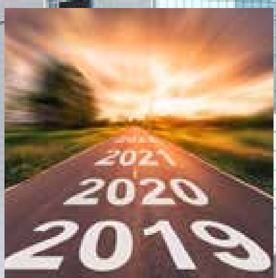
洞悉未来 再创价值



Shaping The Future,
Seizing Opportunities.

DEBAO PROPERTY
DEVELOPMENT LTD.
德宝房地产开发有限公司

ANNUAL REPORT 2018

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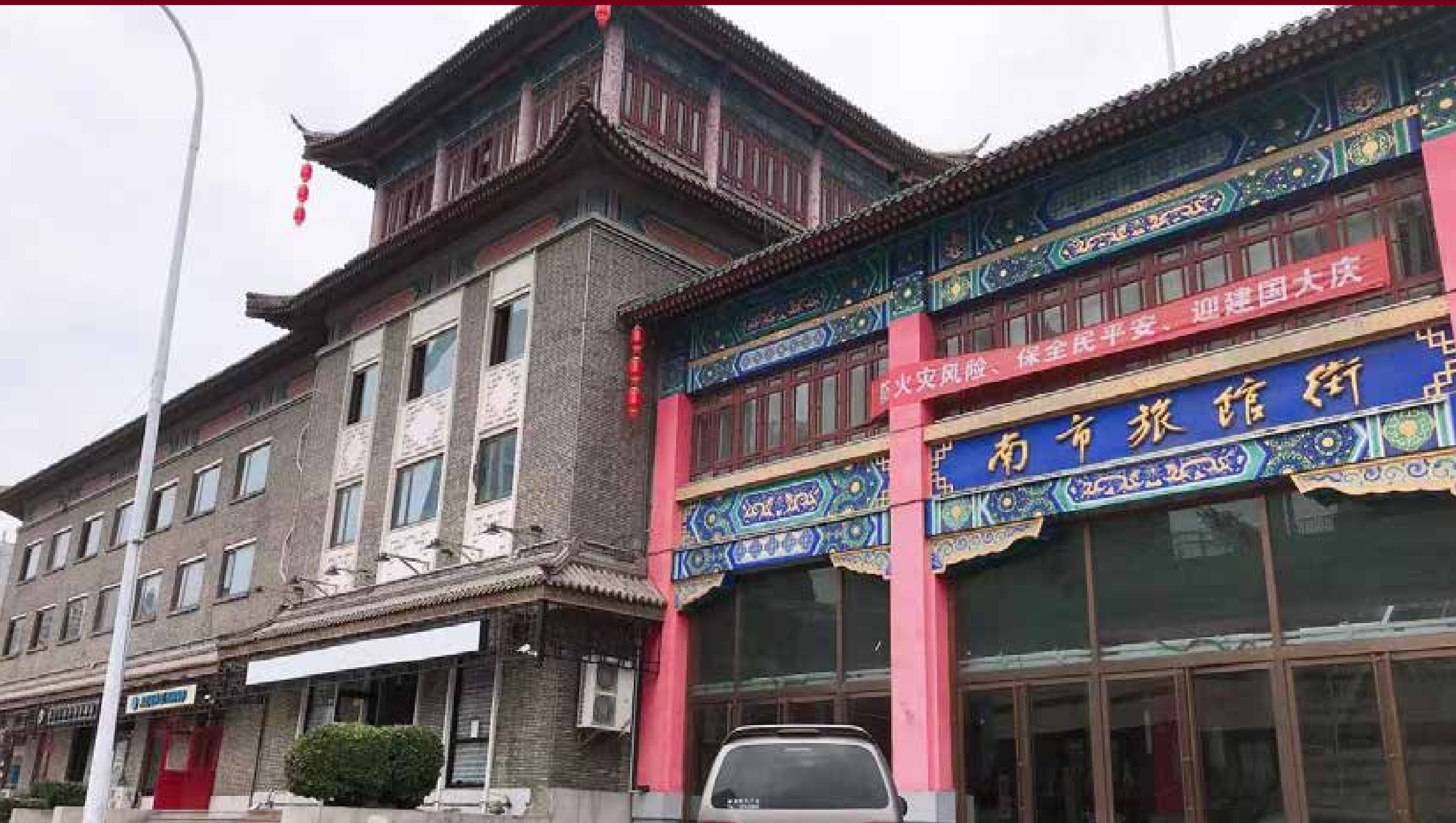


CORPORATE PROFILE

Led by our experienced management team, we have built a strong presence and brand name in developing large scale and multi-phased projects that are fully integrated with ancillary facilities.

Established in 2000, Debao Property Development Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") is an integrated property developer of quality integrated residential properties and commercial properties from Foshan City, Guangdong Province, the People's Republic of China ("**PRC**"). Our vertically integrated business model and operations enable us to carry out key aspects of property development, such as design, construction and marketing in-house, and manage the developments after completion.

Led by our experienced management team, we have built a strong presence and brand name in developing large scale and multi-phased projects that are fully integrated with ancillary facilities.

Our business comprises four segments: property development, construction contract, property investment, and property management. In February 2019, our 14th completed property development project, Tianjin Boulevard, with a gross floor area ("**GFA**") of 42,000 square meters ("**sq m**") was officially handed over to buyers. With this, our aggregate GFA for completed property development projects reached 1,279,000 sq m to date. As at 30 September 2019, the Group has a total GFA of approximately 515,000 sq m of properties under and held for future development, including two (2) projects in Malaysia. As part of our property investment business, we hold selected commercial properties that we developed or bought for capital appreciation and recurring and stable rental income. We also provide management services for residential properties developed by us.

As testament of our quality operations and property developments, our Jiangnan Mingju Phases 1 to 4 won the Double Gold Prize (Construction and Environment) in the National Residential Construction, Planning and Design Competition (**全国人居经典建筑规划设计方案竞赛：建筑，环境双金奖**) in October 2004.

The Company was successfully listed on the Main Board of the Singapore Exchange on 12 April 2010.

Apart from development projects in the PRC, the Group has been actively exploring and studying commercially viable new ventures and overseas development projects.

OUR PROPERTIES

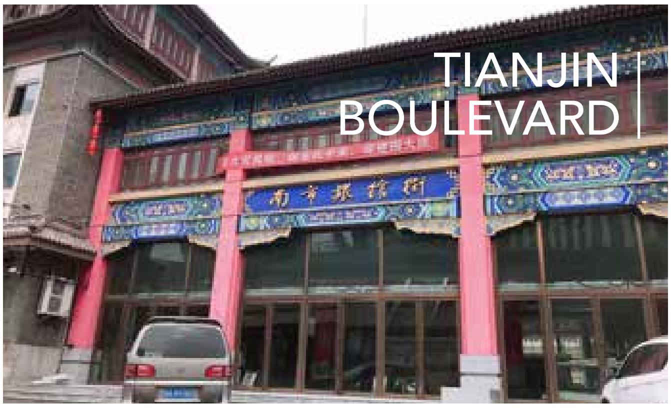
As of 30 September 2019, we have completed 14 property development projects with an aggregate GFA of approximately 1,279,000 sq m.

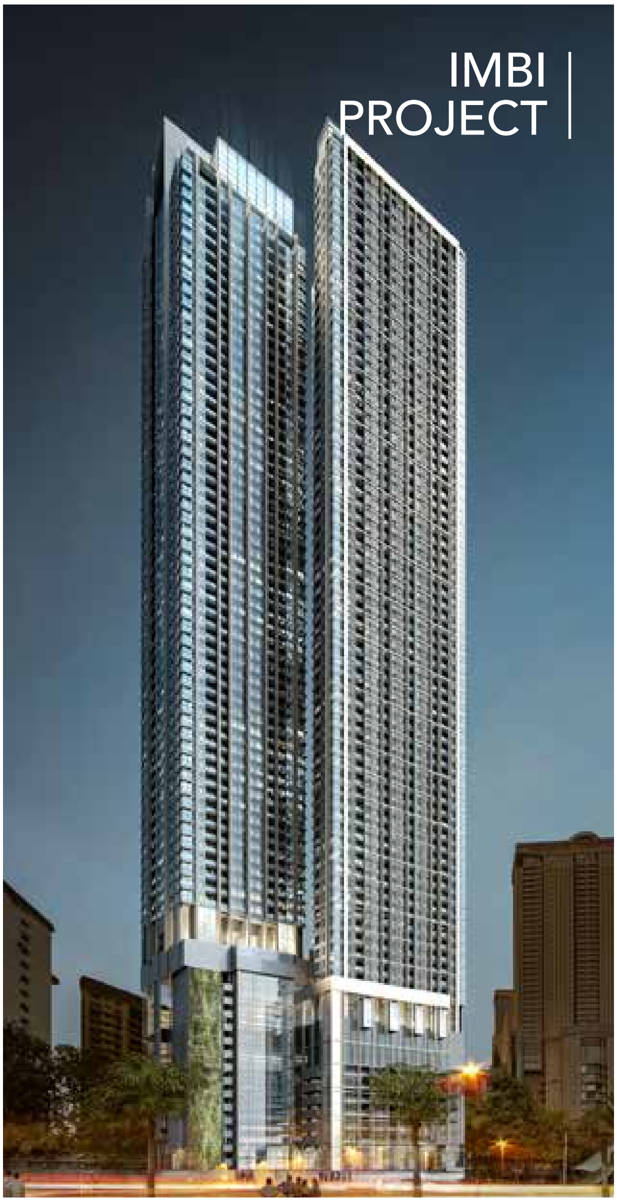
Property Development	Location / Type of Development	Approximate Total GFA (sq m)	Status
COMPLETED PROPERTY DEVELOPMENT PROJECTS			
1. Xinliwan Garden (Project by Our Predecessors)	Foshan / Integrated development	91,000	Completed in September 1998
2. Debao Garden (Project by Our Predecessors)	Foshan / Integrated development	68,000	Completed in October 2000
3. Guicheng Industrial Park	Foshan / Integrated development	48,000	Completed in April 2002
4. Qing Hua Garden (Joint Venture Project)	Foshan / Integrated development	78,000	Completed in June 2004
5. Jiangnan Mingju Phases 1 to 4	Foshan / Multi-phases large-scale integrated development	350,000	Completed in October 2007
6. Jin Long Garden North Zone (Joint Venture Project)	Foshan / Multi-phases integrated development	45,000	Completed in December 2009
7. Jiangnan Mingju Phases 5 and 6	Foshan / Multi-phases integrated development	165,000	Completed in October 2010
8. Shanshui Longpan Phase 1 Villas	Foshan / Part of multi-phases large-scale integrated township development	61,000	Completed in October 2011
9. Jin Long Garden South Zone (Joint Venture Project)	Foshan / Multi-phases integrated development	83,000	Completed in July 2012
10. Shanshui Longpan Phase 1 (ii) Villas	Foshan / Part of multi-phases large-scale integrated township development	36,000	Completed in October 2012
11. Sihui Project Block A Sihui City Mall	Zhaoqing / Large-Scale integrated development	65,000	Completed in December 2014
12 Shanshui Longpan Phase 3(i) High-rise Flats No.1 to 6 and Club	Foshan / Part of multi-phases large-scale integrated township development	50,000	Completed in November 2015
13 Sihui Project Block B&C	Zhaoqing / Large-Scale integrated development	97,000	Completed in April 2016
14 Tianjin Boulevard	Tianjin/Redevelopment of leased heritage building for commercial and leisure mall	42,000	Completed in February 2019
Total		**1,279,000**	

As of 30 September 2019, we have a total GFA of approximately 515,000 sq m of properties under and held for future development.

PROPERTY DEVELOPMENT PROJECTS UNDER AND HELD FOR FUTURE DEVELOPMENT			
1. Bay ONE (Additional Sihui Project)	Zhaoqing / Large-Scale integrated development	100,000	- Development in Progress - Expected date of completion in 2021
2. Imbi Project	Kuala Lumpur / Integrated development	194,000	- Development in Progress - Expected date of completion in 2021
3. Kuchai Lama Project	Kuala Lumpur / Integrated development	221,000	- Reserved for future development
Total		**515,000**	

OUR PROPERTIES





CORPORATE MILESTONES

2019 AND BEYOND

Bay ONE (Additional Sihui Project)
Approximate Total GFA (sq m) : 100,000
Location / Type of Development : Zhaoqing / Large-scale integrated development

Imbi Project
Approximate Total GFA (sq m) : 194,000
Location / Type of Development : Kuala Lumpur / Integrated development

Kuchai Lama Project
Approximate Total GFA (sq m) : 221,000
Location / Type of Development : Kuala Lumpur / Integrated development

2019

Tianjin Boulevard
Approximate Total GFA (sq m) : 42,000
Location / Type of Development : Tianjin / Redevelopment of leased heritage building for commercial and leisure mall

2016

Sihui Project Block B&C
Approximate Total GFA (sq m) : 97,000
Location / Type of Development : Zhaoqing / Large-scale integrated development

2015

Shanshui Longpan Phase 3(i) High-rise Flats No.1 to 6 and Club
Approximate Total GFA (sq m) : 50,000
Location / Type of Development : Foshan / Part of multi-phases large-scale integrated township development

2014

Sihui Project Block A Sihui City Mall
Approximate Total GFA (sq m) : 65,000
Location / Type of Development : Zhaoqing / Large-scale integrated development

2012

Shanshui Longpan Phase 1(ii) Villas
Approximate Total GFA (sq m) : 36,000
Location / Type of Development : Foshan / Part of multi-phases large-scale integrated township development

Jin Long Garden South Zone (Joint Venture Project)
Approximate Total GFA (sq m) : 83,000
Location / Type of Development : Foshan / Multi-phases integrated development

2011

Shanshui Longpan Phase 1 Villas
Approximate Total GFA (sq m) : 61,000
Location / Type of Development : Foshan / Part of multi-phases large-scale integrated township development

2010

Jiangnan Mingju Phases 5 and 6
Approximate Total GFA (sq m) : 165,000
Location / Type of Development : Foshan / Multi-phases integrated development

2009

Jin Long Garden North Zone (Joint Venture Project)
Approximate Total GFA (sq m) : 45,000
Location / Type of Development : Foshan / Multi-phases integrated development

2007

Jiangnan Mingju Phases 1 to 4
Approximate Total GFA (sq m) : 350,000
Location / Type of Development : Foshan / Multi-phases large-scale integrated development

2004

Qing Hua Garden (Joint Venture Project)
Approximate Total GFA (sq m) : 78,000
Location / Type of Development : Foshan / Integrated development

2002

Guicheng Industrial Park
Approximate Total GFA (sq m) : 48,000
Location / Type of Development : Foshan / Integrated development

2000

Debao Garden (Project by our predecessors)
Approximate Total GFA (sq m) : 68,000
Location / Type of Development : Foshan / Integrated development

Xinliwan Garden (Project by our predecessors)
Approximate Total GFA (sq m) : 91,000
Location / Type of Development : Foshan / Integrated development

1998

Xinliwan Garden (Project by our predecessors)
Approximate Total GFA (sq m) : 91,000
Location / Type of Development : Foshan / Integrated development

FINANCIAL HIGHLIGHTS

	Actual Consolidated Financial Statement	
	FY2018 (RMB'm)	**FY2017 (Restated) (RMB'm)**
Revenue	**172.0**	298.9
Cost of Sales	**(84.2)**	(349.8)
Gross Profit	**87.8**	(50.9)
Gross Profit Margin (%)	**51**	(17)
Net Loss for the year	**(333.6)**	(49.4)
Earnings per Share[1] - Basic (RMB fens)	**(429)**	(47)
Net Asset Value per Share[2] at the end of the year (RMB fen)	**1,103**	1,583
Net Gearing Ratio[3] (%)	**399**	279
Net Cash Used in Operating Activities	**(185.9)**	(536.2)
Net Cash from / (Used in) Investing Activities	**(16.7)**	1,086.1
Net Cash (Used in) / from Financing Activities	**173.9**	(592.2)
Cash and Cash Equivalents at the end of the year	**17.5**	46.2

Notes:
1. Earnings per Share were computed based on the ordinary shares capital of 74,999,688 shares i.e. weighted average number of ordinary shares issued and paid-up.
2. Net Asset Value per Share was computed based on the ordinary shares capital of 74,999,688 shares i.e. number of ordinary shares issued and paid-up.
3. Net Gearing Ratio was computed before taking in Restricted Cash.

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS

FY2018 was a challenging year for the Company due to the volatile property market environment.

CHINA MARKET

Demand in Chinese property market for first tier cities was weak in 2018, mainly due to suppliers' speeding up property sales in order to collect sales proceeds, rising loan interest rates and tightened policies. The overall sales of commercial properties also declined compared to previous years, especially in cities such as Beijing, Shanghai, Guangzhou and Shenzhen. Resulting from frequently introduced regulatory policies in China's property sector, the transaction volume in the abovementioned cities had decreased. However, demand in second tier cities remained strong.

The Central Government of China emphasized several times at the beginning of 2019 that property developers should focus on avoiding significant risks and defusing crises to continuously keep a healthy economic growth and stable society. Following the ideology that "a house should be used for residence and not for speculative purposes", the Central Government wanted to stabilise the land cost together with property prices in order to manage the public expectations and to effectively regulate the market in the long term by introducing regulations in each city according to its own property market condition.

Meanwhile, the U.S.-China trade conflict will continue to weigh on business outlook in Greater China in 2019 and 2020. The Company believes new infrastructure development will drive the formation of strategic hubs and counterbalance much of the downside risk. Investment demand is expected to remain solid, while the deployment of new technologies into different sectors could stimulate new commercial leasing demand or studio type apartments. The Company will continue to focus on studio type apartment developments, especially those with linked shopping malls and offices, to meet the modern trends of demands in second tier cities.

MALAYSIA MARKET

For the office sector, a large supply of prime office space will come on-stream in the next 3 years. Office sector demand may not keep up with the new supply, resulting in occupancy and rental rates coming under pressure. On the retail sector, although consumers' expenditure remains encouraging, consumers only spend most of their time in top 5 malls. Developers need to deepen their understanding of consumers' preference and deliver development plans through effective placemaking. With respect to the residential sector, purchasing sentiment for big ticket items has taken a hit. The high end and luxury segment appears to have reached a saturation point. Given the above, we will be cautious in our Malaysia developments.

TIANJIN BOULEVARD

Tianjin Boulevard, a re-development project including hotels and a shopping mall in Tianjin Heping District Nanshi Hotels Street, has been completed and obtained "inspection and acceptance" from the Fire Services Bureau. Tianjin Boulevard had its grand opening on 28 September 2019. The opening of Tianjin Boulevard is expected to boost the vitality of the district and enhance the commercial value and stabilise rental returns for the Group.

BAY ONE

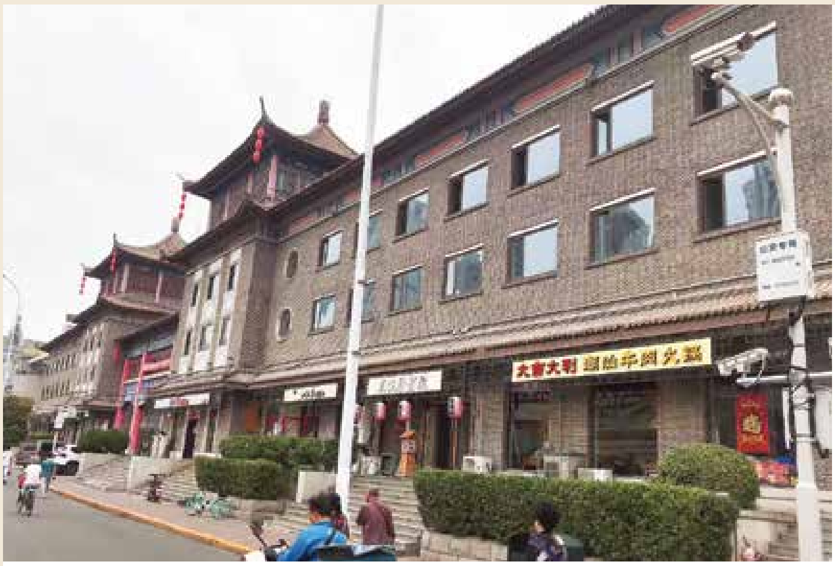
Bay ONE, previously known as Sihui City Mall Phase 2, commenced pre-sales phase on 7 October 2019. The large shopping mall and linked residential apartments will further the prosperity of the area and become Sihui's new city center. At the same time, together with the upward trend of property prices and the current need for properties in second tier cities, the Group is expected to benefit from these favorable market environments.

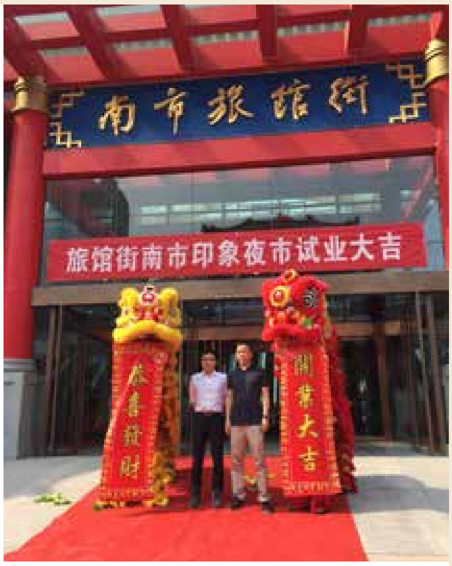
LEADERSHIP SUCCESSION

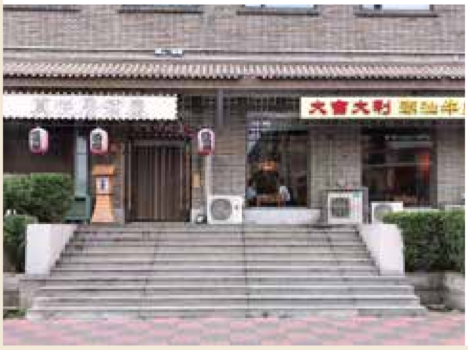
As part of succession planning, the Group appointed a new leadership team, led by Mr Zhong Yuzhao as Chief Executive Officer (CEO) on 19 April 2018 to succeed Mr Yuan Lesheng following his retirement as Chairman of the Group. Mr Zhong is supported by an experienced management team and we believe the team's combined competencies and experiences will be able to turn the Group around.

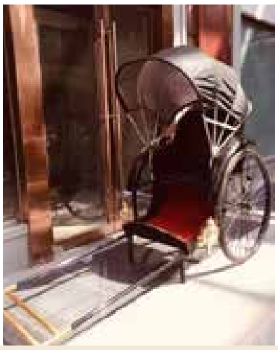
A SINCERE THANK YOU

Mr Yuan Lesheng retired from the position of Chairman on 19 April 2018. He served Debao with dedication and distinction for 18 years since 2000. The Group has benefitted much from Mr Yuan's many years of invaluable contributions and astute leadership. We thank Mr Yuan for ensuring a smooth transition to the new leadership team.









BUILDING A SUSTAINABLE FUTURE

Debao is committed to be a leading real estate developer based in China. To enhance shareholder value, we will continue to identify and to deepen our land reserve both in China and overseas. Concurrently, we will concentrate on the leasing strategy of our shopping malls to attract high value tenants and to create a stable high income stream.

WORDS OF APPRECIATION

First of all, we would like to thank our customers, tenants and owners who purchased our properties. Without your support, we would not be where we are today.

Then, to our valued shareholders, thank you for your trust and support. We look forward to meeting you at the upcoming Annual General Meeting.

Finally, to all of our directors on the Board for their advice, contributions and cooperation, and to our management and staff for their hard work and dedication.

Together, we have made great strides in Debao's strong positioning as a reputed integrated property developer of choice from China's Pearl River Delta and Southeast Asia.

Zhong Yuzhao
Executive Director and CEO

致股东的信

致股东的信

2018年对公司来说是充满挑战的一年，市场环境变幻莫测。

中国市场

2018年中国房地产市场一线城市需求疲软，这主要与供给端加速推盘促进回款、贷款利率上行、调控政策收紧等因素有关。全国商品房销售情况不复火爆，尤其是北上广深等一线城市。由于频频的政策调控，上述城市的成交量有所下降。然而，二线城市的需求依然强劲。

2019年初中央多次强调着力防范化解重大风险，保持经济持续健康发展和社会大局稳定。坚持“房子是用来住的，不是用来炒的”，紧紧围绕“稳地价、稳房价、稳预期”的调控目标，落实好一城一策，因城施策，对房地产市场进行长期有效的调控。

同时，中美贸易摩擦对大中华地区2019年和2020年的商业前景造成了一定压力。公司认为新的基础设施建设有利于战略中心的形成，也有助于抗衡下行风险。投资需求将保持稳定，把新技术运用到不同领域有利于刺激市场对新的商业租赁模式或办公类型公寓的需求。公司将持续着力开发办公类型公寓，特别是与购物商场和办公楼连接的公寓，以满足二线城市日渐增长的需求。

马来西亚市场

在办公房地产领域，未来3年市场将供给大量优质办公空间。办公房地产市场的需求可能跟不上供应的步伐，导致出租率和出租价格倍感压力。在零售房地产领域，尽管消费者的消费热度不减，但主要集中在5个主要购物商场消费，开发商要更深入了解消费者需求以制定有效的开发计划。在住宅房地产领域，市场对大件商品的需求锐减。高端及奢侈品市场似乎已达到饱和状态。综上，我们在马来西亚市场的发展将保持谨慎的态度。

天津旅馆街

天津旅馆街是一个位于天津市和平区南市街的集酒店与商场于一体的重建项目，该项目已完工并通过了消防验收。天津旅馆街已于2019年9月28日盛大开业。天津旅馆街的开业将带动该地区兴旺发展，该地区不断提升的商业价值将为集团带来稳定的租金收入。

湾区壹号

四会广场2期项目——湾区壹号已于2019年10月7日启动预售。大型商场及与其相连的住宅公寓将带动该地区进一步发展，使其成为四会新的市中心。同时，二线城市房地产市场的价格和需求不断上涨，这些有利因素将为集团带来可观收入。

领导层交接

作为领导层交接计划的一部分，集团组建了新的领导团队，2018年4月19日钟宇钊先生接替已辞任的董事长袁乐生先生成为集团的首席执行官。我们相信集团将会在以钟先生为首的拥有强劲实力和经验丰富的管理团队带领下开创新的局面。

衷心的感谢

2019年4月19日袁乐生先生辞任集团董事长一职。自2000年起，袁先生已为集团服务了18年。集团在袁先生的无尽奉献与精明领导下获得巨大发展。在此向袁先生为新的领导团队顺利交接所提供的帮助表示感谢。

建立可持续发展的未来

德宝致力于成为中国领先的房地产开发商。为提升股东价值，我们将持续在国内及海外物色优质的土地储备。目前，我们会专注于购物商场的出租以吸引高价值租户并创造稳定的收入。

答谢词

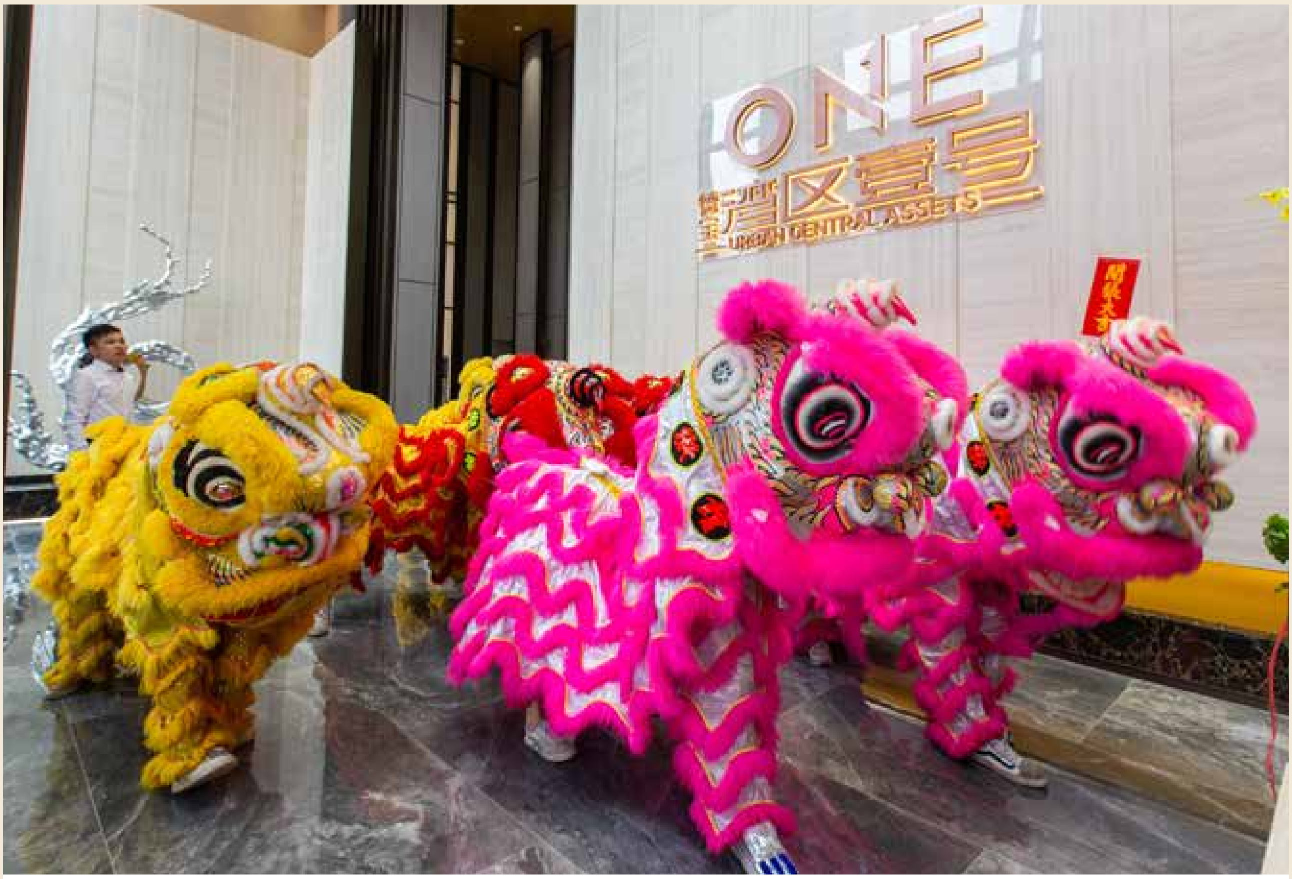
首先，在此感谢集团的客户、租户以及所有购买了我们房产的人。没有各位，集团不会达到今天的高度。

另外，我要感谢各位尊贵的股东对集团一如既往的信任与支持。我们期待在即将召开的年度股东大会上与各位见面。

最后，我们要向董事局所有董事为集团给出的忠告、做出的贡献以及提供的帮助表示感谢，并感谢我们的管理层与全体员工在这一年来的辛勤付出。

在各方的共同努力下，我们在使德宝成为中国珠三角地区以及东南亚具影响力的著名综合房地产开发商的道路上不懈努力。

钟宇钊
执行董事兼首席执行官


ONE
URBAN CENTRAL ASSETS


德宝地产 倾力精作
ONE
ONE
ONE

BOARD OF DIRECTORS

MR ZHONG YUZHAO

Executive Director and CEO
(Date appointed to the Board: 23 November 2009)

Mr Zhong, appointed as Chief Executive Officer of our Group on 19 April 2018, is responsible for the overall management of our property development activities as well as the business of our Group, including operations, marketing, public relations as well as formulating and implementing our business strategies and development plans. Since November 2000 when Mr Zhong joined our Group, he has been responsible for our administration and business development activities, including identification of possible acquisition opportunities and corporate strategic planning. Prior to joining our Group, Mr Zhong was a designer with Dashidai Advertising Co., Ltd. from July 1996 to August 1999 and was an assistant to the head of office administration of Foshan Nanhai Guicheng Complex Property Development Co., Ltd. from August 1999 to November 2000. Mr Zhong holds a bachelor's degree in construction project management from Hubei Engineering College where he graduated in 2003.

MR ZHANG MAO

Executive Director
(Date appointed to the Board: 23 November 2009)

Mr Zhang is in charge of the development and engineering departments of our Group and oversees the development of property development projects of our Group such as Jiangnan Mingju and Shanshui Longpan. Prior to joining our Group in November 2000, Mr Zhang joined Nanhai Guicheng Complex Property Development Co., Ltd. as a manager of the engineering and development department from January 1996 to January 1998 and as the assistant to the general manager of Nanhai Guicheng Debao Property Development Co., Ltd. from January 1998 to November 2000. When our Group was established in 2000, he was the assistant to the general manager and was appointed as the deputy managing director of our Group prior to his current appointment. From August 1983 to June 1993, Mr Zhang worked at the Ministry of Mechanical Engineering and Industry No.8 Design Institute where he was a group leader in charge of construction structural design. From July 1993 to December 1995, he was the technical head of Guangdong Huizhou Construction Development Co., Ltd. where he was responsible for overseeing construction work undertaken by the said company. Mr Zhang Mao obtained a degree in construction structural engineering at the Inner Mongolia Industrial University where he graduated in 1983. He was also certified as a Senior Engineer for Construction Projects in charge of Technical Management by the Human Resource Department of Guangdong Province in January 2001.

MR YUAN JIAJUN

Executive Director
(Date appointed to the Board: 19 April 2018)

Mr Yuan, appointed as Executive Director of our Group on 19 April 2018, is responsible for the development and marketing of our Sihui project in China as well as projects in Malaysia since he joined our Group in 2016. Prior to joining our Group, Mr Yuan was the manager of the Financing Department in China Huarong Asset Management Corporation Guangdong Branch from 2013 to 2015. Mr Yuan graduated in 2012 with bachelor's degree in Business Administration from Jinan University.

PROFESSOR LING CHUNG YEE, ROY

Lead Independent Director
(Date appointed to the Board: 25 February 2019)

Prof Ling was appointed to the Board as the Lead Independent Director and Chairman of the Audit Committee on February 2019.

Prof Ling is currently a Managing Director at RL Capital Management. Concurrently, he also serves as an Independent Director at several listed companies across Asia, as an Adjunct Professor in Finance at the SKEMA Business School, and as a Consultant for RHT Strategic Advisory and RHT Academy.

Prior to RL Capital, Prof Ling spent more than 20 years in investment banking and held senior positions with JPMorgan, Lehman Brothers, Goldman Sachs and Salomon Smith Barney. His expertise is in Asia real estate, REIT IPOs and capital markets, and he has worked in New York, Hong Kong, Tokyo and Singapore. During his investment banking career, Prof. Ling has originated and executed a broad range of advisory (>US$40 billion) and capital market transactions (>US$20 billion) in the region. Prof. Ling was a former Board Director of the CFA Society of Japan. He was honored as the Real Estate Executive of the Year by Singapore Business Review in 2016, and as one of 20 Rising Stars in Real Estate by Institutional Investor in 2008.

Prof Ling graduated from INSEAD with a Global EMBA and from the National University of Singapore with a Bachelor's degree in Business Administration.

MR JACK CHIA SENG HEE

Independent Director
(Date appointed to the Board: 1 May 2013)

Mr Chia is our Independent Director and was appointed on 1 May 2013. Currently, he runs his own investment advisory firm, Jack Capital Solutions Pte Ltd, which he set up in June 2005, after spending twenty years in both the private and public sectors, substantially in Japan and China. Mr Chia was a Senior Director of International Enterprise Singapore (the former Trade Development Board), covering China operations from Shanghai. Mr Chia was also with Singapore Technologies, Government of Singapore Investment Corporation as well as Arthur Andersen in marketing, asset management and consulting capacities respectively. He graduated from the National University of Singapore with a degree in accountancy and from the International University of Japan with a Master of Arts degree in international relations. He is qualified as a Certified Public Accountant. He also completed the General Manager Program at Harvard Business School.

MR MIU KA KEUNG KEVIN

Independent Director
(Date appointed to the Board: 25 February 2019)

Mr Miu is our Independent Director and was appointed on 25 February 2019. Mr Miu has over 20 years of experience in investment banking including corporate finance, listing, mergers and acquisitions, direct investment, corporate governance, corporate internal control and compliance. Mr Miu is an executive director of Ample Capital Limited. Mr Miu is a licensed sponsor principal and a responsible officer for Type 1 and Type 6 activities as defined under the Securities and Futures Ordinance of Hong Kong SAR. Mr Miu worked for various financial institutions including Vinco Capital Limited and CEF Capital Limited and has gained extensive experience and knowledge in corporate finance, equity capital market, private equity and structured financing. Mr Miu has successfully assisted a number of PRC companies to complete overseas listing, financing, mergers and acquisitions and restructuring. Mr Miu holds a bachelor's degree in accounting from the Hong Kong Polytechnic University and a master's degree in business administration from the University of Wales and the University of Manchester.

SENIOR MANAGEMENT

MR TSANG HUNG LEUNG, ALAN

Chief Financial Officer

Mr Tsang was appointed as the Chief Financial Officer of our Group on 15 October 2018 and is involved in financial reporting of the Group.

Prior to joining our Group, Mr Tsang had worked at Eastern Glory Financial and Investment Services Limited from 2014 to 2018 and responsible for advisory and initial public offering projects. He was the Chief Financial Officer of Combine Will International Holdings Limited and was involved in financial reporting and treasury management from 2006 to 2014. From 2001 to 2006, he was responsible for the internal audit and supervisory work for the operations of Ng Fung Hong and CR Vanguard while he worked in China Resources Enterprise Limited. He was also a financial controller in Hong Kong Netcom Limited from 2000 to 2001. From 1993 to 2000, he was an audit manager at Fok Siu Yung CPA for two (2) years and a senior auditor, and was responsible for financial audits and computer risk management at Arthur Anderson & Co. for five (5) years. While at Arthur Anderson & Co., he was involved in several listing exercises which involved the application of International Accounting Standard (the predecessor of IFRS).

Mr Tsang graduated with an Accounting degree from the City University of Hong Kong in 1993 and is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

MR YANG QIMAN

Deputy General Manager (Sihui City Project)

Mr Yang is responsible for managing Sihui City Project. Mr Yang joined our Group as a deputy general manager in the engineering department in November 2000. He went on to become the manager in the contract budget department, the assistant to the general manager and the deputy general manager of Construction and Project Budgeting before being appointed to his current position. Prior to joining our Group, Mr Yang was the deputy general manager of Nanhai Guicheng Debao Property Development Co., Ltd. where he was in charge of the engineering department. Mr Yang holds a bachelor's degree in Construction Engineering (Industrial and Civil Construction) from Guangdong Industrial University where he graduated in 1998. He was also certified as a construction engineering technical management engineer under the Foshan Construction Engineering Intermediate Professional Technical Qualification by the Human Resource Bureau of Foshan City in October 2003.

MR TANG ZHONGHUA

General Manager (Malaysian Subsidiaries)

Mr Tang is responsible for the financing affairs of project development of our Group, both in the PRC and overseas. He is also the General Manager of our Group's Subsidiary in Malaysia. Prior to joining our Group in March 2017, Mr Tang worked at China Huarong Asset Management Company as a deputy department head and was in charge of Investment and Financing Business from January 2011 to February 2017. He was an audit assistant and subsequently an assistant manager of KPMG Guangzhou from September 2008 to December 2010. Mr Tang graduated with a Masters degree of Statistics from South China University of Technology and is a certified public accountant of the Chinese Institute of Certified Public Accountant.

MR LU HAIFENG

Chief Marketing Officer

Mr Lu joined us in February 2019 as Chief Marketing Officer of our Group. He is in charge of the Group's marketing and sales. Prior to joining our Group, he worked in China Aoyuan County Commercial Group for five (5) years as the Head of Sales and Marketing Department. Between 2010 and 2014, he was a marketing manager at Sanshui Gaofu Property Development Co., Ltd. He was an assistant manager and subsequently a manager of Foshan Zhuo Er Si Real Estate Investment and Consultancy Co., Ltd. who was responsible for sales and marketing from 2004 to 2010. Mr Lu graduated from Nanhai Colleage of China South Normal University in 2004.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Zhong Yuzhao (Executive Director and CEO)
Zhang Mao (Executive Director)
Yuan Jiajun (Executive Director)
Ling Chung Yee, Roy (Lead Independent Director)
Jack Chia Seng Hee (Independent Director)
Miu Ka Keung Kevin (Independent Director)

AUDIT COMMITTEE
Ling Chung Yee, Roy (Chairman)
Jack Chia Seng Hee
Miu Ka Keung Kevin

NOMINATING COMMITTEE
Jack Chia Seng Hee (Chairman)
Ling Chung Yee, Roy
Miu Ka Keung Kevin

REMUNERATION COMMITTEE
Miu Ka Keung Kevin (Chairman)
Ling Chung Yee, Roy
Jack Chia Seng Hee

COMPANY SECRETARY
Janet Tan

REGISTERED OFFICE
80 Raffles Place
#32-01 UOB Plaza 1
Singapore 048624
Tel: (65) 6225 2626
Fax: (65) 6557 0765

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

PRINCIPAL PLACE OF BUSINESS
No.7, Ground Floor, Jiangnan Mingju Xi Yuan
39 Nanyi Road, Guicheng, Nanhai District
Foshan City, Guangdong Province
PRC 528200

AUDITORS
Nexia TS Public Accounting Corporation
80 Robinson Road, #25-00
Singapore 068898

PARTNER-IN-CHARGE
Loh Ji Kin
(appointed for financial year ended 31 November 2018)

PRINCIPAL BANKERS
Bank of Guangzhou Co., Ltd
Foshan Sub-branch
P32, 63 South Chaoan Road, Chancheng
Foshan City, Guangdong Province, the PRC

China Citic Bank Co., Ltd
Foshan Sub-branch
6th Floor, Block A, Wealth Mansion
South Fenjiang Road, Chancheng
Foshan City, Guangdong Province, the PRC

Guangdong Nanyue Bank Co., Ltd.
Foshan Sub-branch
Ground Floor, Jinhai Square,
No.21 Ji Hua Wu Road, Chancheng,
Foshan City, Guangdong Province, the PRC

CORPORATE GOVERNANCE REPORT

Debao Property Development Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") remain committed to maintaining high corporate governance standards and sound corporate practices in accordance with the revised Code of Corporate Governance 2012 (the "**Code**"). This Corporate Governance Report (the "**Report**") sets out the corporate governance practices of the Company with specific references to the principles of the Code. This Report has incorporated the guidelines in the disclosure guide developed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in January 2015 (the "**Guide**"). The table below is extracted from the Guide, and the answers to the questions raised in the table are referenced to specific paragraphs in the following Report.

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance 2018 (the "**2018 Code**") and accompanying Practice Guidance. The 2018 Code supersedes and replaces the Code and applies to annual reports covering financial years commencing from 1 January 2019. The Group will outline its corporate governance practices and structures in place to comply with the 2018 Code, where appropriate, in the next annual report for the financial year ending 31 December 2019.

Guidelines	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code. (b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	(a) The Company has complied with the principles and guidelines in the Code. (b) Paragraphs listed below in this table refer to the corresponding paragraphs following this table.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Refer to para 1.3
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying Director nominees? (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. (c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	(a) Refer to para 1.3 (b) Refer to para 1.2 (c) Refer to para 1.3
Guideline 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.	(i) Refer to para 4.3 to 4.4 (ii) Refer to para 4.5 to 4.8
Guideline 1.6	(a) Are new Directors given formal training? If not, please explain why. (b) What are the types of information and training provided to: (i) new Directors and (ii) existing Directors to keep them up-to date?	(a) Refer to para 2.1 (b) Refer to para 2.2 to 2.4
Guideline 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? (b) If a maximum number has not been determined, what are the reasons? (c) What are the specific considerations deciding on the capacity of Directors?	Refer to para 4.9

CORPORATE GOVERNANCE REPORT

Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year? (b) Has the Board met its performance objectives?	(a) Refer to para 5.1 to 5.4 (b) Refer to para 5.5
Independence of Directors		
Guideline 2.1	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.	Refer to para 1.1
Guideline 2.3	(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.	(a) Refer to para 1.2 (b) N.A.
Guideline 2.4	Has any Independent Director served on the Board for more than nine years from the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	Refer to para 1.2
Guideline 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?	Refer to para 9.1 and 9.2
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more 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).	(a) Refer to para 9.1 and 9.2 (b) Refer to para 9.1 and 9.2
Guideline 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 year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	Refer to para 9.1
Guideline 9.6	(a) Please describe how the remuneration received by executive Directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	(a) Refer to para 9.3 to 9.6 (b) Refer to para 9.3 to 9.6 (c) Refer to para 9.6
Risk Management and Internal Controls		
Guideline 6.1	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?	Refer to para 6.1 to 6.3
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Refer to para 13.1 to 13.4

Guideline 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. (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor 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?	(a) Refer to para 11.1 to 11.4 (b) Refer to para 11.5
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year. (b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's ("**AC**") view on the independence of the external auditors.	(a) Refer to para 12.6 (b) Refer to para 12.6
Communication with Shareholders		
Guideline 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?	(a) Refer to para 15.2 (b) Refer to para 15.2 (c) Refer to para 15.4
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Refer to para 15.5

1. BOARD MATTERS

BOARD COMPOSITION AND CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

1.1 Currently, the Board of Directors (the "**Board**") comprises six (6) Directors, of whom three (3) are Independent Directors.

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1.2 Collectively, the members of the Board have varied expertise and knowledge in accounting, finance, business development and strategies, administration, sale and marketing. The Directors are as follows:

Name of Director	Age	Date of first appointment	Date of last re-election	Designation	Past and Present Directorships held in the last three (3) years in other listed companies
Zhong Yuzhao	44	23 November 2009	27 April 2017	Executive Director and Chief Executive Officer ("**CEO**")	Nil
Zhang Mao	58	23 November 2009	27 April 2017	Executive Director	Nil
Yuan Jiajun	28	19 April 2018	30 November 2018	Executive Director	Nil
Ling Chung Yee, Roy	42	25 February 2019	N.A.	Lead Independent Director	Amplefield Ltd. Ace Achieve Infocom Ltd. United Food Holdings Ltd. Ley Choon Group Holdings Ltd. Arion Entertainment Singapore Ltd. Chaswood Resources Holdings Ltd. China Flexible Packaging Holdings Ltd. ChinaSing Investment Holdings Ltd. Aquaint Capital Holdings Ltd. JES International Holdings Ltd
Jack Chia Seng Hee	58	1 May 2013	27 April 2016	Independent Director	Combine Will International Holdings Limited China Hongcheng International Holdings Limited Dukang Distillers Holdings Limited mm2 Asia Ltd. Shanghai Turbo Enterprises Limited AGV Group Limited Ying Li International Real Estate Limited Lifebrandz Ltd.
Miu Ka Keung Kevin	53	25 February 2019	N.A.	Independent Director	Nil

None of the Independent Directors have any relationship that would deem them to not be considered independent under the Code. None of the Independent Directors have served on the Board for more than nine (9) years since the date of his first appointment.

1.3 The Board's policy in identifying Director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience that could effectively contribute to the Group, regardless of gender. The composition of the Board and independence of each Director is reviewed annually by the Nominating Committee ("**NC**") to ensure that the Board has the appropriate mix of expertise and experience to govern and manage the Group's affairs.

Each individual Director has objectively discharged his duties and responsibilities at all times as a fiduciary in the interest of the Company.

Apart from its statutory duties, the principal functions of the Board include:

1. charting the overall strategy, growth and direction of the Group;

2. formulating and approving the Group's policies, strategies and financial objectives;

3. approving the Group's annual budget, major funding proposals, investment and divestment proposals and corporate or financial restructuring;

4. ensuring that appropriate and adequate systems of internal controls and risk management policies are in place;

5. reviewing and endorsing the framework of remuneration for the Board and key executives as recommended by the Remuneration Committee ("**RC**");

6. approving the nomination and appointment of key executives, as recommended by the NC; and

7. assuming responsibility for good corporate governance practices and compliance with the Companies Act (Chapter 50) of Singapore ("**Companies Act**"), and the rules and requirements of regulatory bodies.

The Board also regards addressing sustainability issues as important to the Group and is committed to adopting sustainable practices across its businesses. The Group's Sustainability Report for the financial year ended 31 December 2018 ("**FY2018**") which was prepared in accordance with the SGX Sustainability Reporting Guidelines had been released on SGXNET on 30 May 2019.

Matters requiring Board approval include:

1. corporate policies, strategies and objectives of the Company;

2. quarterly, half yearly and full year announcements;

3. annual report and accounts;

4. major payments, acquisitions, investments and disposal of assets;

5. strategic planning; and

6. transactions or investments involving a conflict of interest for a substantial shareholder or a Director, financial restructuring and share issuance, dividends and other returns to shareholders of the Company ("**Shareholders**").

1.4 In between the scheduled meetings, the Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Ad-hoc Board meetings are also convened as and when they are deemed necessary in between the scheduled meetings.

1.5 To assist the Board in the discharge of its responsibilities, the Board has established three (3) Board Committees, namely the AC, NC and RC, and has delegated certain responsibilities to the Board Committees. These Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis.

1.6 The attendance of the Directors at meetings of the Board and the Board Committees held in FY2018 is as follows:

	Board		Audit Committee		Remuneration Committee		Nominating Committee	
Name of Directors	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Yuan Lesheng (1)	2	2	2	-	1	-	2	-
Zhong Yuzhao	6	6	4	4^	3	1^	2	-
Zhang Mao	6	4	4	2^	3	-	2	-
Yuan Jiajun (2)	6	6	4	4^	3	1^	2	-
Cheong Keng Chuan Alfred (3)	6	6	4	4	3	3	2	2
Jack Chia Seng Hee	6	6	4	4	3	3	2	2
He Guoquan (4)	6	6	4	4	3	3	2	2

^: by invitation

Notes:

(1) Mr Yuan Lesheng resigned as the Executive Chairman and CEO of the Company on 19 April 2018.
(2) Mr Yuan Jiajun ceased to be an Alternate Director to Mr Yuan Lesheng and was appointed as an Executive Director on 19 April 2018.
(3) Mr Cheong Keng Chuan, Alfred retired as the Lead Independent Director on 30 November 2018.
(4) Mr He Guoquan retired as an Independent Director on 30 November 2018.

1.7 While the Board considers Directors' attendance at Board meetings to be important, it should not be the only criterion to measure their contributions. It also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

1.8 The Independent Directors provide, amongst other things, strategic guidelines to the Company based on their professional knowledge and experience. They constructively challenge and help develop directions on strategy, and review the performance of the management of the Company (the "**Management**") in achieving agreed targets and objectives. To facilitate a more effective check on the Management, the Independent Directors are encouraged to meet without the Management being present.

Training for Directors

2.1 A formal letter will be sent to each new Director, upon his appointment, setting out the Director's statutory duties and obligations. All new Directors receive appropriate training to develop individual skills as required. For newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore, the Company will arrange for the SGX-ST's prescribed training courses organised by the Singapore Institute of Directors on the roles and responsibilities of a director of a listed company, or other training institutions in areas such as management, accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties for the Directors.

2.2 Directors are provided with extensive background information about the Group's history and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge.

2.3 Directors also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations.

2.4 The Board as a whole is updated regularly on risk management, corporate governance and key changes in the relevant regulatory requirements and accounting standards.

CHAIRMAN AND CEO

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

3.1 Mr Yuan Lesheng was the Executive Chairman of the Board and CEO of the Company. Following his resignation as the Executive Chairman of the Board and CEO of the Company on 19 April 2018, the Company does not have a Chairman to preside over the Board. The role of the Chairman has thus been assumed by Mr Zhong Yuzhao, an Executive Director of the Company, who was then appointed as the CEO of the Company on 19 April 2018.

3.2 Pursuant to the recommendations of the Code, Mr Ling Chung Yee, Roy has been appointed as the Lead Independent Director of the Company on 25 February 2019. Our Lead Independent Director will be available to our Shareholders in respect of concerns for which contact through the normal channel of the Chairman has failed to resolve or for which such contact is inappropriate.

3.3 The Independent Directors led by the Lead Independent Director, Mr Ling Chung Yee, Roy, meet periodically without the presence of the other Directors, and the Lead Independent Director thereafter will provide feedback to the CEO after such meetings.

3.4 The CEO sets the agenda for the Board meetings and exercise control over quality, quantity and timeliness of the flow of information between the Management and the Board. The CEO also ensures that procedures are adopted to comply with the Code and ensure effective communication with the Shareholders.

BOARD MEMBERSHIP AND PERFORMANCE

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

4.1 The NC of the Company comprises the following Independent Directors:

Mr Jack Chia Seng Hee (Chairman)
Mr Ling Chung Yee, Roy
Mr Miu Ka Keung Kevin

4.2 The independence of each Director will be reviewed annually by the NC. The NC adopts the definitions under the Code and Listing Manual of what constitutes an Independent Director in its review. The NC has reviewed and determined that Messrs Jack Chia Seng Hee, Ling Chung Yee, Roy and Miu Ka Keung Kevin are our Independent Directors.

4.3 The NC, which has written terms of reference, is responsible for:

1. identifying and reviewing candidates and making recommendations to the Board for appointment or re-appointment of members to the Board;

2. determining annually whether or not a Director is independent; and

3. evaluating the Board's performance as a whole and the contribution by each individual Director to ensure the effectiveness of the Board as a whole.

4.4 The process for the selection and appointment of new Directors is set out as follows:

1. The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience and knowledge to complement and strengthen the Board and increase its diversity.

2. The search and nomination for new Directors, if any, will be either from internal promotion or through search companies, contacts and recommendations that go through the normal selection process, to cast the net as wide as possible for the right candidates.

3. The NC would meet and interview the shortlisted candidates to assess their suitability.

4. The NC would recommend the selected candidate to the Board for consideration and approval.

4.5 The process for the re-election of incumbent Directors is set out as follows:

1. The NC would assess the performance of the Director in accordance with the performance criteria set by the Board.

2. The NC would also consider the current needs of the Board.

3. Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.

4.6 Presently, the Constitution of the Company provides that one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation at every annual general meeting ("**AGM**") and are subject to re-nomination and re-election at every AGM at least once every three (3) years.

4.7 A retiring Director is eligible for re-election by the Shareholders at the AGM. The NC has recommended to the Board the re-appointment of Mr Jack Chia Seng Hee. The Board has accepted the NC's recommendation and Mr Jack Chia Seng Hee has offered himself for re-election.

4.8 All Directors appointed during the year will hold office only until the next AGM and will be eligible for re-election. In evaluating the Director's contribution and performance for the purpose of re-nomination, the Company takes into consideration factors such as attendance, preparedness, participation and candour. The capacity of Directors is decided based on their work background, experience and professional abilities. Mr Ling Chung Yee, Roy and Mr Miu Ka Keung Kevin, who were appointed as the Lead Independent Director and Independent Director of the Company respectively with effect from 25 February 2019, are due for retirement at the forthcoming AGM pursuant to Article 92 of the Company's Constitution, have consented to remain in office. The NC has recommended to the Board the re-appointment of Mr Ling Chung Yee, Roy and Mr Miu Ka Keung Kevin and the Board has accepted the NC's recommendation.

4.9 The Company does not have a guideline for the maximum number of listed company board representations that are prescribed for Directors as the Company believes that the Directors are contributing sufficiently to the Company at the moment. The Company will change this rule according to SGX-ST regulations and business needs.

4.10 Currently, the Company does not have any alternate Director.

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

5.1 The NC has adopted a formal process for the evaluation of the performance of the Board as a whole and contributions from each individual Director to the effectiveness of the Board on an annual basis. All Directors are required to complete and send the evaluation forms to the Company Secretary for collation. The consolidated responses were presented to the NC for review and discussion.

5.2 This process takes into consideration a number of factors, such as the adequacy of the Director in carrying out his duties as Director of the Company, the independence of the Director, setting objective performance criteria, including those set out in the Code.

5.3 The performance criteria for the Board evaluation are, *inter alia*, the Board composition, Board processes, Board information and accountability, Board's review of risk and internal controls. The performance criteria taken into account by the NC in relation to an individual Director include, *inter alia*, the Director's interactive skills, industry knowledge, contribution, workload requirements, sense of independence and preparation at the Board and Board Committees meetings.

5.4 For the previous year, the NC reviewed and notes that the Board understood the Company's values, mission and strategic and business plans, and has reflected this understanding on key issues throughout the year. Board members spent sufficient time learning about the Company's business and understood it well enough to provide critical oversight and to guide the Company's performance not just year-to-year, but in the long-term. Board members have also spent an appropriate amount of time discussing the long-term strategy of the Company.

5.5 The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations, and there is presently no need to implement internal guidelines to address their competing time commitments. This matter is reviewed on an annual basis by the NC.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

6.1 Board members are provided with complete, adequate information in a timely manner, including quarterly management reports and from all relevant information on material events and transactions, from time to time, to enable them to be fully cognisant of the decisions and actions of the Management.

6.2 Detailed Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from the Management on financial, business and corporate issues and are normally circulated in advance of each meeting to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

6.3 The Directors have separate and independent access to the Company Secretary and the Management. Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as a Director.

6.4 The Company Secretary attends all Board meetings and ensures Board procedures are followed. The Company Secretary is also responsible to ensure that established procedures and all relevant statutes and regulations that are applicable to the Company are complied with. Under the Constitution of the Company, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

2. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

7.1 The RC of the Company comprises the following Directors, all of whom are Non-Executive and Independent Directors:

Mr Miu Ka Keung Kevin (Chairman)
Mr Ling Chung Yee, Roy
Mr Jack Chia Seng Hee

7.2 The RC, which has written terms of reference, is responsible for:

1. reviewing and recommending to the Board the remuneration package of each Director;

2. reviewing and recommending to the Board the remuneration of executive officers as well as related employees; and

3. determining the contents of any service contract proposed to be entered into by the Company with a Director or executive officer.

7.3 All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and other benefits-in-kind shall be covered by the RC. Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package. Any recommendations are submitted for endorsements by the entire Board.

7.4 The RC will be provided with access to expert professional advice on remuneration matters, as and when necessary, and the RC would ensure that any relationship between the appointed remuneration consultant and any of the Directors will not affect the independence and objectivity of the remuneration consultant. The expenses of such services shall be borne by the Company. No remuneration consultants were engaged by the Company in FY2018.

7.5 In the case of service contracts, the RC will review the compensation commitments in relation to the Directors' or key management personnel's contracts of service, if any, which would entail in the event of termination with a view to ensure that such contracts of services, if any, contain fair and reasonable termination clauses which are not overly generous.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

8.1 The Company had entered into service agreements with the CEO and the Executive Directors, under which terms of their employment are stipulated.

8.2 Their initial term of employment is for a period of three (3) years from 12 April 2013. The service agreements of the Executive Directors may be terminated by either party to the service agreement giving to the other three (3) months' prior written notice or an amount equivalent to three (3) months' salary in lieu of notice. The service agreements with Mr Zhong Yuzhao and Mr Yuan Jiajun have been renewed for a further period of three (3) years from 1 June 2019 and the service agreement with Mr Zhang Mao has been renewed for a further period of three (3) years from 1 January 2019. All Executive Directors do not receive Directors' fees.

8.3 Non-Executive Directors are paid Directors' fees, determined by the Board based on the effort, time spent and responsibilities of the Non-Executive Directors. The payment is subject to approval of the Shareholders at each AGM.

8.4 Currently, the Company does not have any long-term incentive scheme. The RC will consider recommending the implementation of long-term incentive schemes for the Executive Directors as well as key management personnel as and when it considers appropriate.

8.5 The Company does not have contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe fiduciary duties to the Company and hence, the Company should be able to avail itself of remedies against the Executive Directors in the event of such breach of fiduciary duties. Similarly, for the key management personnel, the Company believes that there are alternative legal avenues to specific contractual provisions that will enable the Company to recover financial losses arising from exceptional circumstances above from the key management personnel.

8.6 No individual Director is involved in the fixing of his own remuneration.

DISCLOSURE ON REMUNERATION

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

9.1 The remuneration of the Company's Directors, top key management personnel and employees related to the Directors for FY2018 is as follows:

Table of remuneration

	Salary (%)	Performance-based incentive (%)	Bonus (%)	Benefit (%)	Director's fee (%)	Total (%)
(a) Directors						
Above S$250,000 but below S$500,000						
Zhong Yuzhao	94	-	-	6	-	100
Below S$250,000						
Zhang Mao	90	-	-	10	-	100
Yuan Jiajun	95	-	-	5	-	100
Cheong Keng Chuan, Alfred (1)	-	-	-	-	100	100
Jack Chia Seng Hee	-	-	-	-	100	100
He Guoquan (2)	-	-	-	-	100	100
(b) Key Management Personnel						
Below S$250,000						
Yang Qiman	92	-	-	8	-	100
Zhao Wei	100	-	-	-	-	100
Tang Zhonghua	100	-	-	-	-	100
Tsang Hung Leung, Alan(3)	100	-	-	-	-	100
(c) Employees related to Directors						
Below S$50,000						
Yuan Jiansheng (4)	57	-	25	18	-	100

Notes:

(1) Mr Cheong Keng Chuan, Alfred retired as the Lead Independent Director of the Company on 30 November 2018.
(2) Mr He Guoquan retired as an Independent Director of the Company on 30 November 2018.
(3) Mr Tsang Hung Leung, Alan was appointed as the Chief Financial Officer of the Company on 15 October 2018.
(4) Uncle of our Executive Director, Mr Yuan Jiajun.

9.2 The Board would like to clarify that given the confidentiality and commercial sensitivity attached to remuneration matters, the remuneration of each individual Director and the CEO and the aggregate remuneration paid to the Company's top five (5) key management personnel (who are not Directors or the CEO) would not be disclosed fully but instead in bands as reflected in the table above.

9.3 The Company's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and key management personnel of the required experience and expertise.

9.4 The basis of determining the remuneration of the employees related to the Directors is the same as the basis of determining the remuneration of other unrelated employees.

9.5 For FY2018, the aggregate remuneration of the three (3) employees who are related to our Directors amounted to approximately RMB235,898 (equivalent to approximately S$46,802). The total remuneration of these employees will be reviewed annually by the RC to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility. In the event that a member of our RC is related to the employee under review, he will abstain from the review.

9.6 There is a work-plan meeting at the beginning of the year, and executive Directors and key management personnel are evaluated daily on their performance and on whether they have satisfied their tasks outlined in the work plan meeting.

Executive Directors do not receive Directors' fees but are remunerated as members of the 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, their level of contribution to the Company and the Board, taking into account various factors including but not limited to efforts and time spent and their responsibilities and duties. The performance-related component of the remuneration package is designed to align the interests of the Executive Directors with those of the Shareholders and link rewards to the Group's financial performance.

The RC has reviewed and is satisfied that the performance conditions were met accordingly by each of the Executive Directors and key management personnel in FY2018.

9.7 The Company does not have any share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.

3. ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects

10.1 The Company announces its financial results on a quarterly basis and other material information via SGXNET in accordance with the Listing Manual of the SGX-ST ("**Listing Manual**").

10.2 Other relevant disclosure documents are also made available to the Board prior to meetings and on an on-going basis.

10.3 The Board has taken adequate steps to ensure that there is compliance towards the legislative and regulatory requirements. The Board also seeks advice from its legal advisors, where necessary, before deciding on significant matters.

10.4 The Management provides explanation and information to the Board at each Board meeting on its performance, position and prospects and believes that such is sufficient for the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

11.1 The Board recognises the need and is responsible for maintaining a system of risk management and internal controls and processes to safeguard the Shareholders' interests and the Group's assets.

11.2 The AC monitors the effectiveness of the risk management and internal control systems and procedures and will ensure that a review of the effectiveness of the Company's internal controls is conducted annually or when the AC deems necessary.

11.3 The Board, with the concurrence of the AC, is of the opinion that the Group's internal controls are adequate in addressing financial, operational and compliance risks in the Group's current business environment based on the following:

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

2. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC. The AC expects the risk assessment process to be a continuing process.

11.4 The Board confirms that based on the internal controls established by the Group, work performed by the internal and external auditors, and reviews performed by the Management, the Board is of the opinion that the Group's internal controls, including financial, operational, compliance, information technology controls and risk management systems are adequate and effective.

11.5 The Board confirms that it has received assurance from both the CEO, Mr Zhong Yuzhao and the CFO, Mr Tsang Hung Leung, Alan, that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations finances and the Company's risk management and internal control systems are effective.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

12.1 The AC comprises three (3) members, all of whom are Non-Executive and Independent Directors. Members of the AC are as follows:

Mr Ling Chung Yee, Roy (Chairman)
Mr Jack Chia Seng Hee
Mr Miu Ka Keung

12.2 Messrs Ling Chung Yee, Roy, Jack Chia Seng Hee and Miu Ka Keung have accounting or related financial management backgrounds. The NC is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions.

12.3 The AC, which has written terms of reference, performs, *inter alia*, the following main functions:

1. review with the internal and external auditors the scope and results of audit and its cost effectiveness. Where the external auditors also provide non-audit services to the Company, the AC will keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;

2. review the interim and annual financial statements and any significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company as well as any formal announcements relating to the Company's financial performance before the submission of the same to the Board;

3. conduct an annual review of the effectiveness and adequacy of the Company's internal controls and procedures with the Management and the external auditors;

4. ensure and be satisfied with the adequacy and effectiveness of the internal audit function;

5. nominate persons as internal and external auditors, review their appointment or re-appointment as well as matters relating to their remuneration, resignation or dismissal, and recommending the same to the Board;

6. review the independence of the internal and external auditors annually;

7. meet with external and internal auditors without the presence of the Management at least annually and review the co-operation given by the Company's officers to external and internal auditors;

8. meet with other Board Committees and the Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC; and

9. review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and to ensure that suitable arrangements are in place for the independent investigation of such matters and that appropriate follow-up action shall be taken.

12.4 Apart from the above functions, the AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on our Company's operating results or financial position. Each member of the AC will abstain from voting in respect of matters in which he is interested.

CORPORATE GOVERNANCE REPORT

12.5 The AC has the power to conduct or authorise investigations into any matters within its scope of responsibility. It also has full access to and co-operation from the Management and full discretion to invite any Directors or Executive Officers to attend its meetings and reasonable resources to enable it to discharge its functions.

12.6 In respect of the audit for FY2018, the Company will pay S$418,000 to Messrs Nexia TS Public Accounting Corporation and its overseas member firm for its statutory audit services. The AC, having reviewed the range and value of non-audit services provided by the external auditors, Messrs Nexia TS Public Accounting Corporation, during the year which amounted to S$4,900 or 1.2% of the audit fees, was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC recommended that Messrs Nexia TS Public Accounting Corporation be nominated for re-appointment as auditors at the forthcoming AGM.

12.7 The AC is satisfied that the Company has complied with Rule 712 and Rule 715 of the Listing Manual in relation to its auditing firms. No former partner or director of the Company's existing auditing firm is a member of the AC.

12.8 In FY2018, the AC was kept abreast by the external auditors of changes to accounting standards and issues which have a direct impact on financial statements.

12.9 In the review of the financial statements for FY2018, the AC has discussed with the Management and the external auditors on significant issues and assumptions that impact the financial statements.

INTERNAL AUDIT

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

13.1 The internal audit function of the Group is conducted by the internal audit team of the Company. The primary functions of internal audit are to:

1. assess if adequate systems of internal controls are in place to protect the funds and assets of the Group and to ensure control procedures are complied with;

2. assess if operations of the business processes under review are conducted efficiently and effectively; and

3. identify and recommend improvements to internal control procedures, where required.

13.2 The internal auditors are required to adopt the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

13.3 The internal auditors will report directly to the Chairman of the AC, with full and direct access to the members of the AC at all times. The AC ensures the adequacy of the internal audit function at least annually.

13.4 The Company has put in place a Whistle-Blowing Policy for the Group. The said policy serves to encourage and provide a channel for employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The arrangement also ensures independent investigation of such matters and appropriate follow-up actions.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITY

SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

14.1 The Board is mindful of its obligation to release timely and fair disclosure of material information and does not practise selective disclosure. In line with continuous disclosure obligations of the Company set out in the Listing Manual and the Companies Act, the Board's policy is that all Shareholders should be informed in a timely and equal manner of all major developments that impact the Group.

14.2 Shareholders are encouraged to attend the Company's general meetings to ensure a greater level of shareholders' participation. The Board views the general meetings as the principal forum for dialogue with the Shareholders, being an opportunity for the Shareholders to raise issues and ask the Directors or the Management questions regarding the Group and its operations. In the event that a Shareholder cannot attend the general meetings, a Shareholder who is not a relevant intermediary can appoint one (1) or two (2) proxies (or in the case of a Shareholder who is a relevant intermediary, more than two (2) proxies) to attend and vote on his behalf.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

15.1 Price-sensitive announcements including interim and full-year results are released through SGXNET within the mandatory period.

15.2 The Company regularly communicates with the Shareholders and attends to their questions by way of meeting. Also, it should be noted that the Company meets up with its institutional and retail investors once a year during the AGM. However, the Company has not set up a dedicated investor relations team and instead the securities department performs this role.

15.3 All Shareholders receive the Annual Report and notice of AGM, together with explanatory notes or a circular on items of special business, at least 14 calendar days before the meeting (excluding the date of notice and the date of meeting).

15.4 Apart from the SGXNET announcements and its annual report, the Company will also conduct media interviews as and when appropriate to give the Shareholders and the public deeper insights of the Group's business and strategies when opportunities present themselves. Further, the Company may, if it considers necessary and appropriate, release press releases or organise media/analyst briefings to keep the Shareholders informed of its corporate development.

15.5 The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Taking into consideration these factors, the Company has not declared any dividends for FY2018.

CONDUCT OF SHAREHOLDER MEETING

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholder the opportunity to communicate their views on various matters affecting the company.

16.1 Shareholders are encouraged to attend the Company's general meetings and are provided the opportunity to participate in the general meetings to ensure a greater level of shareholder participation. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of Shareholders through the web is not compromised.

16.2 The Chairmen of various committees will be available at the AGM to answer questions relating to the work of their respective committees. The external auditors will also be present to address Shareholders' queries about the conduct of the audit and preparation and content of the auditor's report.

16.3 The Company practises having separate resolutions at general meetings on each distinct issue and will make available minutes of general meetings to Shareholders upon their request. For greater transparency, the Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

16.4 The Company Secretary prepares minutes of the general meetings which include substantial and relevant comments or queries from the Shareholders relating to the agendas of the meetings, and responses from the Board and Management. These minutes are subsequently approved by the Board and made available to Shareholders during office hours at the registered office.

5. INTERESTED PERSON TRANSACTIONS

17 The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that these transactions are conducted at arm's length basis and are not prejudicial to the interests of the Shareholders. Excluding transactions less than S$100,000, other than the transaction disclosed below, there are no other interested person transactions during the financial year under review:

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interest person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transaction less than S$100,000)
Name of interested person	**S$**	**S$**
Zhong Yuxin	684,618 (1)	-
Yuan Lesheng	133,109 (2)	-

Note:

(1) Mr Zhong Yuxin is the brother of an Executive Director, Mr Zhong Yuzhao. The transaction value arises out of the lease of Debao Hotel owned by the Group to Mr Zhong Yuxin.

(2) Mr Yuan Lesheng is the father of our Executive Director, Mr Yuan Jiajun, and a controlling shareholder of the Company. The transaction value arises out of the consultancy agreement entered into by Mr Yuan Lesheng and the Company for the provision of consultancy services to the Company.

6. DEALINGS IN SECURITIES

18.1 The Group has adopted an internal code of conduct on dealings in the Company's securities by all Directors and employees of the Group and the Company notes that its Directors and employees do not deal with the Company's securities on short-term considerations.

18.2 The code of conduct relates to, *inter alia*, insider trading prohibitions under the Securities and Future Act (Chapter 289) of Singapore, the disclosure requirements of the SGX-ST and prohibitions on Directors and employees from dealing in the Company's securities during the two (2) weeks immediately preceding, and up to the time of the announcement of, the Company's results for each of the first three quarters of its financial year and during the one (1) month preceding, and up to the time of announcement of, the Company's results for the full financial year.

7. MATERIAL CONTRACTS

19 Except as disclosed in the Directors' Statement and Financial Statements, no material contracts (including loans) of the Company or its subsidiaries involving the interests of the Executive Directors and CEO or any Directors or controlling Shareholders subsisted at the end of the financial year or had been entered into since the end of the previous financial year.

8. TREASURY SHARES

20 There are no treasury shares held by the Company as at the end of FY2018.

Financial Contents

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2018 and the statement of financial position of the Company as at 31 December 2018.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 39 to 139 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, after considering the matters as described in Note 2.1 to the financial statements with respect to the Group's and the Company's ability to continue as going concerns, there are reasonable grounds to believe that the Group and Company will be able to pay their debts as and when they fall due.

Directors

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

Yuan Jiajun	
Zhang Mao	
Zhong Yuzhao	
Chia Seng Hee	
Ling Chung Yee, Roy	(Appointed on 25 February 2019)
Miu Ka Keung, Kevin	(Appointed on 25 February 2019)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		**Holdings in which director is deemed to have an interest**	
	At 01.01.2018	**At 31.12.2018**	**At 01.01.2018**	**At 31.12.2018**
Company				
(No. of ordinary shares)				
Yuan Jiajun	-	-	1,825,894	1,825,894
Zhong Yuzhao	1,537,283	2,770,756	-	-
Zhang Mao	2,401,709	2,401,709	80,800	80,800

The directors' interests in the ordinary shares of the Company as at 21 January 2019 were the same as those as at 31 December 2018.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

By virtue of Section 7 of the Singapore Companies Act, Yuan Jiajun is deemed to have interests in the shares of all the subsidiary corporations at the beginning and at the end of the financial year.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

As at the end of the financial year, there were no unissued shares of the Company under option.

Audit committee

The members of the Audit Committee at the end of the financial year were as follows:

Mr Cheong Keng Chuan, Alfred	(Chairman and independent director) (Resigned on 30 November 2018)
Mr He Guoquan	(Independent director) (Resigned on 30 November 2018)
Mr Chia Seng Hee	(Independent director)

All members of the Audit Committee are independent and non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50. In performing those functions, the Audit Committee reviewed:

(i) the scope and the results of internal audit procedures with the internal auditor;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2018 before their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group;

(iv) the co-operation and assistance given by the Company's management to the independent auditor;

(v) the re-appointment of the independent auditor of the Company; and

(vi) interested person transactions.

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

The Audit Committee has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

....	....
Zhong Yuzhao	**Zhang Mao**
Director	Director

11 October 2019

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of Debao Property Development Limited (the "Company") and its subsidiary corporations (the "Group") which comprise the consolidated statements of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on page 39 to 141.

We do not express an opinion on the accompanying consolidated financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(i) Opening balances

The financial statements for the financial year ended 31 December 2017 ("FY2017") were audited by an independent auditor (the "Preceding Auditor") other than Nexia TS Public Accounting Corporation, who issued a disclaimer of opinion on 12 November 2018 on those financial statements due to the following:

a) *<u>Legal matter – court's verdict on the act of bribery</u>*

The CEO of the Company was, on 16 October 2016, requested by the People's Procuratorate of Nanhai District, Foshan City, Guangdong Province, the People's Republic of China to assist in an investigation on a Chinese official of Foshan City.

During the audit of the financial statements for the year ended 31 December 2016, management represented to the Preceding Auditor that the focus of the investigation was on transactions relating to a construction contract which was awarded by a subsidiary of the Group to a construction company owned by an associate of this Chinese official. At that time, management had assessed whether the award of the construction contract was in accordance with the Group's policies and processes and that the pricing terms were comparable with market rates. Management concluded that the said construction contract was in compliance with the Group's policies and processes and the price was comparable to market rate.

The Preceding Auditor's audit procedures subsequently revealed that in December 2017, there was a court hearing in Nanhai District People's Court in relation to the abovementioned matter and in February 2018, the subsidiary and the CEO, as the legal representative of the subsidiary, were found guilty of an act of bribery by the court. The subsidiary was fined RMB2,000,000 and the CEO was sentenced to either an imprisonment of two (2) years or three (3) years of probation in lieu of imprisonment. These important developments were not disclosed to the Preceding Auditor, even though they made specific enquiries with management on the status of the investigation during the course of their audit, including at the Audit Committee meeting held on 28 February 2018 to approve the announcement of the Group's full year results.

Report on the Audit of the Financial Statements (continued)

Basis for Disclaimer of Opinion (continued)

(i) Opening balances (continued)

b) *Payment to political party in Malaysia*

As at 31 December 2017, included in the advances from non-controlling interests, is a balance of RM3,000,000 (RMB4,716,000) for a purported payment made by a minority shareholder on behalf of the Group to a political party in Malaysia. The amount was recorded as an administrative expense for FY2017. The related expense and amount payable were subsequently reversed from the Group's accounting records in May 2018.

Subsequently, pursuant to the Preceding Auditor raising their concerns to the Board of Directors and the Audit Committee, the Board of Directors engaged an independent professional accounting firm to perform certain agreed upon procedures to address, amongst others, the above matters. The Preceding Auditor made enquiries on their findings report dated 9 November 2018. Whilst the Company responded to their enquiries, the findings report and the Company's responses did not adequately address the Preceding Auditor's matters of concern as communicated to the Board of Directors and Audit Committee. Accordingly, they had not been able to obtain sufficient appropriate audit evidence as to whether there were any matters or issues that would have an impact on the financial statements.

In addition to the abovementioned matters, the Preceding Auditor had concerns over the inconsistent information and explanations that have been provided to them during the course of their audit with regards to the legal matter. In particular, the court hearing which took place in December 2017 and subsequent court verdict which was announced in February 2018 were not disclosed to them, even though specific enquiry was made on the status of the investigation at the audit committee meeting on 28 February 2018.

They were of the view that there was no basis for them to conclude on the matters of concern set out in the findings report and as they also had concern on the reliability of the representations from the key management personnel based on the facts stated above. Accordingly, there was no proper basis for them to conclude that the financial statements were fairly stated for FY2017. Therefore, they were not in a position to complete their audit and did not have any alternative means to complete their audit to express any opinion on the financial statements, as due to the above matters and concerns, they did not know if there was any further impact on the financial statements.

As the impact of the above form part of the opening balances for the current financial year, and in view of the Preceding Auditor's disclaimer of opinion on the financial statements for FY2017, and as we were not able to carry out any alternative audit procedures to obtain sufficient and appropriate audit evidence on the opening balances, we are unable to determine the impact on the current financial year's statement of comprehensive income and the net cash flows from any activities reported in the statement of cash flows arising from any other adjustments, if any, to these and any other opening balances.

(ii) Land costs of Elite Starhill Sdn. Bhd. ("Elite Starhill")

At the end of the financial year ended 31 December 2018, included in the development properties of the Group, are land costs pertaining to Elite Starhill of RM173,000,000 (approximately RMB287,577,000) brought forward from previous financial year. We were unable to verify to appropriate source documents or perform any other alternative audit procedures to satisfy ourselves that the carrying amount of the land costs are fairly stated.

In addition, subsequent to the end of the current financial year in April 2019, Elite Starhill was issued a warning letter by the local authorities stating that they did not comply to certain construction regulations and the management of Elite Starhill are to rectify these non-compliances immediately. Since the date of the warning letter, the construction of the development property has come to a halt and till the date of this report, the construction has not resumed. As part of the impairment assessment arising from the construction halt, we have compared Elite Starhill's land purchase cost to other similar published recently transacted land prices and noted that Elite Starhill's land purchase cost was significantly higher.

Report on the Audit of the Financial Statements (continued)

Basis for Disclaimer of Opinion (continued)

(ii) Land costs of Elite Starhill Sdn. Bhd. ("Elite Starhill") (continued)

Therefore, in view of the above mentioned matters, we were unable to determine whether any adjustments which might have been necessary to be recognised for the land costs included in development properties of the Group as at the beginning and end of the financial year ended 31 December 2018.

(iii) Divestment of Profit Consortium Sdn. Bhd. ("Profit Consortium")

Profit Consortium is a 62% owned subsidiary of the Company, classified as a Disposal Group held for sale, with Gross Assets and Liabilities of RMB93,066,00 and RMB87,066,000 respectively, classified and presented as a Disposal Group held for sale on the consolidated statement of financial position as at financial year ended 31 December 2018. Subsequent to the financial year, specifically on 26 April 2019 and 25 July 2019, the Group disposed off 43% and 19% of its shareholdings in Profit Consortium for a consideration of RMB4,000,000 and RMB2,000,000, respectively, to unrelated third parties. The impairment loss taken to profit or loss in the current financial year, in view of the actual disposal subsequent to the current financial year end, is approximately RMB41,178,000 and RMB13,674,000 respectively. Following the disposal, the Group would cease to have any equity interest in Profit Consortium.

We were unable to obtain sufficient appropriate audit evidence or were we able to satisfy ourselves by any other alternative audit procedures whether the assets and liabilities of Profit Consortium at the beginning and end of the financial year ended 31 December 2018 is fairly stated. Consequently, we were unable to determine whether there are any adjustments which might have been necessary in respect of the impairment loss reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows for the financial year ended 31 December 2018.

(iv) Poly Ritz Green (Malaysia) Sdn Bhd ("Poly Ritz")

In accordance with Singapore Standards on Auditing 600 Special Considerations — *Audits of Group Financial Statements* (*Including the Work of Component Auditors*), we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the Group financial statements are prepared, in all material respects, in accordance with SFRS (I). We were unable to perform audit procedures to obtain sufficient appropriate audit evidence to determine the Group's share of Poly Ritz's results and net assets/liabilities for the financial year ended 31 December 2018 as well as the relevant disclosures under SFRS (I) 1-28 *Investments in Associates and Joint Ventures* to be included in the consolidated financial statements of the Group.

(v) Expected Credit Loss ("ECL") of Other Receivables of RM43,534,000 (RMB72,366,000)

In accordance with Singapore Financial Reporting Standards (International) 9 *Financial Instruments* ("SFRS(I) 9") — the Group is required to account for its expected credit risk in its trade and other receivables by appropriately providing for ECL, on a timely basis and in calculating the ECL rates, the Group should considers historical loss rates, and adjusts for forward looking macroeconomic data.

For a certain other receivables amounting to RM43,534,000 (RMB72,366,000), there has been a significant increase in default risk since initial recognition as the amount was due to the Group on 30 November 2018 and as at date of this report, there have been no subsequent receipts. Although the default risk on the amount has increased significantly since initial recognition, the Group did not measure the loss allowance for these other receivables at an amount equal to 12-month or lifetime ECL, as the management has determined that there was no increase in credit risk since initial recognition and has assessed the amount to be recoverable.

The assessment of whether 12-month and lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Accordingly, we are unable to obtain sufficient appropriate audit evidence to determine whether the ECL for these other receivables of RM43,534,000 (RMB72,366,000) is adequate for the financial year ended 31 December 2018.

Report on the Audit of the Financial Statements (continued)

Basis for Disclaimer of Opinion (continued)

(vi) Non-receipt of bank confirmations

Confirmations in respect of bank and loan balances amounting to RMB4,109,743 (31 December 2017: RMB13,338,956, 1 January 2017: RMB370,197,197) and RMB52,300,000 (31 December 2017: RMB Nil, 1 January 2017: RMB515,120,000) respectively from banks have not been received by us. Consequently, we were unable to carry out audit procedures necessary to obtain sufficient appropriate audit evidence regarding the carrying value and completeness of the bank and loan balances for the financial year ended 31 December 2018. There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding the carrying value and completeness of the bank and loan balances, including any disclosures that may be required. Accordingly, we were unable to quantify the adjustments that would be required, had the confirmations from the banks been received by us as any adjustment to the bank and loan balances might have a significant financial impact on the results for the current financial year.

(vii) Going concern

As disclosed in Note 2.1 to the financial statements, in preparing the financial statements, the Board of Directors has considered the Group and the Company as going concerns notwithstanding that the Group and the Company incurred net loss of RMB333,557,000 and RMB41,454,000 for the financial year ended 31 December 2018 respectively (2017: RMB49,383,000 and net profit of RMB231,864,000 respectively). The Group's operations are highly dependent on borrowings and as at 31 December 2018, total borrowings amounted to RMB1,887,284,000 (31 December 2017: RMB1,634,667,000) and amounts classified as current are RMB526,466,000 (31 December 2017: RMB633,564,000). During the current financial year, to support the Group's operating cash flow requirements, the Group obtained loans from individuals and other non-financial institutions amounting to RMB137,799,000 and the outstanding balance of these loans as at 31 December 2018 is RMB1,293,320,000. These other loans from individuals and other non-financial institutions bore average annual interest rate ranging from 18% to 38% and the Group incurred interest expense amounting to RMB103,121,000 for the financial year ended 31 December 2018.

Although the above financial and other conditions indicate the existence of material uncertainties which may cast significant doubts on the Group's and the Company's abilities to continue as going concerns, the Board of Directors believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2018 is still appropriate after taking into consideration the following measures taken by the Company factors and assumptions:

a) During the financial year on 31 May and 1 August 2018, the Group entered into a Loan Agreement ("LA") with a non-financial institution to drawdown a total of RMB200,000,000 in multiple tranches before 31 January 2020. The details and material terms of the LA are disclosed in Note 28 to the financial statements and the Group expects to meet these material terms in the LA and if not, an extension can be obtained;

b) Divestment of non-core assets in Malaysia, namely Profit Consortium Sdn Bhd within 12 months subsequent to the financial year ended 31 December 2018;

c) The Group is confident in obtaining the lenders' approval for roll over of all the loans, which are due in the financial year 2019;

d) The Group's ability to sell the development properties at the current market selling price and the timing of the receipt of proceeds estimated by management; and

e) The Group is able to generate positive cash flow from operations for the next twelve months and with the completion of (a) to (d) above, the Group would have sufficient cash to meet its obligations as and when they fall due for the next twelve months.

Report on the Audit of the Financial Statements (continued)

Basis for Disclaimer of Opinion (continued)

(vii) Going concern (continued)

The ability of the Group and of the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due are dependent upon the successful outcome of the measures and assumptions undertaken as disclosed above which cannot be determined at present. At the date of this report, we are unable to obtain sufficient audit evidence regarding the likely outcome of these measures and assumptions. Therefore, we are not able to form an opinion as to whether the going concern basis of presentation of the accompanying financial statements of the Company is appropriate.

In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The financial statements do not include any adjustment which may arise from these uncertainties.

Responsibilities of Management and Directors 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 Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards International ("SFRS(I)"), 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.

In preparing the financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards of Auditing and to issue an auditor's report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DEBAO PROPERTY DEVELOPMENT LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of matters described in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this Independent Auditor's report is Loh Ji Kin.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
11 October 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RMB'000	2017 RMB'000 (Restated)
Revenue	4	**172,018**	298,873
Cost of sales	5	**(84,194)**	(349,757)
Gross profit/(loss)		**87,824**	(50,884)
Other income	7	**3,274**	8,614
Other (losses)/gains – net	8	**(230,771)**	260,156
Expenses			
- Distribution and marketing	5	**(6,368)**	(9,025)
- Administrative	5	**(52,499)**	(41,903)
- Finance	9	**(176,180)**	(180,636)
Loss before income tax		**(374,720)**	(13,678)
Income tax credit/(expense)	10	**41,163**	(35,705)
Net loss for the year		**(333,557)**	(49,383)
Other comprehensive income/(loss)			
Items that maybe reclassified subsequently to profit or loss:			
Net currency translation differences arising from consolidation	34	**(25,722)**	11,674
Items that will not be reclassified subsequently to profit or loss:			
Reversal of capital reserve on disposal of subsidiaries	34	**-**	2
Reversal of revaluation reserve on disposal of subsidiaries	34	**-**	(17,788)
Reversal of translation reserve on disposal of subsidiaries	34	**-**	5,447
Other comprehensive loss, net of tax		**(25,722)**	(665)
Total comprehensive loss		**(359,279)**	(50,048)
Loss attributable to:			
Equity holders of the Company		**(321,785)**	(35,010)
Non-controlling interests		**(11,772)**	(14,373)
		(333,557)	(49,383)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(347,507)**	(35,675)
Non-controlling interests		**(11,772)**	(14,373)
		(359,279)	(50,048)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic loss per share	11	**(429)**	(47)
Diluted loss per share	11	**(429)**	(47)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 31 December 2018 RMB'000	31 December 2017 RMB'000 (Restated)	1 January 2017 RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	12	**17,525**	46,166	88,442
Restricted cash	13	**202,076**	205,031	364,779
Trade and other receivables	14	**644,518**	966,925	449,114
Contract assets	4(b)	**10,973**	-	-
Inventories	15	**257**	255	262
Properties held for sale	16	**35,314**	148,344	207,941
Development properties	17	**970,855**	1,095,123	978,480
Prepaid leases	18	**223**	223	223
		1,881,741	2,462,067	2,089,241
Disposal group assets classified as held-for-sale	19	**93,066**	-	2,652,394
		1,974,807	2,462,067	4,741,635
Non-current assets				
Trade and other receivables	14	**10,000**	10,000	10,000
Prepaid leases	18	**3,918**	4,141	4,364
Property, plant and equipment	20	**25,871**	29,420	29,594
Investment properties	21	**2,115,051**	2,015,139	1,983,697
Investment in an associate	23	**40**	-	-
Investment in a joint venture	24	**-**	-	-
Financial asset, FVOCI	25	**1,300**	-	-
Available-for-sale investment	25	**-**	1,300	1,300
Insurance assets	26	**-**	3,210	1,549
Deferred tax assets	32	**19,017**	17,309	16,922
Goodwill	27	-	4,192	4,192
		2,175,197	2,084,711	2,051,618
Total assets		**4,150,004**	4,546,778	6,793,253
LIABILITIES				
Current liabilities				
Borrowings	28	**526,466**	633,564	1,379,513
Trade and other payables	29	**609,130**	905,754	892,135
Lease payables	30	**27,425**	24,779	23,420
Contract liabilities	4(b)	**75,710**	112,699	114,576
Provisions	31	**90,515**	88,839	12,522
Income tax payable		**121,447**	130,402	82,857
		1,450,693	1,896,037	2,505,023
Liabilities directly associated with disposal group assets classified as held-for-sale	19	**87,066**	-	1,503,082
		1,537,759	1,896,037	4,008,105
Non-current liabilities				
Borrowings	28	**1,360,818**	1,001,103	1,050,564
Trade and other payables	29	**7,749**	5,124	2,526
Lease payables	30	**151,154**	152,809	154,725
Deferred tax liabilities	32	**264,709**	304,611	340,191
		1,784,430	1,463,647	1,548,006
Total liabilities		**3,322,189**	3,359,684	5,556,111
NET ASSETS		**827,815**	1,187,094	1,237,142

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 31 December 2018 RMB'000	31 December 2017 RMB'000 (Restated)	1 January 2017 RMB'000
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	33	**909,831**	909,831	909,831
Other reserves	34	**102,011**	127,733	128,398
(Accumulated losses)/Retained earnings		**(160,562)**	161,223	196,233
Equity attributable to equity holders of the Company		**851,280**	1,198,787	1,234,462
Non-controlling interests	22	**(23,465)**	(11,693)	2,680
TOTAL EQUITY		**827,815**	1,187,094	1,237,142

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	31 December 2018	Company 31 December 2017	1 January 2017
		RMB'000	**RMB'000**	**RMB'000**
ASSETS				
Current assets				
Cash and cash equivalents	12	**35**	100	38
Trade and other receivables	14	**1,305,667**	1,298,870	927,029
		1,305,702	1,298,970	927,067
Subsidiary classified as held-for-sale		**-**	-	787
		1,305,702	1,298,970	927,854
Non-current assets				
Investment in subsidiaries	22	*	1,028	1,028
		*	1,028	1,028
Total assets		**1,305,702**	1,299,998	928,882
LIABILITIES				
Current liabilities				
Trade and other payables	29	**357,360**	339,148	327,554
Provision	31	**86,204**	81,736	-
Income tax payable		**34,323**	37,623	-
Total liabilities		**477,887**	458,507	327,554
NET ASSETS		**827,815**	841,491	601,328
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	33	**909,831**	909,831	909,831
Translation reserve	34	**25,625**	(2,153)	(10,452)
Accumulated losses		**(107,641)**	(66,187)	(298,051)
TOTAL EQUITY		**827,815**	841,491	601,328

* Less than RMB1,000

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Attributable to equity holders of the Company								
	Note	Share capital RMB'000	Capital reserve RMB'000	Revaluation reserve RMB'000	Translation reserve RMB'000	Statutory reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Group										
2018										
Balance as at 31 December 2017, as previously reported		909,831	86,726	-	11,611	23,886	263,124	1,295,178	(11,699)	1,283,479
Prior year adjustments and adoption of SFRS (I) (Note 43)		-	-	-	5,510	-	(101,901)	(96,391)	6	(96,385)
Balance as at 1 January 2018, restated		909,831	86,726	-	17,121	23,886	161,223	1,198,787	(11,693)	1,187,094
Total comprehensive income/(loss) for the year:										
Loss for the year		-	-	-	-	-	(321,785)	(321,785)	(11,772)	(333,557)
Other comprehensive loss for the year	34	-	-	-	(25,722)	-	-	(25,722)	-	(25,722)
Balance as at 31 December 2018		909,831	86,726	-	(8,601)	23,886	(160,562)	851,280	(23,465)	827,815
2017										
Balance as at 31 December 2016, as previously reported		909,831	86,724	17,788	(152)	23,886	229,543	1,267,620	2,678	1,270,298
Prior year adjustments and adoption of SFRS (I) (Note 43)		-	-	-	152	-	(33,310)	(33,158)	2	(33,156)
Balance as at 1 January 2017, restated		909,831	86,724	17,788	-	23,886	196,233	1,234,462	2,680	1,237,142
Total comprehensive income/(loss) for the year:										
Loss for the year		-	-	-	-	-	(35,010)	(35,010)	(14,373)	(49,383)
Other comprehensive income/(loss) for the year	34	-	2	(17,788)	17,121	-	-	(665)	-	(665)
Balance as at 31 December 2017		909,831	86,726	-	17,121	23,886	161,223	1,198,787	(11,693)	1,187,094

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RMB'000	2017 RMB'000 (Restated)
Operating activities			
Loss after tax		**(333,557)**	(49,383)
Adjustments for:			
Income tax		**(41,163)**	35,705
Fair value (gain)/loss on investment properties	8	**(22,375)**	10,900
Gain on disposal of subsidiaries	8	**-**	(183,734)
Impairment for non-current assets held-for-sale	8	**54,852**	-
Unrealised exchange differences		**103,911**	105,341
Interest expense	9	**176,180**	180,636
Depreciation expense	5	**2,905**	2,290
Amortisation of prepaid leases	5	**223**	223
Loss on revocation of purchase of investment properties	8	**4,243**	-
Impairment loss on insurance assets	8	**3,210**	-
Impairment on goodwill	8	**4,192**	-
Interest income	7	**(2,606)**	(6,386)
Operating cash flows before movements in working capital		**(49,985)**	(95,592)
Trade and other receivables		**322,407**	(481,821)
Contract assets		**(10,973)**	-
Inventories		**(2)**	7
Development properties		**63,415**	(116,643)
Properties held for sale		**51,133**	59,597
Trade and other payables		**(293,999)**	16,217
Contract liabilities		**(36,989)**	(1,877)
Provisions		**1,500**	81,736
Cash generated from/(used in) operations		**46,507**	(347,192)
Interest paid		**(168,835)**	(180,636)
Interest received		**2,606**	6,386
Income tax paid		**(66,166)**	(14,764)
Net cash used in operating activities		**(185,888)**	(536,206)
Investing activities			
Purchase of property, plant and equipment	20	**(1,026)**	(1,006)
Deposit to acquire Plaza Rakyat project		**-**	(35,990)
Investment in an associate	23	**(40)**	-
Purchase of insurance assets	26	**-**	(1,572)
Proceeds from disposal of investment properties		**-**	168,000
Disposal of subsidiary, net of cash disposed		**-**	965,432
Addition to investment properties	21	**(15,640)**	(8,755)
Net cash (used in)/provided by investing activities		**(16,706)**	1,086,109

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RMB'000	2017 RMB'000 (Restated)
Financing activities			
Decrease in restricted cash		2,955	159,748
Lease payables		(6,354)	(557)
New bank loans raised		330,359	714,496
Other loans raised		137,799	391,472
Repayment of bank loans		(74,114)	(1,218,467)
Repayment of other loans		(205,075)	(628,181)
Repayment to amount due to former non-controlling interests		(11,617)	(20,880)
Advance from third parties		-	6,230
Advance from non-controlling interests		-	3,960
Net cash provided by/(used in) financing activities		173,953	(592,179)
Net decrease in cash and cash equivalents		(28,641)	(42,276)
Cash and cash equivalents at beginning of year	12	46,166	88,442
Cash and cash equivalents at end of year	12	17,525	46,166

Reconciliation of liabilities arising from financing activities

	1 January 2018 RMB'000	Proceeds from borrowings RMB'000	Principal and interest payments RMB'000	Non-cash changes: Foreign exchange movement RMB'000	31 December 2018 RMB'000
Bank loans	267,241	330,359	(74,114)	70,478	593,964
Other loans	1,367,426	137,799	(205,075)	(6,830)	1,293,320

	1 January 2017 RMB'000	Proceeds from borrowings RMB'000	Principal and interest payments RMB'000	Non-cash changes: Foreign exchange movement RMB'000	31 December 2017 RMB'000
Bank loans	813,387	714,496	(1,218,467)	(42,175)	267,241
Other loans	1,616,690	391,472	(628,181)	(12,555)	1,367,426

* Bank borrowings include the liabilities directly associated with disposal group classified as held-for-sale.

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General information

Debao Property Development Limited (the "Company") is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "Singapore Exchange" or "SGX-ST") and incorporated and domiciled in Singapore. The address of its registered office and principal place of business is at 80 Raffles Place, #32-01, UOB Plaza 1, Singapore 048624.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiary corporations are disclosed in Note 22 to the financial statements.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards International ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires Management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

These financial statements are presented in Chinese Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") as indicated.

Going concern

In preparing the financial statements, the board of directors have considered the operations of the Group and the Company as going concerns notwithstanding that the Group and the Company incurred a net loss of RMB333,557,000 and RMB41,454,000 for the financial year ended 31 December 2018 respectively (2017: RMB49,383,000 and net profit of RMB231,864,000) and the Group's operations are highly dependent on borrowings and as at 31 December 2018, total borrowings amounted to RMB1,887,284,000 (31 December 2017: RMB1,634,667,000) and amounts classified as current are RMB526,466,000 (31 December 2017: RMB633,564,000). During the financial year, to support the Group's operating cash flow requirements, the Group obtained loans from individuals and other non-financial institutions amounting to RMB137,799,000 and the outstanding balance of these loans as at 31 December 2018 is RMB1,293,320,000. These are other loans from individuals and other non-financial institution bore average annual interest rate from 18% to 38% and incurred interest expense amounting to RMB103,121,000 for the financial year ended 31 December 2018.

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's abilities to continue as going concerns. Nevertheless, the board of directors believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2018 is still appropriate after taking into consideration the following assumptions and measures:

(a) During the financial year on 31 May and 1 Aug 2018, the Group entered into a Loan Agreement ("LA") with a non-financial institution to drawdown a total of RMB200,000,000 in multiple tranches before 31 January 2020. The details and material terms of the LA are disclosed in Note 28 and the Group is expecting to meet these material terms in the LA and if not, an extension can be obtained;

(b) Divestment of non-core assets in Malaysia (Profit Consortium Sdn. Bhd.) within 12 months subsequent to the financial year ended 31 December 2018;

(c) The Group is confident in obtaining the lenders' approval for roll over of all the loans, which are due in the financial year 2019;

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Going concern (continued)

(d) The Group's ability to sell the development properties at the current market selling price and the timing of the receipt of proceeds estimated by management; and

(e) The Group is able to generate positive cash flow from operations for the next twelve months and with the completion of (a) to (d) above, the Group would have sufficient cash to meet its other obligations as and when they fall due for the next twelve months.

In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The financial statements do not include any adjustment which may arise from these uncertainties.

2.2 Revenue recognition

(a) Revenue from development properties

The Group develops and sells residential and commercial properties before completion of construction of the properties.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset, i.e. at a point in time.

Estimates of revenue, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision are made known to the Group.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relate less the costs that relate directly to providing the goods and that have not been recognised as expenses.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(b) *Revenue from sale of investment properties*

Management is of the view that each contract comprises a single performance obligation which is satisfied at a point in time. Hence, the revenue is recognised when the control of the properties (for example, title deed transfer) is transferred to the customers and the customers have accepted it in accordance with the sales and purchase agreement.

(c) *Property management service income*

Management fee income is recognised when services are rendered and each contract comprises a single performance obligation which is satisfied over time. Hence, the revenue is recognised when the service is rendered.

(d) *Revenue from construction contracts*

Certain entities within the Group construct properties for property developers. Revenue is recognised when the control over the property has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the property over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

For certain contracts where the Group does not have enforceable right to payment, revenue is recognised only when the completed property is delivered to the customers and the customers have accepted it in accordance with the sales contract.

The period between the transfer of the promised goods and payment by the customer may exceed one year. For such contracts, there is no significant financing component present as the payment terms follows the industry practice to protect the performing entity from the customers' failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Estimates of revenue, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision are made known to the Group.

The customer is invoiced on a milestone payment schedule. If the value of the goods transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (e.g. Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (a) these cost relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these cost generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(e) *Property rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(f) *Interest income*

Interest income, including income arising from financial instruments, is recognised using the effective interest method.

(g) *Dividend income*

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) *Subsidiary corporations*

(i) *Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

2 Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the identifiable net assets of the subsidiary corporation acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation, including any goodwill, are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations, an associated company and joint ventures" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2 Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) *Associated company and a joint venture*

An associated company is an entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in an associated company and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investments in an associated company and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on the associated company and joint ventures represents the excess of the cost of acquisition of the associated company or joint ventures over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

(ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated company's or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated company or joint ventures are recognised as a reduction at the carrying amount of the investments.

When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company or joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associated company or joint ventures are eliminated to the extent of the Group's interest in the associated company or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of the associated company or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Investments in an associated company or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations, an associated company and joint ventures" for the accounting policy on investments in an associated company and joint ventures in the separate financial statements of the Company.

2 Significant accounting policies (continued)

2.5 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using for purpose other than to produce inventories.

(b) *Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Land	28 years
Building	20 years
Plant & machinery	5 years
Motor vehicles	5 years
Equipment, furniture and fixtures	3 - 5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains/(losses) - net".

2 Significant accounting policies (continued)

2.6 Intangible assets

Goodwill

Goodwill on acquisitions of subsidiary corporations and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of the subsidiary corporations include the carrying amount of goodwill relating to the entity sold.

2.7 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.8 Investment properties

(a) Measurement

Investment properties include those portions of commercial buildings, commercial units and residential units that are held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

(b) Disposal

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

(c) Transfers

Transfers to, or from, investment properties are made when there is a change in use, evidenced by:

(i) Commencement of owner-occupation with a view for own use, for a transfer from investment properties to property, plant and equipment; and

(ii) Commencement of an operating lease to another party, for a transfer from development properties to investment properties.

2 Significant accounting policies (continued)

2.9 Investments in subsidiary corporations, an associated company and a joint venture

Investments in subsidiary corporations, an associated company and a joint venture are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.10 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Investment properties
Development properties
Properties held for sale
Property, plant and equipment
Investments in subsidiary corporations, an associated company and a joint venture

Investment properties, development properties, properties held for sale, property, plant and equipment and investments in subsidiary corporations, an associated company and a joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2 Significant accounting policies (continued)

2.11 Financial assets

The accounting for financial assets before 1 January 2018 is as follows:

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the statement of financial position date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the statement of financial position.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or Management intends to dispose off the assets within 12 months after the statement of financial position date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial and subsequent measurement

Financial assets are initially recognised at fair value plus transaction costs.

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of Available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

2 Significant accounting policies (continued)

2.11 Financial assets (continued)

The accounting for financial assets before 1 January 2018 is as follows: (continued)

(d) Impairment

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

If there is objective evidence of impairment, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the Available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

The accounting for financial assets from 1 January 2018 is as follows:

(e) Classification and measurement

Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income (FVOCI)

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

2 Significant accounting policies (continued)

2.11 Financial assets (continued)

The accounting for financial assets from 1 January 2018 is as follows: (continued)

(e) Classification and measurement (continued)

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

These are subsequently measured in the amortised costs category, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other (losses)/gains-net", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income. Dividends from equity investments are recognised in profit or loss as "dividend income".

(f) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 37(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2 Significant accounting policies (continued)

2.11 Financial assets (continued)

The accounting for financial assets from 1 January 2018 is as follows:

(g) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profit along with the amount previously recognised in other comprehensive income relating to that asset.

2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

Financial guarantee contracts are initially recognised at their fair value plus transaction costs and subsequently measured at the higher of:

a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

b) the amount of expected loss computed using impairment methodology under SFRS(I) 9.

Prior to 1 January 2018, financial guarantees were measured at the higher of (a) and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2 Significant accounting policies (continued)

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.16 Leases

(a) *When the Group is the lessee:*

The Group leases motor vehicles and office equipment under finance leases and leases land, premises and office equipment under operating leases from non-related parties.

(i) *Lessee – Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statements of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) *Lessee - Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) *When the Group is the lessor:*

The Group sublets its leasehold land and premises and freehold properties under operating leases to non-related parties.

Lessor - Operating leases

Leases of leasehold land and premises and freehold properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2 Significant accounting policies (continued)

2.17 Prepaid leases

Prepaid leases comprise land use rights and prepaid land rentals for use of mines. These are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised on a straight-line basis over the lease terms ranges from 40 to 50 years. The prepaid land rentals are amortised on a straight-line basis over the lease terms ranges from 18 to 20 years. The estimated useful lives and amortisation method are reviewed at the end of each year end, with the effect of any changes in estimate being accounted for on a prospective basis.

2.18 Development properties and Properties held for sale

(a) *Development properties*

Development properties are those land and properties which are held with the intention for development and sale in the ordinary course of business. They are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. The write-down to net realisable value is presented as allowance for foreseeable losses.

The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding the development properties are also capitalised, on a specific identification basis as part of the cost of the development properties until the completion of development. The cumulative impact of a revision in estimates is recorded in the period such revisions become likely and estimable. When it is probable that the cost of development properties will exceed sale proceeds of the development properties, the expected loss is recognised as an expense immediately. The development properties in progress have operating cycles longer than one year. Revenue recognition on properties under development is described in Note 4 to the financial statements.

(b) *Properties held for sale*

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction costs, related overhead expenditure, and financing charges and other net costs incurred during the period of development. Write-down is made when it is anticipated that the development properties' net realisable value has fallen below cost. Revenue recognition on completed properties held for sale is described in Note 4 to the financial statements.

2.19 Inventories

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

2.20 Income taxes

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

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

2 Significant accounting policies (continued)

2.20 Income taxes (continued)

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

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

Deferred income tax is measured:

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

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Group recognises the estimated liability to repair or replace products still under warranty at the statement of financial position date. This provision is based on historical experience of the level of repairs and replacements.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised in the profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2 Significant accounting policies (continued)

2.22 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(c) *Retirement benefit costs*

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.23 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Chinese Renminbi, which is the functional currency of the Company and have been rounded to the nearest thousand ("RMB'000").

(b) *Transactions and balances*

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

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "Finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "Other (losses)/gains - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2 Significant accounting policies (continued)

2.23 Currency translation (continued)

(c) *Translation of Group entities' financial statements*

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

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments.

2.25 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.26 Share capital and treasury shares

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

When entity purchases its own ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.27 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2 Significant accounting policies (continued)

2.28 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates, assumptions and judgements in applying the entity's accounting policies

(a) Provision of expected credit loss ("ECL") of trade and other receivables

The Group uses the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The loss rates are initially based on management's historical observed default rates. Management will calibrate and adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in Note 37(b).

The carrying amount of trade receivables as at 31 December 2018 is RMB16,608,000 (31 December 2017: RMB47,678,000; 1 January 2017: RMB52,795,000).

For other receivables, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the other receivables has not increased significantly since initial recognition, the Group measures the loss allowance for other receivables at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The carrying amount of other receivables as at 31 December 2018 is RMB530,935,000 (31 December 2017: RMB717,129,000, 1 January 2017: RMB244,380,000).

3 Critical accounting estimates, assumptions and judgements (continued)

3.1 Critical accounting estimates, assumptions and judgements in applying the entity's accounting policies (continued)

(b) Estimation of net realisable value for development properties

Development properties are stated at the lower of cost and net realisable value.

The Group assesses at each reporting date the net realisable value of development properties by reference to sales prices of comparable properties, timing of sale launches, location of property, expected net selling prices and development expenditure. Market conditions may, however, change which may affect the future selling prices on the remaining unsold units of the development properties and accordingly, the carrying amount of development properties for sale may have to be written down in future periods.

The carrying amount of the development properties stated at net realisable value as at 31 December 2018 is RMB970,855,000 (31 December 2017: RMB1,095,123,000; 1 January 2017: RMB978,480,000).

(c) Valuation of investment properties

As disclosed in Note 21 to the financial statements, investment properties are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the valuer has based on a valuation method which involves certain estimates. In relying on the valuation report, management has exercised its judgement and is satisfied that the valuation method is reflective of current market conditions and the estimations used are appropriate.

(d) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units (CGU) to which goodwill has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill of the Group amounted to RMB Nil (31 December 2017: RMB4,192,000; 1 January 2017: RMB4,192,000) as at 31 December 2018.

(e) Corporate guarantees

The Group has corporate guarantees as disclosed in Note 35 to the financial statements. The determination of the probability of the counterparties claiming under the guarantees requires judgement. Based on expectations at the end of the reporting period, management considers that it is more likely than not that no amount will be payable under the arrangement.

(f) Land Appreciation Tax ("LAT")

All income from sale of properties in the People's Republic of China ("PRC") is subjected to LAT at progressive rates under the PRC tax laws and regulations. Management has to estimate the LAT progressive rate to provide for LAT in accordance with the PRC tax laws and regulations.

The Group, as disclosed in Notes 10 and 32 to the financial statements, considered the provision of LAT to be adequate.

3 Critical accounting estimates, assumptions and judgements (continued)

3.1 Critical accounting estimates, assumptions and judgements in applying the entity's accounting policies (continued)

(g) *Construction contracts*

The Group has significant ongoing contracts to construct property. Revenue is recognised when the control over the property has been transferred to the customer. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group's recognition of construction revenue. When it is probable that the total contract costs will exceed the total construction revenue, a provision for onerous contracts is recognised immediately.

Significant judgement is used to estimate these total contract costs to complete. In making these estimates, Management has relied on the expertise of the surveying engineers to determine the progress of the construction and also on past experience of completed projects.

As at 31 December 2018, RMB10,973,000 of the Group's contract assets is subject to the estimation of progress towards completion using the input method. If the total contract cost of on-going contracts to be incurred had been higher/lower by 10% from Management's estimates, the Group's revenue and contract assets would have been lower/higher by RMB1,097,000 respectively. If the total contract costs of on-going contracts to be incurred had been higher by 10% from Management's estimates, a provision for onerous contracts of RMB1,097,000 would have been recognised.

3.2 Critical judgements in applying the entity's accounting policies

(a) *Deferred income tax*

The Group recognises income tax liabilities and assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred income tax recognised and the extent to which amounts should or can be recognised.

A deferred income tax asset is recognised for tax losses and capital allowances carried forward if it is probable that the entities within the Group will generate sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations in the respective jurisdictions in which the respective entities within the Group operates in.

If the tax authority regards the entities within the Group is not satisfying and/or meeting certain statutory requirements in their respective countries of incorporation, the unrecognised tax losses and merger and acquisition allowances will be forfeited.

The carrying values of deferred tax assets and deferred tax liabilities are set out in Note 32.

(b) *Sale of development properties*

For the sale of development properties, the Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. In making the assessment, the Group considered the terms of the contracts entered into with customers and the provisions of relevant laws and regulations applicable to the contracts. The assessment of whether the Group has an enforceable right to payment for performance completed to date involves judgement made in determining the enforceability of the right to payment under legal environment of the jurisdictions where the contracts are subject to.

Revenue from sale of development properties is disclosed in Note 4.

4 Revenue from contracts with customers

	Group	
	2018	2017
	RMB'000	RMB'000 (Restated)
Revenue from contract revenue with customers:		
- Sales of development properties	**66,558**	31,310
- Sales of investment properties	**-**	182,341
Revenue from construction contracts	**69,179**	53,388
Property management service income	**19,250**	17,015
	154,987	284,054
Property rental income	**17,031**	14,819
	172,018	298,873

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following categories, by nature of revenue and geographical regions.

	At a point in time	Over time	Total
	RMB'000	RMB'000	RMB'000
2018			
Sales of development properties			
- China	**66,558**	**-**	**66,558**
Sales of investment properties			
- China	**-**	**-**	**-**
Revenue from construction contracts			
- China	**-**	**69,179**	**69,179**
Property management service income			
- China	**19,250**	**-**	**19,250**
	85,808	**69,179**	**154,987**

4 Revenue from contracts with customers (continued)

(a) Disaggregation of revenue from contracts with customers (continued)

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following categories, by nature of revenue and geographical regions. (continued)

	At a point in time RMB'000	Over time RMB'000	Total RMB'000
2017			
Sales of development properties			
- China	31,310	-	31,310
Sales of investment properties			
- China	182,341	-	182,341
Revenue from construction contracts			
- China	-	53,388	53,388
Property management service income			
- China	17,015	-	17,015
	230,666	53,388	284,054

(b) Contract assets and liabilities

	31 December 2018 RMB'000	31 December 2017 RMB'000 (Restated)	1 January 2017 RMB'000
Over time:			
Contract assets – construction contracts	10,973	-	-
Point in time:			
Contract liabilities – sales of properties	75,710	112,699	114,576

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date arising from construction contracts. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract assets increased due to the timing differences between the agreed payment schedule and the progress of the construction work.

Contract liabilities are in relation to the advance consideration received from customers which were previously presented as "advance receipts from the sales of properties". The contract liabilities are recognised as revenue when the Group fulfils its performance obligations under contract when control of properties transfers to the customer.

4 Revenue from contracts with customers (continued)

(b) Contract assets and liabilities (continued)

(i) Revenue recognised in relation to contract liabilities

	Group 2018 RMB'000	Group 2017 RMB'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Sales of development properties	**36,989**	1,877

There is no revenue recognised in current period from performance obligations satisfied in previous periods.

(c) Assets recognised from costs to fulfil contracts

The Group has no other current assets in relation to costs to fulfil contracts with customers. Costs are amortised to profit or loss as cost of sales on a basis consistent with the pattern of recognition of the associated revenue.

Based on the Group's assessment, the expected costs to complete the remaining construction contracts as at 31 December 2018 are expected to be completely recovered through contract revenue, hence no expected loss is recognised in the financial year ended 31 December 2018 (2017: RMB Nil).

5 Expenses by nature

	Group 2018 RMB'000	Group 2017 RMB'000 (Restated)
Amortisation of prepaid leases (Note 18)	**223**	223
Cost of construction contracts, development properties and investment properties	**84,194**	349,757
Director's fees	**811**	1,007
Depreciation (Note 20)	**2,905**	2,290
Employee compensation (Note 6)	**26,519**	26,277
Entertainment expenses	**2,046**	915
Traveling expenses	**1,022**	1,011
Marketing expenses	**6,174**	5,655
Fees on audit services paid/payable to:		
- Auditor of the Company	**1,407**	1,933
Fees on non-audit services paid/payable to:		
- Auditor of the Company	**22**	2

6 Employee compensation

	Group 2018 RMB'000	Group 2017 RMB'000
Wages and salaries	**22,240**	22,455
Employer's contribution to defined contribution plans	**4,053**	3,534
Other short-term benefits	**226**	288
	26,519	26,277

7 Other income

	Group 2018 RMB'000	Group 2017 RMB'000 (Restated)
Bank interest income	**2,606**	6,386
Sundry income	**668**	2,228
Total	**3,274**	8,614

8 Other (losses)/gains – net

	Group 2018 RMB'000	Group 2017 RMB'000 (Restated)
Bad debts written off – trade receivables	**(19,323)**	-
Bad debts written off – other receivables	**(106,473)**	-
Loss upon revocation	**(4,243)**	-
Impairment for non-current assets held-for-sale (Note 19(a))	**(54,852)**	-
Insurance assets written-off (Note 26)	**(3,210)**	-
Impairment loss on goodwill (Note 27)	**(4,192)**	-
Gain on disposal of subsidiaries (Note 19(b))	**-**	183,734
Foreign exchange (losses)/gains, net	**(53,592)**	172,732
Fair value gain/(loss) on investment properties recognised in profit or loss (Note 21)	**22,375**	(10,900)
Provision for rectification cost of disposed subsidiaries' development properties (Note 31(b))	**(1,500)**	(81,736)
Other expenses	**(5,761)**	(3,674)
Total	**(230,771)**	260,156

9 Finance expenses

	Group 2018 RMB'000	Group 2017 RMB'000
Interest expense		
- Borrowings	**176,545**	282,896
- Finance lease liabilities	**34**	44
	176,579	282,940
Less: Amount capitalised as cost of development properties	**-**	(101,905)
Less: Amount capitalised as cost of investment properties	**(399)**	(399)
	176,180	180,636

10 Income taxes

	Group 2018 RMB'000	Group 2017 RMB'000
Income tax expense		
Tax expense/(credit) attributable to profit/(loss) is made up of:		
Loss for the financial year:	**446**	71,673
- Current income tax	**(41,609)**	(35,968)
- Deferred income tax (Note 32)	**(41,163)**	35,705

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follow:

	Group 2018 RMB'000	Group 2017 RMB'000 (Restated)
Loss before income tax	**(374,720)**	(13,678)
Tax calculated at tax rate of 25% (2017: 25%)	**(93,680)**	(3,420)
Effects of:		
- Different tax rates in other countries	**14,920**	(10,520)
- Expenses not deductible for tax purposes	**36,804**	54,186
- Income not subject to tax	**(1,944)**	(31,805)
- Deferred income tax assets not recognised	**21,115**	22,076
- Utilisation of previously unrecognised capital allowance and tax losses	**(19,893)**	(3,902)
- Land appreciation tax	**1,515**	9,090
Tax (credit)/charge	**(41,163)**	35,705

11 Earnings per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2018	**2017**
		(Restated)
Net loss attributable to equity holders of the Company (RMB'000)	**(321,785)**	(35,010)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**75,000**	75,000
Basic loss per share (cents per share)	**(429)**	(47)

(b) Diluted loss per share

For the purpose of calculating diluted (loss)/earnings per share, net (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has the following dilutive potential ordinary shares: share options.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised.

The number of shares that could have been issued upon the exercise of all dilutive share options less the number of share that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net loss.

Diluted loss per share attributable to equity holders of the Company is calculated as follows:

	Group	
	2018	**2017**
		(Restated)
Net loss attributable to equity holders of the Company and used to determine diluted earnings per share (RMB'000)	**(321,785)**	(35,010)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**75,000**	75,000
Diluted loss per share (cents per share)	**(429)**	(47)

12 Cash and cash equivalents

	Group		
	31 December 2018	31 December 2017	1 January 2017
	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	**17,525**	46,166	88,442

	Company		
	31 December 2018	31 December 2017	1 January 2017
	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	**35**	100	38

13 Restricted cash

	Group		
	31 December 2018	31 December 2017	1 January 2017
	RMB'000	RMB'000	RMB'000
Fixed deposits pledged for bank loans for development properties	**202,076**	205,031	364,779

The average effective interest rate of fixed deposits ranged from 0.11% to 2.10% (31 December 2017: 0.35% to 4.35%; 1 January 2017: 3% to 4.13%) per annum and the fixed deposits have a tenure of approximately 360 days (31 December 2017: 360 days; 1 January 2017: 360 days).

Significant restrictions

Cash in bank of RMB202,076,000 (31 December 2017: RMB205,031,000; 1 January 2017: RMB364,779,000) is held in the People's Republic of China and are subject to local exchange control regulations. These local exchange regulations provide for restrictions on remitting capital from the country, other than through normal dividends.

14 Trade and other receivables

	Group 31 December 2018 RMB'000	31 December 2017 RMB'000 (Restated)	1 January 2017 RMB'000
Trade receivables			
- Non-related parties	**12,627**	47,678	52,795
- Related parties	**3,981**	-	-
Trade receivables – net	**16,608**	47,678	52,795
Other receivables			
- Non-related parties	**501,186**	671,227	223,649
- Related parties	**29,749**	45,902	20,731
Other receivables – net	**530,935**	717,129	244,380
Deposits	**44,721**	165,493	130,317
Advance to non-related parties	**13,281**	445	4,955
Prepayments	**36,433**	18,120	8,897
Prepaid tax	**12,540**	28,060	17,770
Total trade and other receivables	**654,518**	976,925	459,114
Less: Non-current portion	**(10,000)**	(10,000)	(10,000)
Current portion	**644,518**	966,925	449,114

Included in deposits, amounting to RMB19,551,000 (31 December 2017: RMB Nil, 1 January 2017: RMB Nil) was a deposit paid to a non-financial institution to secure borrowings (Note 28).

Retention monies under construction contracts amounted to RMB4,933,000 (31 December 2017: RMB4,933,000; 1 January 2017: RMB Nil).

	Company 31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000
Other receivables – non-related parties	**228,928**	391,574	-
Amount due from subsidiaries	**1,053,068**	884,387	897,470
Prepayments	**-**	-	6,992
Advance payments	*****	*	-
Dividend receivable	**23,671**	22,909	22,567
Total trade and other receivables	**1,305,667**	1,298,870	927,029

* Less than RMB1,000

Amount due from subsidiaries is unsecured, interest-free and repayable on demand.

15 Inventories

	Group		
	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000**	**RMB'000**
Consumables	**257**	255	262

16 Properties held for sale

	Group		
	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000**	**RMB'000**
		(Restated)	
Cost	**35,314**	148,344	207,941

During the year, properties with a carrying amount of RMB Nil (31 December 2017: RMB8,409,000) were transferred from development properties.

During the year, properties with a carrying amount of RMB Nil (31 December 2017: RMB1,716,000) were transferred from investment properties.

During the year, properties with a carrying amount of RMB61,897,000 (31 December 2017: RMB30,665,000) were transferred to investment properties.

The Group has pledged properties held for sale with a carrying amount of approximately RMB Nil (31 December 2017: RMB5,348,000; 1 January 2017: RMB5,427,000) to secure banking facilities granted to the Group (Note 28).

17 Development properties

	Group		
	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000**	**RMB'000**
		(Restated)	
Properties under development	**459,825**	594,295	503,954
Land for development	**511,030**	500,828	474,526
	970,855	1,095,123	978,480

17 Development properties (continued)

At the reporting date, the development properties held by the Group are as follows:

Location	Description	Tenure	Stage of completion			Expected date of completion	Gross floor area (sq. m)
			31 December 2018	31 December 2017	1 January 2017		
			%	%	%		
Zhaoqing, Guangdong Province, the People's Republic of China	Sihui Project - Phase II	1	10	5	-	2021	100,000
Kuala Lumpur, Malaysia	Imbi Project	3	15	10	5	2021	210,000
Kuala Lumpur, Malaysia*	Plaza Rakyat Project	5	10	7	5	2023	685,000

Project	Group's effective interest		
	31 December 2018	31 December 2017	1 January 2017
	%	%	%
Sihui Project - Phase II	**100**	100	100
Imbi Project	**100**	100	100
Plaza Rakyat Project*	**62**	62	62

*: Classified as held for sale as at 31 December 2018

Certain bank borrowings are secured by development properties of the Group with carrying amounts of RMB200,000,000 (31 December 2017: RMB207,103,000 1 January 2017: RMB207,103,000) (Note 28).

18 Prepaid leases

	Group		
	Prepaid land rentals	Prepaid leases	Total
	RMB'000	**RMB'000**	**RMB'000**
Cost			
As at 1 January 2017, 31 December 2017 and 2018	2,627	2,973	5,600
Accumulated amortisation			
As at 1 January 2017	426	587	1,013
Amortisation during the year (Note 5)	142	81	223
As at 31 December 2017	568	668	1,236
Amortisation during the year (Note 5)	142	81	223
As at 31 December 2018	710	749	1,459
Carrying amount			
As at 1 January 2017	2,201	2,386	4,587
As at 31 December 2017	2,059	2,305	4,364
As at 31 December 2018	**1,917**	**2,224**	**4,141**
Amount to be amortised:			
As at 1 January 2017			
- Current	142	81	223
- Non-current	2,059	2,305	4,364
As at 31 December 2017			
- Current	142	81	223
- Non-current	1,917	2,224	4,141
As at 31 December 2018			
- Current	**142**	**81**	**223**
- Non-current	**1,775**	**2,143**	**3,918**

The Group has prepaid leases in the People's Republic of China ("PRC") where the Group's PRC corporate office and administrative facilities reside. The prepaid leases for the PRC corporate office have a remaining tenure of 28 years (31 December 2017: 29 years; 1 January 2017: 30 years).

The prepaid land rentals represent land use rights for a mine, under operating lease arrangements before the mining concession is obtained. The prepaid land rentals for the mine have a remaining tenure of 13 to 15 years (31 December 2017: 14 to 16 years; 1 January 2017: 15 to 17 years).

19 Disposal group classified as held-for-sale

(a) During the financial year ended 31 December 2018, the Group has committed to a plan to dispose its partially-owned subsidiary corporation in Malaysia, Profit Consortium Sdn. Bhd. ("PCSB"). Subsequent to the end of the financial year, on 26 April 2019 and 25 July 2019, the Group's management signed sales and purchase agreements with buyers to dispose 43% and 19% of the Group's shareholdings in PCSB respectively.

Therefore, as at the financial year end, the entire assets and liabilities relating to PCSB are presented as a disposal group held-for-sale as at 31 December 2018. The disposal was completed on 25 July 2019. An impairment loss of RMB54,852,000 was recognised in current year's profit or loss and there is no cashflow impact as PCSB's cash consideration was only received after the financial year.

	Group 31 December 2018 RMB'000
Details of the assets of disposal group classified as held-for-sale were as follows:	
Trade and other receivables	167,327
Development properties	174,583
Cash and cash equivalents	3
Property, plant and equipment (Note 20)	5
	341,918
Details of the liabilities directly associated with disposal group classified as held- for-sale were as follows:	
Trade and other payables	87,066
Net assets	254,852
Impairment loss to be recognised (Note 8)	(54,852)
Re-classed to other receivables due to repayment of liabilities on behalf by the new acquirer	(194,000)
Net assets of disposal group classified as held-for-sale	6,000

In accordance with SFRS(I) 5, the assets of disposal group classified as held-for-sale and liabilities directly associated with disposal group classified as held-for-sale were written down to their fair value less costs to sell of RMB6,000,000.

(b) On 1 January 2017, the Group was committed to a plan to dispose of an investment property located at Qiaodan Road North, Danzao Town, Nanhai District, Foshan City, Guangdong Province, PRC. Negotiations with a buyer has subsequently taken place. The carrying amount of this investment property amounting to RMB180,000,000 had been classified as held-for-sale and presented separately in the statement of financial position as at 1 January 2017 as it was expected to be sold within twelve months. On 11 January 2017, the Group entered into a sales and purchase agreement with a buyer to dispose of this investment property for consideration of RMB182,341,000. The disposal was completed during the financial year 31 December 2017.

19 Disposal group classified as held for sale (continued)

(c) On 8 November 2016, the Group entered into sale and purchase agreements with two buyers to dispose of its subsidiaries - Infinity Real Estate Holdings Pte Ltd, Foshan Sanshui Nengrun Property Development Co., Ltd, and Foshan Sanshui Fangao Land Co., Ltd ("Disposed Subsidiaries") for cash consideration of RMB2,023,000,000. The disposal was approved by the shareholders of the Company at the extraordinary general meeting held on 26 January 2017. Management assessed that the disposal was expected to be completed within twelve months and the conditions precedent to the disposal have been met with formalities to be finalised. Accordingly, the assets and liabilities of the Disposed Subsidiaries had been classified as held-for-sale and was presented separately in the statement of financial position as at 1 January 2017. The disposal was completed during the financial year 31 December 2017.

The Disposed Subsidiaries were not part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations. Accordingly, the financial performance of Disposed Subsidiaries was not presented as discontinued operations.

The consideration for the disposal of disposed subsidiaries was RMB2,023,000,000, which exceeded the net carrying amount of the disposed subsidiaries' assets and liabilities and, accordingly, no impairment loss had been recognised as at 1 January 2017.

The major class of assets and liabilities comprising the assets classified as held-for-sale were as follows:

	Group 1 January 2017 RMB'000
Details of the assets of disposal group classified as held-for-sale were as follows:	
Trade and other receivables	121,366
Development properties	1,585,716
Properties held for sales	344,077
Property, plant and equipment	235
Investment properties	601,000
	2,652,394
Details of the liabilities directly associated with disposal group classified as held-for-sale were as follows:	
Trade and other payables	631,431
Borrowings	775,718
Deferred tax liabilities	95,933
	1,503,082
Net assets	1,149,312

20 Property, plant and equipment

	Building	Plant and machinery	Motor vehicles	Equipment, furniture and fixtures	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
2018					
Cost					
Beginning of financial year	37,519	4,185	10,717	4,659	57,080
Currency translation differences	(864)	-	55	(748)	(1,557)
Reclassified as assets held for sale (Note 19)	-	-	-	(5)	(5)
Additions	-	-	579	447	1,026
Disposals	-	-	(786)	(36)	(822)
End of financial year	36,655	4,185	10,565	4,317	55,722
Accumulated depreciation and impairment losses					
Beginning of financial year	11,332	4,178	9,491	2,659	27,660
Currency translation differences	-	-	103	5	108
Depreciation charge (Note 5)	1,843	-	471	591	2,905
Disposals	-	-	(786)	(36)	(822)
End of financial year	13,175	4,178	9,279	3,219	29,851
Net book value					
Beginning of financial year	**26,187**	**7**	**1,226**	**2,000**	**29,420**
End of financial year	**23,480**	**7**	**1,286**	**1,098**	**25,871**

20 Property, plant and equipment (continued)

	Building	Plant and machinery	Motor vehicles	Equipment, furniture and fixtures	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
2017 (Restated)					
Cost					
Beginning of financial year	37,519	4,185	9,918	3,642	55,264
Currency translation differences	-	-	39	11	50
Additions	-	-	996	1,006	2,002
Disposals	-	-	(236)	-	(236)
End of financial year	37,519	4,185	10,717	4,659	57,080
Accumulated depreciation and impairment losses					
Beginning of financial year	10,214	4,178	9,171	2,107	25,670
Currency translation differences	-	-	(69)	5	(64)
Depreciation charge (Note 5)	1,118	-	625	547	2,290
Disposals	-	-	(236)	-	(236)
End of financial year	11,332	4,178	9,491	2,659	27,660
Net book value					
Beginning of financial year	27,305	7	747	1,535	29,594
End of financial year	26,187	7	1,226	2,000	29,420

Certain bank borrowings are secured by property, plant and equipment of the Group with carrying amounts of RMB24,627,000 (31 December 2017: RMB18,742,000; 1 January 2017: RMB19,949,000) (Note 28).

21 Investment properties

Group	Leasehold land and buildings RMB'000	Freehold properties RMB'000	Total RMB'000
2018			
Fair value			
Beginning of financial year	1,984,305	30,834	2,015,139
Transferred from property held for sale	61,897	-	61,897
Additions	12,975	2,665	15,640
Net fair value gain recognised in profit or loss (Note 8)	20,193	2,182	22,375
End of financial year	2,079,370	35,681	2,115,051
2017 (Restated)			
Fair value			
Beginning of financial year	1,983,697	-	1,983,697
Transferred from development properties	5,982	-	5,982
Transferred from property held for sale	-	30,665	30,665
Transferred to properties held for sale	(1,716)	-	(1,716)
Additions	8,755	-	8,755
Disposals	(1,344)	-	(1,344)
Net fair value loss recognised in profit or loss (Note 8)	(11,069)	169	(10,900)
End of financial year	1,984,305	30,834	2,015,139

* Refer to Note 43 to the financial statements for details of adjustments as at 1 January 2018 and 1 January 2017 on adoption of SFRS(I) 1.

Investment properties are leased to other related parties under operating leases (Note 38).

Certain bank borrowings are secured by investment properties of the Group with carrying amounts of RMB597,582,000 (31 December 2017: RMB116,907,000; 1 January 2017: RMB177,396,000) (Note 28).

The following amounts are recognised in profit or loss:

	Group 2018 RMB'000	Group 2017 RMB'000
Rental income	17,031	14,819
Direct operating expenses arising from:		
- Revenue generating properties	(1,095)	(272)

21 Investment properties (continued)

At the reporting date, the details of the Group's investment properties are as follows:

Description	Location	Title	Details of occupancy
Debao Hotel Complex	No. 136 Nanhai Avenue South, Nanhai District, Foshan City, Guangdong Province	The property is held under a land use term expiring on April 6, 2046	Tenanted
Underground car parking spaces	Yitong Commercial Building, Nanhai District, Foshan City, Guangdong Province	The property is held under a land use term expiring on December 31, 2052	Tenanted
An office unit and 15 retail shop units and 10 car parking spaces	Debao Garden, Nanhai District, Foshan City, Guangdong Province	The property is held under a land use term expiring on August 16, 2068	Tenanted
Various retail shop units Phases 1 to 4, Jiangnan Mingju	No. 39 Nanyi Road, Nanhai District, Foshan City, Guangdong Province	The property is held under a land use term expiring on September 24, 2072	Tenanted
Xinliwan Garden	Haibei Road, Nanhai District, Foshan City, Guangdong Province	The property is held under a land use term expiring on April 9, 2063	Tenanted
Tianjin Hotel Street Building	Nanshi Hotel Street, Heping District, Tianjin City	The property is held under a lease term expiring on June 30, 2033	Renovation in progress
Sihui Project Block A Sihui Shopping Mall	Sihui, Zhaoqing City, Guangdong Province	The property is held under a land use term expiring on December 30, 2052	Tenanted
Sihui Project Block B & C retail shop units	Sihui, Zhaoqing City, Guangdong Province	The property is held under a land use term expiring on December 30, 2052	Tenanted
Green Beverly Hills Sky Bungalows	Nilai, Negeri Sembilan, Malaysia	The property is held under freehold land	Tenanted
Sihui Project 639 basement carpark units	Sihui, Zhaoqing City, Guangdong Province	The property is held under a land use term expiring on December 30, 2052	Tenanted

21 Investment properties (continued)

Fair value hierarchy - Recurring fair value measurement

	Fair value measurement using		
Description	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	RMB'000	**RMB'000**	**RMB'000**
As at 31 December 2018			
- Residential - Malaysia	-	-	35,681
- Commercial - China	-	-	2,079,370
As at 31 December 2017 (Restated)			
- Residential - Malaysia	-	-	30,834
- Commercial - China	-	-	1,984,305
As at 1 January 2017			
- Residential - Malaysia	-	-	-
- Commercial - China	-	-	1,983,697

Valuation techniques and inputs used to derive Level 3 fair values

Level 3 fair values of the Group's properties have been derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is the reference to market evidence of transaction prices for similar properties and the rental income of the properties, and were performed in accordance with Royal Institution of Chartered Surveyors Valuation – Global Standards 2017. In estimating the fair value of the properties, the highest and best use of the properties is their current basis. There has been no change to the valuation technique during the financial year.

Valuation process of the Group

The Group performs the valuation of the investment properties required for financial reporting purposes, including Level 3 fair values. Discussion of valuation processes and results are held between the members of the Board of Directors based on the highest-and-best-use basis and market transacted data available publicly on a yearly basis.

There were no changes in valuation techniques during the financial year.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers into or out of fair value hierarchy levels for the financial years ended 31 December 2018 and 2017 and as at 1 January 2017.

21 Investment properties (continued)

Description	Fair value	Valuation technique(s)	Significant unobservable input(s)	Range
	RMB'000			
As at 31 December 2018				
Investment properties	2,115,051	Direct comparison approach	price per square meter [1]	RMB6,600 - RMB30,300
		Income capitalisation approach	market rent per square meter per month [1]	RMB20 - RMB188
			capitalisation rate [2]	4.5% - 10%
As at 31 December 2017 (Restated)				
Investment properties	2,015,139	Direct comparison approach	price per square meter [1]	RMB6,200 - RMB30,000
		Income capitalisation approach	market rent per square meter per month [1]	RMB18 - RMB141
			capitalisation rate [2]	4.5% - 10%
As at 1 January 2017 (Restated)				
Investment properties	1,983,697	Direct comparison approach	price per square meter [1]	RMB6,300 - RMB31,000
		Income capitalisation approach	market rent per square meter per month [1]	RMB15 - RMB270
			capitalisation rate [2]	4.5% - 10%

(1) Any significant isolated increases/(decreases) in these inputs would result in a significantly higher (lower) fair value measurement.

(2) Any significant isolated increases/(decreases) in these inputs would result in a significantly lower (higher) fair value measurement.

22 Investments in subsidiary corporations

	Company		
	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000**	**RMB'000**
Unquoted equity shares, at cost	**10**	10	797
Advance to subsidiary corporation	**1,018**	1,018	1,018
	1,028	1,028	1,815
Reclassified as held for sale	**-**	-	(787)
Allowance for impairment	**(1,028)**	-	-
End of financial year	*****	1,028	1,028

* Less than RMB1,000

22 Investments in subsidiary corporations (continued)

Management assessed for impairment whenever there is any objective evidence or indication that investments in subsidiary corporations may be impaired. An allowance for impairment loss was made in respect of the Company's investment in certain subsidiary corporations to reduce the carrying amount of the investments to the recoverable amounts, after taking into account the financial conditions of the subsidiary corporations.

The Group has the following subsidiary corporations as at 31 December 2018 and 2017 and 1 January 2017:

Name of company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent			Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interests		
			31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
			%	%	%	%	%	%	%	%	%
Held by the Company											
Dynamic Real Estate Holdings Pte. Ltd. (1)	Investment holding	Singapore	100	100	100	100	100	100	-	-	-
Derong Real Estate Holdings Pte. Ltd. (1)	Investment holding	Singapore	100	100	100	100	100	100	-	-	-
Infinity Real Estate Holdings Pte. Ltd. (6)	Investment holding	Singapore	-	-	100	-	-	100	-	-	-
Pavillion Treasures Land and Development Sdn. Bhd. (3)	Property development and investment	Malaysia	100	100	100	100	100	100	-	-	-
Held by Dynamic Real Estate Holdings Pte. Ltd.											
Foshan Nanhai Jiangnan Mingju Property Development Co., Ltd. (2)	Property development	People's Republic of China ("PRC")	100	100	100	100	100	100	-	-	-
Debao Property Development (HK) Limited (2)	Property development, general trade and investment	Hong Kong	100	100	100	100	100	100	-	-	-
Million Goldyear Sdn. Bhd. (4) (5)	Property development and investment	Malaysia	100	100	100	100	100	100	-	-	-

22 Investments in subsidiary corporations (continued)

The Group has the following subsidiary corporations as at 31 December 2018 and 2017 and 1 January 2017: (continued)

Name of company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent			Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interests		
			31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
			%	%	%	%	%	%	%	%	%
Held by Derong Real Estate Holdings Pte. Ltd.											
Foshan Nanhai Debao Investment Management Co., Ltd. (f.k.a Foshan Nanhai Debao Property Development Co., Ltd.) (2)	Investment property holding and development	PRC	100	100	100	100	100	100	-	-	-
Held by Infinity Real Estate Holdings Pte. Ltd.											
Foshan Sanshui Nengrun Property Development Co., Ltd. (6)	Property development	PRC	-	-	100	-	-	100	-	-	-
Held by Pavillion Treasures Land and Development Sdn. Bhd.											
Profit Consortium Sdn. Bhd. (3) (5) (7)	Property development	Malaysia	62	62	62	62	62	62	38	38	38
Held by Nanhai Jiangnan Mingju Property Development Co., Ltd.											
Foshan Nanhai Guiyu Property Management Co., Ltd. (2)	Property management	PRC	100	100	100	100	100	100	-	-	-
Foshan Nanhai Guihe Construction Engineering Co., Ltd. (2)	Construction	PRC	100	100	100	100	100	100	-	-	-

22 Investments in subsidiary corporations (continued)

The Group has the following subsidiary corporations as at 31 December 2018 and 2017 and 1 January 2017: (continued)

Name of company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent			Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interests		
			31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
			%	%	%	%	%	%	%	%	%
Held by Foshan Nanhai Debao Investment Management Co., Ltd. (f.k.a Foshan Nanhai Debao Property Development Co., Ltd.)											
Sihui Debao Jiangnan Mingju Development Co., Ltd. (2)	Investment property holding and development	PRC	100	100	100	100	100	100	-	-	-
Tianjin Hotel Street Co., Ltd. (2)	Investment property holding	PRC	57.8	57.8	57.8	57.8	57.8	57.8	42.2	42.2	422
Held by Foshan Nanhai Guiyu Property Management Co., Ltd.											
Foshan Nanhai Shun Mao Public Utilities Engineering Co., Ltd. (2)	Public utilities engineering	PRC	100	100	100	100	100	100	-	-	-
Held by Foshan Nanhai Guihe Construction Engineering Co., Ltd.											
Foshan Nanhai Yi Tian Procurement and Trading Co., Ltd. (2)	Sales and distribution of construction materials	PRC	100	100	100	100	100	100	-	-	-

22 Investments in subsidiary corporations (continued)

The Group has the following subsidiary corporations as at 31 December 2018 and 2017 and 1 January 2017: (continued)

Name of company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent			Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interests		
			31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
			%	%	%	%	%	%	%	%	%
Held by Foshan Nanhai Yi Tian Procurement and Trading Co., Ltd.											
Foshan Nanhai Yuzhi Landscaping Services Co., Ltd. (2)	Landscaping services	PRC	100	100	100	100	100	100	-	-	-
Foshan Nanhai Fangao Renovation Services Co., Ltd. (2)	Renovation services	PRC	100	100	100	100	100	100	-	-	-
Held by Foshan Nanhai Yuzhi Landscaping Services Co., Ltd.											
Guangdong Debao Land Co., Ltd. (2)	Property development	PRC	100	100	100	100	100	100	-	-	-
Held by Foshan Nanhai Renovation Services Co., Ltd.											
Foshan Sanshui Fangao Land Co., Ltd. (6)	Property development	PRC	-	-	100	-	-	100	-	-	-
Held by Guangdong Debao Land Co., Ltd.											
Guangxi Hezhou Deneng Mining Co., Ltd. (2)	Mining, yet to commence operation	PRC	68	68	68	68	68	68	32	32	32

22 Investments in subsidiary corporations (continued)

The Group has the following subsidiary corporations as at 31 December 2018 and 2017 and 1 January 2017: (continued)

Name of company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent			Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interests		
			31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
			%	%	%	%	%	%	%	%	%
Held by Foshan Nanhai Shun Mao Public Utilities Engineering Co., Ltd.											
Foshan Nanhai Deqiang Trading Co., Ltd. (2)	Sales and distribution of construction materials	PRC	100	100	100	100	100	100	-	-	-
Foshan Nanhai Shichu Investment Co., Ltd. (2)	Investment holding	PRC	100	100	100	100	100	100	-	-	-
Held by Debao Property Development (HK) Limited											
Deao Investment Company Limited (2)	Investment holding	PRC	100	100	100	100	100	100	-	-	-
Elite Starhill Sdn. Bhd. (3)	Property development	Malaysia	100	100	100	100	100	100	-	-	-

(1) Audited by Nexia TS Public Accounting Corporation, Singapore.
(2) Audited by Nexia TS Shanghai Certified Public Accountants, China for consolidation purpose.
(3) Audited by Hasnan THL Wong & Partners, Malaysia.
(4) Audited by Chew & Associates, Malaysia
(5) Acquired in 2016.
(6) Classified as held for sale in 2016 (Note 19).
(7) Classified as held for sale as at end of current financial year (Note 19).

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations would not compromise the standard and effectiveness of the audit of the Group.

22 Investments in subsidiary corporations (continued)

Carrying value of non-controlling interests

	Group		
	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000**	**RMB'000**
Tianjin Hotel Street Co., Ltd.	**(18,234)**	(6,809)	4,342
Others	**(5,231)**	(4,884)	(1,662)
Total	**(23,465)**	(11,693)	2,680

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised financial information for the subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial year ended 31 December 2018.

(i) Tianjin Hotel Street Co., Ltd.

Summarised statement of financial position

	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000**	**RMB'000**
Current			
Assets	**2,475**	17,125	11,675
Liabilities	**(265,051)**	(248,285)	(218,729)
Total current net liabilities	**(262,576)**	(231,160)	(207,054)
Non-current			
Assets	**397,342**	394,654	403,219
Liabilities	**(177,975)**	(179,630)	(185,875)
Total non-current net assets	**219,367**	215,024	217,344
Net (liabilities)/assets	**(43,209)**	(16,136)	10,290

Summarised income statement

	31 December 2018	**31 December 2017**
	RMB'000	**RMB'000**
Revenue	**-**	-
Loss before income tax	**(27,073)**	(30,754)
Income tax credit	**-**	4,328
Total comprehensive loss, representing net loss	**(27,073)**	(26,426)
Interests	**(11,425)**	(11,152)

22 Investments in subsidiary corporations (continued)

(i) Tianjin Hotel Street Co., Ltd. (continued)

Summarised cash flows

	31 December 2018 RMB'000	31 December 2017 RMB'000
Net cash provided by operating activities	**12,904**	16,524
Net cash used in investing activities	**(12,796)**	(16,392)
Net increase in cash and cash equivalents	**108**	132
Cash and cash equivalents at beginning of financial year	**163**	31
Cash and cash equivalents at end of financial year	**271**	163

23 Investment in associate

	Group		
	31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000
Equity investment at cost			
Beginning of financial year	**-**	-	-
Additions	**40**	-	-
End of financial year	**40**	-	-

Set out below is the associated company.

Name of company	Principal activities	Country of business/ incorporation	% of ownership interest		
			31 December 2018 %	31 December 2017 %	1 January 2017 %
Foshan Nanhai Chuangxintian Hotel management Co., Ltd [1][2][3][4]	Property investment and development	PRC	60	-	-

[1] Audited by Nexia TS Shanghai Certified Public Accountants, China for consolidation purpose.

[2] Not material to the Group.

[3] 19.8% of the equity interests in the associate is held on behalf of the Company by a related party.

[4] The investee does not meet the requirements as a subsidiary corporation in accordance with SFRS(I) 10 Consolidation as the Group and the Company do not have control over the entity because they do not have power over the entity, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns due to insufficient representation on the board of directors. As such, the Group and the Company has elected to measure the investee as an associate as it is only able to exert significant influence over the investee and its policy-making processes.

24 Investments in a joint venture

	Group		
	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000**	**RMB'000**
Equity investment at cost			
Beginning and end of financial year	*	*	*

* Less than RMB1,000

Set out below is the joint venture of the Group as at 31 December 2018 and 2017 and 1 January 2017.

Name of company	**Principal activities**	**Country of business/ incorporation**	**% of ownership interest**		
			31 December 2018	**31 December 2017**	**1 January 2017**
			%	**%**	**%**
Poly Ritz Green (Malaysia) Sdn. Bhd.[(1)(2)]	Property investment and development	Malaysia	50	50	50

(1) Audited by Chew & Associates, Malaysia.

(2) The audited financial statements for financial year ended 31 December 2018 was not made available for the purpose of consolidation at the Group level.

Joint controlled operation

The Group entered into a joint venture agreement and supplemental agreements with a third party for the property development project "Jin Long Garden". Pursuant to these agreements, the Group is obliged to contribute 55% share of the development fund of the project and in return is entitled to 55% share of the net income of the project. The project was completed in 2012. The jointly controlled operation is audited by Nexia TS Shanghai Certified Public Accountants, China for consolidation purpose.

The above joint controlled operation is accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly).

25 Financial assets, at fair value through other comprehensive income ("FVOCI")/Available-for-sale financial assets

(a) *Available-for-sale financial assets*

	Group	
	2018	**2017**
	RMB'000	**RMB'000**
Beginning of financial year	**1,300**	1,300
Reclassification at 1 January 2018* (as below)	**(1,300)**	-
End of financial year	**-**	1,300

25 Financial assets, at fair value through other comprehensive income ("FVOCI")/Available-for-sale financial assets (continued)

(b) Financial assets, FVOCI

	Group	
	2018	**2017**
	RMB'000	**RMB'000**
Beginning of financial year	**-**	-
Reclassification at 1 January 2018* (as below)	**1,300**	-
End of financial year	**1,300**	-

Unquoted equity shares consist of investment in Foshan Nanhai Rural Credit Union. This represents an investment in 1,300,000 shares of Foshan Nanhai Rural Credit Union at RMB1 each. The Directors of the Company are of the view that the fair value of unquoted share cannot be measured reliably. Accordingly, the investment cost is deemed the fair value.

* Refer to Note 43 to the financial statements for details of adjustments as at 1 January 2018 on adoption of SFRS (I) 9.

26 Insurance assets

	Group		
	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000**	**RMB'000**
Beginning of financial year	**3,210**	1,549	-
Additions	**-**	1,572	1,549
Written off (Note 8)	**(3,210)**	-	-
Exchange difference	**-**	89	-
End of financial year	**-**	3,210	1,549

The insurance assets relate to life insurance policies purchased by two key management personnel of a subsidiary corporations. The total insured amount of the two contracts as at 31 December 2017 (1 January 2017: two contracts) is RMB9,630,000 (1 January 2017: RMB9,294,000). The contracts will mature in 2045, or death of the insured person whichever is earlier. At the time of death of the insured person, 100% of the insured amount will be payable to the Group. At the end of reporting period, the cash surrender value of key management personnel life insurance policies is RMB Nil (31 December 2017: RMB3,210,000; 1 January 2017: RMB1,549,000). The fair value of investment linked life insurance policies is based on the total cash surrender value of the contracts stated in the annual statements of these policies (Level 2). The insurance policies were lapsed during the current financial year due to non-payment of the premium, hence have been written off.

27 Goodwill

	Group		
	31 December 2018	31 December 2017	1 January 2017
	RMB'000	RMB'000	RMB'000
Goodwill	-	4,192	4,192

	Group	
	2018	2017
	RMB'000	RMB'000
Cost		
Beginning and end of financial year	**4,192**	4,192
Accumulated impairment		
Beginning of financial year	**-**	-
Impairment of goodwill (Note 8)	**(4,192)**	-
End of financial year	**(4,192)**	-
End of financial year		
Net book value	**-**	4,192

Impairment tests for goodwill

Goodwill on consolidation arose from the acquisition of Tianjin Hotel Street Co., Ltd. and has been allocated to the Group's property investment segment in China as the cash-generating unit ("CGU").

The recoverable amount of a CGU was determined based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the property investment business in which the CGU operates. The key assumptions and estimates used in the calculations are revenue growth of Nil (31 December 2017: 5%; 1 January 2017: 5%) and discount rate of Nil (31 December 2017: 9%; 1 January 2017: 9%).

Management determined budgeted revenue growth based on past performance and its expectations of market/ economic conditions and developments. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

2018

An impairment charge of RMB4,192,000 is included within "Other (losses)/gains – net" in the consolidated statement of comprehensive income. The impairment charge in the current year arose as the carrying value of the CGU, not inclusive of goodwill, exceeded its recoverable amount. The Group has also reassessed the useful lives of its property, plant and equipment related to the same business segment and determined that no changes in the useful lives were required.

2017

Based on the impairment test of the Tianjin Hotel Street Co., Ltd.'s CGU as at 31 December 2017, the estimated recoverable amount of the CGU is higher than the carrying amount of the CGU is RMB4,192,000.

28 Borrowings

	Group		
	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000 (Restated)**	**RMB'000**
Current			
Bank borrowings	**264,996**	244,138	805,323
Other loans	**261,470**	389,426	574,190
	526,466	633,564	1,379,513
Non-current			
Bank borrowings	**328,968**	23,103	8,064
Other loans	**1,031,850**	978,000	1,042,500
	1,360,818	1,001,103	1,050,564
Total	**1,887,284**	1,634,667	2,430,077

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	Group		
	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000 (Restated)**	**RMB'000**
6 months or less	**593,964**	267,241	813,387

The Group has principal bank and other loans as follows:

(a) A loan from a lender amounting to RMB44,980,000 (31 December 2017: RMB44,980,000; 1 January 2017: RMB46,338,000) is interest free, unsecured and repayable on demand.

(b) Loans from a lender amounting to RMB1,031,850,000 (31 December 2017: RMB978,000,000; 1 January 2017: RMB1,042,500,000) with an effective interest rate of 9.71% (31 December 2017: 8.25% 1 January 2017: 8.00%) per annum, is secured by a director of the Group and subsidiaries and repayable on demand.

(c) A loan from a lender amounting to RMB350,847,000 (31 December 2017: RMB38,600,000; 1 January 2017: RMB Nil) with an effective interest rate of 7.35% (31 December 2017: 7.35%; 1 January 2017: Nil) per annum, is secured by investment properties of the Group and repayable on demand.

(d) A loan from a lender amounting to RMB142,110,000 (31 December 2017: RMB131,743,000; 1 January 2017: RMB140,050,000) with an effective interest rate of 4.22% (31 December 2017: 4.22% ; 1 January 2017: 4.22%) per annum, is secured by subsidiaries and repayable on demand.

(e) A loan from a lender amounting to RMB39,534,000 (31 December 2017: RMB25,010,000; 1 January 2017: RMB Nil) with an effective interest rate of 15.00% (31 December 2017: 15.00%; 1 January 2017: Nil) per annum, is unsecured and repayable on demand.

(f) A loan from a lender amounting to RMB37,300,000 (31 December 2017: RMB Nil; 1 January 2017: RMB Nil) with an effective interest rate ranging from 4.75% to 8.50% (31 December 2017: Nil; 1 January 2017: Nil) per annum, is secured by subsidiaries and investment properties of the Group and repayable on demand.

28 Borrowings (continued)

(g) A loan from a lender amounting to RMB35,000,000 (31 December 2017: RMB40,000,000; 1 January 2017: RMB Nil) with an effective interest rate of 30.00% (31 December 2017: 30.00%; 1 January 2017: Nil) per annum, is unsecured and repayable on demand.

(h) A loan from a lender amounting to RMB35,000,000 (31 December 2017: RMB35,000,000; 1 January 2017: RMB Nil) with an effective interest rate of 42.00% (31 December 2017: 42.00%; 1 January 2017: Nil) per annum, is unsecured and repayable on demand.

(i) A loan from a lender amounting to RMB33,707,000 (31 December 2017: RMB31,948,000; 1 January 2017: RMB38,503,000) with an effective interest rate of 3.00% (31 December 2017: 3.00%; 1 January 2017: 3.00%) per annum, is secured by subsidiaries and repayable on demand.

(j) A loan from a lender amounting to RMB20,000,000 (31 December 2017: RMB40,000,000; 1 January 2017: RMB40,000,000) with an effective interest rate of 34.80% (31 December 2017: 34.80%; 1 January 2017: 34.80%) per annum, is unsecured and repayable on demand.

(k) A loan from a lender amounting to RMB20,000,000 (31 December 2017: RMB Nil; 1 January 2017: RMB Nil) with an effective interest rate of 22.20% (31 December 2017: Nil; 1 January 2017: Nil) per annum, is secured by property of the Group and repayable on demand.

(l) Loans from a lender amounting to RMB15,000,000 (31 December 2017: RMB15,000,000; 1 January 2017: RMB Nil) with an effective interest rate at 6.09% (31 December 2017: 6.09%; 1 January 2017: Nil) per annum, is secured by investment properties of the Group and repayable on demand.

(m) Loans from a lender amounting to RMB15,000,000 (31 December 2017: RMB Nil; 1 January 2017: RMB Nil) with an effective interest rate at 5.49% (31 December 2017: Nil; 1 January 2017: Nil) per annum, is secured by investment properties of the Group and repayable on demand.

(n) A loan from a lender amounting to RMB8,000,000 (31 December 2017: RMB7,120,000; 1 January 2017: RMB Nil) with an effective interest rate of 1.00% (31 December 2017: 1.00%; 1 January 2017: Nil) per annum, is unsecured and repayable on demand.

(o) A loan from a lender amounting to RMB Nil (31 December 2017: RMB60,000,000; 1 January 2017: RMB Nil) with an effective interest rate of Nil (31 December 2017: 33.60%; 1 January 2017: Nil) per annum, is unsecured and repayable in 2018.

(p) A loan from a lender amounting to RMB Nil (31 December 2017: RMB40,000,000; 1 January 2017: RMB Nil) has an effective interest rate of Nil (31 December 2017: 5.22%; 1 January 2017: Nil) per annum, is secured by land use right of the Group and repayable in 2018.

(q) A loan from a lender amounting to RMB Nil (31 December 2017: RMB36,000,000; 1 January 2017: RMB Nil) with an effective interest rate of Nil (31 December 2017: 33.60%; 1 January 2017: Nil) per annum, is unsecured and repayable in 2018.

(r) A loan from a lender amounting to RMB Nil (31 December 2017: RMB30,000,000; 1 January 2017: RMB Nil) with an effective interest rate of Nil (31 December 2017: 33.60%; 1 January 2017: Nil%) per annum, is unsecured and repayable in 2018.

(s) A loan from a lender amounting to RMB Nil (31 December 2017: RMB25,000,000; 1 January 2017: RMB Nil) with an effective interest rate of Nil (31 December 2017: 33.60%; 1 January 2017: Nil) per annum, is unsecured and repayable in 2018.

(t) A loan from a lender amounting to RMB Nil (31 December 2017: RMB20,000,000; 1 January 2017: RMB Nil) with an effective interest rate of Nil (31 December 2017: 33.60%; 1 January 2017: Nil) per annum, is unsecured and repayable in 2018.

(u) A loan from a lender amounting to RMB Nil (31 December 2017: RMB14,515,000; 1 January 2017: RMB Nil) is interest free, unsecured and repayable in 2018.

28 Borrowings (continued)

(v) A loan from a lender amounting to RMB Nil (31 December 2017: RMB13,000,000; 1 January 2017: RMB Nil) with an effective interest rate of Nil (31 December 2017: 33.60%; 1 January 2017: Nil) per annum, is unsecured and repayable in 2018.

(w) A loan from a lender amounting to RMB Nil (31 December 2017: RMB12,000,000; 1 January 2017: RMB Nil) with an effective interest rate of Nil (31 December 2017: 33.60%; 1 January 2017: Nil) per annum, is unsecured and repayable in 2018.

(x) A loan from a lender amounting to RMB Nil (31 December 2017: RMB Nil; 1 January 2017: RMB384,000,000) with an effective interest rate of Nil (31 December 2017: Nil; 1 January 2017: 12.70%) per annum, is secured by properties of the Group and repayable in 2017.

(y) A loan from a lender amounting to RMB Nil (31 December 2017: RMB Nil; 1 January 2017: RMB100,000,000) with an effective interest rate of Nil (31 December 2017: Nil; 1 January 2017: 5.49%) per annum, is secured by development properties of the Group and repayable in 2017.

(z) A loan from a lender amounting to RMB46,708,000 (31 December 2017: RMB46,708,000; 1 January 2017: RMB46,708,000) is interest free, unsecured and repayable on demand.

(aa) A loan from a lender amounting to RMB Nil (31 December 2017: RMB Nil; 1 January 2017: RMB12,645,000) with an effective interest rate of Nil (31 December 2017: Nil; 1 January 2017: Nil) per annum, is unsecured and repayable on demand.

(ab) During the financial year on 31 May and 1 August 2018, the Group entered into a Loan Agreement ("LA") with a non-financial institution to drawdown a loan of RMB200,000,000 in multiple tranches before 31 January 2020, subject to the Group complying to certain terms and conditions of the LA. The material terms and conditions of the LA include, inter alia, the following:

i) a subsidiary corporation is to commence the construction of its development properties on 31 December 2018;

ii) the subsidiary corporation is to complete the construction of its development properties' foundation works on or before 30 June 2019;

iii) the subsidiary corporation is to obtain its development properties' pre-sales permit on or before 31 January 2020;

iv) Standard contractual interest of not less than 14% per annum applies to the outstanding loan balances as at the end of each month;

v) The loans are secured by the land and 32% of the equity shareholdings of a subsidiary corporation; and

vi) Each respective tranche of the loan drawdown is repayable in full on the 720th day of each drawdown.

On 1 July 2019, the Group was unable to complete the construction of its development properties' foundation works and therefore did not meet the terms in the LA and is currently in the process of obtaining an extension from the non-financial institution. However, at the date of these financial statements, the Group has received an informal verbal approval from the non-financial institution's management granting an extension of time to meet the terms.

As at the end of the financial year 31 December 2018, the Group has drawndown multiple tranches of the loan amounting to RMB98,900,000. Subsequent to the financial year end, the Group has further drawndown RMB78,400,000 in multiple tranches, bringing the total drawdown of the loan facility to RMB177,300,000 as at the date of these financial statements.

28 Borrowings (continued)

Security granted

Total borrowings include secured liabilities of RMB1,646,405,000 (31 December 2017: RMB1,246,027,000; 1 January 2017: RMB2,023,733,000) for the Group. Bank borrowings of the Group are secured over certain restricted cash deposits (Note 13), properties held for sale (Note 16), development properties (Note 17), investment properties (Note 21) and certain land and buildings of the Group (Note 20).

Fair value of non-current borrowings

	Group		
	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000**	**RMB'000**
Bank borrowings	**300,464**	21,417	-
Other borrowings	**1,022,891**	960,813	995,665

The fair values above are determined from the cash flow analysis, discounted at market borrowing rates of an equivalent instrument at the reporting date which the directors expect to be available to the Group are as follows:

	Group		
	31 December 2018	**31 December 2017**	**1 January 2017**
	%	**%**	**%**
Bank borrowings	**7.23**	6.00	-
Other borrowings	**13.00**	13.00	13.00

The fair values are within Level 2 of the fair value hierarchy.

29 Trade and other payables

	Group		
	31 December 2018	31 December 2017	1 January 2017
	RMB'000	RMB'000 (Restated)	RMB'000
Current			
Trade payables			
- Non-related parties	**150,610**	335,970	389,856
Other payables			
- Non-related parties	**222,223**	406,579	394,105
- Related parties	**22,650**	26,426	17,805
Accruals for operating expenses	**161,770**	73,937	33,315
Deposits received	**9,837**	10,750	10,274
Other lease payables	**7,749**	5,124	2,526
Other tax payable	**21,693**	32,666	28,110
Payroll payable	**6,128**	6,851	5,868
Advances from non-controlling interests	**5,321**	5,321	6,057
Advance from customers	**8,898**	7,254	6,745
	616,879	910,878	894,661
Non-current			
Other lease payables	**(7,749)**	(5,124)	(2,526)
	609,130	905,754	892,135

	Company		
	31 December 2018	31 December 2017	1 January 2017
	RMB'000	RMB'000 (Restated)	RMB'000
Current			
Other payables			
- Non-related parties	**1,312**	-	16,803
- Related parties	**17,987**	17,721	-
Amount due to subsidiaries	**338,008**	320,562	309,977
Accruals for operating expenses	**53**	865	774
	357,360	339,148	327,554

Significant Group's trade and other payables are denominated in the functional currencies of the respective entities.

The Group's other payables to related parties are unsecured, interest free and repayable on demand.

The Company's amount due to subsidiaries and related parties are unsecured, interest free and repayable on demand.

30 Lease payables

	Group Minimum lease payments 31 December 2018 RMB'000	 31 December 2017 RMB'000 (Restated)	 1 January 2017 RMB'000
Amount payable under operating lease of right to use asset:			
Within one year	**42,100**	35,700	31,668
In the second to fifth year inclusive	**62,370**	61,600	60,900
More than five years	**169,400**	185,570	200,970
	273,870	282,870	293,538
Less: Future finance charges	**(95,291)**	(105,282)	(115,392)
Present value of lease obligations	**178,579**	177,588	178,146

	Present value of minimum lease payments 31 December 2018 RMB'000	 31 December 2017 RMB'000 (Restated)	 1 January 2017 RMB'000
Amount payable under operating lease of right to use asset:			
Within one year	**27,425**	24,779	23,420
In the second to fifth year inclusive	**34,718**	36,577	38,487
More than five years	**116,436**	116,232	116,238
Present value of lease obligations	**178,579**	177,588	178,145
Less: Amount due for settlement within 12 months	**(27,425)**	(24,779)	(23,420)
Amount due for settlement after 12 months	**151,154**	152,809	154,725

The lease payables pertain to an operating lease for a property which has been assessed by management to be an investment property. The remaining lease term is 15 years (31 December 2017: 16 years; 1 January 2017: 17 years). For the year ended 31 December 2018, the effective borrowing rate is 6% per annum (31 December 2017: 6% per annum; 1 January 2017: 6% per annum). Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

31 Provisions

	Group 31 December 2018 RMB'000	 31 December 2017 RMB'000 (Restated)	 1 January 2017 RMB'000
(a) Composition:			
Current			
Provision for rectification costs of disposed subsidiaries' development properties	**86,204**	81,736	-
Provision for legal contractual dispute	**4,311**	7,103	12,522
	90,515	88,839	12,522

31 Provisions (continued)

	Group 2018 RMB'000	Group 2017 RMB'000 (Restated)
(b) Movements:		
(i) Provision for rectification cost of disposed subsidiaries' development properties		
Beginning of financial year	**81,736**	-
Charged to profit or loss (Note 8)	**1,500**	81,736
Currency translation	**2,968**	-
End of financial year	**86,204**	81,736
(ii) Provision for legal contractual dispute		
Beginning of financial year	**7,103**	12,522
Utilised	**(2,792)**	(5,419)
End of financial year	**4,311**	7,103

	Company 31 December 2018 RMB'000	31 December 2017 RMB'000 (Restated)	1 January 2017 RMB'000
Current			
Provision for rectification cost of disposed subsidiaries' development properties	**86,204**	81,736	-

	Company 2018 RMB'000	Company 2017 RMB'000 (Restated)
Beginning of financial year		
Charged to profit or loss	**81,736**	-
Currency translation	**1,500**	81,736
End of financial year	**2,968**	-
	86,204	81,736

Provision for rectification costs of disposed subsidiaries' development properties pertains to any rectification costs in which the Group has to repay to the buyer which the disposed subsidiaries have to incur to rectify, for example, repairs, unpaid liabilities and taxes due to the development properties of the disposed subsidiaries.

On March 13, 2004, the Group entered into joint agreement ("agreement") with third parties to jointly develop 77.94 acres of land, which was owned by the third parties. In return, the Group agreed to let those third parties have first right to purchase of certain properties once completed. In 2015, the third parties brought a legal suit against the Group for non-compliance with the agreement for selling the properties without providing the third parties with the first right to purchase. The court ruled that the Group need to compensate third parties for damages of RMB12,522,000.

32 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the consolidated statement of financial position as follows:

	Group		
	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000**	**RMB'000**
Deferred income tax assets			
- To be recovered after one year	**19,017**	17,309	16,922
Deferred income tax liabilities			
- To be settled after one year	**(264,709)**	(304,611)	(340,191)

Movement in deferred income tax account is as follows:

	Group	
	2018	**2017**
	RMB'000	**RMB'000**
Beginning of financial year	**(287,301)**	(323,269)
Credited to profit or loss	**41,609**	35,968
End of financial year	**(245,692)**	(287,301)

32 Deferred income taxes

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) are as follows:

Deferred income tax assets

	Investment properties	**Development properties**	**Properties held for sale**	**Land appreciation tax**	**Advance receipts from customer**	**Others**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Group							
2018							
Beginning of financial year	**17,309**	**-**	**-**	**-**	**-**	**-**	**17,309**
Credited to profit or loss	**1,708**	**-**	**-**	**-**	**-**	**-**	**1,708**
End of financial year	**19,017**	**-**	**-**	**-**	**-**	**-**	**19,017**
2017							
Beginning of financial year	16,922	-	-	-	-	-	16,922
Credited to profit or loss	387	-	-	-	-	-	387
End of financial year	17,309	-	-	-	-	-	17,309

32 Deferred income taxes (continued)

Deferred income tax liabilities

<u>Group</u>							
2018							
Beginning of financial year	**(256,446)**	**(64,881)**	**(1,286)**	**(13,501)**	**26,658**	**4,845**	**(304,611)**
Credited to profit or loss	**25,499**	**-**	**2,848**	**-**	**-**	**11,555**	**39,902**
End of financial year	**(230,947)**	**(64,881)**	**1,562**	**(13,501)**	**26,658**	**16,400**	**(264,709)**
2017							
Beginning of financial year	(259,796)	(74,770)	(1,286)	(23,999)	15,991	3,669	(340,191)
Credited to profit or loss	3,350	9,889	-	10,498	10,667	1,176	35,580
End of financial year	(256,446)	(64,881)	(1,286)	(13,501)	26,658	4,845	(304,611)

Temporary differences arising in connection with investment in a jointly controlled operation is insignificant.

Deferred tax arising on the fair value adjustment in development properties and properties held for sale were related to the fair value adjustment to the cost of development properties and properties held for sale for the acquisition of PRC subsidiaries in prior years, and credited to profit or loss when the Group recorded sales for the sold properties during the year.

At the end of the reporting year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is RMB752,157,000 (31 December 2017: RMB715,746,000; 1 January 2017: RMB848,080,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. Accordingly, withholding tax amounting to RMB75,216,000 (31 December 2017: RMB71,575,000; 1 January 2017: RMB84,808,000) relating to the undistributed earnings has not been recognised.

33 Share capital

	Number of ordinary shares Issued shares capital	Amount Shares capital
	'000	RMB'000
Company		
2018		
Beginning and end of financial year	**75,000**	**909,831**
2017		
Beginning and end of financial year	75,000	909,831

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

34 Other reserves

	Group		
	31 December 2018	31 December 2017	1 January 2017
	RMB'000	RMB'000 (Restated)	RMB'000
(a) Composition:			
Capital reserve	**86,726**	86,726	86,724
Revaluation reserve	**-**	-	17,788
Translation reserve	**(8,601)**	17,121	-
Statutory reserve	**23,886**	23,886	23,886
	102,011	127,733	128,398

34 Other reserves (continued)

	Group 2018 RMB'000	Group 2017 RMB'000 (Restated)
(b) Movements:		
(i) *Capital reserve*		
Beginning of financial year	86,726	86,724
Reversal on disposal of subsidiaries	-	2
End of financial year	**82,726**	86,726
(ii) *Revaluation reserve*		
Beginning of financial year	-	17,788
Reversal on disposal of subsidiaries	-	(17,788)
End of financial year	**-**	-
(iii) *Translation reserve*		
Beginning of financial year	17,121	-
Net currency translation differences of financial statements of foreign subsidiaries	(25,722)	11,674
Reversal on disposal of subsidiaries	-	5,447
End of financial year	**(8,601)**	17,121
(iv) *Statutory reserve*		
Beginning and end of financial year	**23,886**	23,886

	Company 31 December 2018 RMB'000	Company 31 December 2017 RMB'000	Company 1 January 2017 RMB'000
Translation reserve	**25,625**	(2,153)	(10,452)

The capital reserve represents the effects of changes in ownership interests in subsidiaries that did not result in a change of control.

The revaluation reserve relates to the difference arising from the revaluation of the carrying amount to the fair value of owner-occupied prepaid leases and building at the date of their transfer from property, plant and equipment to investment property.

The translation reserve accumulates all foreign exchange differences.

The statutory reserve pertains to certain subsidiaries following the accounting principles and relevant financial regulations of the People's Republic of China ("PRC GAAP") applicable to Sino-foreign recorded equity joint venture enterprises in the preparation of the accounting records and statutory financial statements.

Appropriation to the statutory reserve by the Sino-foreign equity joint venture enterprise is determined at the discretion of the Board of Directors based on the profit recorded in accordance with PRC GAAP for each year.

The profit arrived at must be set-off against any accumulated losses sustained by the subsidiaries and associates in prior years, before allocation is made to the statutory reserve. Appropriation to the subsidiary reserve must be made before distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital.

The other reserves are not distributable unless realised.

35 Contingencies

	Group		
	31 December 2018	31 December 2017	1 January 2017
	RMB'000	RMB'000	RMB'000
Gurantees given to banks in connection with facilities	**548,482**	652,955	1,236,345

The Group arranges with various domestic banks in the PRC to provide loans and mortgage facilities to the property purchasers prior to completion. In line with certain consumer banking practices in the PRC, these banks require the Group to provide guarantees in respect of these loans including the principal, interest and other incidental costs, should the purchasers default on their mortgage obligations. The Group provides guarantees on the condition that the purchasers pay a down payment of between 20% and 50% of the purchase price. If a purchaser defaults on a loan, the relevant mortgagee bank is also entitled to auction off or sell the property to third parties and use the sales proceeds to satisfy the loan, or in some mortgage facilities require the Group to repurchase the properties. In the opinion of management, the fair value of the financial guarantee contracts is not significant. Management considered that it is more likely than not that no amount will be payable under the arrangement.

36 Commitments

(a) Capital commitments

Capital expenditures contracted for at the reporting date but not recognised in the financial statements are as follows:

	Group		
	31 December 2018	31 December 2017	1 January 2017
	RMB'000	RMB'000	RMB'000
Acquisition of land [1]	**-**	978,989	976,059
Construction properties [1]	**-**	3,090	184,610
	-	982,079	1,160,669

[1] These capital commitments pertain to PCSB which was classified as held for sale as at 31 December 2018 and subsequently disposed after the financial year (Note 19 and 41), therefore there is no capital commitments for the Group as at 31 December 2018.

(b) Operating lease commitments – where the Group is a lessee

The Group leases land, premises and office equipment from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

36 Commitments (continued)

(b) Operating lease commitments – where the Group is a lessee (continued)

The future minimum lease payables under non-cancellable operating leases, contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group		
	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000**	**RMB'000**
Not later than one year	**3,395**	3,325	2,894
Between one and five years	**5,202**	6,483	9,403
Later than five years	**909**	1,909	11,390
	9,506	11,717	23,687

(c) Operating lease commitments – where the Group is a lessor

The Group sublets its leasehold land and premises and investment properties to non-related parties under non-cancellable operating leases. The lessees are required to pay absolute fixed annual increase to the lease payments during the lease period.

The future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group		
	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000**	**RMB'000**
Not later than one year	**35,684**	18,104	18,289
Between one and five years	**107,530**	55,346	57,364
Later than five years	**121,947**	74,929	85,491
	265,161	148,379	161,144

37 Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

37 Financial risk management (continued)

Financial risk factors (continued)

Financial risk management is carried out by the finance department in accordance with the policies set. The finance personnel identifies and evaluates financial risks in close co-operation with the Group's operating units. The finance personnel measures actual exposures against the limits set and prepares regular reports for review by the Chief Financial Officer. Regular reports are also submitted to the Board of Directors.

(a) Market risk

(i) *Currency risk*

The Group operates in Asia with dominant operations in Singapore, China, Malaysia and Hong Kong.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD"), Malaysia Ringgit ("RM") and Singapore Dollar ("SGD"). The Group's risk management policy is to match the sales and purchases with the same currency as much as practicable.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in Malaysia is managed primarily through borrowings denominated in the relevant foreign currency.

The Group's and the Company's foreign currency exposure based on the information provided to key management is as follows:

	RMB	SGD	USD	RM	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
As at 31 December 2018					
Financial assets					
Cash and cash equivalents	13,297	3,886	43	299	17,525
Restricted cash	202,076	-	-	-	202,076
Trade and other receivables	219,447	228,924	-	143,893	592,264
Financial assets, FVOCI	1,300	-	-	-	1,300
	436,120	232,810	43	144,192	813,165
Financial liabilities					
Trade and other payables	(168,326)	(212,926)	(147,923)	(51,792)	(580,967)
Borrowings	(640,083)	-	(1,247,201)	-	(1,887,284)
	(808,409)	(212,926)	(1,395,124)	(51,792)	(2,468,251)
Net financial assets/(liabilities)	(372,289)	19,884	(1,395,081)	92,400	(279,889)
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	372,289	-	-	(92,400)	272,889
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	-	19,884	(1,395,081)	-	(1,375,197)

37 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's and the Company's foreign currency exposure based on the information provided to key management is as follows: (continued)

	RMB	SGD	USD	RM	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
As at 31 December 2017 (Restated)					
Financial assets					
Cash and cash equivalents	44,385	154	1,270	357	46,166
Restricted cash	205,031	-	-	-	205,031
Trade and other receivables	420,086	391,562	935	117,717	930,300
Available-for-sale investment	1,300	-	-	-	1,300
	670,802	391,716	2,205	118,074	1,182,797
Financial liabilities					
Trade and other payables	(566,370)	(82,601)	(84,387)	(132,279)	(865,637)
Borrowings	(467,966)	-	(1,166,701)	-	(1,634,667)
	(1,034,336)	(82,601)	(1,251,088)	(132,279)	(2,500,304)
Net financial assets/(liabilities)	(363,534)	309,115	(1,248,883)	(14,205)	(1,317,507)
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	363,534	-	-	14,205	377,739
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	-	309,115	(1,248,883)	-	(939,768)

37 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's and the Company's foreign currency exposure based on the information provided to key management is as follows: (continued)

	RMB	SGD	USD	RM	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
As at 1 January 2017					
Financial assets					
Cash and cash equivalents	81,231	992	832	5,387	88,442
Restricted cash	364,779	-	-	-	364,779
Trade and other receivables	382,648	-	-	44,844	427,492
Available-for-sale investment	1,300	-	-	-	1,300
	829,958	992	832	50,231	882,013
Financial liabilities					
Trade and other payables	(752,602)	(774)	(41,117)	(59,256)	(853,749)
Borrowings	(1,209,025)	-	(1,221,052)	-	(2,430,077)
	(1,961,627)	(774)	(1,262,169)	(59,256)	(3,283,826)
Net financial assets/(liabilities)	(1,131,669)	218	(1,261,337)	(9,025)	(2,401,813)
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	1,131,669	-	-	9,025	1,140,694
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	-	218	(1,261,337)	-	(1,261,119)

37 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's and the Company's foreign currency exposure based on the information provided to key management is as follows: (continued)

	SGD	USD	Total
	RMB'000	RMB'000	RMB'000
Company			
As at 31 December 2018			
Financial assets			
Cash and cash equivalents	**6**	**29**	**35**
Trade and other receivables	**1,305,667**	**-**	**1,305,667**
	1,305,673	**29**	**1,305,702**
Financial liabilities			
Trade and other payables	**(357,360)**	**-**	**(357,360)**
	(357,360)	**-**	**(357,360)**
Net financial assets	**948,313**	**29**	**948,342**
Less: Net financial assets denominated in the functional currency of the Company	**(948,313)**	**-**	**(948,313)**
Currency exposure of financial assets net of those denominated in the Company's functional currency	**-**	**29**	**29**
Company			
As at 31 December 2017 (Restated)			
Financial assets			
Cash and cash equivalents	**70**	**30**	100
Trade and other receivables	**1,298,870**	**-**	1,298,870
	1,298,940	**30**	1,298,970
Financial liabilities			
Trade and other payables	**(339,148)**	**-**	(339,148)
Net financial assets	**959,792**	**30**	959,822
Less: Net financial assets denominated in the functional currency of the Company	**(959,792)**	**-**	(959,792)
Currency exposure of financial assets net of those denominated in the Company's functional currency	**-**	**30**	30

37 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's and the Company's foreign currency exposure based on the information provided to key management is as follows: (continued)

	SGD	USD	Total
	RMB'000	RMB'000	RMB'000
Company			
As at 1 January 2017			
Financial assets			
Cash and cash equivalents	38	-	38
Trade and other receivables	920,037	-	920,037
	920,075	-	920,075
Financial liabilities			
Trade and other payables	(327,554)	-	(327,554)
	(327,554)	-	(327,554)
Net financial liabilities	592,521	-	592,521
Less: Net financial liabilities denominated in the functional currency of the Company	(592,521)	-	(592,521)
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	-	-	-

Sensitivity analysis

A 10% (31 December 2017: 10%; 1 January 2017: 10%) strengthening of Chinese Renminbi against the following currencies at the reporting date would decrease/(increase) the (loss)/profit before income tax by the amounts shown below. This analysis assumes that all other variables being held constant.

	Group		
	31 December 2018	31 December 2017	1 January 2017
	RMB'000	RMB'000 (Restated)	RMB'000
USD	**139,508**	124,888	126,134
SGD	**(1,988)**	(30,911)	(22)

	Company		
	31 December 2018	31 December 2017	1 January 2017
	RMB'000	RMB'000 (Restated)	RMB'000
USD	**(3)**	(3)	-

37 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

*Sensitiv*ity analysis (continued)

A 10% (31 December 2017: 10%; 1 January 2017: 10%) weakening of Singapore Dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables are being held constant.

(ii) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group and the Company which are classified on the statements of financial position as financial assets, FVOCI/ available-for-sale.

As at 31 December 2018, the unquoted investments held by the Group and the Company which are classified on the statements of financial position as financial assets, FVOCI are not quoted on any active market. The management is of the opinion that these investments are not exposed to equity price risk as the investments are to be sold to a prospective buyer at an agreed consideration.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from interest-earning financial assets and interest-bearing financial liabilities. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months from the reporting date.

The Group obtains additional financing through bank borrowings and finance lease arrangements. The Group's policy is to obtain the most favourable interest rates available without increasing its exposure.

The following table sets out the carrying amounts, by maturity or repricing, whichever is earlier, of the financial instruments of the Group that are exposed to interest rate risk:

	Group		
	31 December 2018 RMB'000	**31 December 2017 RMB'000**	**1 January 2017 RMB'000**
		(Restated)	
Financial liabilities			
Fixed rate			
Bank borrowings	**350,847**	38,600	171,005
Other loans	**261,470**	389,426	190,190
	612,317	428,026	361,195
Floating rate			
Bank borrowings	**243,117**	228,641	642,382
Other loans	**1,031,850**	978,000	1,426,500
	1,274,967	1,206,641	2,068,882

The Company are not exposed to material fixed and floating rate financial liabilities.

37 Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks (continued)

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company are not exposed to changes in interest rates for fixed rate financial assets and financial liabilities.

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial liabilities, a change of 50 basis points (31 December 2017: 50 basis points; 1 January 2017: 50 basis points) in interest rate at the reporting date would increase/(decrease) loss/(profit) before income tax by the amounts shown below. This analysis assumes that all other variables being held constant.

	Profit or loss	
	50 basis points increase	**50 basis points decrease**
	RMB'000	**RMB'000**
Group		
31 December 2018		
Floating rate instruments	**(6,375)**	**6,375**
31 December 2017		
Floating rate instruments	(6,033)	6,033
1 January 2017		
Floating rate instruments	(10,344)	10,344

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The major classes of financial assets of the Group and the Company are bank deposits and trade receivables. The Group adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, and obtaining sufficient collaterals where appropriate to mitigate credit risk; and
- High credit quality counterparties of at least 'A' rating by external credit rating companies.

The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the management.

37 Financial risk management (continued)

(b) Credit risk (continued)

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as follows:

The movements in credit loss allowance are as follows:

	Trade receivables
	RMB'000
Group	
Balance at 1 January 2018 under SFRS	-
Application of SFRS(I) 9 (Note 2.2 (b))	-
Balance at 1 January 2018 under SFRS(I) 9 (Note 14)	-
Loss allowance recognised in profit or loss during the year on:	
- Assets acquired	19,323
Receivables written off as uncollectible (Note 8)	(19,323)
Balance at 31 December 2018 (Note 14)	-

Cash and cash equivalents, contract assets, financial assets, FVOCI, loan to subsidiary corporations and other receivables are measured at the 12-month expected credit losses and are subject to immaterial credit loss.

(i) Trade receivables and contract assets

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates (over period of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The expected loss allowance recognised during the financial year is not material.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and Company. The Management categorises receivables for write off when a debtor fails to make contractual payment greater than 180 days past due based on historical collection trend during the financial year. Where receivables have been written off, the Group and Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

37 Financial risk management (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

The Group and Company's credit risk exposure in relation to trade receivables under FRS 39 as at 31 December 2017 are set out as follows:

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings as determined by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group and the Company.

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group
	2017
	RMB'000
Past due less than 3 months	**22,839**
Past due less 3 to 6 months	**946**
Past due less over 6 months	**375,315**
	399,100

In 2017, the impairment of the financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group and the Company considered that there was evidence if any of the following indicators were present:

- There is significant difficulty of the debtor;
- Breach of contract, such as default or past due event; and
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Financial assets that are neither past due nor impaired

Financial assets that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group and the Company.

Other than the above, there are no credit loss allowance for other financial assets at amortised cost as at 31 December 2017 and 1 January 2017.

37 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as and when they fall due. The Group's approach in 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 rising damage to the Group's and the Company's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuation in cash flows. The Group also ensures the availability of funding through committed bank facilities and lines.

The table below analyses the non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year	**2 Between to 5 years**
	RMB'000	**RMB'000**
Group		
At 31 December 2018		
Trade and other payables	**(573,218)**	**(7,749)**
Borrowings	**(526,466)**	**(1,360,818)**
	(1,099,684)	**(1,368,657)**
At 31 December 2017 (Restated)		
Trade and other payables	(860,513)	(5,124)
Borrowings	(633,564)	(1,001,103)
	(1,494,077)	(1,006,227)
At 1 January 2017		
Trade and other payables	(851,223)	(2,526)
Borrowings	(1,379,513)	(1,050,564)
	(2,230,736)	(1,053,090)
Company		
At 31 December 2018		
Trade and other payables	**(357,360)**	**-**
At 31 December 2017 (Restated)		
Trade and other payables	(339,148)	-
At 1 January 2017		
Trade and other payables	(327,554)	-

37 Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group's and the Company's strategies, which were unchanged, are to maintain gearing ratios of less than 100%.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as trade and other payables plus borrowings less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

		Group	
	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000**	**RMB'000**
		(Restated)	
Net debt	**2,538,851**	2,584,635	3,164,238
Total equity	**827,815**	1,187,094	1,237,142
Total capital	**3,366,666**	3,771,729	4,401,380
Gearing ratio*	**75.41%**	68.53%	71.89%

		Company	
	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000**	**RMB'000**
Net debt	**357,325**	339,048	327,516
Total equity	**827,815**	841,491	601,328
Total capital	**1,185,140**	1,180,539	928,844
Gearing ratio*	**30.15%**	28.72%	35.26%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2018 and 2017 and as at 1 January 2017.

37 Financial risk management (continued)

(e) Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the assets and liabilities measured at fair value at each reporting date:

	Level 3
	RMB'000
31 December 2018	
Financial assets, FVOCI	**1,300**
31 December 2017	
Available-for-sale investment	1,300
1 January 2017	
Available-for-sale investment	1,300

There were no transfers between Levels 1, 2 and 3 of fair value measurement hierarchy during the financial years ended 31 December 2018 and 2017 and as at 1 January 2017.

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the reporting date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. These investments are classified as Level 2 and comprise debt investments and derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

The carrying amount less impairment allowance of trade and other receivables and trade and other payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosures purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximate their fair values.

37 Financial risk management (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		
	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000**	**RMB'000**
Financial assets, at amortised cost	**811,865**	-	-
Loan and receivables	**-**	1,181,497	880,713
Available-for-sale investment	**-**	1,300	1,300
Financial assets, FVOCI	**1,300**	-	-
Financial liabilities, at amortised cost	**2,468,251**	2,500,304	3,283,826

	Company		
	31 December 2018	**31 December 2017**	**1 January 2017**
	RMB'000	**RMB'000**	**RMB'000**
Financial assets, at amortised cost	**1,305,702**	-	-
Loans and receivables	**-**	1,298,970	920,037
Financial liabilities, at amortised cost	**357,360**	379,148	327,554

38 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and other related parties at terms agreed between the parties:

(a) Sales of services

	Group	
	2018	**2017**
	RMB'000	**RMB'000**
Rental income received from other related parties	**5,382**	4,044

Related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel, directors and their close family members.

Outstanding balances as at 31 December 2018, arising from rental income are unsecured and receivable within 12 months from the reporting date and are disclosed in Note 14.

38 Related party transactions (continued)

(b) Key management personnel compensation

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

	Group	
	2018	**2017**
	RMB'000	**RMB'000**
Salaries, bonuses and short-term benefits	**4,058,530**	6,721,730
Directors' fees		
- Directors of the Company	**789,165**	835,000
	4,847,695	7,556,730
Comprised amounts paid to:		
Directors of the Company	**4,847,695**	7,556,730
	4,847,695	7,556,730

39 Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer ("CEO"), designated as the Chief Operating Decision Maker ("CODM"), that are used to make strategic decisions, allocate resources, and assess performance.

The CEO considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in four primary geographic areas namely, Singapore, Malaysia, People's Republic of China and Hong Kong. From a business segment perspective, management separately considers the business activities in these geographic areas. All the geographic areas are engaged in property development activity.

The Group has 4 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the CEO reviews the internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Property development : Development of residential, commercial and other properties

Construction contract : Building structural projects and interior works for our jointly controlled operations and third parties

Property investment : Leasing of investment properties to generate rental income and to gain from the appreciation in the value of the properties in the long term

Others : Provision of property management, trading and public utilities

39 Segment information (continued)

There are sales between operating segments. The revenue from external parties reported to the CEO is measured in a manner consistent with that in the statement of comprehensive income.

The segment information provided to the CEO for the reportable segments is as follows:

			Group		
	Property development	Construction contract	Property investment	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2018					
Revenue					
Total segment sales	**61,765**	**69,179**	**21,476**	**19,598**	**172,018**
Adjusted EBITDA	**17,101**	**50,032**	**(52,588)**	**(212,786)**	**(198,241)**
Depreciation of property, plant and equipment	**(523)**	**(52)**	**(2,207)**	**(123)**	**(2,905)**
Segment assets	**2,621,291**	**89,994**	**1,015,245**	**423,474**	**4,150,004**
Segment assets includes:					
Additions to:					
- Property, plant and equipment	**1**	**-**	**1,023**	**2**	**1,026**
- Investment property	**-**	**-**	**15,640**	**-**	**15,640**
Segment liabilities	**476,155**	**286,626**	**584,248**	**1,975,160**	**3,322,189**

39 Segment information (continued)

The segment information provided to the CEO for the reportable segments is as follows: (continued)

	Group					
	Property development	**Construction contract**	**Property investment**	**Others**	**Inter-segment elimination**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
2017 (Restated)						
Revenue						
Total segment sales	31,234	55,356	195,656	17,611	(984)	298,873
Inter-segment revenue	-	984	-	-	(984)	-
Sales to external parties	31,234	54,372	195,656	17,611	-	298,873
Adjusted EBITDA	258,031	(69,492)	(25,737)	60	-	162,862
Depreciation of property, plant and equipment	(782)	(67)	(1,190)	(251)	-	(2,290)
Segment assets	2,135,884	592,686	874,717	943,491	-	4,546,778
Segment assets includes:						
Investment in joint venture						
Additions to:						
- Property, plant and equipment	2,002	-	-			2,002
- Investment property	-	-	8,755	-	-	8,755
Segment liabilities	734,054	480,410	594,903	1,550,317	-	3,359,684

39 Segment information (continued)

(a) Reconciliation

Segment profit

Segment profit is reconciled to profit before income tax as follows:

The amounts provided to the CEO with respect to (loss)/profit before income tax are measured in a manner consistent with that in the consolidated statement of comprehensive income. These profit or loss is allocated based on the operations of the segment. All profit are allocated to the reportable segments other than directors' fees, employee compensation, auditors' remuneration, legal and professional fees, travelling expenses and others as these are separately analysed and driven by the finance department, which manages the financial position of the Group.

	Group	
	2018	**2017**
	RMB'000	**RMB'000**
		(Restated)
Adjusted EBITDA for reportable segments	**14,545**	162,802
Adjusted EBITDA for other segments	**(212,786)**	60
Total adjusted EBITDA	**(198,241)**	162,862
Depreciation	**(2,905)**	(2,290)
Finance expenses	**(176,180)**	(180,636)
Interest income	**2,606**	6,386
Loss before income tax	**(374,720)**	(13,678)

(b) Geographical information

The Group's four business segments operate in four main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally property development, investment in real estate related businesses, property and facility management and investment holding;

- China – the operations in this area are principally the property development, facility management and hospitality management;

- Malaysia – the operations in this area are principally the property development, facility management and hospitality management; and

- Hong Kong – the operations in this area are principally the property development, facility management and hospitality management.

39 Segment information (continued)

(b) Geographical information (continued)

	Group 2018 RMB'000	Group 2017 RMB'000 (Restated)
Sales		
China	**172,018**	298,873
Non-current assets		
China	**2,135,447**	2,049,772
Malaysia	**39,750**	34,939
	2,175,197	2,084,711

40 Disposal of subsidiaries

On 8 November 2016, the Group entered into a sale and purchase agreement with buyers to dispose of its subsidiaries, Infinity Real Estate Holdings Pte Ltd, Foshan Sanshui Nengrun Property Development Co., Ltd, and Foshan Sanshui Fangao Land Co., Ltd (Disposed Subsidiaries). The disposal was approved by the shareholders of the Company at the extraordinary general meeting held on 26 January 2017 (Note 19).

The transfer of equity interest of Disposed Subsidiaries to the buyers was completed on 10 March 2017.

The aggregate cash consideration for the disposal of Disposed Subsidiaries of RMB2,023,000,000 is due in various tranches from January 2017 to October 2018.

Carrying amounts of net assets over which control was lost:

	Group 31 December 2017 RMB'000
Current assets	
Trade and other receivables	121,366
Development properties	1,585,716
Properties held for sales	344,077
	2,051,159
Non-current assets	
Property, plant and equipment	235
Investment properties	421,000
	421,235
Total assets	2,472,394
Current liabilities	
Borrowings	775,718
Trade and other payables	631,431
	1,407,149
Non-current liabilities	
Deferred tax liabilities	95,933
Total liabilities	1,503,082
Net assets	969,312

40 Disposal of subsidiaries (continued)

	Group 31 December 2017 RMB'000
Consideration received/receivables	
Cash	965,432
Deferred consideration	391,638
Other consideration [(i)]	665,930
Total consideration	2,023,000
Gain on disposal of subsidiaries (Note 19(b))	
Total consideration	2,023,000
Net assets derecognised	(969,312)
Other consideration [(i)]	(665,930)
Others [(ii)]	(204,024)
	183,734

[(i)] Other consideration represents settlement on behalf of the Group's borrowings.

[(ii)] This represents payment on behalf the Group's trade payables amounting to RMB165,667,000. The remaining balance consist of payment for administrative expenses incurred after the completion date.

The gain on disposal of the subsidiaries is recorded as part of loss for the year in the consolidated statement of comprehensive income.

	Group 31 December 2017 RMB'000
Net cash inflow arising on disposal	
Cash consideration received	965,432

The deferred consideration will be settled in cash by the purchasers on or before 30 September 2018.

41 Event occurring after the reporting date

(a) Subsequent to the financial year end on 29 April 2019 and 25 July 2019, the Group disposed off 43% and 19% of its shareholdings in Profit Consortium for a consideration of RMB4,000,000 and RMB2,000,000, respectively, to unrelated third parties, and the impairment loss resulting from the disposal is approximately RMB41,178,000 and RMB13,674,000 respectively. Following the disposal, the Group would cease to have any equity interest in Profit Consortium.

(b) Subsequent to the financial year end in May 2019 the Group disposed off 50% of its shareholdings in Poly Ritz for a consideration of RM17,000,000 (RMB28,259,100) to a shareholder of one of the Malaysia subsidiary corporations. Following the disposal, the Group would cease to have any equity interest in Poly Ritz.

(c) Subsequent to the financial year end on 25 June 2019, the Group entered into a Sale and Purchase Agreement (the "SPA") with the controlling shareholder of the Company, Mr Yuan Le Sheng (the "Purchaser"), in relation to the proposed disposal of 2,356,823 shares (the "Sale Shares") in Foshan Nanhai Rural Credit Union (the "Target"), representing 0.0597% of the share capital of the Target, on the terms and subject to the conditions of the SPA (the "Proposed Disposal"). The consideration for the Sale Shares is RMB2,828,188 (the "Consideration"), which was paid on 25 June 2019.

42 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2019 and which the Group has not early adopted:

(a) SFRS(I) 16 *Leases* (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the statements of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

At commencement date of a lease, a lessee will recognised a liability to make lease payments (i.e. lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) Its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- Not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that we previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease terms ends within 12 months as of 1 January 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subjected to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On adoption of SFRS(I) 16, the Group does not expect any significant adjustments to the Group's financial statements.

(b) SFRS(I) INT 23 Uncertainty Over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

(i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;

(ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;

42 New or revised accounting standards and interpretations (continued)

(b) SFRS(I) INT 23 Uncertainty Over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019) (continued)

(iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;

(iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and

(v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions on the adoption of the interpretation on 1 January 2019.

43 Prior year adjustments and adoption of SFRS (I)

(1) Prior year adjustments

Management has identified certain errors to the Group's financial statements for the financial years ended 31 December 2016 and 31 December 2017 and therefore the following prior year adjustments were made;

(i) There were two omissions and cut off misstatements of RMB16,161,000 and RMB17,600,000 respectively in the recognition of project development costs incurred in a development project of one of the subsidiaries, totaling RMB33,761,000. This require adjustments of increasing the carrying value of properties held for sale and trade payables by RMB33,761,000, out of which properties held for sale amounting to RMB16,187,000 was sold prior to 1 January 2017. These were deducted from the carrying value and charged to retained earnings. Similarly, for financial year ended 31 December 2017, there was an overstatement of costs of sales by RMB8,814,000 which was reversed and correspondingly added back to the properties held for sale;

(ii) There was a reclassification of certain investment properties of the Group due to them being owner-occupied properties and therefore should have been accounted under property, plant and equipment ("PPE")) since December 2016. Subsequently adjustments have been made to increase PPE by RMB8,635,000, reduce the fair value of the investment properties by RMB22,149,000 and reduce the retained earnings by RMB13,514,000 as at 1 January 2017. In addition, fair value loss of RMB315,000 and depreciation charge of RMB432,000 was recognised for the financial year ended 31 December 2017;

(iii) For the financial year ended 31 December 2017, investment properties amounting to fair value of RMB4,464,000 have been transferred to properties held for sale as the sales and purchase agreement for these properties have already been signed. Therefore, fair value loss of RMB2,748,000 was recognised in the profit or loss as the cost of these properties were RMB1,716,000; and

(iv) There was an error omission in operating lease expenses using the straight-line basis over the lease term or any other systematic basis for rent free periods in prior financial years. These operating lease expenses amounted to RMB2,526,000 for the financial years before 1 January 2017 and RMB2,598,000 for the financial year ended 31 December 2017. Consequently, this also led to an understatement of non-current lease payables of RMB2,526,000 as at 1 January 2017 and RMB5,124,000 as at 31 December 2017 respectively.

43 Prior year adjustments and adoption of SFRS (I) (continued)

(2) Adoption of SFRS (I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the financial year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of SFRS(I).

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening statement of financial position has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed in the Notes to the financial statements.

(a) Optional exemption applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has adopted SFRS(I) on 1 January 2018 and has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Business combinations

The Group has not applied SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I) on 1 January 2017. Such fair value adjustments and goodwill continue to be accounted for using the same basis as under SFRS 21.

(ii) Cumulative translation differences

The Group has elected to set the cumulative translation differences to be zero as at the date of transition to SFRS(I) on 1 January 2017. As a result, translation reserve and retained profit as at 1 January 2017 and 31 December 2017 was increased/reduced respectively below.

(iii) Leases

The Group has not reassessed the determination of whether an arrangement contained a lease in accordance with SFRS(I) INT 4 Determining whether an Arrangement contains a Lease.

(iv) Short-term exemption on adoption of SFRS(I) 9 Financial Instruments

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 Financial Instruments: Recognition and Measurement are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 Financial Instruments: Disclosures to the extent that the disclosures required by SFRS(I) 7 related to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

43 Prior year adjustments and adoption of SFRS (I) (continued)

(2) Adoption of SFRS (I) (continued)

(a) Optional exemption applied (continued)

(v) Practical expedients on adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

The Group has elected to apply the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 January 2018 and have used the following practical expedients provided under SFRS(I) 15 as follows:

- for completed contracts with variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period;
- for contracts which were modified before the date of transition, the Group did not retrospectively restate the contracts for those contract modifications; and
- for the financial year ended 31 December 2017, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

(b) Adoption of SFRS(I) equivalent of IFRS(I) 9

The Group has elected to apply the short-term exemption under IFRS(I) 1 to adopt SFRS(I) equivalent of IFRS 9 on 1 January 2018. Accordingly, requirements of SFRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 31 December 2017.

(i) Classification and measurement

The Group has assessed the business models that are applicable on 1 January 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) equivalent of IFRS 9. Expected significant adjustments to the Group's balance sheet line items as a result of Management's assessment are as follows:

- Equity investments reclassified from Available-for-sale ("AFS") to FVOCI

  The Group has elected to recognise changes in the fair value of its equity investments not held for trading and previously classified as AFS in other comprehensive income.

(ii) Impairment of financial assets

The following financial assets will be subject to the expected credit loss impairment model under SFRS(I) equivalent of IFRS 9:

- trade receivables and contract assets recognised under SFRS(I) equivalent of IFRS 15; and
- other receivables at amortised cost.

Management does not expect significant adjustments to the Group's statement of financial position line items from the application of the expected credit loss impairment model.

43 Prior year adjustments and adoption of SFRS (I) (continued)

(2) Adoption of SFRS (I) (continued)

(c) Adoption of SFRS(I) equivalent of IFRS 15

In accordance with the requirements of IFRS(I) 1, the Group will adopt SFRS(I) equivalent of IFRS 15 retrospectively. The adjustments made are as follows:

(i) Presentation of contract assets and liabilities

The Group is expected to change the presentation of certain amounts in the statement of financial position to reflect the terminology in SFRS equivalent of IFRS 15:

- Amounts due from customers arising from construction contracts, accrued revenue, construction contract work-in-progress and deferred costs under SFRS will be reclassified to and be presented as part of contract assets.
- The expected volume discounts and refunds to customers which have been presented as current provisions under SFRS, will be classified as contract liabilities.
- Advances received from customers arising from construction contracts and amounts due to customers arising from construction contracts and deferred revenue under SFRS will be reclassified to and be presented as part of contract liabilities.

The adoption of SFRS(I) 15 has significant impact to the financial statements year as at 1 January 2017 and for the financial years 31 December 2017 and 31 December 2018 and are disclosed below:

(3) Certain comparative figures for the financial year ended 31 December 2017 and 1 January 2017 have been reclassified to improve clarify and conform to current year's presentation.

(4) There were no material adjustments to the Group's statement of cash flows arising from prior year adjustments and the transition from SFRS to SFRS(I).

The prior year adjustments, adoption of SFRS (I) and certain reclassifications to the extent that they are applied retrospectively have the following impact as presented below:

43 Prior year adjustments and adoption of SFRS (I) (continued)

	Note	Reported under SFRS	Prior year adjustments	Adoption of SFRS(I)	Reclassification	Reported under SFRS(I)
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group						
As at 1 January 2017						
Statement of financial position						
ASSETS						
Current assets						
Cash and cash equivalents	(3)	88,448	-	-	(6)	88,442
Restricted cash		364,779	-	-	-	364,779
Trade and other receivables	(3)	360,272	-	-	88,442	449,114
Amount due from related parties – non trade	(3)	20,731	-	-	(20,731)	29,769
Amount due from customer for contract work	(2)(a)(v)	949	-	(949)	-	-
Inventories		262	-	-	-	262
Properties held for sale	(1)(i) (3)	190,384	17,574	-	(17)	207,941
Development properties	(3)	1,063,305	-	-	(84,825)	978,480
Prepaid lease		223	-	-	-	223
		2,089,353	17,574	(949)	(16,737)	2,089,241
Disposal group asset classified as held for sale		2,652,394	-	-	-	2,652,394
		4,741,747	17,574	(949)	(16,737)	4,741,635
Non-current assets						
Trade and other receivables		10,000	-	-	-	10,000
Prepaid leases		4,364	-	-	-	4,364
Property, plant and equipment	(1)(ii)	20,959	8,635	-	-	29,594
Investment properties	(1)(ii)	2,005,846	(22,149)	-	-	1,983,697
Available-for-sale investment		1,300	-	-	-	1,300
Insurance assets		1,549	-	-	-	1,549
Deferred tax assets		16,922	-	-	-	16,922
Goodwill		4,192	-	-	-	4,192
		2,065,132	(13,514)	-	-	2,051,618
Total assets		**6,806,879**	**4,060**	**(949)**	**(16,737)**	**6,793,253**

43 Prior year adjustments and adoption of SFRS (I) (continued)

The prior year adjustments and adoption of SFRS (I) to the extent that they are applied retrospectively have the following impact: (continued)

	Note	Reported under SFRS	Prior year adjustments	Adoption of SFRS(I)	Reclassification	Reported under SFRS(I)
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group						
As at 1 January 2017						
Statement of financial position						
LIABILITIES						
Current liabilities						
Bank and other loans	(3)	1,324,783	-	-	(1,324,783)	-
Borrowings	(3)	-	-	-	1,379,513	1,379,513
Trade and other payables	(1)(i) (2)(c)(i) (3)	1,038,570	33,761	(114,576)	(65,620)	892,135
Long term payables	(3)	23,420	-	-	(23,420)	-
Lease payables	(3)	-	-	-	23,420	23,420
Contract liabilities	(2)(c)(i)	-	-	114,576	-	114,576
Provision	(3)	-	-	-	12,522	12,522
Amount due to related parties	(3)	17,805	-	-	(17,805)	-
Income tax payable	(3)	83,181	-	-	(324)	82,857
		2,487,759	33,761	-	(16,497)	2,505,023
Liabilities directly associated with disposal group assets classified as held for sale		1,503,082	-	-	-	1,503,082
		3,990,841	33,761	-	(16,497)	4,008,105
Non-current liabilities						
Bank and other loans	(3)	1,050,564	-	-	(1,050,564)	-
Borrowings	(3)	-	-	-	1,050,564	1,050,564
Trade and other payables	(1)(iv) (3)	259	2,526	-	(259)	2,526
Long term payables	(3)	154,725	-	-	(154,725)	-
Lease payables	(3)	-	-	-	154,725	154,725
Deferred tax liabilities		340,191	-	-	-	340,191
		1,545,739	2,526	-	(259)	1,548,006
Total liabilities		**5,536,580**	**36,287**	**-**	**(16,756)**	**5,556,111**

43 Prior year adjustments and adoption of SFRS (I) (continued)

The prior year adjustments, adoption of SFRS (I) and certain reclassifications to the extent that they are applied retrospectively have the following impact. These are presented as below:(continued)

	Note	Reported under SFRS	Prior year adjustments	Adoption of SFRS(I)	Reclassification	Reported under SFRS(I)
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group						
As at 1 January 2017						
Statement of financial position						
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital		909,831	-	-	-	909,831
Capital reserve	(3)	86,724	-	-	(86,724)	-
Revaluation reserve	(3)	17,788	-	-	(17,788)	-
Translation reserve	(2)(a)(ii)	(152)	-	152	-	-
Statutory reserve	(3)	23,887	-	-	(23,887)	-
Other reserves	(3)	-	-	-	128,398	128,398
Retained earnings	(1)(i)(ii)(iv) (2)(c)(i) (3)	229,543	(32,227)	(1,101)	18	196,233
		1,267,621	(32,227)	(949)	17	1,234,462
Non-controlling interests	(3)	2,678	-	-	2	2,680
Total equity		**1,270,299**	**(32,227)**	**(949)**	**19**	**1,237,142**

43 Prior year adjustments and adoption of SFRS (I) (continued)

The prior year adjustments, adoption of SFRS (I) and certain reclassifications to the extent that they are applied retrospectively have the following impact. These are presented as below: (continued)

	Note	Reported under SFRS	Prior year adjustments	Adoption of SFRS(I)	Reclassification	Reported under SFRS(I)
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group						
As at 31 December 2017						
Statement of financial position						
ASSETS						
Current assets						
Cash and cash equivalents		46,166	-	-	-	46,166
Restricted cash		205,031	-	-	-	205,031
Trade and other receivables	(3)	918,449	-	-	48,476	966,925
Amount due from related parties	(3)	45,092	-	-	(45,092)	-
Amount due from customers for contract works	(2)(a)(v) (3)	73,489	-	(74,240)	751	-
Inventories		255	-	-	-	255
Properties held for sales	(1)(i)(iii) (3)	140,644	10,504	-	(2,804)	148,344
Development properties	(3)	1,094,809	-	-	314	1,095,123
Prepaid leases		223	-	-	-	223
		2,524,158	10,504	(74,240)	1,645	2,462,067
Non-current assets						
Trade and other receivables		10,000	-	-	-	10,000
Prepaid leases		4,141	-	-	-	4,141
Property, plant and equipment	(1)(ii) (3)	20,373	8,203	-	844	29,420
Investment properties	(1)(i)(iii) (3)	2,042,066	(26,928)	-	1	2,015,139
Available-for-sale investment		1,300	-	-	-	1,300
Insurance assets		3,210	-	-	-	3,210
Deferred tax assets		17,309	-	-	-	17,309
Goodwill		4,192	-	-	-	4,192
		2,102,591	(18,725)	-	845	2,084,711
Total assets		**4,626,749**	**(8,221)**	**(74,240)**	**2,490**	**4,546,778**

43 Prior year adjustments and adoption of SFRS (I) (continued)

The prior year adjustments, adoption of SFRS (I) and certain reclassifications to the extent that they are applied retrospectively have the following impact. These are presented as below: (continued)

	Note	Reported under SFRS	Prior year adjustments	Adoption of SFRS(I)	Reclassification	Reported under SFRS(I)
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group						
As at 31 December 2017						
Statement of financial position						
LIABILITIES						
Current liabilities						
Bank and other loans	(3)	618,067	-	-	(618,067)	-
Borrowings	(3)	-	-	-	633,564	633,564
Trade and other payables	(1)(i) (2)(c)(i) (3)	1,069,574	16,161	(112,699)	(67,282)	905,754
Long term payables	(3)	24,779	-	-	(24,779)	-
Lease payables	(3)	-	-	-	24,779	24,779
Contract liabilities	(2)(c)(i)	-	-	112,699	-	112,699
Provisions	(3)	-	-	-	88,839	88,839
Amount due to related parties	(3)	26,426	-	-	(26,426)	-
Income tax payable	(3)	130,404	-	-	(2)	130,402
		1,869,250	16,161	-	10,626	1,896,037
Non-current liabilities						
Bank and other loans	(3)	1,016,600	-	-	(1,016,600)	-
Borrowings	(3)	-	-	-	1,001,103	1,001,103
Trade and other payables	(1)(iv)	-	5,124	-	-	5,124
Long term payables		152,809	-	-	-	152,809
Deferred tax liabilities	(3)	304,610	-	-	1	304,611
		1,474,019	5,124	-	(15,496)	1,463,647
Total liabilities		**3,343,269**	**21,285**	**-**	**(4,870)**	**3,359,684**
NET ASSETS		**1,283,480**	**(29,505)**	**(74,240)**	**7,360**	**1,187,094**
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital		909,831	-	-	-	909,831
Capital reserve	(3)	86,726	-	-	(86,726)	-
Translation reserve	(2)(a)(ii) (3)	11,611	-	5,510	(17,121)	-
Statutory reserve	(3)	23,887	-	-	(23,887)	-
Other reserves	(3)	-	-	-	127,733	127,733
Retained earnings	(1)(i)(ii) (iii)(iv) (2)(a)(ii)(iv) (3)	263,124	(29,506)	(58,552)	(13,843)	161,223
		1,295,179	(29,506)	(53,042)	(13,844)	1,198,787
Non-controlling interests	(3)	(11,699)	-	-	6	(11,693)
Total equity		**1,283,480**	**(29,506)**	**(53,042)**	**(13,838)**	**1,187,094**

43 Prior year adjustments and adoption of SFRS (I) (continued)

The prior year adjustments, adoption of SFRS (I) and certain reclassifications to the extent that they are applied retrospectively have the following impact. These are presented as below: (continued)

	Note	Reported under SFRS	Prior year adjustments	Adoption of SFRS(I)	Reclassification	Reported under SFRS(I)
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group						
Statement of comprehensive income						
For the financial year ended 31 December 2017						
Revenue	(3)	298,253	-	-	620	298,873
Cost of sales	(1)(i)(iv) (2)(a)(v) (3)	(282,683)	6,216	(74,240)	950	(349,757)
Gross profit/(losses)		15,570	6,216	(74,240)	1,570	(50,884)
Other income	(3)	285,165	-	-	(276,551)	8,614
Other gains – net						
- Others	(3)	-	-	-	260,156	260,156
Expenses						
- Distribution and marketing	(3)	(6,295)	-	-	(2,730)	(9,025)
- Administrative	(1)(ii) (3)	(48,189)	(432)	-	6,718	(41,903)
- Other operating	(1)(ii)(iii) (3)	(10,614)	(3,063)	-	13,677	-
- Finance		(180,636)	-	-	-	(180,636)
Profit/(loss) before income tax		55,001	2,721	(74,240)	2,840	(13,678)
Income tax expense	(3)	(35,706)	-	-	1	(35,705)
Net profit/(loss) for the year		**19,295**	2,721	(74,240)	2,841	**(49,383)**

43 Prior year adjustments and adoption of SFRS (I) (continued)

The prior year adjustments and adoption of SFRS (I) to the extent that they are applied retrospectively have the following impact: (continued)

	Note	Reported under SFRS	Prior year adjustments	Adoption of SFRS(I)	Reclassification	Reported under SFRS(I)
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group						
Statement of comprehensive income						
For the financial year ended 31 December 2017						
Other comprehensive (loss)/income:						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation – Profit		11,674	-	-	-	11,674
Items that will not be reclassified subsequently to profit or loss:						
Reversal of capital reserve on disposal of subsidiaries	(3)	-	-	-	2	2
Reversal of revaluation reserve on disposal of subsidiaries		(17,788)	-	-	-	(17,788)
Reversal of translation reserve on disposal of subsidiaries	(3)	-	-	-	5,447	5,447
Other comprehensive loss, net of tax		**(6,114)**	**-**	**-**	5,449	**(665)**
Total comprehensive profit/(loss)		**13,181**	**2,721**	**(74,240)**	**8,290**	**(50,048)**
(Loss)/profit attributable to:						
Equity holders of the Company	(1)(i)-(iv) (2)(a)(v) (3)	33,583	2,721	(74,240)	2,926	(35,010)
Non-controlling interests	(3)	(14,288)	-	-	(85)	(14,373)
		19,295	2,721	(74,240)	2,841	(49,383)
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(1)(i)-(iv) (2)(a)(v) (3)	27,558	2,721	(74,240)	8,286	(35,675)
Non-controlling interests	(3)	(14,377)	-	-	4	(14,373)
		13,181	2,721	(74,240)	8,290	(50,048)

44 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 11 October 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2019

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	76	9.05	4,335	0.01
100 - 1,000	354	42.14	114,313	0.15
1,001 - 10,000	265	31.55	1,087,825	1.45
10,001 - 1,000,000	137	16.31	9,917,696	13.22
1,000,001 AND ABOVE	8	0.95	63,875,519	85.17
TOTAL	**840**	**100.00**	**74,999,688**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	BILLION EQUITY HOLDINGS LIMITED	37,920,348	50.56
2	UOB KAY HIAN PRIVATE LIMITED	13,291,473	17.72
3	PHILLIP SECURITIES PTE LTD	5,514,363	7.35
4	PRIDE CAPITAL INVESTMENT HOLDINGS LIMITED	1,825,894	2.43
5	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,503,380	2.00
6	WU KWOK HUNG	1,414,388	1.89
7	RAFFLES NOMINEES (PTE) LIMITED	1,299,473	1.73
8	YUAN LE SHENG	1,106,200	1.47
9	OCBC SECURITIES PRIVATE LIMITED	787,790	1.05
10	ATMA SINGH S/O NAND SINGH	484,800	0.65
11	THAM KENG CHUEN	444,449	0.59
12	POW KIM HOO	444,012	0.59
13	MAYBANK KIM ENG SECURITIES PTE. LTD.	403,065	0.54
14	CHUA FENG CI JANE	402,649	0.54
15	ABN AMRO CLEARING BANK N.V.	341,972	0.46
16	CITIBANK NOMINEES SINGAPORE PTE LTD	330,478	0.44
17	TAN ENG HONG	305,166	0.41
18	KOH HANG HENG	291,300	0.39
19	JANE KIMBERLY NG BEE KIOK	283,446	0.38
20	NG EE HAU	273,700	0.36
	TOTAL	**68,668,346**	**91.55**

STATISTICS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2019

SHARE CAPITAL

Issued and paid-up share capital	:	S$143,750,000.00
Issued and fully paid-up	:	74,999,688
Class of Shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of Treasury Shares held	:	Nil
Number of Subsidiary holdings	:	Nil

Shareholdings Held in Hands of Public

Based on information available to the Company as at 30 September 2019, 36.64% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

SUBSTANTIAL SHAREHOLDERS as at 30 September 2019

Name of Substantial Shareholder	Direct Interest	%	Deemed Interest	%
Yuan Lesheng	1,106,200 [(1)]	1.47	37,920,348 [(1)]	50.56
Billion Equity Holdings Limited	37,920,348 [(1)]	50.56	-	-

Note:

(1) Billion Equity Holdings Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr Yuan Lesheng. Accordingly, Mr Yuan Lesheng is deemed interested in the shares of the Company held by Billion Equity Holdings Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 80 Raffles Place, #33-00 UOB Plaza 1, Singapore 048624, on Friday, 1 November 2019 at 9.30 a.m., for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2018 together with the Directors' Statement and the Auditors' Report thereon. **Resolution 1**

2. To approve Directors' fees of RMB773,471 (equivalent to S$149,976) for the financial year ending 31 December 2019, payable half yearly in arrears. **Resolution 2**

3. To re-elect Mr Jack Chia Seng Hee, a Director retiring by rotation pursuant to Article 93 of the Company's Constitution. **Resolution 3**

   (See Explanatory Note)

4. To re-elect the following Directors of the Company retiring pursuant to Article 92 of the Company's Constitution:

   (i) Prof Ling Chung Yee, Roy; and **Resolution 4**

   (ii) Mr Miu Ka Keung Kevin **Resolution 5**

   (See Explanatory Note)

5. To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:-

6. **Authority to allot and issue shares in the capital of the Company** **Resolution 7**

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:-

   (a) allot and issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

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

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and (notwithstanding the authority conferred by this ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this ordinary resolution was in force, provided that:

(1) the aggregate number of shares to be issued pursuant to this ordinary resolution (including shares to be issued in pursuant of Instruments made or granted pursuant to this ordinary resolution) does not exceed 50% of the total number of issued share capital of the Company for the time being (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of the shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this ordinary resolution) shall not exceed 20% of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time of this ordinary resolution is passed, after adjusting for:

   (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time of this ordinary resolution is passed; and

   (ii) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by this ordinary resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

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

(See Explanatory Note)

7. **Renewal of Share Buyback Mandate** **Resolution 8**

That for the purposes of Sections 76C and 76E of Companies Act, Chapter 50 of Singapore, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire ordinary shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per cent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company ascertained as at the time of passing of this ordinary resolution, at the price of up to but not exceeding the Maximum Price as set out in Appendix 1 to the Annual Report and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next annual general meeting of the Company is held or is required by law to be held or the date when purchases and acquisitions of shares pursuant to Share Buyback Mandate are carried out to the full extent mandated, whichever is the earlier.

(See Explanatory Note)

NOTICE OF ANNUAL GENERAL MEETING

OTHER BUSINESS

8. To transact any other business.

BY ORDER OF THE BOARD

Janet Tan
Company Secretary

16 October 2019

Explanatory Notes:

Resolution 3

Mr Jack Chia Seng Hee ("**Mr Chia**") will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of each of the Audit and Remuneration Committees of the Company. Mr Chia will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. There are no relationships (including family relationships) between Mr Chia and the other Directors, the Company and its ten per cent. (10%) shareholder. Detailed information on Mr Chia can be found under the "**Board of Directors**" and "**Additional Information on Directors Seeking Re-election**" sections in the Company's Annual Report.

Resolution 4

Prof Ling Chung Yee, Roy ("**Prof Ling**") will, upon re-election as a Director of the Company, remain as the Lead Independent Director of the Company, the Chairman of the Audit Committee and a member of each of the Nominating and Remuneration Committees of the Company. Prof Ling will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. There are no relationships (including family relationships) between Prof Ling and the other Directors, the Company and its ten per cent. (10%) shareholder. Detailed information on Prof Ling can be found under the "**Board of Directors**" and "**Additional Information on Directors Seeking Re-election**" and "**Additional Information on Directors Seeking Re-election**" sections in the Company's Annual Report.

Resolution 5

Mr Miu Ka Keung Kevin ("**Mr Miu**") will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of each of the Audit and Nominating Committees of the Company. Mr Miu will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. There are no relationships (including family relationships) between Mr Miu and the other Directors, the Company and its ten per cent. (10%) shareholder. Detailed information on Mr Miu can be found under the "**Board of Directors**" and "**Additional Information on Directors Seeking Re-election**" sections in the Company's Annual Report.

Resolution 7

Ordinary Resolution No. 7, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this ordinary resolution will not exceed fifty per cent. (50%) of the issued share capital of the Company. For issues of shares other than on a pro-rata basis to all shareholders, the aggregate number of shares to be issued will not exceed twenty per cent. (20%) of the issued share capital of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at 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. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any convertible securities issued under this authority.

Resolution 8

Ordinary Resolution No. 8, if passed, will empower the Directors, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting or when purchases and acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated, whichever is the earlier, to purchase shares by way of market purchases or off-market purchases of up to ten percent (10%) of the total issued shares (excluding treasury shares and subsidiary holdings) at such price up to the Maximum Price. Information relating to this ordinary resolution is set out in Appendix 1 to the Annual Report 2018.

Notes:

1. A member of the Company (other than a Relevant Intermediary as defined in Note 2 below) entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his or her stead. A proxy need not be a member of the Company and where a member appoints two (2) proxies, he or she shall specify the proportion of his or her shareholding to be represented by each proxy in the instrument appointing the proxies. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.

2. A member of the Company who is a Relevant Intermediary entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint more than two (2) proxies to attend and vote in his or her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. A proxy need not be a member of the Company and where a member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

   "**Relevant Intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. 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 duly authorised officer.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office, 80 Raffles Place, #32-01 UOB Plaza 1, Singapore 048624, not less than 48 hours before the time appointed for the holding the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY:

By attending the Annual General Meeting and/or any adjournment thereof or submitting 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, 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.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Jack Chia Seng Hee, Prof Ling Chung Yee, Roy and Mr Miu Ka Keung Kevin are the Directors seeking re-election ("**Retiring Directors**") at the forthcoming annual general meeting of the Company to be convened on 1 November 2019.

Pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below and to be read in conjunction with their respective biographies under the "**Board of Directors**" in this Annual Report:

Name of Director	Mr Jack Chia Seng Hee	Prof Ling Chung Yee, Roy	Mr Miu Ka Keung Kevin
Date of Appointment	1 May 2013	25 February 2019	25 February 2019
Date of last re-appointment	27 April 2016	N.A.	N.A.
Age	58	42	53
Country of principal residence	Singapore	Singapore	Hong Kong
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Jack Chia Seng Hee as an Independent Director was recommended by the Nominating Committee and the Board of Directors has accepted the recommendation, after taking into consideration Mr Jack Chia Seng Hee's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Prof Ling Chung Yee, Roy as the Lead Independent Director was recommended by the Nominating Committee and the Board of Directors has accepted the recommendation, after taking into consideration Prof Ling Chung Yee, Roy's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Miu Ka Keung Kevin as an Independent Director was recommended by the Nominating Committee and the Board of Directors has accepted the recommendation, after taking into consideration Mr Miu Ka Keung Kevin's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of the Nominating Committee, a member of the Audit Committee and Remuneration Committee	Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee	Chairman of the Remuneration Committee, a member of the Audit Committee and Nominating Committee

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Mr Jack Chia Seng Hee	Prof Ling Chung Yee, Roy	Mr Miu Ka Keung Kevin
Professional qualifications	• Fellow Chartered Accountant of Singapore • Bachelor's Degree in Accountancy, National University of Singapore • Master of Arts Degree in International Relations, International University of Japan • General Manager Program, Harvard Business School	• Global EMBA, INSEAD (France, Singapore & Abu Dhabi) • Chartered Financial Analyst, CFA Institute • Bachelor of Business Administration with Honors, National University of Singapore	• Master in Business Administration Chartered Financial Analyst, CFA Institute from University of Wales and the Senate of the Victoria University of Manchester • Bachelor of Arts in Accountancy, the Hong Kong Polytechnic University
Working experience and occupation(s) during the past 10 years	Professional Independent Director in listed companies and business consulting for companies in fund raising	2013 to Present: EDHEC Business School, Adjunct Professor in Finance 2011 to Present: RL Capital Management, Managing Director 2008 to 2010: JPMorgan, Asia Real Estate Investment Banking	September 2019 to Present: Executive Director, Ample Capital Limited May 2003 – August 2019: Executive Director, Vinco Capital Limited January 2007- Present: Hong Kong listing sponsor responsible officer/ principal May 2008 - July 2012: Executive Director, Vinco Financial Group Limited
Shareholding interest in the listed issuer and its subsidiaries	No	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Mr Jack Chia Seng Hee	Prof Ling Chung Yee, Roy	Mr Miu Ka Keung Kevin
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9).			
Past (for the last 5 years)	• China Hongcheng International Holdings Limited • AGV Asia Holdings Limited • Shanghai Turbo Enterprises Limited • Lifebrandz Ltd. • Legami Pte Ltd • Derong Real Estate Holdings Pte. Ltd. • Dynamic Real Estate Holdings Pte. Ltd. • Best Success (Hong Kong) Ltd • Jack Global Consulting Pte. Ltd. • Sunny Holdings Limited	• BSDCN Pte. Ltd. • Pine Capital Group Ltd. • Advance Capital Partners Asset Management Pte. Ltd. • TAP Private Equity Pte. Ltd. • TAP Venture Fund 1 Pte. Ltd. • Arion Entertainment Singapore Ltd. • Chaswood Resources Holdings Ltd. • China Flexible Packaging Holdings Ltd. • ChinaSing Investment Holdings Ltd. • Aquaint Capital Holdings Ltd. • JES International Holdings Ltd.	LED International Holdings Limited
Present	• Dukang Distillers Holdings Limited • mm2 Asia Ltd. • Ying Li International Real Estate Limited • Combine Will International Holdings Limited	• Derong Real Estate Holdings Pte. Ltd. • Dynamic Real Estate Holdings Pte. Ltd. • Amplefield Ltd. • Ace Achieve Infocom Ltd. • United Food Holdings Ltd. • Ley Choon Group Holdings Ltd. • Vingroup JSC	Ample Capital Limited
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Mr Jack Chia Seng Hee	Prof Ling Chung Yee, Roy	Mr Miu Ka Keung Kevin
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Mr Jack Chia Seng Hee	Prof Ling Chung Yee, Roy	Mr Miu Ka Keung Kevin
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Mr Jack Chia Seng Hee	Prof Ling Chung Yee, Roy	Mr Miu Ka Keung Kevin
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

DEBAO PROPERTY DEVELOPMENT LTD.
(Company Registration No.: 200715053Z)
(Incorporated in the Republic of Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT
1. For investors who have used their CPF monies to buy ordinary shares in the capital of Debao Property Development Ltd., this 2018 Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend and vote at the Annual General Meeting should contact their CPF Approved Nominees.

I/We*, ______________________________ NRIC/Passport/Co. Reg. No.* ______________________ of ____ (Address)

being a member/members* of DEBAO PROPERTY DEVELOPMENT LTD. (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings %

and/or failing him/her*

Name	Address	NRIC/Passport No.	Proportion of Shareholdings %

or failing him/her*, the Chairman of the Annual General Meeting (the "**AGM**") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the AGM of the Company to be held at 80 Raffles Place, #33-00 UOB Plaza 1, Singapore 048624 on Friday, 1 November 2019 at 9.30 a.m., and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matters arising at the AGM.

All resolutions put to the vote of the AGM shall be decided by the way of poll.

* *Delete as appropriate.*

No.	Ordinary Resolutions	Number of Votes For**	Number of Votes Against**
	Ordinary Business		
1	To receive, consider and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 December 2018 together with the Directors' Statement and Auditors' Report thereon.		
2	To approve Directors' fees of RMB773,471 (equivalent to S$149,976) for the financial year ending 31 December 2019, payable half yearly in arrears.		
3	To re-elect Mr Jack Chia Seng Hee, a Director retiring by rotation pursuant to Article 93 of the Company's Constitution.		
4	To re-elect Prof Ling Chung Yee, Roy, a Director retiring pursuant to Article 92 of the Company's Constitution.		
5	To re-elect Mr Miu Ka Keung Kevin, a Director retiring pursuant to Article 92 of the Company's Constitution.		
6	To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors and to authorise the Directors to fix their remuneration.		
	Special Business		
7	To authorise the Directors to allot and issue new shares.		
8	To approve the proposed renewal of Share Buyback Mandate.		

** If you wish to exercise all your votes "**For**" or "**Against**", please indicate with a "**X**" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of _______________ 2019.

Total number of Shares Held	
CDP Register	
Member's Register	
TOTAL	

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and shares registered in your name in the Register of Members.

2. A member of the Company (other than a Relevant Intermediary as defined in Note 3 below) entitled to attend and vote at the AGM of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company and where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.

3. A member of the Company who is a Relevant Intermediary entitled to attend and vote at the AGM of the Company is entitled to appoint more than two (2) proxies to attend and vote in his or her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. A proxy need not be a member of the Company and where a member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

   "Relevant Intermediary" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 80 Raffles Place, #32-01 UOB Plaza 1, Singapore 048624, not less than 48 hours before the time appointed for the holding of the AGM.

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 either under its common seal or under the hand of its attorney or duly authorised officer.

6. Where the instrument appointing a proxy or proxies 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 AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By attending the AGM and/or any adjournment thereof or submitting 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, 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.

DEBAO PROPERTY
DEVELOPMENT LTD.
德宝房地产开发有限公司

Debao Property Development Ltd.
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PRC 528200

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