulting in a material adjustment within the next financial year are discussed in note 36.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgments (Cont'd)

Measurement of fair values (Cont'd)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Further information about the assumptions made in measuring fair values is included in notes 6 and 29.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) *Business combinations*

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree.

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(i) *Business combinations (Cont'd)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(iii) *Acquisitions from entities under common control*

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) *Loss of control*

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) *Investments in joint ventures*

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint ventures are accounted for using the equity method (equity-accounted investee) and are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(vi) *Joint operations*

A joint operation is a joint arrangement whereby parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement.

A joint operator recognises in its consolidated and separate financial statements, its interest in the joint operation as follows:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the share of its output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

Hillwood Pty Ltd, a wholly-owned subsidiary of the Group, is a 60% partner in a joint arrangement to carry out development property activities in Roseville, New South Wales, Australia. The joint arrangement is not structured as a separate legal vehicle with the Group instead having rights to certain assets, liabilities, income and expenses through the arrangement. The Group has joint control of the arrangement and has recognised its interest in the assets, the liabilities, income and expenses arising from the joint arrangement.

(vii) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(viii) *Subsidiaries in the separate financial statements*

Investments in subsidiaries in the Company's statement of financial position are stated at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

(ii) *Foreign operations*

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to RMB at exchange rates at the reporting date. The income and expenses of foreign operations are translated to RMB at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the reporting date.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in a joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments

(i) *Non-derivative financial assets*

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, financial assets available-for-sale and loans and receivables.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets classified as held for trading comprise quoted equity securities.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (Cont'd)

(i) *Non-derivative financial assets (Cont'd)*

Financial assets available-for-sale

Financial assets available-for-sale are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Financial assets available-for-sale are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Financial assets available-for-sale comprise debt securities.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, excluding prepayments, and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded, whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(ii) *Non-derivative financial liabilities*

All financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or when they expire.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (Cont'd)

(ii) *Non-derivative financial liabilities (Cont'd)*

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, trade payables, other payables and advance receipts.

(iii) *Share capital*

Ordinary shares

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

Other equity instruments

The Group issued the following equity instruments:

Perpetual capital securities

The perpetual capital securities do not have a maturity date and the Company is able to elect to defer making a distribution subject to the term and conditions of the securities issued. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of the perpetual capital securities issued and the perpetual capital securities are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Incremental costs directly attributable to the issue of the perpetual capital securities are deducted against the proceeds from the issue.

Redeemable perpetual preference shares

Redeemable perpetual preference shares issued by a subsidiary are classified as equity as it is or redeemable only at the option of a subsidiary, and any dividends are discretionary. The subsidiary has the ability to defer making a distribution subject to the terms and conditions of the equity instrument issued. Discretionary dividends thereon are recognised as distributions within equity upon approval by the shareholders of the issuer.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment

(i) *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item (major components) of property, plant and equipment.

The gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) *Subsequent costs*

The cost of replacing component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

The estimated useful lives for the current and comparative years are as follows:

• Leasehold buildings	20 years, or lease term if shorter
• Leasehold improvements	20 to 30 years
• Motor vehicles	5 years
• Office furniture and equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

3.5 Land use rights

Land use rights represent lease prepayments for acquiring rights to use land in the PRC with periods ranging from 40 to 70 years. Land use rights granted with consideration are recognised initially at acquisition cost. Land use rights are classified and accounted for in accordance with the intended use of the properties erected on the related land.

For properties that are held for own use, the corresponding lease prepayments are separately stated as land use rights on the statement of financial position and are stated at cost less accumulated amortisation and any impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the lease term of the land use rights.

For investment properties, the corresponding land use rights are classified and accounted for as part of the investment properties, which are carried at fair value as described in note 3.6.

For properties that are developed for sale, the corresponding land use rights are classified and accounted for as part of the development properties.

3.6 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Investment properties (Cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to accumulated profits.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.

3.7 Development properties

Development properties comprise:

Properties under development

Properties under development are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost and estimated net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

The development cost of property comprises costs of land use rights for properties under development for sale (see note 3.5), construction costs, finance costs (see note 3.14) and professional fees incurred during the development period. Finance costs payable on loans funding a development property are capitalised, on a specific identification basis, as part of the cost of the properties under development until the development is completed.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value.

Cost is determined by apportionment of the total land costs, development costs and capitalised borrowing costs based on floor area of the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing market conditions.

Reclassification to investment property

When the use of a property changes from development properties to investment property, the property is remeasured to fair value and reclassified accordingly. Any difference between the fair value of the property and its previous carrying amount at the date of transfer is recognised in profit or loss.

3.8 Contract work-in-progress

Contract work-in-progress is stated at cost. Contract work-in-progress is incurred on behalf of the local educational authorities in Suzhou, PRC. The contract work-in-progress is funded by the advances received from the Suzhou Municipal Government. The Group assesses the contract work-in-progress for evidence of impairment when the costs incurred on contract work-in-progress exceed the advances received from the Suzhou Municipal Government.

3.9 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in a joint venture, is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity and debt securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months or longer to be prolonged.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (Cont'd)

- (i) *Non-derivative financial assets (Cont'd)*

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovering the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Financial assets available-for-sale

Impairment losses on financial assets available-for-sale are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (Cont'd)

(i) *Non-derivative financial assets (Cont'd)*

Joint venture

An impairment loss in respect of a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.9(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than investment properties, development properties, contract work-in-progress and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment loss recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (Cont'd)

(ii) *Non-financial assets (Cont'd)*

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in a joint venture is tested for impairment as a single asset when there is objective evidence that the investment may be impaired.

3.10 Employee benefits

(i) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Pursuant to the relevant regulation of the PRC government, the PRC subsidiaries of the Group ("PRC Subsidiaries") have participated in central pension schemes (the "Schemes") operated by local municipal governments whereby the PRC subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC subsidiaries. The only obligation of the PRC subsidiaries with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are accounted for as contributions to defined contribution plans as described above.

(ii) *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Revenue recognition

(i) *Sales of properties*

Revenue from sales of properties is recognised when the control and risk and rewards of the 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 for sale of properties and are classified as current liabilities.

(ii) *Rental income*

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised in profit or loss as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) *Services rendered*

Revenue in relation to property management service and consulting service are recognised when the services are rendered and related service fees become receivable.

3.12 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised as other income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

3.13 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Finance income and finance costs

Finance income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expenses on loans and borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting date, to recover or settle the carrying amount of its assets and liabilities. Where investment properties are carried at their fair value in accordance with note 3.6, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale. In all other cases, deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Tax (Cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credit and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax periods based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgement about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for some of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the difference realises.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Discontinued operations

A discontinued operation is a component or the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

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

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

3.17 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS 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 and for the effects of all potential dilutive ordinary shares.

3.18 Segment reporting

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. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO") (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

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

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, investment properties and intangible assets other than goodwill.

Segment total assets are the total assets utilised by the respective operating segment in its operations.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. The Group is currently assessing the potential impact of adopting these new standards and interpretations on the financial statements of the Group and the Company. The Group does not plan to adopt these standards early.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance in FRS 18 *Revenue*.
- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company.

In addition to the above, the Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1 *First-time adoption of IFRS* when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

4 REVERSE TAKEOVER TRANSACTION IN 2014

On 26 March 2013, the Company entered into a sale and purchase agreement with Sinway Investment Co., Ltd. (the "Vendor") to acquire the entire issued and paid-up share capital of Chiwayland Group (Singapore) Pte. Ltd. ("Chiwayland Group Singapore") (the "Acquisition") from the Vendor and to dispose of the Company's existing businesses and assets, save for certain assets and liabilities retained in the Company. On 5 August 2014, the Company completed the Acquisition through the allotment and issuance of 549,275,362 new ordinary shares to the Vendor at an issue price of S\$0.69 per ordinary share. The Acquisition resulted in a Reverse Takeover ("RTO") of the Company. In connection with the RTO, the Company underwent a share consolidation of three existing shares into one consolidated share (the "Share Consolidation").

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

4 REVERSE TAKEOVER TRANSACTION IN 2014 (CONT'D)

The Acquisition has been accounted as a RTO in accordance with FRS 103 *Business Combinations*, and the legal subsidiary, Chiwayland Group Singapore, is regarded as the acquirer and the Company as the acquiree, for accounting purposes. Accordingly, the consolidated financial statements for financial year ended 31 December 2014 have been prepared and presented as a continuation of the consolidated financial statements of Chiwayland Group Singapore and its subsidiaries.

5 PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Office furniture and equipment RMB'000	Total RMB'000
Group Cost					
At 1 January 2014	—	—	4,901	4,182	9,083
Additions	—	722	1,103	1,240	3,065
Acquisition of subsidiaries	12,724	—	2,438	11,690	26,852
Disposals	—	—	(510)	(556)	(1,066)
Disposal of subsidiaries	(12,724)	—	—	(11,487)	(24,211)
At 31 December 2014	—	722	7,932	5,069	13,723
At 1 January 2015	—	722	7,932	5,069	13,723
Additions	—	—	17	431	448
Disposals	—	—	(708)	(215)	(923)
At 31 December 2015	—	722	7,241	5,285	13,248
Accumulated depreciation					
At 1 January 2014	—	—	1,582	3,086	4,668
Depreciation	448	90	1,087	1,054	2,679
Disposals	—	—	(334)	(436)	(770)
Disposal of subsidiaries	(448)	—	—	(237)	(685)
At 31 December 2014	—	90	2,335	3,467	5,892
At 1 January 2015	—	90	2,335	3,467	5,892
Depreciation	—	90	1,669	737	2,496
Disposals	—	—	(651)	(203)	(854)
At 31 December 2015	—	180	3,353	4,001	7,534
Carrying amounts					
At 1 January 2014	—	—	3,319	1,096	4,415
At 31 December 2014	—	632	5,597	1,602	7,831
At 31 December 2015	—	542	3,888	1,284	5,714

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Office furniture and equipment RMB'000
Company	
Cost	
At 1 January 2014, 31 December 2014 and 2015	24
Accumulated depreciation	
At 1 January 2014	12
Depreciation	6
At 31 December 2014	18
At 1 January 2015	18
Depreciation	3
At 31 December 2015	21
Carrying amounts	
At 1 January 2014	12
At 31 December 2014	6
At 31 December 2015	3

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

6 INVESTMENT PROPERTIES

	Group	
	2015	2014
	RMB'000	RMB'000
At 1 January	807,800	440,800
Additions	93,598	87,203
Reclassification from development properties	—	99,773
Change in fair value (unrealised)	91,802	180,024
At 31 December	993,200	807,800
Comprising:		
Completed investment properties	697,300	663,400
Investment properties under construction	295,900	144,400
	993,200	807,800

Investment properties include a number of commercial properties that are leased to related corporations. Each of these leases contains an initial non-cancellable periods ranging from 5 years to 20 years with the rental fee comprising a fixed base rent component and a contingent rent component calculated based on the business performance of the tenants. Subsequent renewals are negotiated with the lessee and, on average, the renewal periods are 5 years.

Changes in fair values are recognised in profit or loss.

In 2014, the Group changed its intention to sell certain commercial properties, and instead decided to hold these commercial properties for rental and/or capital appreciation. Accordingly, these properties were reclassified from completed properties to investment properties at their fair value. The change in the Group's intention of use for these commercial properties were reviewed and approved by the Board of Directors.

Security

At 31 December 2015, investment properties of the Group with carrying amounts of RMB316.3 million (2014: RMB416.0 million) are pledged as security to secure borrowings from financial institutions (see note 19).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

6 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

(i) Fair value hierarchy

The fair value of investment properties as at 31 December 2015 and 31 December 2014 are determined by Colliers International (Hong Kong) Ltd and DTZ Dehenham Tie Leung Limited, independent firms of professional valuers, respectively.

The fair value measurement for all the investment properties has been categorised as Level 3 fair value based on the inputs to the valuation techniques used.

(ii) Valuation techniques and significant unobservable inputs

The following table shows the Group's valuation techniques used in measuring the fair value of 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
Income approach	- Expected rental rates of RMB20.50 to RMB42.20 (2014: RMB21.00 to RMB40.91) per square metre (psm) - Capitalisation rate ranging from 4.5% to 6% (2014: 3% to 6.5%)	An increase in expected rental rates and/or a decrease in capitalisation rate would result in an increase in the estimated fair value.
Residual approach	- Expected rental rates of RMB20.50 to RMB42.20 (2014: RMB21.00 to RMB40.91) psm - Capitalisation rate ranging from 4% to 6% (2014: 4% to 5.5%)	An increase in expected rental rates and/or a decrease in capitalisation rate would result in an increase in the estimated fair value.
Direct comparison approach	Price of RMB6,999 to RMB50,000 psm (2014: nil)	An increase in price would result in an increase in the estimated fair value.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

7 SUBSIDIARIES

Equity investments at cost

Company	
2015	2014
RMB'000	RMB'000
1,378,109	1,393,759

The details of the Company's subsidiaries are as follows:

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Ownership interest	
			2015	2014
			%	%
Direct subsidiary				
Chiwayland Group (Singapore) Pte. Ltd. ("Chiwayland Group Singapore") [#]	Investment holding	Singapore	100	100
Held through Chiwayland Group Singapore				
Chiway Investment Pte. Ltd. ("CI") [#]	Investment holding	Singapore	100	100
Chiwayland Australia Pty Ltd ("CAPL") [@]	Investment holding	Australia	100	100
Held through CI				
Suzhou Ervin Investment Consulting Co., Ltd. ("Suzhou Ervin") [@]	Investment holding	PRC	100	100
Held through CAPL				
Hillwood Pty Limited [@]	Property development	Australia	100	100
Bluesky Parramatta Pty Ltd [@]	Property development	Australia	75.0	—
Epping Hillview Pty Ltd [@]	Property development	Australia	100	—
Ryde 88 Pty Ltd [@]	Property development	Australia	100	—
Held through Suzhou Ervin				
Suzhou Chiwayland Group Co., Ltd. ("SCLG") [@]	Investment holding	PRC	100	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

7 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Ownership interest	
			2015	2014
			%	%
Held through SCLG				
Shanghai Chiway Jiacheng Investment Consulting Co., Ltd. ("SCI") [®]	Investment holding	PRC	100	100
Wuxi Chiway Real Estate Co., Ltd ("Wuxi Real Estate") [®]	Property development	PRC	100	100
Wuxi Chiway Real Estate Development Co., Ltd. ("Wuxi Real Estate Development") [®]	Property development	PRC	100	100
Wuxi Huaifu Real Estate Co., Ltd. ("Wuxi Huaifu") [®]	Property development	PRC	100	100
Wuxi Huarui Real Estate Co., Ltd. ("Wuxi Huarui") [®]	Property development	PRC	52.38	52.38
Suzhou Landscape Real Estate Co., Ltd. ("Suzhou Landscape") [®]	Property development	PRC	65.0	65.0
Xuancheng Chiwayland Co., Ltd. ("Xuancheng Chiwayland") [®]	Property development	PRC	100	100
Shanghai Fuyuan Investment Management Co., Ltd. (Shanghai Fuyuan) [®]	Investment holding	PRC	100	100
Shanghai Quanchang Marketing Planning Co., Ltd. ("Shanghai Quanchang") [®]	Property agency	PRC	100	100
Shanghai Zihui Investment Consulting Co., Ltd. ("Shanghai Zihui") [®]	Investment holding	PRC	100	100
Xuzhou Huarui Tech-Edu Development Co., Ltd. ("Xuzhou Huarui") [®]	Property development	PRC	100	100
Suzhou Chiway Jinhui Real Estate Co., Ltd. ("Suzhou Jinhui") [®]	Property development	PRC	75.0	75.0
Shanghai Lvwen Management Co., Ltd. ("Shanghai Lvwen") [®]	Investment holding	PRC	100	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

7 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Ownership interest	
			2015	2014
			%	%
Held through SCLG (cont'd)				
Shanghai Chiway Real Estate Co., Ltd. ("Shanghai Real Estate")®	Property development	PRC	100	100
Shanghai Chiway Management Co., Ltd. ("Shanghai Management")®	Property management	PRC	100	100
Shanghai Tongrui Investment Consulting Co., Ltd. ("Shanghai Tongrui")®	Investment holding	PRC	100	100
Xuzhou Chiway Construction Co., Ltd. ("Xuzhou Chiway")®	Property development	PRC	80.0	100
Suzhou Gaoxin Chiway Tech-Edu Development Co., Ltd. ("Suzhou Gaoxin Tech-Edu")®	Property development	PRC	70.0	70.0
Suzhou Jiacheng Development Co., Ltd. ("Suzhou Jiacheng")®	Property development	PRC	45.5¹	45.5 ¹
Suzhou Huatian Property Management Co., Ltd. ("Suzhou Huatian ")®	Property management	PRC	70.0	70.0
Suzhou Chiway Commercial Investment Consulting Co., Ltd ("Suzhou Commercial")®	Investment holding	PRC	100	100
Suzhou Chiway Jiarun Real Estate Co., Ltd. ("Suzhou Jiarun")®	Property development	PRC	84.7	84.7
Suzhou Chiway Shangcheng Real Estate Co. Ltd. ("Suzhou Shangcheng")®	Property development	PRC	60.0	60.0
Zhangjiagang Chiway Real Estate Co., Ltd. ("Zhangjiagang Chiway")®	Property development	PRC	100	100
Shanghai Shenlan Investment Management Consulting Co., Ltd. ("Shanghai Shenlan")®	Investment holding	PRC	100	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

7 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Ownership interest	
			2015	2014
			%	%
Held through SCLG (cont'd)				
Suzhou Xingshang Tiandi Real Estate Co., Ltd ("Suzhou Xingshang") [@]	Property development	PRC	51.0²	—
Shanghai Ruize Equity Investment Management Co., Ltd. ("Shanghai Ruize") [@]	Investment holding and assets management	PRC	100	—
Suzhou Chiway Huayuan Real Estate Co., Ltd ("Suzhou Huayuan") [@]	Property development	PRC	75.0	—
Suzhou Chiway Shanghong Real Estate Co., Ltd ("Suzhou Shanghong") [@]	Property development	PRC	57.0³	—
Nanjing Chiway Hongrun Real Estate Co., Ltd ("Nanjing Hongrun") [@]	Property development	PRC	60.0	—
Shanghai Tongmo Assets Management Co., Ltd ("Shanghai Tongmo") [@]	Investment holding and assets management	PRC	100	—
Shanghai Ruiqi Equity Investment Management Co., Ltd. Ltd ("Shanghai Ruiqi") [@]	Investment holding and assets management	PRC	70.0	—

¹ Although the Group holds effective interest of less than 50% in Suzhou Jiacheng, it is exposed and has rights to variable returns from its involvement with Suzhou Jiacheng and has the ability to affect those returns through its power over Suzhou Jiacheng. Consequently, Suzhou Jiacheng has been consolidated as a subsidiary.

² As at 31 December 2015, the Group has a 51% legal equity interest in Suzhou Xingshang. On 14 September 2015, the Group had disposed of a 4% equity interest in Suzhou Xingshang to a financial institution for a consideration of RMB4 million. In addition, the financial institution provided a loan of RMB91 million, bearing interest at 8.4% per annum, to Suzhou Xingshang. Under the terms of the arrangement, the Group is obliged to re-acquire the 4% equity interest from the financial institution and repay the loan within the next 12 months. The financial institution undertook to subordinate their voting rights over all matters relating to the relevant activities of Suzhou Xingshang to the controlling shareholders of Suzhou Xingshang. The Group considered that the disposal of the 4% equity interest in Suzhou Xingshang to the financial institution to be akin to a security pledged to obtain borrowings from the financial institution. On this basis, the Group continues to consolidate Suzhou Xingshang as a subsidiary based on an effective beneficial equity interest of 55% for the year ended 31 December 2015.

³ As at 31 December 2015, the Group has a 57% legal equity interest in Suzhou Shanghong. On 29 December 2015, the Group disposed of a 3% equity interest in Suzhou Shanghong to a financial institution for a consideration of RMB5 million. In addition, the financial institution will provide a loan of RMB165 million, bearing interest at 10% per annum, to Suzhou Shanghong. Under the terms of the arrangement, the Group is obliged to re-acquire the 3% equity interest from the financial institution and repay the shareholder's loan within the next two years upon receiving the loan. The Group considered that the disposal of the 3% equity interest in Suzhou Shanghong to the financial institution to be akin to a security pledged to obtain borrowings from the financial institution. On this basis, the Group continues to consolidate Suzhou Shanghong as a subsidiary based on an effective beneficial equity interest of 60% for the year ended 31 December 2015.

[#] Audited by KPMG LLP.

[@] Audited by a member firm of KPMG International for consolidation purposes.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

7 SUBSIDIARIES (CONT'D)

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries.

For the purpose of determining if an entity is a significant subsidiary of the Group, a subsidiary is considered significant, as defined under the Singapore Exchange Limited Listing Manual, if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profit.

8 JOINT VENTURES

	Group	
	2015	2014
	RMB'000	RMB'000
Investments in joint ventures	15,062	24,410

Suzhou Gaoxin and Chiway Solution Brisbane Group are structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in Suzhou Gaoxin and Chiway Solution Brisbane Group as joint ventures, which are equity accounted.

The details of the Group's joint ventures are as follows:

Name of joint venture	Principal activities	Principal place of business/ Country of incorporation	Ownership interest	
			2015	2014
			%	%
Suzhou Gaoxin Chiway Real Estate Co., Ltd. ("Suzhou Gaoxin") [@]	Property development	PRC	50	50
Held through CAPL				
Chiway Solutions Brisbane Pty Ltd ("Chiway Solutions Brisbane") ^{2, @}	Investment holding	Australia	50	50
Held through Chiway Solutions Brisbane¹				
CS Nundah 3 Pty Ltd ^{2, @}	Property development	Australia	50	50
CS Nundah 4 Pty Ltd ^{2, @}	Property development	Australia	50	50
CS Toowong Pty Ltd ^{2, @}	Property development	Australia	50	50

¹ Chiway Solutions Brisbane and its subsidiaries are collectively known as the "Chiway Solutions Brisbane Group".

² Not considered a significant joint venture of the Group. For this purpose, a joint venture is considered significant, as defined under the Singapore Exchange Limited Listing Manual, if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profit.

[@] Audited by a member firm of KPMG International for consolidation purposes.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

8 JOINT VENTURES (CONT'D)

The following table summarises the financial information of the joint ventures as included in its separate financial statements, adjusted for fair value adjustments in acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amounts of the Group's investments in joint ventures.

	Suzhou Gaoxin RMB'000	Chiway Solution Brisbane Group RMB'000	Total RMB'000
2015			
Revenue	–	645	645
(Loss)/Profit and total comprehensive (loss)/income for the year	(3,242)	546	(2,696)
Includes:			
Depreciation and amortisation	(4,083)	–	(4,083)
Finance income	2,333	–	2,333
Finance costs	(2)	(99)	(101)
Non-current assets	–	159,041	159,041
Current assets ¹	31,420	3,068	34,488
Non-current liabilities ²	–	(84,395)	(84,395)
Current liabilities ³	(1,840)	(77,170)	(79,010)
Net assets	29,580	544	30,124
Includes:			
¹ Cash and cash equivalents	31,420	1,844	33,264
² Non-current financial liabilities excluding trade and other payables	–	(84,393)	(84,393)
³ Current financial liabilities excluding trade and other payables	–	(75,451)	(75,451)
Group's interest in net assets of investee at beginning of the year	24,411	(1)	24,410
Share of results of joint ventures	(1,621)	273	(1,348)
Dividend received during the year	(8,000)	–	(8,000)
Carrying amount of interest in investee at end of the year	14,790	272	15,062

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

8 JOINT VENTURES (CONT'D)

	Suzhou Gaixin RMB'000	Shanghai Real Estate Group RMB'000	Xuzhou Chiway RMB'000	Chiway Solution Brisbane Group RMB'000	Total RMB'000
2014					
Revenue	1,580	50,205	—	—	51,785
Loss and total comprehensive loss for the year	(572)	(5,909)	(11,249)	(3)	(17,733)
Includes:					
Depreciation and amortisation	(38)	(560)	(164)	—	(762)
Finance income	19	5	—	—	24
Finance costs	(3)	—	—	—	(3)
Income tax credit/(expense)	358	(11,850)	3,750	—	(7,742)
Current assets ¹	55,371	—	—	24,884	80,255
Current liabilities ²	(6,549)	—	—	(24,886)	(31,435)
Net assets/(liabilities)	48,822	—	—	(2)	48,820
Includes:					
¹ Cash and cash equivalents	14,568	—	—	2,931	17,499
² Current financial liabilities excluding trade and other payables	(204)	—	—	—	(204)
Group's interest in net assets of investee at beginning of the year	24,697	11,552	97,699	—	133,948
Share of results of joint ventures	(286)	(3,545)	(5,738)	(1)	(9,570)
Disposal of investment in joint ventures	—	(8,007)	(91,961)	—	(99,968)
Carrying amount of interest in investee at end of the year	24,411	—	—	(1)	24,410

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

9 DEFERRED TAX ASSETS AND LIABILITIES

Details of recognised deferred tax assets and liabilities are as follows:

Deferred tax assets

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the financial years ended 31 December 2014 and 2015 are as follows:

	Development properties RMB'000	Tax losses carried forward RMB'000	Total RMB'000
Group			
At 1 January 2014	32,340	9,297	41,637
Acquisition of subsidiaries	–	4,384	4,384
Disposal of subsidiaries	–	(393)	(393)
Recognised in profit or loss	19,944	(5,706)	14,238
At 31 December 2014	52,284	7,582	59,866
Recognised in profit or loss	(21,894)	8,045	(13,849)
Exchange differences	–	47	47
At 31 December 2015	30,390	15,674	46,064

Deferred tax assets have not been recognised in respect of the following item:

	Group	
	2015	2014
	RMB'000	RMB'000
Deductible temporary differences	36,503	56,195
Tax losses carried forward	246,258	127,010
	282,761	183,205

The Group's tax losses carried forward comprise of tax losses arising from its operations in PRC and Australia. Under the applicable PRC tax legislations, tax losses as at 31 December 2015 and 2014 are expected to expire as follows:

	2015	2014
	RMB'000	RMB'000
Within 1 year	58,110	19,733
Between 1 year to 5 years	188,148	105,414
	246,258	125,147

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

9 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Deferred tax assets (Cont'd)

The remaining tax losses of RMBNil (2014: RMB1,863,000) relating to tax losses arising from the Group's Australia operations are not expected to expire under the current tax legislation applicable to the tax jurisdiction. Tax losses arising from the Group's Singapore operations are not be carried forward as the Singapore operations did not derive trade income.

Deferred tax assets have not been recognised in respect of tax losses carried forward because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Deferred tax liabilities

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the financial years ended 31 December 2015 and 2014 are as follows:

	Development properties RMB'000	Investment properties RMB'000	Total RMB'000
Group			
At 1 January 2014	9,924	41,771	51,695
Acquisition of subsidiaries	2,767	—	2,767
Disposal of subsidiaries	(2,767)	—	(2,767)
Recognised in profit or loss	(595)	45,006	44,411
At 31 December 2014	9,329	86,777	96,106
Recognised in profit or loss	5,487	22,950	28,437
At 31 December 2015	14,816	109,727	124,543

Set off of deferred tax assets and liabilities

	Group	
	2015 RMB'000	2014 RMB'000
Deferred tax assets recognised	46,064	59,866
Set off with deferred tax liabilities	(3,103)	(8,328)
Deferred tax assets as presented in consolidated statement of financial position	42,961	51,538
Deferred tax liabilities recognised	124,543	96,106
Set off with deferred tax assets	(3,103)	(8,328)
Deferred tax liabilities as presented in consolidated statement of financial position	121,440	87,778

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

10 DEVELOPMENT PROPERTIES

	Group	
	2015	2014
	RMB'000	RMB'000
Properties under development	5,113,907	5,137,739
Completed properties held for sale	483,955	1,574,306
	5,597,862	6,712,045
Total interest expenses capitalised in development properties during the year	371,443	420,994

All development properties are located in the PRC and Australia.

The weighted average capitalisation rate of borrowings is 10.06% (2014: 9.79%) for the financial year ended 31 December 2015.

Included in development properties are staff costs capitalised of RMB23,753,000 (2014: RMB31,665,000) during the financial year ended 31 December 2015.

During the financial year, development properties recognised in cost of sales amounted to RMB3,108,614,000 (2014: RMB1,884,104,000). The write down of development properties to their net realisable values amounting to RMB47,459,000 (2014: RMB56,195,000) was included in cost of sales for the financial year ended 31 December 2015.

As at 31 December 2015, development properties with carrying amounts of approximately RMB4,561,302,000 (2014: RMB5,400,737,000) were pledged as collaterals for the Group's borrowings (see note 19).

11 CONTRACT WORK-IN-PROGRESS/ADVANCE RECEIPTS FROM GOVERNMENT

	Group	
	2015	2014
	RMB'000	RMB'000
Construction costs incurred on behalf of the government	382,998	381,301
Advance receipts from government	439,853	439,853

In prior years, the Group entered into a contract with the Suzhou Municipal Government to develop an education park in Suzhou on behalf of the local government. The construction costs incurred were funded by advances from the Suzhou Municipal Government.

Contract work-in-progress is stated at the construction costs incurred on behalf of local educational authorities. It is not intended for the Group to derive a profit from the development of the education park.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

12 FINANCIAL ASSETS

	Group	
	2015	2014
	RMB'000	RMB'000
Financial assets held for trading		
– Quoted equity securities	–	269
Financial assets available-for-sale		
– Debt securities	250,000	260,500
Allowance for impairment	–	(2,250)
	250,000	258,250
	250,000	258,519

The quoted equity securities have been designated at fair value through profit or loss because they are managed on a fair value basis.

Debt securities classified as financial assets available-for-sale with carrying amounts of RMB250,000,000 (2014: RMB258,250,000) at 31 December 2015 bear interest at rates ranging from 3.3% to 4.7% (2014: 3.5% to 5.4%) and mature within 1 year.

Impairment

The movements in the allowance for impairment loss in respect of financial assets available-for-sale during the year are as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
At 1 January	2,250	–
Impairment loss recognised	2,250	2,250
Amounts utilised	(4,500)	–
At 31 December	–	2,250

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

13 TRADE RECEIVABLES, OTHER RECEIVABLES AND ADVANCE PAYMENTS

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	2,800	9,365	–	–
Amounts due from subsidiaries				
– non-trade and interest-free	–	–	194,632	64,611
Amounts due from related corporations				
– trade	367	1,533	–	–
– non-trade and interest-free	9,296	1,031	–	–
Amounts due from non-controlling interests				
– non-trade and interest-free	471,093	273,593	–	–
Amounts due from joint ventures				
– non-trade and interest-free	29,373	12,825	–	–
Other deposits	154,473	69,800	–	–
Other receivables	52,940	12,991	–	160
Bills receivable	100	–	–	–
Loans and receivables	720,442	381,138	194,632	64,771
Advance payments for acquisition of land	1,549,127	98,235	–	–
Advance payments to sub-contractors	84,191	55,339	–	–
Prepaid business tax and surcharges	186,943	134,905	–	–
Prepaid income tax and				
land appreciation tax ("LAT")	120,212	100,788	–	–
Other prepayments	3,782	70	396	70
	2,664,697	770,475	195,028	64,841

Transactions with related parties are unsecured and priced on terms agreed between the parties.

The non-trade amounts due from subsidiaries, related corporations, non-controlling interests and joint ventures are unsecured and are repayable on demand.

Based on historical default rates, the Group believes that no allowance for impairment loss is required to be recognised on its loans and receivables for the financial years ended 31 December 2014 and 2015.

The Group's and the Company's exposure to credit risks related to trade and other receivables is disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

13 TRADE RECEIVABLES, OTHER RECEIVABLES AND ADVANCE PAYMENTS (CONT'D)

The ageing analysis of trade and other receivables at the end of each reporting period is as follows:

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Not past due	565,969	311,338	194,632	64,771

14 CASH AND CASH EQUIVALENTS

An analysis of cash and cash equivalents is set out below:

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank	1,203,532	1,131,274	300	149,099
Less: Restricted cash	(218,231)	(197,670)	–	–
Cash and cash equivalents, as presented in the consolidated statement of cash flows	985,301	933,604	300	149,099

Included in cash and cash equivalents are cash and bank balances of group entities that are denominated in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

Restricted cash

Pursuant to the loan covenants, certain subsidiaries of the Group which engage in property development have restrictions in their ability to draw cash from specified bank accounts for uses other than for the purchase of construction materials and payment of development costs relating to the relevant property development projects.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

15 SHARE CAPITAL

	Company	
	Number of shares	
	2015	2014
	'000	'000
Issued and fully paid ordinary shares, with no par value:		
At 1 January	666,851	284,930
Consolidation of 3 shares into 1 share on 10 July 2014	–	(189,954)
	666,851	94,976
Issuance of new shares pursuant to the RTO exercise	–	549,275
Professional fees paid in shares	–	16,500
Issuance of shares pursuant to share placement exercise	–	6,100
At 31 December	666,851	666,851

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

On 5 August 2014, the Company issued 549,275,362 new ordinary shares at an issue price of S\$0.69 per share, pursuant to the RTO exercise. In connection with the RTO exercise, the Company undertook a share consolidation of three existing shares into one consolidated share. In addition, the Company issued 16,500,000 new ordinary shares at an issue price of S\$0.69 per share to a consultant in consideration for professional services rendered by the consultant.

The issue price of S\$0.69 per share was based on the consideration price set out in the sales and purchase agreement entered into between the Company and Sinway Investment Co., Ltd. on 26 March 2013. As the RTO exercise was completed on 6 August 2014, the share price of the Company at 6 August 2014 was adopted as the measurement basis of the acquisition consideration settled in shares of the Company. Accordingly, the purchase consideration was computed using the weighted average share price of S\$0.5105 for accounting purposes.

In connection with the RTO exercise, the Company issued 6,100,000 new ordinary shares on 5 August 2014 for cash of RMB18,083,000. All new ordinary shares were fully subscribed and paid.

Warrants

In prior years, the Company issued 142,464,955 warrants at an issue price of S\$0.01 per warrant. The warrants were issued at a ratio of one warrant for every two existing ordinary shares in the capital of the Company. Each warrant will, subject to the terms and conditions of the Deed Poll, entitle its holder to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.20 (the "exercise price"). The warrants were listed and quoted on the Official List of the Singapore Exchange Securities Trading Limited on 11 January 2012.

On 5 August 2014, the Company undertook a consolidation of three existing warrants into one consolidated warrant. Each consolidated warrant entitles the warrant holder to subscribe to one new share in the share capital of the Company at an exercise price of S\$0.60 in cash during the exercise period. During the current financial year, there were nil (2014: nil) consolidated warrants being exercised. As at 31 December 2015, there were 47,488,212 (2014: 47,488,212) consolidated warrants outstanding.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

15 SHARE CAPITAL (CONT'D)

Capital management

The Group's objectives when managing capital are to build a strong capital base so as to sustain the future development of its business and to maintain an optimal capital structure to maximise shareholder's value. The Group defines "capital" as including all components of equity.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between higher shareholders returns that might be possible with higher levels of borrowings, and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

There were no changes in the Group's approach to capital management during the financial year. Subsidiaries incorporated in the PRC are required to maintain a statutory reserve fund. The Group and its subsidiaries are also subject to capital requirements imposed by certain lenders of funds. The Group and its subsidiaries are in compliance with these externally imposed capital requirements for the financial years ended 31 December 2014 and 2015.

16 RESERVES

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Merger reserve	(44,710)	(44,710)	–	–
Statutory reserve	113,767	102,663	–	–
Warrant reserve	–	–	6,094	6,094
Foreign currency translation reserve	(117,927)	(114,929)	(120,949)	(102,867)
Accumulated profits/(losses)	265,500	244,872	(38,399)	(22,216)
	216,630	187,896	(153,254)	(118,989)

Merger reserve

Merger reserve represents the surplus/deficit between the consideration paid and the share capital of entities acquired by Chiwayland Group Singapore under common control arrangements. The acquisition of the entities by Chiwayland Group Singapore under common control arrangements was carried out as part of the restructuring exercise undertaken by Chiwayland Group Singapore prior to the RTO exercise.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

16 RESERVES (CONT'D)

Statutory reserve

Transfers from accumulated profits to the statutory reserve are made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries incorporated in the PRC and are approved by the respective boards of directors. This reserve can be used to offset against accumulated losses or increasing capital of the subsidiaries and is non-distributable other than in liquidation.

Warrant reserve

The Company's warrant reserve represents the net proceeds of the warrants issued amounting to RMB6,094,000 (equivalent to S\$1,300,000).

Foreign currency translation reserve

The Group's foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of the Company and its subsidiaries whose functional currencies are different from the presentation currency of the Group.

The Company's foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of the Company whose functional currency is different from the presentation currency of the Company.

The Company has not declared dividends in respect of the financial years ended 31 December 2014 and 2015.

17 OTHER EQUITY INSTRUMENTS

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Perpetual capital securities	143,781	143,781	143,781	143,781
Redeemable perpetual preference shares	70,914	—	—	—
At 31 December	214,695	143,781	143,781	143,781

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

17 OTHER EQUITY INSTRUMENTS (CONT'D)

(a) Perpetual capital securities

On 17 October 2014, the Company issued S\$30 million (equivalent to RMB143,781,000) perpetual capital securities ("Perpetual Capital Securities") to Shagang South-Asia (Hong Kong) Trading Co., Limited, a related corporation of a joint venture partner. The Perpetual Capital Securities carry a dividend rate of 9% per annum from 17 October 2014 to 16 October 2017, and 12% per annum from 17 October 2017 onwards. The Company has the right to defer payment of dividends which might have been previously declared by the Company to the holders of the Perpetual Capital Securities.

The Perpetual Capital Securities do not carry the right to vote at general meeting and rank senior to the ordinary shares with regards to the Company's residual assets, to the extent of the face value of the Perpetual Capital Securities. The Perpetual Capital Securities are not transferable to another party.

The Company has the right, but not the obligation, to redeem the Perpetual Capital Securities on or after 17 October 2017 at their principal amount together with any unpaid dividends accrued to the date fixed for redemption.

The Perpetual Capital Securities have no maturity date and are not redeemable at the option of the holders.

(b) Redeemable perpetual preference shares

On 15 October 2015, Chiwayland Australia Pty Ltd, a wholly-owned subsidiary of the Group, issued 15,000,000 cumulative redeemable perpetual preference shares ("RPPS") at an issue price of AUD\$1 per share, amounting to RMB70.9 million. The RPPS were fully subscribed by an individual investor who is not related to the Group. The RPPS carry a dividend rate of 12% per annum from 15 October 2015 to 14 October 2018, and 15% per annum from 15 October 2018 onwards. Chiwayland Australia has the right to defer payment of dividends which might have been previously declared by Chiwayland Australia to the holder of the RPPS.

The RPPS do not carry the right to vote at general meeting and rank senior to the ordinary shares with regards to Chiwayland Australia's residual assets, to the extent of the face value of the RPPS. The RPPS are not transferable to another party.

Chiwayland Australia has the right, but not the obligation, to redeem the RPPS on or after 14 October 2018 at their principal amount together with any unpaid dividends accrued to the date fixed for the redemption.

The RPPS have no maturity date and are not redeemable at the option of the holders.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

17 OTHER EQUITY INSTRUMENTS (CONT'D)

Dividends

The following exempt dividends were declared and paid by the Group and the Company:

For the year ended 31 December

	Group and Company	
	2015	2014
	RMB'000	RMB'000
Paid by the Company to holder of perpetual capital securities		
Perpetual capital securities	12,361	–

As at 31 December 2015, the cumulative preference dividends not recognised are as follows:

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Perpetual capital securities	2,580	2,610	2,580	2,610
RPPS	1,770	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

18 NON-CONTROLLING INTERESTS

The following table summarises the financial information of each of the Group's subsidiaries with material non-controlling interests ("NCI") based on their respective financial statements, before any intra-group eliminations and are prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies, where applicable.

	Suzhou Jiacheng	Wuxi Huarui	Suzhou Landscape	Suzhou Jiarun	Suzhou Gaoxin Tech-Edu	Suzhou Jinhui	Suzhou Shangcheng	Suzhou Xingshang	Xuzhou Chiway	Other individually immaterial subsidiaries	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2015											
Percentage of ownership of NCI¹	54.5%	47.6%	35.0%	15.3%	30.0%	25.0%	40.0%	45.0%	20.0%		
Revenue	487	(1,018)	-	221,543	296,083	1,170,540	-	-	638,077		
Profit/(loss) and total comprehensive income/(loss) for the year	1,804	(747)	277	(28,349)	8,003	120,564	(35,113)	39,736	7,459		
Profit/(loss) and total comprehensive income/(loss) for the year attributable to NCI	983	(356)	97	(4,337)	2,401	30,141	(14,045)	17,881	1,492	(658)	33,599
Non-current assets	12	-	-	20	668,155	163,134	214,819	98,325	6,741		
Current assets	85,992	169,556	76,234	413,660	231,229	2,143,708	3,793,826	136,515	786,064		
Non-current liabilities	-	-	-	(102,833)	(6,994)	(379,500)	(1,189,880)	-	(382,000)		
Current liabilities	(4,535)	(39)	(5,392)	(58,377)	(785,422)	(1,445,762)	(2,663,710)	(135,872)	(230,174)		
Net assets	81,469	169,517	70,842	252,470	106,968	481,580	155,055	98,968	180,631		
Net assets attributable to NCI ²	32,701	80,246	24,795	3,535	74,726	140,711	62,023	62,831	35,061	(312)	516,317
Cash flows (used in)/from operating activities	(4,032)	364	34	22,940	220,973	534,530	919,643	116,392	109,024		
Cash flows from/(used in) investing activities	2,053	1	378	1,225	2,138	42,825	(242,479)	(150,873)	(14,742)		
Cash flows from/(used in) financing activities	2,334	(1)	126	(31,157)	(282,844)	(497,936)	(626,566)	62,596	(187,569)		
Net increase/(decrease) in cash and cash equivalents	355	364	538	(6,992)	(59,733)	79,419	50,598	28,115	(93,287)		

¹ Includes non-controlling interests' direct and indirect equity interests in the respective subsidiary.

² The net assets/(liabilities) attributable to NCI include the non-controlling interests' direct and indirect equity interests held in the respective subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

18 NON-CONTROLLING INTERESTS (CONT'D)

	Suzhou Jiacheng RMB'000	Wuxi Huarui RMB'000	Suzhou Landscape RMB'000	Suzhou Jiarun RMB'000	Suzhou Gaoxin Tech-Edu RMB'000	Suzhou Jinhui RMB'000	Suzhou Shangcheng RMB'000	Other individually immaterial subsidiaries RMB'000	Total RMB'000
2014									
Percentage of ownership of NCI¹	54.5%	47.6%	35.0%	15.3%	30.0%	25.0%	40.0%		
Revenue	–	823	2,900	502,865	809,078	–	–		
(Loss)/profit and total comprehensive (loss)/income for the year	(1,356)	(140)	939	(1,414)	97,741	52,268	(9,831)		
(Loss)/profit and total comprehensive (loss)/income for the year attributable to NCI	(739)	(66)	329	(216)	29,322	13,067	(3,933)	403	38,167
Non-current assets	898	–	–	5,105	482,693	57,413	3,978		
Current assets	90,831	169,352	79,727	773,333	1,173,840	2,578,775	2,216,240		
Non-current liabilities	–	–	–	(203,442)	(4,886)	(375,000)	(1,707,092)		
Current liabilities	(12,063)	(21)	(9,163)	(313,547)	(1,410,564)	(1,818,908)	(322,957)		
Net assets	79,666	169,331	70,564	261,449	241,083	442,280	190,169		
Net assets attributable to NCI ²	31,718	80,602	24,698	7,872	72,325	110,570	76,068	295	404,148
Cash flows from/(used in) operating activities	2,964	(1,113)	134	283,794	396,724	701,902	(1,256,360)		
Cash flows from/(used in) investing activities	147	3	378	(149,062)	(10,567)	(149,993)	(99,957)		
Cash flows (used in)/from financing activities	(4,615)	–	209	(151,970)	(240,454)	(488,700)	1,633,701		
Net (decrease)/increase in cash and cash equivalents	(1,504)	(1,110)	721	(17,238)	145,703	63,209	277,384		

¹ Includes non-controlling interests' direct and indirect equity interests in the respective subsidiary.

² The net assets/(liabilities) attributable to NCI include the non-controlling interests' direct and indirect equity interests held in the respective subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

19 LOANS AND BORROWINGS

	Group	
	2015	2014
	RMB'000	RMB'000
Non-current liabilities		
Secured borrowings from financial institutions	1,709,601	2,676,066
Loan from non-controlling interests	1,435,000	–
	3,144,601	2,676,066
Current liabilities		
Secured borrowings from financial institutions	847,000	885,000
Unsecured borrowings from financial institutions	117,000	342,000
Secured unquoted debt securities	111,260	–
	1,075,260	1,227,000
Total	4,219,861	3,903,066

Debt financing arrangements in 2015

Arrangements with financial institutions

- (a) During the year, the Group entered into a debt financing arrangement with a financial institution. In accordance with the arrangement, the financial institution acquired a 3% equity interest in Suzhou Shanghong for a cash consideration of RMB5 million and will also extend a loan of RMB165 million to Suzhou Shanghong. In return, the Group will pay an interest of 8.4% per annum on the loan and equity interest.

Under the terms of the arrangement, the Group is obligated to re-acquire the 3% equity interest in Suzhou Shanghong for a consideration of RMB5 million and repay the loan amounting of RMB165 million plus interest within two years upon receiving the loan.

As at 31 December 2015, the Group completed the transfer of the 3% equity interest in Suzhou Shanghong to the financial institution for RMB5 million. The Group received the loan of RMB165 million in January 2016.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

19 LOANS AND BORROWINGS (CONT'D)

Debt financing arrangement (Cont'd)

- (b) During the year, the Group entered into a debt financing arrangement with a financial institution. In accordance with the arrangement, the financial institution acquired a 4% equity interest in Suzhou Xingshang for a cash consideration of RMB4 million and also extended an interest-free loan of RMB91 million to Suzhou Xingshang. In return, the Group will pay an interest of 10% per annum on the loan and equity interest. The financial institution has also subordinated their voting rights, as shareholder of Suzhou Xingshang, on all matters relating to the relevant activities of Suzhou Xingshang to the controlling shareholders of Suzhou Xingshang.

Under the terms of the arrangement, the Group is obligated to re-acquire the 4% equity interest in Suzhou Xingshang for a consideration of RMB4 million and repay the loan of RMB91 million within the next 12 months after 31 December 2015.

Secured unquoted debt securities

During the year, the Group issued secured unquoted securities of RMB111.3 million bearing interest at rates ranging from 9.8% to 11.0% per annum. Subscribers of the debt securities have the right to request for redemption of the principal amount plus interest within 12 months from the issuance date.

Except for the abovementioned, there were no other significant arrangements set out in the Group's other loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

19 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value RMB'000	Carrying amount RMB'000
Group					
31 December 2015					
Secured borrowings from financial institutions	RMB	PBOC+5% to 25%	2016-2018	849,547	849,547
Secured borrowings from financial institutions	RMB	8.4% – 13.6%	2016-2017	1,671,833	1,671,833
Secured borrowings from financial institutions	AUD	2.8%	2017	35,221	35,221
Unsecured borrowings from financial institutions	RMB	12.0%	2016	117,000	117,000
Loan from non-controlling interests	RMB	11.0%	2017	1,435,000	1,435,000
Secured unquoted debt securities	RMB	9.8% – 11.0%	2016	111,260	111,260
				4,219,861	4,219,861
31 December 2014					
Secured borrowings from financial institutions	RMB	PBOC + 5% to 20%	2015-2016	1,050,000	1,050,000
Secured borrowings from financial institutions	RMB	8.0% – 13.6%	2016	2,511,066	2,511,066
Unsecured borrowings from financial institutions	RMB	PBOC	2015	32,000	32,000
Unsecured borrowings from financial institutions	RMB	12.5% – 13.0%	2015	310,000	310,000
				3,903,066	3,903,066

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

19 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule (Cont'd)

Secured borrowings from financial institutions are secured by the following:

- (a) the Group's investment properties and development properties with total carrying amounts of RMB4,877,602,000 (2014: RMB5,816,737,000) (see note 6 and 10);
- (b) net assets of Suzhou Jiarun and SCLG of the Group;
- (c) the following equity interests in the Group entities are pledged as collaterals to financial institutions:
 - SCLG's 100% equity interest in Suzhou Jiarun;
 - SCLG's 80% equity interest in Xuzhou Chiway;
 - SCLG's 75% equity interest in Suzhou Chiway Jinhui;
 - SCLG's 4% equity interest in Suzhou Xingshang Tiandi;
 - SCLG's 60% equity interests in Suzhou Chiway Shangcheng; and
 - Suzhou Chiway Shangcheng's 5% equity interests in Suzhou Shanghong.
- (d) corporate guarantee provided by Chiway Holding Group Co. Ltd., a company in which Mr. Qian Jianrong, a director of the Company, has substantial financial interests; and
- (e) a personal guarantee provided by Mr. Qian Jianrong.

Loan from non-controlling interests is secured by the following:

- (a) net assets of Suzhou Shangcheng, Suzhou Jinhui and SCLG of the Group; and
- (b) a personal guarantee provided by Mr. Qian Jianrong

Secured unquoted debt securities are secured by a corporate guarantee provided by SCLG.

Information about the Group's exposure to interest rate and liquidity risks related to loans and borrowings is disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

20 TRADE PAYABLES, OTHER PAYABLES AND ADVANCE RECEIPTS

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Trade payables	1,118,914	891,173	—	—
Advance receipts from customers	3,614,513	2,798,819	—	—
Amounts due to director				
– non-trade and interest-free	—	810	—	—
Amounts due to related corporations				
– trade	2,938	380	—	—
– non-trade and interest-free	3,915	64,704	—	—
Amounts due to non-controlling interests				
– non-trade and interest-bearing	—	280,000	—	—
– non-trade and interest-free	17,600	—	—	—
Amounts due to a joint venture				
– non-trade and interest-bearing	—	23,000	—	—
– non-trade and interest-free	—	30,803	—	—
Other taxes payable	2,515	9,841	—	—
Accrued staff costs	5,101	5,019	—	—
Other payables	183,499	143,310	641	641
Amount due to government	19,982	191,770	—	—
Dividend payable	—	15,000	—	—
Bills payable	109,400	151,500	—	—
	5,078,377	4,606,129	641	641

Transactions with related parties are unsecured and priced on terms agreed between parties.

The non-trade amounts due to director, related corporations, non-controlling interests and joint venture are unsecured and are repayable on demand.

The effective interest rates for the interest-bearing amounts due to non-controlling interests was 15% per annum for the year ended 31 December 2014.

The effective interest rate for the interest-bearing amounts due to a joint venture was 6.60% per annum for the financial year ended 31 December 2014.

The amount due to government is unsecured, interest-free, and is repayable on demand. It represents the excess of the selling prices of certain development properties sold by the Group over the selling prices pre-determined by the government. The Group is obliged to return the excess amount to the government.

The Group's exposure to liquidity risks related to trade payables, other payables and advance receipt is disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

21 REVENUE

	Group	
	2015	2014
	RMB'000	RMB'000
Sales of property units	3,551,902	2,187,774
Rental income	13,346	12,553
Property management and other service income	12,045	13,644
Total	3,577,293	2,213,971

22 OTHER INCOME

	Group	
	2015	2014
	RMB'000	RMB'000
Government grants	459	3,944
Gain on disposal of property, plant and equipment (net)	538	553
Gain on disposal of investments in joint ventures	—	35,634
Gain on disposal of financial assets available-for-sale	589	—
Change in fair value of investment properties	91,802	180,024
Others	1,602	1,725
Total	94,990	221,880

23 PERSONNEL EXPENSES

	Group	
	2015	2014
	RMB'000	RMB'000
Wages and salaries	78,215	66,978
Contributions to defined contribution plans	18,494	11,669
Staff welfare, bonuses and other allowances	8,994	4,373
Total	105,703	83,020

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

24 NET FINANCE COSTS

	Group	
	2015	2014
	RMB'000	RMB'000
Finance income:		
Interest income on bank deposits	17,053	11,087
Finance costs:		
Interest expenses on loans and borrowings from:		
– financial institutions	(415,900)	(388,660)
– non-controlling interests	(13,983)	(59,506)
Total interest expenses on loans and borrowings	(429,883)	(448,166)
Less:		
Total interest expenses capitalised in development properties	371,443	420,994
Total interest expenses recognised in profit or loss	(58,440)	(27,172)
Net finance costs recognised in profit or loss	(41,387)	(16,085)

25 PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The following items have been included in arriving at profit before income tax from continuing operations:

		Group	
		2015	2014
	Note	RMB'000	RMB'000
Audit fees paid to:			
– auditors of the Company		628	636
– other auditors		1,401	1,210
Non-audit fees paid to:			
– auditors of the Company		32	17
Acquisition costs arising from the RTO exercise		–	51,073
Allowance for impairment loss on investment in financial asset available for sale		2,250	2,250
Depreciation of property, plant and equipment		2,496	2,679
Foreign exchange loss (net)		5,363	919
Loss on disposal of subsidiaries	27	–	12,903
Write-down of development properties		47,459	56,195
Change in fair value of financial assets held for trading		(13)	122
Personnel expenses	23	105,703	83,020
Professional fees paid in shares		–	41,618
Operating expenses arising from the rental of investment properties		1,919	453
Operating lease expenses		1,147	606

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

26 TAX EXPENSE

(i) Tax recognised in profit or loss

	Group	
	2015	2014
	RMB'000	RMB'000
Current tax		
PRC enterprise income tax	30,451	41,681
Under/(over) provision in respect of prior years	12,526	(12,982)
	42,977	28,699
Deferred tax		
Origination and reversal of temporary differences	19,336	(14,833)
Change in fair value of investment properties	22,950	45,006
	42,286	30,173
Land appreciation tax		
PRC LAT	46,397	15,301
(Over)/under provision in respect of prior years	(39,720)	1,009
	6,677	16,310
Total	91,940	75,182

The subsidiaries in the PRC are subject to PRC enterprise income tax at 25%, except for certain PRC subsidiaries of the Group which are taxed at the applicable tax rate of 5% to 10% on the revenue of these entities. The subsidiaries in Australia are subject to Australia corporate income tax at 30%.

LAT is levied on properties in the PRC developed for sale by the Group at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds from the sale of properties less deductible expenditures which include lease charges of land use rights, borrowing costs and all property development expenditure.

The subsidiaries engaging in property development in the PRC are subject to land appreciation taxes, which have been included in the income tax expense. However, the implementation of these taxes varies amongst various provinces in the PRC and the Group has not finalised its land appreciation tax returns for certain of its project companies with the relevant tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of land appreciation and related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the profit or loss and the provisions for land appreciation taxes in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

26 TAX EXPENSE (CONT'D)

(ii) Reconciliation of effective tax rate

	Group	
	2015	2014
	RMB'000	RMB'000
Profit before tax from continuing operations	163,202	124,678
Tax calculated at the rates applicable to respective entities that comprise the Group	39,954	40,225
Tax effect of deemed profits	—	2,415
Effect of the results of joint venture presented net of tax	405	2,392
Non-deductible expenses	4,509	25,058
Non-taxable income	(284)	(307)
Current year losses for which deferred tax assets were not recognised	29,822	6,149
Under/(over) provision of PRC enterprise income tax in respect of prior years	12,526	(12,982)
LAT	46,397	15,301
(Over)/under provision of LAT expense in respect of prior years	(39,720)	1,009
Effect of tax deduction on LAT	(1,669)	(4,078)
	91,940	75,182

27 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

2015

During the year, the Group completed the following transaction:

Disposal of interest in subsidiaries without a change in control

On 9 July 2015, the Group disposed of 20% of its ownership interest in Xuzhou Chiway to Qidong Junrui Industrial Co., Ltd. ("Qidong Junrui") for a consideration of RMB40,000,000. The Group recognised an increase in non-controlling interests totalling of RMB33,570,000 and an increase in accumulated profits of RMB6,430,000.

	2015
	RMB'000
Group's ownership interest at 1 January	177,040
Effect of decrease in the Group's ownership interest	(33,570)
Share of total comprehensive income	1,035
Group's ownership interest at 31 December	144,505

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

27 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

2014

In the prior year, the Group completed the following transactions:

(i) Acquisition of subsidiaries arising from reverse takeover

As described in note 4 to the financial statements, Chiwayland Group Singapore became the parent of the Group for accounting purposes, and the Company and its subsidiaries before the reverse takeover became the acquiree. The net assets acquired and the related acquisition costs arising from the reverse takeover, are as follows:

	Pre- acquisition carrying amounts RMB'000	Fair value adjustments RMB'000	Fair value on date of acquisition RMB'000
Net assets acquired:			
Property, plant and equipment	13,332	10,909	24,241
Intangible assets	1,290	—	1,290
Interests in associates	1,230	—	1,230
Deferred tax assets	393	—	393
Inventories	83,045	—	83,045
Trade and other receivables	245,431	—	245,431
Cash and cash equivalents	28,534	—	28,534
Deferred tax liabilities	(2,767)	—	(2,767)
Trade and other payables	(92,693)	—	(92,693)
Income tax payable	(1,942)	—	(1,942)
Net assets acquired	275,853	10,909	286,762
Acquisition costs arising from the RTO exercise			51,073
			337,835
Purchase consideration			
– Cash consideration paid on behalf of the Company by the Former Shareholders			98,279
– Equity instruments issued in settlement of purchase consideration			239,556
			337,835
Cash and cash equivalents acquired			28,534

Measurement of fair value

The cost approach was used to measure the fair value of property, plant and equipment acquired. The cost approach considers the depreciable replacement cost of the property, plant and equipment including adjustments to take into account the physical deterioration as well as functional and economic obsolescence, where applicable.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

27 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(ii) Step-up acquisition of subsidiaries

- (a) On 25 August 2014, the Group's cooperative agreement ("Xuzhou Cooperative Agreement") with Shanghai Aijian Trust Co., Ltd. ("Shanghai Aijian") for the provision of trust financing by Shanghai Aijian to a property development project undertaken by Xuzhou Chiway expired. In accordance with the exit mechanism as provided in the Xuzhou Cooperative Agreement, the Group's wholly-owned subsidiary, Suzhou Chiwayland, acquired the paid-up capital of Shanghai Tongrui, an intermediate holding company of Xuzhou Chiway, from Shanghai Aijian. As a result of the acquisition, the Group increased its effective ownership in Xuzhou Chiway from 49% to 100%, and has acquired control of Xuzhou Chiway. Consequently, the Group has accounted for the additional investment in Xuzhou Chiway as a step-up acquisition of the subsidiary.

The re-measurement to fair value of the Group's existing 49% equity interest in Xuzhou Chiway resulted in a gain of RMB10,101,000, which was recognised in profit or loss.

In the four-month period ended 31 December 2014, Xuzhou Chiway contributed revenue of RMBNil and net loss for the year of RMB3,279,000 to the Group. If the acquisition had occurred on 1 January 2014, consolidated revenue would have been RMB2.2 billion and consolidated profit for the year would have been RMB42,304,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2014.

Based on the allocation of the purchase price to the identifiable assets acquired and liabilities assumed in the acquisition, management concluded that there is no goodwill arising from the acquisition.

- (b) On 29 August 2014, the Group's cooperative agreement ("Shanghai Real Estate Cooperative Agreement") with Hangzhou Trust Co., Ltd. ("Hangzhou Trust") for the provision of trust financing by Hangzhou Trust to a property development project undertaken by Shanghai Real Estate Co., Ltd and its subsidiaries ("Shanghai Real Estate Group") expired. In accordance with the exit mechanism as provided in the Shanghai Real Estate Cooperative Agreement, Suzhou Chiwayland acquired the paid-up capital of Shanghai Lvwen, an intermediate holding company of Shanghai Real Estate Group, from Hangzhou Trust. As a result of the acquisition, the Group increased its effective ownership in Shanghai Real Estate Group from 60% to 100%, and has acquired control of Shanghai Real Estate Group. Consequently, the Group has accounted for the additional investment in Shanghai Real Estate Group as a step-up acquisition of the subsidiary.

The re-measurement to fair value of the Group's existing 60% equity interest in Shanghai Real Estate Group resulted in a gain of RMB25,533,000, which was recognised in profit or loss.

In the four-month period ended 31 December 2014, Shanghai Real Estate Group contributed revenue of RMB8,841,000 and net loss for the year of RMB2,082,000 to the Group. If the acquisition had occurred on 1 January 2014, consolidated revenue would have been RMB2.3 billion and consolidated profit for the year would have been RMB45,452,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2014.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

27 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(ii) Step-up acquisition of subsidiaries (Cont'd)

Based on the allocation of the purchase price to the identifiable assets acquired and liabilities assumed in the acquisition, management concluded that there is no goodwill arising from the acquisition.

Identifiable assets acquired and liabilities assumed are as follows:

	2014 RMB'000
Property, plant and equipment	2,611
Deferred tax assets	3,991
Development properties	988,934
Trade and other receivables	631,194
Cash and cash equivalents	21,709
Trade and other payables	(1,179,518)
Loans and borrowings	(310,000)
Net identified assets	158,921
Fair value of investment in joint venture disposed	(135,602)
Cash consideration paid for the acquisition	23,319
Cash acquired	(21,709)
Net cash outflow on acquisition of subsidiary arising from step-up acquisition	1,610

(iii) Acquisition of interest in subsidiaries without a change in control

- (a) On 31 May 2014, the Group acquired an additional 7% ownership interest in Suzhou Huatian from non-controlling interests for a consideration of RMB300,000. The Group recognised a decrease in non-controlling interests of RMB358,000 and an increase in accumulated profits of RMB58,000.
- (b) On 31 July 2014, the Group acquired an additional 0.765% ownership interest in Suzhou Jinhui from a non-controlling interest for a consideration of RMB3,060,000. The Group recognised an increase in non-controlling interests of RMB151,000 and a decrease in accumulated profits of RMB3,211,000. The consideration had not been settled as at 31 December 2014.

The following summarises the effect of changes in the Group's ownership interest in the subsidiaries:

	2014 RMB'000
Group's ownership interest at 1 January	283,984
Effect of increase in the Group's ownership interest	207
Share of total comprehensive income	3,226
Group's ownership interest at 31 December	287,417

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

27 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(iv) Disposal of subsidiaries with a loss of control

In accordance with the agreement entered into between the Company and Petchem Holdings Pte. Ltd. ("Petchem") on 26 March 2013 and the supplemental agreements entered into between the parties on 25 March 2014 and 30 September 2014, the Company disposed of its equity interests in R H International Pte. Ltd. and its subsidiaries, Greenzone Energy Pte. Ltd. and Amersun Energy Pte. Ltd., to Petchem for a cash consideration of S\$34.7 million (equivalent to RMB167.4 million).

The financial effects arising from the disposal of subsidiaries are as follows:

	2014 RMB'000
Property, plant and equipment	23,526
Intangible assets	1,290
Interests in associates	798
Deferred tax assets	393
Inventories	91,942
Trade and other receivables	140,441
Cash and cash equivalents	21,809
Trade and other payables	(95,038)
Deferred tax liabilities	(2,767)
Current tax payable	(2,091)
Net identified assets	180,303
Loss on disposal	(12,903)
Consideration	167,400
Comprised:	
Cash consideration received	69,121
Set-off of amounts due to the Former Shareholders of the Company*	98,279
	167,400
Cash received	69,121
Cash and cash equivalents disposed of	(21,809)
	47,312

- This amount relates to the cash portion of the consideration for the acquisition of Chiwayland Group Singapore paid by the Former Shareholders on behalf of the Company.

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YEAR ENDED 31 DECEMBER 2015

28 CONTINGENT LIABILITIES

(i) Financial guarantees granted to financial institutions on behalf of purchasers of property units

The Group arranged for mortgage loan facilities for certain purchasers of property units and granted financial guarantees in favour of financial institutions for mortgaged loan facilities granted to the purchasers. The outstanding financial guarantees amounted to RMB680,142,000 (2014: RMB878,304,000) as at 31 December 2015. These financial guarantees terminate upon the earlier of (i) the issuance of the real estate ownership certificate to the purchaser, which is generally made available within six months after the purchaser takes possession of the relevant properties, and certificates of other interests in the relevant properties; and (ii) the repayment of the mortgaged loan by the purchaser of the property units.

In the opinion of the directors of the Company, the probability of an outflow of economic benefits arising from the outstanding financial guarantees is low. The directors assessed that the possibility of default by the purchasers of the property units is remote.

The periods in which the financial guarantees, granted in favour of financial institutions, expire are as follows:

	Group	
	2015 RMB'000	2014 RMB'000
Less than 1 year	183,531	349,568
Between 1 and 5 years	496,611	528,736
	680,142	878,304

29 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risk.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

29 FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(i) Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer or counterparty to meet its contractual obligations, and arises principally from the Group's trade receivables and other receivables, cash at bank and investments in financial assets. The Group has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. In respect of trade receivables, credit evaluation is performed on each new customer. Buyers are required to place a deposit with the Group at the time of the purchase of property units and the titles of the property units are transferred to the buyers only upon the full payment for the property units by the buyers. The Group does not offer credit terms to its customers and does not obtain collateral from them.

At 31 December 2015, 71% (2014: 76%) of the Group's total loans and receivables comprised amounts due from the related corporations, joint ventures and non-controlling interests. Other than these balances, there was no concentration of credit risk as at 31 December 2015 and 2014. The Group did not record significant bad debts during the financial years ended 31 December 2015 and 2014.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables, other receivables and advance payments are set out in Note 13.

Cash and cash equivalents are placed in banks and financial institutions which are regulated.

The Group limits its credit risk exposure in respect of its investments in financial assets by investing only in liquid securities and with counterparties that have a sound credit rating. The carrying amount of financial assets represents the maximum credit exposure.

In addition, the Group is exposed to credit risk in connection with financial guarantees that it has issued. The credit risk represents the loss that would be recognised upon a default by the party for which the guarantee was issued on behalf of. At the reporting date, the Group does not consider it is probable that a claim will be made against the Group entities.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

29 FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (Cont'd)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group maintains a level of cash and cash equivalents deemed adequate by management to meet the Group's working capital requirements. In addition, the Group strives to maintain available banking facilities at a level commensurate to its debt position.

The Group's main sources of funding have been loans from non-controlling interests, borrowings from financial institutions and secured unquoted debt securities. The Group met its cash obligations requirements through these sources of funding and from cash flows generated from operating activities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Cash flows			
	Carrying amount RMB'000	Contractual cash flows RMB'000	Within 1 year RMB'000	Between 1 to 5 years RMB'000
Group				
Non-derivative financial liabilities				
2015				
Loans and borrowings	4,219,861	(4,740,414)	(1,337,086)	(3,403,328)
Trade payables, other payables and advance receipts*	1,463,864	(1,463,864)	(1,463,864)	–
	5,683,725	(6,204,278)	(2,800,950)	(3,403,328)
2014				
Loans and borrowings	3,903,066	(4,534,219)	(1,557,859)	(2,976,360)
Trade payables, other payables and advance receipts*	1,807,310	(1,837,113)	(1,837,113)	–
	5,710,376	(6,371,332)	(3,394,972)	(2,976,360)

* Excludes advance receipts from customers

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

29 FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (Cont'd)

(ii) Liquidity risk (Cont'd)

	Cash flows			
	Carrying amount RMB'000	Contractual cash flows RMB'000	Within 1 year RMB'000	Between 1 to 5 years RMB'000
Company				
Non-derivative financial liabilities				
2015				
Trade payables, other payables and advance receipts	641	(641)	(641)	–
2014				
Trade payables, other payables and advance receipts	641	(641)	(641)	–

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on purchases and borrowings and its holdings of cash deposits that are denominated in a currency other than the functional currencies of the Group's entities. The currency in which these transactions primarily are denominated are the US dollar ("USD").

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

29 FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (Cont'd)

(iii) *Market risk (Cont'd)*

Currency risk (Cont'd)

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	2015 USD RMB'000	2014 USD RMB'000
Group		
Cash and cash equivalents	343	33,860
	343	33,860

Sensitivity analysis

A 10% strengthening of RMB against USD at 31 December would have decreased and increased profit or loss by the amounts shown below and would not have any impact on the amounts to be recognised directly in equity. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss RMB'000
Group	
31 December 2015	
USD	(34)
31 December 2014	
USD	(3,386)

A 10% weakening of RMB against USD would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

29 FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (Cont'd)

(iii) Market risk (Cont'd)

Interest rate risk

The Group's interest rate risk arises primarily from cash and cash equivalents, including restricted cash, financial assets available-for-sale and interest-bearing financial liabilities. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and variable rate borrowings.

The Group is not exposed to significant interest rates risk for cash and cash equivalents or restricted cash because the interest rates of cash at bank are not expected to change significantly.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	2015 RMB'000	2014 RMB'000
Group		
Fixed rate instruments		
Financial assets available-for-sale – debt securities	250,000	260,500
Loans and borrowings	(3,259,054)	(2,821,066)
	(3,009,054)	(2,560,566)
Variable rate instruments		
Cash and cash equivalents, including restricted cash	1,203,532	1,131,274
Non-trade amounts due to non-controlling interests	–	(280,000)
Non-trade amounts due to joint ventures	–	(23,000)
Loans and borrowings	(960,807)	(1,082,000)
	242,725	(253,726)

Fair value sensitivity analysis for fixed rate instruments

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

29 FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (Cont'd)

(iii) *Market risk (Cont'd)*

Interest rate risk (Cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	100 bp Increase RMB'000	100 bp Decrease RMB'000
Group		
2015		
Variable rate instruments	2,427	(2,427)
2014		
Variable rate instruments	(2,537)	2,537

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

29 FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (Cont'd)

(iii) Market risk (Cont'd)

Market price risk

Market price risk arises from its investments in financial assets which is classified as financial assets held for trading. The Group manages its investments on an individual basis. The financial assets held for trading are based on quoted market prices.

Sensitivity analysis

A change of 10% in market quoted price would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes all other variables remain constant.

	Profit or loss	
	10%	10%
	increase	decrease
	RMB'000	RMB'000
Group		
2014		
Financial assets held for trading	27	(27)

(iv) Determination of fair values

Fair value is defined as the amount at which the instrument or asset could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. The methodologies and assumptions used in the estimation of fair values depend on the terms and characteristics of the various assets and liabilities and include the following:

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

29 FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (Cont'd)

(iv) Determination of fair values (Cont'd)

Investment properties

An external and independent firm of valuers, having appropriate recognised professional qualifications and experience in the location and category of property being valued, values the Group's investment properties at least once every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and counter-notices, when appropriate, have been served validly and within an appropriate period of time.

Fair values and fair value hierarchy information of investment properties are disclosed in note 6.

Financial assets held for trading

Financial assets held for trading are recognised at fair value at initial recognition. The fair value of financial assets held for trading is determined by reference to their quoted bid price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques employed include discounted future cash flows using a market-related discount rate.

Financial assets available-for-sale

In determining the fair value of financial assets available-for-sale with no active market, the Group employs the discounted future cash flow method and makes certain estimates and assumptions in the discounted cash flows of the financial assets available-for-sale. These are continually evaluated and are based on historical experience, current information and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Group entity and counterparty when appropriate.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

29 FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (Cont'd)

(iv) Determination of fair values (Cont'd)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount					Fair value				
	Loans and receivables	Held for trading	Available-for-sale	Other		Fair value	Level 1	Level 2	Level 3	Total
				financial liabilities	Total					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group										
31 December 2015										
Financial assets	-	-	250,000	-	250,000	250,000	-	-	250,000	250,000
Loans and receivables	720,442	-	-	-	720,442	720,442				
Cash and cash equivalents	1,203,532	-	-	-	1,203,532	1,203,532				
	1,923,974	-	250,000	-	2,173,974	2,173,974				
Loan and borrowings	-	-	-	(4,219,861)	(4,219,861)	(4,231,663)	-	(4,231,663)	-	(4,231,663)
Trade payables, other payables and advance receipts [#]	-	-	-	(1,463,864)	(1,463,864)	(1,463,864)				
	-	-	-	(5,683,725)	(5,683,725)	(5,695,527)				
31 December 2014										
Financial assets	-	269	258,250	-	258,519	258,519	269	-	258,250	258,519
Loans and receivables	381,138	-	-	-	381,138	381,138				
Cash and cash equivalents	1,131,274	-	-	-	1,131,274	1,131,274				
	1,512,412	269	258,250	-	1,770,931	1,770,931				
Loan and borrowings	-	-	-	(3,903,066)	(3,903,066)	(3,915,459)	-	(3,915,459)	-	(3,915,459)
Trade payables, other payables and advance receipts [#]	-	-	-	(1,807,310)	(1,807,310)	(1,807,310)				
	-	-	-	(5,710,376)	(5,710,376)	(5,722,769)				

[#] Excludes advance receipts from customers

NOTES TO THE FINANCIAL STATEMENTS

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29 FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (Cont'd)

(iv) Determination of fair values (Cont'd)

Accounting classifications and fair values (Cont'd)

	Loans and receivables RMB'000	Other financial liabilities within the scope of FRS 39 RMB'000	Total carrying amount RMB'000	Fair value RMB'000
Company				
31 December 2015				
Loans and receivables	194,632	–	194,632	194,632
Cash and cash equivalents	300	–	300	300
	194,932	–	194,932	194,932
Trade payables, other payables and advance receipts	–	(641)	(641)	(641)
31 December 2014				
Loans and receivables	64,771	–	64,771	64,771
Cash and cash equivalents	149,099	–	149,099	149,099
	213,870	–	213,870	213,870
Trade payables, other payables and advance receipts	–	(641)	(641)	(641)

* Amount less than RMB1,000.

There were no transfers of levels for the years ended 31 December 2015 and 2014.

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YEAR ENDED 31 DECEMBER 2015

29 FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (Cont'd)

Level 3 fair values

The following table shows a reconciliation from the opening balance to the closing balance for Level 3 fair values:

	Financial assets available- for-sale RMB'000
Group	
Balance at 1 January 2014	—
Acquisition	260,500
Allowance for impairment loss	(2,250)
Balance at 31 December 2014/1 January 2015	258,250
Acquisition	250,000
Allowance for impairment loss	(2,250)
Disposal	(256,000)
Balance at 31 December 2015	250,000

Valuation technique and significant unobservable input

The following table shows the valuation technique used in measuring Level 3 fair value for financial asset available-for-sale, as well as the significant unobservable input used.

Valuation technique	Significant unobservable input	Inter-relationship between key unobservable input and fair value measurement
Discounted cash flows: The valuation model considers the present value of expected cash flows of the interest return, discounted using a risk-adjusted discount rate.	Discount rates (2015: 3.3% to 4.7%; 2014: 3.3% to 5.4%)	The estimated fair value would (decrease)/increase if the discount rates was higher/(lower)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

29 FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework (Cont'd)

Sensitivity analysis

For the fair values of financial assets available-for-sale, reasonably possible change at the reporting date to the significant unobservable input, holding other inputs constant, would have the following effects:

	Group Other comprehensive income, net of tax	
	Increase RMB'000	Decrease RMB'000
2015		
Discount rates (1% movement)	1,875	(1,875)
2014		
Discount rates (1% movement)	1,936	(1,936)

30 OPERATING LEASE COMMITMENTS

(a) Operating lease rental payable

Non-cancellable operating lease rental are payable as follows:

	Group	
	2015 RMB'000	2014 RMB'000
Within 1 year	545	606
Between 1 and 5 years	763	—
	1,308	606

Non-cancellable operating leases relate to the Group's leases of commercial offices for own use in the PRC and Australia. The leases are for a term of less than a year with options to renew.

(b) Operating lease rental receivable

Future minimum lease rental receivables for the Group on non-cancellable operating leases from investment properties are as follows:

	Group	
	2015 RMB'000	2014 RMB'000
Within 1 year	14,088	14,269
Between 1 and 5 years	18,606	27,448
After 5 years	9,043	11,609
	41,737	53,326

The Group leases out its investment properties in Suzhou, Wuxi and Xuzhou under non-cancellable operating leases. The leases typically run for a period between one year and five years, with an option to renew the lease after that date.

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YEAR ENDED 31 DECEMBER 2015

31 COMMITMENTS

The Group had the following capital commitments as at the end of the reporting period:

	Group	
	2015 RMB'000	2014 RMB'000
Development expenditures contracted but not provided for	1,469,686	2,189,122
Acquisition of land contracted but not provided for	189,136	56,535

32 RELATED PARTIES

Transactions with key management personnel.

Key management personnel compensation comprises:

	Group	
	2015 RMB'000	2014 RMB'000
Directors' fees	814	850
Short-term employee benefits	9,905	7,033
Post-employment benefits	334	242
	11,053	8,125

Other related party transactions

Apart from those disclosed elsewhere in the consolidated financial statements, significant related party transactions carried out based on terms agreed between the parties are as follows:

	Group	
	2015 RMB'000	2014 RMB'000
Joint ventures		
Property management fee income earned	967	1,086
Non-controlling interests		
Interest paid	27,564	57,542
Related corporations		
Purchase of hotel and related services	461	718
Purchase of construction materials	490	267
Rental income earned on lease of investment properties	2,320	1,811
Rental paid for lease of office premises	5,022	7,497

Balances with joint ventures, non-controlling interests and related corporations at the reporting date are set out in notes 8, 13, 18 and 20.

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YEAR ENDED 31 DECEMBER 2015

33 DISCONTINUED OPERATIONS

In September 2014, the Group sold its entire equity interests in R H International Pte Ltd and its subsidiaries, Greenzone Energy and Amersun. These entities were operating in the segment of equipment integration services, manufacturing and procurement sales and consultancy and inspection supervision services.

	2014 RMB'000
Results of discontinued operation	
Revenue	22,071
Expenses	(23,026)
Results from operating activities	(955)
Net finance costs	(360)
Loss before income tax	(1,315)
Tax expense	(366)
Loss for the year	(1,681)
Loss from discontinued operation attributable to the owners of the Company	(1,681)
Basic loss per share (RMB cents)	(0.30)
Diluted loss per share (RMB cents)	(0.30)

The loss from discontinued operation of RMB1,681,000 is attributable entirely to the owners of the Company. Of the profit from continuing operations of RMB49,496,000, an amount of RMB11,329,000 is attributable to the owners of the Company.

Cash flows used in discontinued operation:

	2014 RMB'000
Net cash used in operating activities	(14,037)
Net cash used in investing activities	(398)
Net cash used in financing activities	(23,086)
Net decrease in cash flows for the year	(37,521)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

34 EARNINGS PER SHARE

The computation of basic and diluted earnings per share for the financial years ended 31 December:

	Group	
	2015	2014
	RMB'000	RMB'000
Profit for the year:		
– Continuing operations	37,663	11,329
– Discontinued operations	–	(1,681)
Profit attributable to ordinary shareholders	37,663	9,648
Less:		
Dividends on perpetual capital securities	(12,361)	(2,610) ¹
Dividends on redeemable perpetual preference shares	(1,770)¹	–
	23,532	7,038 ¹
Weighted average number of ordinary shares ('000)	558,501	558,501
Basic earnings per share (RMB cents)	4.21	1.26
Diluted earnings per share (RMB cents)	4.21	1.26

¹ For the purpose of computing earnings per share only. These dividends had not been declared by the Company and/or its subsidiary.

Weighted average number of ordinary shares

	Company	
	2015	2014
	'000	'000
Issued ordinary shares	558,501	549,275
Effect of RTO expenses paid in shares	–	6,736
Effect of shares issued pursuant to share placement exercise	–	2,490
Weighted average number of ordinary shares during the year	558,501	558,501

As at the reporting date, warrants are excluded from the diluted weighted average number of ordinary shares as they were anti-dilutive. The average market value of the Group's share for the purpose of calculating the dilutive effect of warrants was based on quoted market prices for the year during which warrants were outstanding.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

35 OPERATING SEGMENTS

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's CEO (the Chief Operating Decision Maker) for the purposes of resource allocation and performance assessment, the Group has presented one reportable segment.

Continuing operations

- Property development: this segment comprises the development and sale of commercial and residential properties and the leasing of investment properties to generate rental income and to derive capital gains from these investment properties in the long term. Currently, the Group's development properties are located entirely in the PRC.
- Others: this segment comprises the provision of facilities management and consulting services and holding companies of the Group.

Currently, the Group's property development and other businesses are carried out in the PRC.

Discontinued operation

Discontinued operations included the businesses of R H International Pte. Ltd. and its subsidiaries, Greenzone Pte. Ltd. and Amersum Energy Pte. Ltd. which were disposed of on 30 September 2014 pursuant to the agreement and the supplemental agreements entered into between the Company and Petchem (see note 27).

The discontinued operations were those businesses of equipment integration services, manufacturing, procurement and sale of chemical products and the provision of engineering consulting services to the oil and gas industry.

For the purposes of assessing segment performance and allocating resources between segments, the Group's CEO monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all current and non-current assets with the exception of other corporate assets. Segment liabilities include all current and non-current liabilities.

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment results do not include share of results of joint ventures and any other transactions at the corporate level.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

35 OPERATING SEGMENTS (CONT'D)

Information about reportable segment

	Property development RMB'000	Others RMB'000	Total RMB'000
31 December 2015			
Revenue from external customers	3,565,248	12,045	3,577,293
Inter-segment revenue	–	27,033	27,033
Reportable segment revenue	3,565,248	39,078	3,604,326
Finance income	16,057	996	17,053
Finance expense	(54,822)	(3,618)	(58,440)
Reportable segment profit/(loss) for the year	128,964	(58,304)	70,660
Share of results of joint ventures, net of tax	(1,348)	–	(1,348)
Other material items:			
Change in fair value of investment properties	41,802	–	41,802
Depreciation of property, plant and equipment	(2,010)	(486)	(2,496)
Write-down of development properties	(47,459)	–	(47,459)
Reportable segment assets	12,667,785	3,184,388	15,852,173
Investment in joint ventures	15,062	–	15,062
Reportable segment liabilities	10,165,259	2,679,153	12,844,412
Other segment information:			
Additions to non-current segment assets during the year	94,046	–	94,046

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

35 OPERATING SEGMENTS (CONT'D)

Information about reportable segment (Cont'd)

	Property development RMB'000	Others RMB'000	Total continuing operations RMB'000	Discontinued operations RMB'000	Total RMB'000
31 December 2014					
Revenue from external customers	2,204,076	9,895	2,213,971	22,071	2,236,042
Inter-segment revenue	–	7,841	7,841	–	7,841
Reportable segment revenue	2,204,076	17,736	2,221,812	22,071	2,243,883
Finance income	10,880	207	11,087	–	11,087
Finance expense	(25,641)	(1,531)	(27,172)	(360)	(27,532)
Reportable segment profit/(loss) for the year	218,287	(63,075)	155,212	(1,681)	153,531
Share of results of joint ventures, net of tax	(9,570)	–	(9,570)	–	(9,570)
Other material items:					
Gain on disposal of joint ventures	35,634	–	35,634	–	35,634
Change in fair value of investment properties	180,024	–	180,024	–	180,024
Depreciation of property, plant and equipment	(1,509)	(485)	(1,994)	(685)	(2,679)
Write-down of development properties	(56,195)	–	(56,195)	–	(56,195)
Reportable segment assets	11,953,879	2,677,568	14,631,447	–	14,631,447
Investment in joint ventures	24,410	–	24,410	–	24,410
Reportable segment liabilities	9,455,661	2,500,490	11,956,151	–	11,956,151
Other segment information:					
Additions to non-current segment assets during the year	90,268	–	90,268	–	90,268

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

35 OPERATING SEGMENTS (CONT'D)

Information about reportable segment (Cont'd)

Reconciliation of reportable segment revenue, profits, assets and liabilities

	2015 RMB'000	2014 RMB'000
Revenue		
Reportable segment revenue	3,604,326	2,243,883
Elimination of inter-segment revenue	(27,033)	(7,841)
Elimination of discontinued operations	–	(22,071)
Revenue	3,577,293	2,213,971
Total profit or loss		
Reportable segment profit for the year	70,660	153,531
Change in fair value of financial assets held for trading	13	(122)
Acquisition costs arising from the RTO exercise	–	(51,073)
Gain on disposal of AFS	589	–
Loss on disposal of subsidiaries	–	(12,903)
Professional fees paid in shares	–	(41,618)
Profit for the year	71,262	47,815
Total assets		
Reportable segment assets	15,852,173	14,593,385
Elimination of inter-segment receivables	(3,084,796)	(2,845,360)
Elimination of inter-segment investments	(1,861,351)	(1,861,351)
Other unallocated amounts	250,000	258,519
Consolidated total assets	11,156,026	10,145,193
Total liabilities		
Reportable segment liabilities	12,844,412	11,956,151
Elimination of inter-segment payables	(2,934,605)	(2,845,360)
Consolidated total liabilities	9,909,807	9,110,791

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

35 OPERATING SEGMENTS (CONT'D)

Geographical information

The Group operates in the PRC and Australia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	2015 RMB'000	2014 RMB'000
Revenue		
PRC	3,577,293	2,213,971
	3,577,293	2,213,971
Non-current assets		
PRC	1,013,089	839,471
Australia	884	564
Singapore	3	6
	1,013,976	840,041

Major customers

For the years ended 31 December 2015 and 2014, there was no single customer that contributes 10% or more to the Group's total revenue.

36 ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be recoverable under the circumstances.

The Group believes that following critical accounting policies involved significant judgements and estimates used in the preparation of the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

36 ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (CONT'D)

Key sources of estimation uncertainty (Cont'd)

Determination of useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The estimation of useful lives is based on assumptions about wear and tear, ageing, technical standards and changes in demand as well as the Group's historical experience with similar assets. Changes in these factors may impact the useful lives of assets, which could result in higher annual depreciation expenses.

Valuation of investment properties

The fair value of the respective properties are determined by an independent firm of professional valuers. In determining the fair value, the valuer used direct comparison, income and residual approaches, all of which involve the use of estimates. Management exercised its judgment of the valuation methods adopted and the estimates used which included their assessment of the reasonableness of the estimates used taking into account the market conditions at the time. The key assumptions used to estimate the fair value of investment properties include market-corroborated capitalisation rates applicable to the nature and type of asset in question, terminal yields and discount rates.

Valuation of development properties

Management assesses whether allowances for foreseeable losses on properties under development are required based on their estimates of selling prices and construction costs. Selling prices are based on recent selling prices and the prevailing market conditions. Construction costs are estimated based on contracted amounts, and in respect of amounts not contracted for, management's estimates of the amounts to be incurred.

Management also assesses if any write-down of completed properties held for sale is required based on their estimates of selling prices which are based on recent selling prices and the prevailing market conditions.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

36 ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (CONT'D)

Key sources of estimation uncertainty (Cont'd)

Valuation of loans and receivables

At each reporting date, the Group evaluates whether there is any objective evidence that loans and receivables are impaired and determine that the amount of impairment loss as a result of the inability of the debtors to make required payments.

The Group bases the estimates on the aging of the loans and receivables, credit-worthiness of the debtors, and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Taxes

Significant judgement is required in determining the tax allowances, taxability of certain income and deductibility of certain expenses during the estimate of the provision of taxes and deferred taxes.

The Group exercises significant judgement to determine the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. The Group also exercises significant judgement to determine the extent and timing of land appreciation tax to be incurred at each reporting period (note 26).

Critical judgement made in applying accounting policies

Classification of investments in subsidiaries and joint ventures

The Company assessed the terms and conditions of the respective shareholder's agreement entered into for each of its investments in subsidiaries and joint ventures. The Company made critical judgement over its ability to exercise control or joint control over its investees. The Company's judgement included consideration of control or joint control exercised at the board of the respective investees, and their rights and obligations arising from board reserve matters as agreed with other shareholders.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

37 SUBSEQUENT EVENTS

On 6 January 2016, the Group entered into a debt financing arrangement with a financial institution. In accordance with the arrangement, the financial institution acquired a 3.75% equity interest in Suzhou Huayuan for a cash consideration of RMB5 million and will also extend a loan of RMB335 million to Suzhou Huayuan. In return, the Group will pay an interest of 8.4% per annum on the loan and equity interest.

Under the terms of the arrangement, the Group is obligated to re-acquire the 3.75% equity interest in Suzhou Huayuan for a consideration of RMB5 million and repay the loan amounting of RMB335 million plus interest within two years upon receiving the loan.

The Group completed the transfer of the 3.75% equity interest in Suzhou Huayuan to the financial institution for RMB5 million and received the loan amount of RMB335 million in January 2016.

STATISTICS OF SHAREHOLDINGS

AS AT 29 MARCH 2016

Number of shares issued	:	666,851,006 shares
Class of Equity Security	:	Ordinary shares
Voting Rights	:	One vote per share

The Company has no treasury shares as at 29 March 2016.

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 – 99	55	2.14	1,313	0.00
100 – 1,000	384	14.95	249,320	0.04
1,001 – 10,000	1,531	59.62	6,318,890	0.95
10,001 – 1,000,000	576	22.43	45,732,658	6.86
1,000,001 and above	22	0.86	614,548,825	92.15
Total	2,568	100.00	666,851,006	100.00

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 29 March 2016, approximately 19.50% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual is complied with.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	UOB Kay Hian Pte Ltd	536,844,361	80.50
2	Maybank Kim Eng Securities Pte Ltd	15,515,997	2.33
3	Lee King Huat	11,224,000	1.68
4	Wong Kum Ying	6,146,030	0.92
5	Chew Ghim Bok	5,770,000	0.86
6	Petchem Holdings Pte Ltd	4,644,751	0.70
7	DBS Nominees Pte Ltd	4,474,936	0.67
8	Jin Weihua	3,487,666	0.52
9	Citibank Nominees Singapore Pte Ltd	3,154,000	0.47
10	Goh Chok Sin	2,847,900	0.43
11	Hedy Goh Kiow Leng	2,800,000	0.42
12	OCBC Securities Private Ltd	2,586,662	0.39
13	Zhang Rongjie	2,528,000	0.38
14	KGI Fraser Securities Pte Ltd	2,325,000	0.35
15	Tan Eng Ann	1,600,333	0.24
16	Gao Derong	1,381,333	0.21
17	Seng Yee Ting Jennifer @ Jennifer Gunawan	1,334,000	0.20
18	Phillip Securities Pte Ltd	1,303,793	0.20
19	Raffles Nominees (Pte) Ltd	1,203,796	0.18
20	United Overseas Bank Nominees Pte Ltd	1,190,767	0.18
Total:		612,363,325	91.83

STATISTICS OF SHAREHOLDINGS

AS AT 29 MARCH 2016

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Sinway Investment Co., Ltd. ⁽¹⁾⁽²⁾	—	—	498,503,587	74.75
Qian Jianrong ⁽¹⁾	—	—	498,503,587	74.75

Note:

- (1) Our Executive Chairman, Qian Jianrong, owns 86.0% of the equity interest in Sinway Investment Co., Ltd., pursuant to the completion of the restructuring of shareholding in Sinway Investment Co. Ltd on 28 March 2016 and is therefore deemed to be interested in the shares in the Company held by Sinway Investment Co., Ltd. The other shareholders of Sinway Investment Co., Ltd. are Mao En (7.5%), Gong Ming (4.3%), and Tian Honglei (2.2%).
- (2) Sinway Investment Co., Ltd. is deemed interested in 498,503,587 shares in the Company held by UOB Kay Hian Privated Limited as its nominee.

STATISTICS OF WARRANTHOLDINGS

AS AT 29 MARCH 2016

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 – 99	–	–	–	–
100 – 1,000	31	10.30	23,156	0.05
1,001 – 10,000	192	63.79	756,772	1.59
10,001 – 1,000,000	69	22.92	7,324,080	15.42
1,000,001 and above	9	2.99	39,384,204	82.94
Total	301	100.00	47,488,212	100.00

TWENTY LARGEST WARRANTHOLDERS

No.	Name	No. of Warrants	%
1	Chow Soek Sian	14,000,000	29.48
2	Lee King Huat	5,492,000	11.57
3	Petchem Holdings Pte Ltd	4,409,375	9.29
4	Wong Kum Ying	4,121,665	8.68
5	RHB Securities Singapore Pte Ltd	3,288,666	6.93
6	Ng Kim Lan	2,934,999	6.18
7	Zhang Rongjie	2,375,666	5.00
8	Jin Weihua	1,743,833	3.67
9	Tang Chong Sim	1,018,000	2.14
10	UOB Kay Hian Pte Ltd	980,277	2.06
11	Wee Hui Hian	536,333	1.13
12	Chua Chai Tiang	474,666	1.00
13	Hedy Goh Kiow Leng	456,333	0.96
14	Shen Genlin	383,333	0.81
15	Khoo Hwee San	376,333	0.79
16	Seah Kheng Lun	368,000	0.77
17	Eio Hock Chuar	366,666	0.77
18	Gao Derong	316,666	0.67
19	Sng Siew Hong	299,333	0.63
20	Dong Wenjun	170,000	0.36
Total:		44,112,144	92.89

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **CHIWAYLAND INTERNATIONAL LIMITED** (the “**Company**”) will be held at Rose Room I, Level I, York Hotel, 21 Mount Elizabeth Road, Singapore on 26 April 2016 at 10:00 a.m., for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statements and the Audited Accounts for the financial year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect Mr Qian Jianrong, a Director retiring pursuant to Regulation 107 of the Company's Constitution and who, being eligible, will offer himself for re-election. **(Resolution 2)**
3. To re-elect Mr Chua Hwee Song, a Director retiring under Regulation 117 of the Company's Constitution and who, being eligible, will offer himself for re-election (see explanatory note 2). **(Resolution 3)**
4. To note the retirement of Mr Poh Chee Kuan as a Director pursuant to Regulation 107 (see explanatory note 3).
5. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution, with or without any modifications:

6. Authority to Allot and Issue Shares

“That pursuant to Section 161 of the Companies Act and Rule 806 of the listing manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors of the Company be authorised and empowered to:

- (a) issue shares in the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (b) make or grant offers, agreements or options 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 (collectively, “**Instruments**”),

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 (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force, provided that:

NOTICE OF ANNUAL GENERAL MEETING

- (i) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution and including Shares which may be issued pursuant to any adjustments effected under any relevant Instrument) to be issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the total number of issued Shares in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued Shares in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);
 - (ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the total number of issued Shares shall be calculated and based on the total number of issued Shares in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (I) new Shares arising from the conversion or exercise of any convertible securities;
 - (II) new Shares arising from the exercise of share options or the vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (III) any subsequent bonus issue, consolidation or subdivision of Shares;
 - (iii) in exercising the authority granted by this Resolution, the Company shall comply with the provisions of Companies Act, the the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
 - (iv) (unless revoked or varied by the Company in a general meeting), such authority granted under this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."
- (see explanatory note 3)

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

BY ORDER OF THE BOARD

Wee Woon Hong

Company Secretary

Singapore

8 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Mr Qian Jianrong will, upon re-election as a Director of the Company, remain as the Executive Chairman and Chief Executive Officer.
2. Mr Chua Hwee Song will, upon re-election as a Director of the Company, remain as the Chairman for both Nominating and Remuneration Committee and a member of Audit Committee and Risk Management and Compliance Committee. Mr Chua Hwee Song will be considered by the Nominating Committee to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
3. Mr Poh Chee Kuan will retire as an Independent Director of the Company at the conclusion of the AGM. Upon Mr Poh Chee Kuan's retirement, he will cease to be Chairman of the Risk Management and Compliance Committee and a member of Audit Committee and Remuneration Committee. His replacement for each Committee will be announced in due course.
4. The Ordinary Resolution 5, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date 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 the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

Notes:-

- (i) A member of the Company entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote in his/her instead. A proxy need not be a shareholder of the Company. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- (ii) Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member.
- (iii) The instrument appointing the proxy or proxies must be deposited at the Company's registered office at 6 Eu Tong Sen Street #04-08 The Central, Singapore 059817, not less than 48 hours before the time appointed for the meeting.
- (iv) The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Common Seal or under the hand of its attorney or a duly authorised officer.
- (v) Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- (vi) 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 meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
- (vii) The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the meeting, as certified by the Depository to the Company.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy:

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

CHIWAYLAND INTERNATIONAL LIMITED

(Registration No.: 200610437K)

(Incorporated in the Republic of Singapore)

Important:

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.

PROXY FORM ANNUAL GENERAL MEETING

I/We*, _____ (Name) NRIC/Passport No.* _____ of

_____ (Address)

being a shareholder/shareholders of **CHIWAYLAND INTERNATIONAL LIMITED**, (the "Company") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or*

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

as my/our proxy/proxies to vote for me/us on my/your behalf at the Annual General Meeting (the "**AGM**") of the Company to be held at Rose Room I, Level I, York Hotel, 21 Mount Elizabeth Road, Singapore on Tuesday, 26 April 2016 at 10.00 a.m., and at any adjournment thereof. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

☐	Please tick here if more than two proxies will be appointed (Please refer to note 3). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.
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All resolutions put to the vote at the AGM shall be decided by way of poll.

No.	Resolutions	For	Against
1.	Adoption of Directors' Statement and Audited Accounts for the financial year ended 31 December 2015		
2.	Re-election of Mr Qian Jianrong Lei as a Director		
3.	Re-election of Mr Chua Hwee Song as a Director		
4.	Re-appointment of Messrs KPMG LLP as Auditors and authorise the Directors to fix their remuneration		
5.	Authority to allot and issue of shares		

* Delete accordingly

Dated this _____ day of _____ 2016.

Total number of shares	No. of Shares
(a) CDP	
(b) Register of Members	

Signature(s) of Shareholder(s)/or

Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, 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 entered against your name in the Depository Register and 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 no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
3. Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
4. The instrument appointing the a proxy or proxies must be deposited at the Company's registered office at 6 Eu Tong Sen Street #04-08 The Central, Singapore 059817, not less than 48 hours before the time appointed for the meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Common Seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
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 meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the meeting, as certified by the Depository to the Company.

Personal Data Privacy:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



CHIWAYLAND INTERNATIONAL LIMITED

(Company Registration No. 200610437K)

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