Weiye Holdings Limited
11th Floor NO_50 Yingxie Road
Jinshui District Zhengzhou City
Henan Provinec
The PRC
www.weiyeholdings.com

伟业控股有限公司
WEIYE HOLDINGS LIMITED

2015 ANNUAL REPORT

改革创新 规范高效 快速发展

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CORPORATE PROFILE

With a strong track record of more than 16 years in property development, Weiye Holdings Limited is a leading premium property developer in Henan, one of China's most populous and economically fast-growing provinces. The Group hopes to strengthen its foothold in Henan and ride on the positive growth dynamics of the region such as resilient property demand and higher urbanisation rates.

In 2008, the Group expanded its presence into Hainan, China's sole major tropical island. The move aims to ride on the Chinese Central Government's plan to transform Hainan into a top international tourism spot by 2020.

In light of the resilient demand from China's upper middle class and high income group for sophisticated living in tropical climate with improved urban infrastructure, Weiye has initiated a property investment package of providing holiday homes with property management services. Investors in Weiye's Hainan project stand to be rewarded with good appreciation in property value and recurring rental income from the leasing of these holiday homes to domestic and overseas tourists. The Group's strategy is to promote the vacation living lifestyle and market its properties in Hainan as a favorable vacation home destination for city-dwellers.

For years, Weiye has been specialising in developing large-scale and multi phased property projects. At the end of 2015, Weiye portfolio comprised 20 property development projects which were either completed or under various stages of development in various PRC cities. As of 31 December 2015, we had 15 completed property projects with a total GFA of approximately 1,239,339 sq.m., 4 property projects under development with a total completed and estimated GFA of approximately 1,052,963 sq.m. and 1 project with planned GFA of approximately 203,770 sq.m. held for future development.

Besides developing properties on its own, Weiye Group has branched out into joint development projects, as well as providing project management services to third-party land owners.

Over the decade, Weiye has garnered numerous industry awards and accolades from local government agencies in recognition of its quality standards in construction and management. These awards are the "Henan Top 50 Real Estate Development Enterprise"（河南房地产开发企业综合实力50强单位）, "Zhengzhou City Leading Property Development Enterprises"（郑州市房地产开发先进单位）, "Zhengzhou City Real Estate Development Enterprise Excellence"（郑州市房地产开发优秀企业）, "Kaifeng City Best Residential Landscape"（开封市最佳人居景观设计奖）, "Economy Development Contribution Enterprise Excellence"（红旗区经济发展突出贡献企业） and etc.

Weiye was listed on the Mainboard of the Singapore Exchange Securities Trading Limited on 16 August 2011 and dual primary listed on the Main Board of The Stock Exchange of Hong Kong Limited on 6 April 2016.

OUR BUSINESS MODEL

INTEGRATED DEVELOPMENT

- Integrate full range of property development
- Includes land bank acquisition, design and build, marketing and promotion and property management
- Main stream of business

JOINT DEVELOPMENT

- Collaborate with third-party land owners in joint property development
- Land owners grant full operating rights of the joint development to the Group
- Land owners entitled to agreed fixed sum receivable in stages of joint development
- The Group is entitled to the rest of the revenue

PROJECT MANAGEMENT

- Provide project management services to third party land owners to manage their property developments
- The Group receives fixed management fee in return

Diversified revenue

Fast-growing brand equity

"Moving forward, we are confident that our positioning and fundamental strengths will allow us to decisively capitalize on the opportunities arising from our target markets. Likewise, we believe that we are ready to surmount any challenges that may arise as we have built robust foundations and paved the way to unlock long term value."

CHAIRMAN'S STATEMENT

ZHANG WEI
EXECUTIVE CHAIRMAN

DEAR VALUED SHAREHOLDERS,

For the year 2015, China recorded a 6.9% year-on-year ("y-o-y") gross domestic product ("GDP") growth, with a real domestic disposable income growth of 7.4% y-o-y. Despite a slide in the overall growth rate of the economy, China's national economy still appears to perform reasonably, with China's economic structure growing from strength to strength and the individual standard of living continuing to improve.

Notwithstanding the impact of the volatile global economic environment on the PRC economy, China's GDP has maintained a high level of growth in the past few years, doubling from approximately RMB30,067.0 billion in 2008 to approximately RMB63,613.9 billion in 2014 at a compound annual growth rate ("CAGR") of approximately 13.3%. This swift pace was driven by the impetus from various macro-economic policy adjustments and control measures.

Guided and driven by the macro-economic policies of the government, the Chinese per capita disposable income of urban residents grew significantly to approximately RMB28,843.9 at the end of 2014 from approximately RMB15,780.8 in 2008. Strong growth of disposable income indicates the increasing willingness to spend and the significant increase in purchasing power of urban residents.

The PRC's rapid economic development had also significantly boosted the pace of urbanisation. Over the past few years, the proportion of urbanisation in the PRC increased from approximately 45.7% in 2008 to approximately 54.8% in 2014. To add context, an increase of 1.0% represents an increase of approximately 13.0 million people travelling into cities, which will then drive consumption and demand for housing.

According to the "National Plan on New Urbanisation (2014-2020)", released by the PRC State Council, further measures will be carried out to increase the level and quality of China's urbanisation in the future, with an aim to reach an urbanisation rate of 60.0% by 2020.

For 2015, there has been an upturn in the housing sales market sentiment due to governmental policies to stimulate the Chinese property sector. Overall, the property market experienced a 20.6% y-o-y growth with 30 major cities experiencing 9.3% month-on-month growth in transacted floor area in December, an indication that the property market of major cities has stabilised.

Furthermore, total investment in China's real estate development projects increased from approximately RMB3,120.3 billion in 2008 to approximately RMB9,503.6 billion in 2014, representing a CAGR of approximately 20.4%. The National Bureau of Statistics of China reported that in 2014, the total GFA of commodity housing completed, under construction and sold was approximately 1,074.6 million sqm, 7,264.8 million sqm and 1,206.5 million sqm respectively. In comparison to data from 2008, all these figures showed a significant increase. Property investors also played a key role in driving the rise in both transaction volumes and prices. The average selling price of commodity housing nearly doubled from approximately RMB3,800.0 per sqm in 2008 to approximately RMB6,323.5 per sqm in 2014, representing a CAGR of approximately 8.9%.

In Henan province, the Group's primary market, GDP grew by 8.3% in 2015 and total real estate investment grew 12.8% y-o-y. As of 31 December 2015, we had a total of seven

development projects in the Henan province currently held for sales or investment: (i) four projects were fully completed namely Weiye Ru Guo Ai, Weiye Tiandao Tianheshuian, Weiye Tiandao International and Weiye Xiangdi Bay with total GFA of approximately 491,359 sqm ; (ii) two projects are undergoing development namely Weiye Central Park and Weiye Paris Impression with total completed and estimated GFA of approximately 925,944 sqm and (iii) one project held for future development namely Weiye Hanwei Project with an estimated GFA of approximately 203,770 sqm.

Meanwhile the Hainan province, another key region in which we operate, recorded a GDP growth of 7.8% in 2015, with a total real estate investment growth of 19.0% y-o-y. As of 31 December 2015, we had five projects in the region currently held for sales or investment. (i) three projects have been fully completed namely Weiye Costa Rhine, Weiye Oxygen Cube B and Weiye West International Plaza with total GFA of approximately 107,637 sqm, and (ii) two projects are under development namely Weiye Oxygen Cube A and Weiye Rhine Coast with total completed and estimated GFA of approximately 127,489 sqm.

The growth of the economies in both provinces had outperformed the national average, with the property sectors in both provinces demonstrating stable growth. Therefore, the Group maintains a positive outlook for its property development business.

On the results front, we continued to deliver steady results for the financial year ended 31 December 2015 ("FY2015"). We are pleased to report a group revenue was RMB1.2 billion for the year under review and a net profit of RMB106.6 million.

Property Development Business Review

Our business is divided into three segments, property development, housing construction and clean room equipment and air diffusion products. For FY2015, revenue for the property development segment grew by 16.1% to RMB1,044.5 million due to higher sales arising from the sale of commercial properties, parking lots and storage units. Revenue from sales of commercial properties increased by approximately 201.5% to RMB129.2 million for FY 2015, primarily due to the delivery of commercial units of Weiye Tiandao International and Phase IV of Weiye Central Park. Construction works of Weiye Tiandao International and portion of Phase IV of Weiye Central Park were completed during the year ended 31 December 2015, contributed a revenue from sales of commercial properties of approximately RMB33.2 million and RMB39.1 million to our Group, respectively. The gross profit margin of this segment of 28.0% was relatively consistent in comparison to the same reported for FY2014.

Besides capitalising on the high growth in demand in the Henan market and further strengthening our market position in the Hainan market, we are laying the foundation to foray into new markets. On 14 September 2015, we have entered into a co-operative agreement on the acquisition of a proportion of shares of a project company that owns the land-use rights of the Yuansheng area in Shenzhen city, Longgang district of the Longdong community. This project company had already participated in the preliminary city re-development works in the area and have been granted development rights on the future development of the locale.

Housing Construction Business Review

Our second business segment is housing construction which focuses on construction of resettlement houses in Zhengzhou city in the Henan Province of the PRC. As part of the Henan local government's urbanisation plan, the Group was contracted to build resettlement houses. As of 31 December 2014, Phase I of the construction of the resettlement houses has been completed in accordance with the construction agreement. Revenue recognised for FY2015 was approximately RMB113.3 million arising mainly from construction of additional ancillary facilities as requested by the local government as well as interest cost recoverable from the same.

Pursuant to the construction agreement with the local government, the Group would be able to recover from the local government interest cost incurred at a pre-determined interest rate. The gross profit margin for the housing construction business in FY2015 was lower as compared to the same period of last year. This was mainly due to a portion of the actual interest cost incurred during FY2015 that exceeded the pre-determined interest rate and could not be recovered from the local government.

Clean Room Equipment Business Review

Our third segment, through our Eindec Group, we engage in the Equipment Manufacturing Business which carries out design, manufacture and sales of clean room equipment, HVAC equipment and air purifiers, and sales and installation of cooling towers, mainly in Singapore and other Southeast Asian countries.

Our clean room equipment are used to create a clean room environment which is essential in the manufacture and production processes of industries such as the electronics, semiconductors, pharmaceutical and food processing industries. Most of our clean room equipment are customised and tailored to cater for the unique specifications of our customers.The Eindec Group also designs, manufactures and sells HVAC equipment. HVAC equipment consists of four main categories of products, namely, (a) grilles and diffusers; (b) air control dampers; (c) fire dampers and (d) marine dampers. The Eindec Group also sells cooling towers which are an integral and essential feature of water-chilled centralised air-conditioning system.

In addition to the above, by leveraging on our technological expertise in clean room products, the Eindec Group has also ventured into the consumer air purifier market. In particular, we completed the design and building of a prototype of a new line of air purifiers under the Aijiabao（愛家寶）brand name for sales in the PRC. We plan to sell our Aijiabao（愛家寶）products to customers such as appointed local distributors, property developers and corporations for installation in homes and offices for consumers, end users, as well as through e-commerce platforms. Once we have established a presence in the consumer market, we intend to expand our product range for the commercial and industrial markets.

The clean room equipment segment contribution to total sales rose by 10.9% to RMB76.9 million due to stronger sales of our cleaning room products and the introduction of a new product, the 'AiJiaBao' air purifier.

Aside to the stronger results of this segment, we have undertaken a spin-off for Eindec Group and successfully listed the same under the name "Eindec Corporation Ltd" on Catalist, a sponsor-supervised listing platform of the SGX on 15 January 2016. A total of 35,800,000 new ordinary shares were issued at S$0.21 each to the public in Singapore and professional or institutional investors, representing approximately 33.2% of the enlarged issued capital of the Eindec Corporation. A total net proceeds of approximately S$4.55 million was raised. The Eindec listing will allowed us to achieve a more balanced exposure of our cleanroom equipment segment and increase the scale of the business segment moving forward.

Hong Kong Dual Primary Listing

FY2015 was a milestone year where we took new steps to strengthen the Group's capability for greater growth. We completed our dual primary listing exercise in Hong Kong on 6 April 2016, which grants us exposure to raising capital on both the Hong Kong Exchange ("HKEX") and Singapore Exchange ("SGX").

We believe that the Hong Kong dual primary listing will be highly beneficial for the company as it increases our market visibility and attracts more investors of different profiles especially private and institutional investors with better understanding of the China market, thus widening our investor base while increasing the liquidity of our shares. The Hong Kong dual primary listing is also in line with the Group's focus on its business operations in the PRC and ties in well for our future growth and long-term development.

Outlook

Moving forward, we are confident that our positioning and fundamental strengths will allow us to decisively capitalize on the opportunities arising from our target markets. Likewise, we believe that we are ready to surmount any challenges that may arise as we have built robust foundations and paved the way to unlock long term value.

On the subject of austerity measures that continued to be implemented in certain localities by the Chinese government to prevent possible bubbles in the local property market, we believe that while it may have affected the demand from speculative buyers or property investors, our target customers would be largely unaffected. Our properties are marketed to actual users, first-time home buyers, customers with a need to upgrade their living environment, and a small portion of customers who would like to buy a holiday home. Their needs remain inelastic and will have to be met despite any change in policy.

Moody's Investor Service has also chimed in with its report that China's property sector is expected to remain stable through 2016. It expects a 0 – 5 % y-o-y growth in nationwide property sales for 2016. It added that it anticipates that the PRC government would continue to implement supportive monetary policies and fine tune regulatory measures for the property sector and if necessary, further loosening of regulatory measures for the property sector.

Furthermore, Standard & Poor was positive about China's property market as it raised its forecast for the country's property sales and prices. It estimated a 5 – 10% rise for 2016 on the back of stronger-than-expected government support for the market.

The International Monetary Fund is also cautious but optimistic about the world economic outlook. It said in its January 2016 report that global growth for 2016 would be higher at 3.4% as compared to the 3.1% of 2015 and would be higher still at 3.6% in 2017. It said that advanced economies would experience a modest and uneven recovery and growth in China was evolving broadly as envisaged.

Taking into account the various view above, we believe that we are able to grow our presence in our target markets in the Henan and Hainan Provinces by leveraging on our land reserves, effective management, standardized and streamlined development process and other strengths. We will continue utilizing different models of property development for flexibility and efficiency and maintain a well-balanced mix of residential and commercial developments. We will also be prudent with land acquisition, ensuring that each addition is selected for optimum returns and last but not least, we will continue to invest in human resources in order to attract, nurture and motivate a skilled and talented workforce.

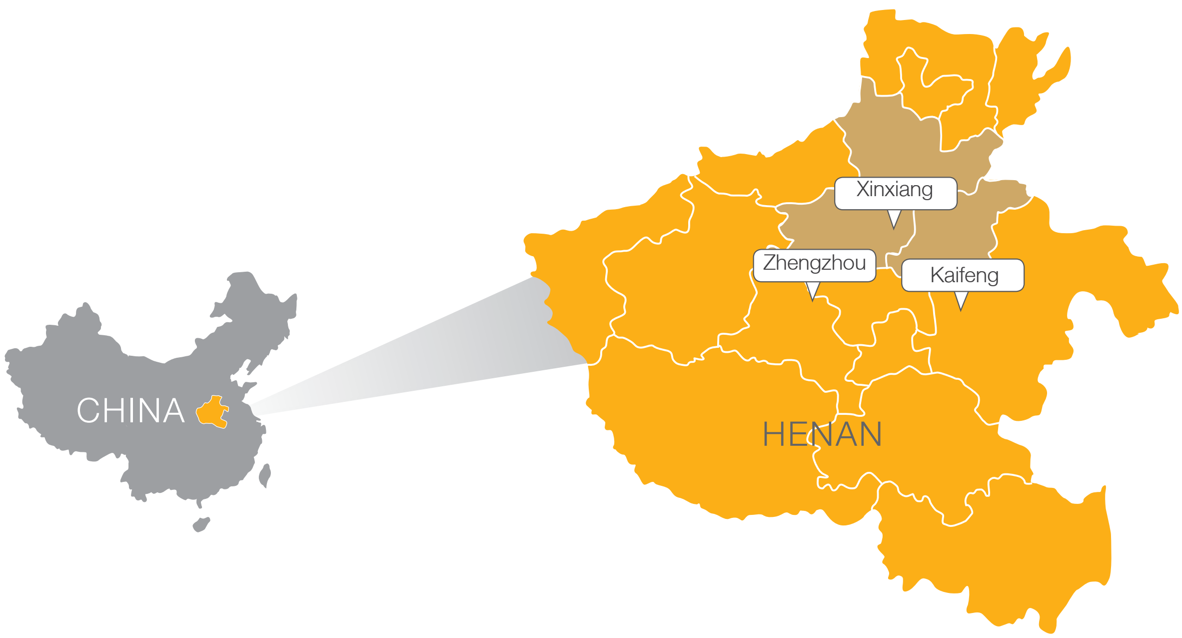
Appreciation

I would like to thank Mr Zhang Jianwei for his contributions to the Group and wish him the best in his future endeavors. I would also like to welcome aboard Mr Siu Man Ho Simon who joins us as an Independent Non-Executive Director. Mr Dong Xincheng has been re-designated as Non-Executive Director. I look forward to working together with you both and the Board to continue steering the Group to new heights.

I would also like to thank our business partners and customers for their support while not forgetting the dedication of our management and staff. Last but not least, I would like to thank our shareholders for their ongoing faith and support. I look forward our journey into the future where we will continue to unlock greater value for our stakeholders.

ZHANG WEI
EXECUTIVE CHAIRMAN

Established Market in Henan Province



The Henan Province continued to enjoy strong gross domestic product "GDP") growth, outpacing the national average and its property sector demonstrated stable growth. Henan's GDP grew by 8.3% in 2015 and its total real estate investment increased by 12.8% year-on-year ("y-on-y"). These strong numbers attest to Henan's central placement at the heart of China's construction boom and position as the fifth largest economy in China.

Strategic Location

Henan benefits from a high established multi-model transportation system that links the city to other parts of China. Two of the PRC's most important railways, the Jingguang and Longhai lines which run from Beijing to Guangzhou and Lianyungang to Lanzhou respectively, run through Henan's capital city – Zhengzhou. It is also one of the eight major railway centres designated by the Ministry of Railway of China. Henan also play a key role in China's fast growing high-speed railway network, and is the intersection for the Jingguan and Xulan lines which connect Beijing to Guangzhou and Xuzhou to Lanzhou respectively. The Jingguan line is already being used while the Xulan line is under construction.

The Central Plains Economic Region

The Central Plains Economic Region (CPER) encompasses the Zhengbianluo metropolitan area as core, supporting the Central Plains city cluster, covering the entire Henan Province and extends to the surrounding economic areas in the region. Located in the heart of China, it is the nation's main functional area clearly carved out for key development. With its important strategic location and developed transport infrastructure, it has huge market potential as well as a rich cultural heritage, standing an important strategic position in China's overall development reform. On the eve of the national day in 2011, developing the CPER became part of the countries strategic plan. In November 2011, the State Council officially approved of the "Central Plains Economic Zone", and the economic reform of the Central Plains now had a programmatic document. Henan Province is the sixth largest national economic region and is also a key transport and manufacturing hub for China and was included in the country's Twelfth Five Year Plan. It was gazetted as a national development strategy by the Central Government in 2011 as a national centre for high tech manufacturing, energy and raw materials as well as logistics and services.

Spectacular Growth in Property Market

Henan is the most populous province in China and is home to over 106.0 million residents. Due to the fast growing economy and intense urbanisation, the province's property market has achieve strong growth over the years. Furthermore, home ownership in China is seen as a cultural requirement and owning a home is a prerequisite for marriage. With approximately 13.0 million weddings in China each year, it is no surprise that a third of China's residential property sales are for impending marriages. In addition, demand for housing is also fuelled by rural to urban migration. The PRC's urban populated is estimated to grow by 25.0% over the next decade and reach one billion by 2030. That is an addition of about 20 million more people to the country's cities each year.

Our Projects

The Group upholds its strategic focus on cities with high growth potential in the Henan Province. We target properties in prime locations that are well integrated with commercial spaces and ancillary facilities. We cater to demand for quality homes and work to strengthen our foothold in the fast-growing second-tier cities across the Henan Province.

As of 31 December 2015, we had a total of seven development projects in the Henan province currently held for sales or investment: (i) four projects were fully completed namely Weiye Ru Guo Ai, Weiye Tiandao Tianheshuian, Weiye Tiandao International and Weiye Xiangdi Bay with total GFA of approximately 491,359 sqm ; (ii) two projects are undergoing development namely Weiye Central Park and Weiye Paris Impression with total completed and estimated GFA of approximately 925,474 sqm and (iii) one project held for future development namely Weiye Hanwei Project with an estimated GFA of approximately 203,770 sqm.

Properties Under Development

Weiye Central Park
伟业中央公园

Weiye Oxygen Cube A
伟业氧立方A

Weiye Paris Impression
伟业巴黎印象

Weiye Rhine Coast
伟业莱茵海岸

Projects Held for Future Development

Weiye Hanwei Project
伟业汉伟项目

Completed Projects

Weiye West
International Plaza
伟业西城国际广场

Weiye Costa Rhine
伟业莱茵半岛

Weiye Oxygen Cube B
伟业氧立方B

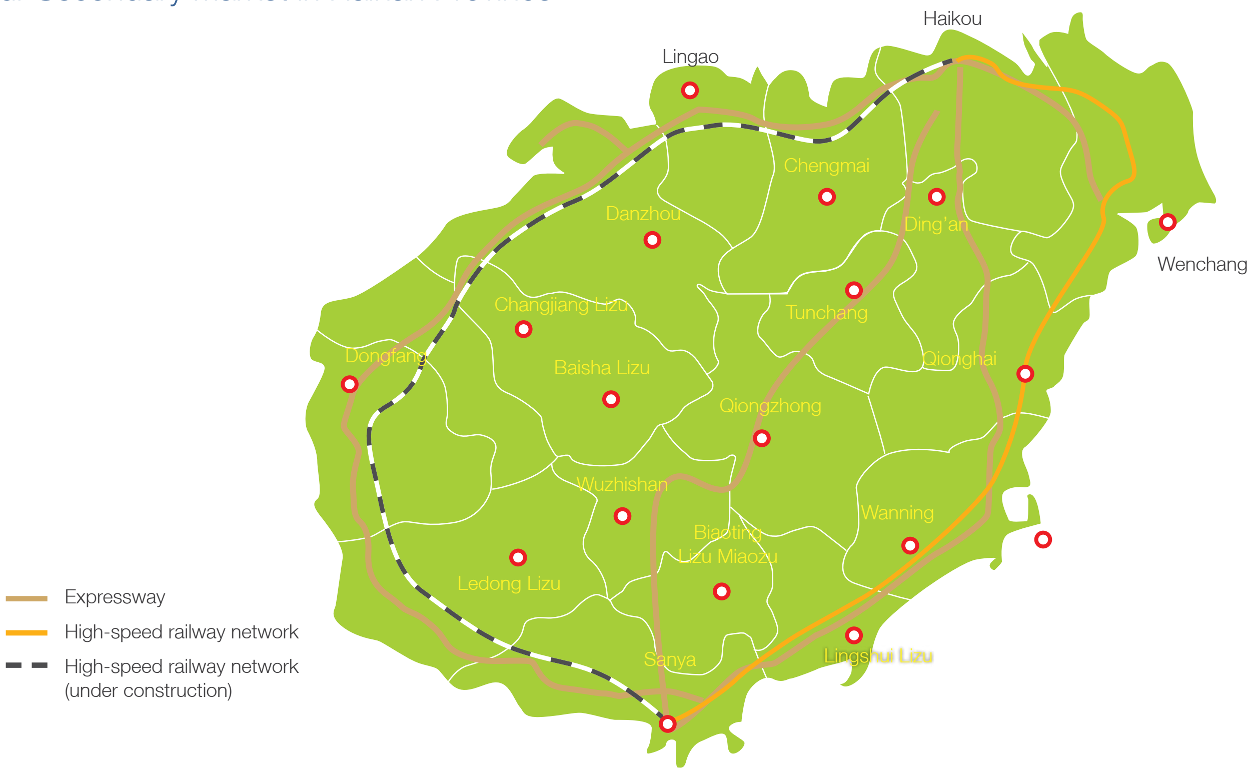
Weiye Ru Guo Ai
伟业如果爱

Weiye Tiandao
International
伟业天道国际

Weiye Tiandao Tianheshuian
伟业天道天河水岸

Weiye Xiangdi Bay
伟业香堤湾

Our Secondary Market in Hainan Province



Hainan Island is recognised internationally as a tourism area and was also designated as an 'International Tourism Island' by the PRC Central Government. In addition to ongoing developments that make it more enticing to travellers, it also has a visa-free policy to 26 countries and is strengthening its transport infrastructure. The GDP for Hainan province rose by 7.8% in 2015 with a total real estate investment growth of 19.0% y-on-y.

Booming Tourism-driven Economy

Tourism in Hainan continues to growth with tourist arrivals up by 11.4% y-o-y according to the Hainan Tourism Commission. It said that the island received about 53.4 million tourists in 2015. These tourists spent nearly RMB57.2 billion up 13.0 y-on-y, said Sun Ying.

The quality of Hainan's tourism industry is also steadily growing. According to the Hainan International Tourism Island Development Index Report (2015) issued by the Hainan Provincial Tourism Development Commission, the Index Institute of the National Financial Information Center and the Hainan bureau of Xinhua News Agency, an index launched in 2009 was used to measure the quality of the province's tourism industry has increased from a base of 100 with an average annual growth of 18.0%.

Hainan also seeks to expand its offerings to include medical tourism via the establishment of the Bo'ao Lecheng International Medical Tourism Pilot Zone. The first of its kind in China, the zone was approved by the State Council in 2013 and infrastructure construction work has already begun with international medical tourism centre completed and another 19 more projects to be completed over the next two years. These 20 projects will cater to those seeking plastic surgery, Botox, and anti-aging treatments.

Enhanced Transportation Infrastructure

The construction of the western loop of Hainan's high-speed railway line has been completed, an international landmark achievement as it is the world's first circular high-speed railway line. The railway line covers 650 kilometers, connecting all the airports in the tourist haven, with 29 stops along with the route. The loop takes 3 hours and 10 minutes to travel and allows passengers to enjoy a scenic sea view loop around the island.

The eastern loop which was opened in 2010 and ferried some 61 million passengers. It had significantly boosted tourism, development and investment on the eastern side and with the western loop now in operation, it is expected to similarly benefit.

Growing Property Market

Through joint developments, we aim to strengthen the Group's property development business in Hainan, rapidly spreading the operations network for resort living property development in a low cost manner. Using resort living property development as a platform, the six service systems of food, housing, transportation, travel, shopping and entertainment act as pillars to realize the "round-the-island" vacation model. This new vacation model continues to bring about a variety of choices for resort living and customer services, and can also be cultivated as the Group's new economic growth point. At the same time we will also focus on Hainan Provincial capital of Haikou city and tourism centre Sanya City.

For the financial year under review, we had five projects in the region currently held for sales or investment. (i) three projects have been fully completed namely Weiye Costa Rhine, Weiye Oxygen Cube B and Weiye West International Plaza with total GFA of approximately 107,637 sqm, and (ii) two projects are under development namely Weiye Oxygen Cube A and Weiye Rhine Coast with total completed and estimated GFA of approximately 127,489 sqm.

Access to Capital Markets

A milestone development for the Group during this financial year is the dual listing of our shares on the Hong Kong Exchange ("HKEX"). The HKEX was identified as having raised the most IPO funds in 2015. The funds raised by IPO companies reached HK$261.3 billion in 2015 – an increase of 12.0% as compared to 2014. This is in contrast with the declines in both the New York Stock Exchange and the London bourse. The former only saw 52 companies launched in 2015, down from 118 in 2014 while for the latter, listings for the same period only reached US$16.2 billion, compared with US$22.5 billion in 2014. We believe that the HKEX's stature as a leading bourse in the region bodes well for our capital-raising efforts as our enhanced market visibility will enable us to better attract private and institutional investors to fuel our consequent phases of growth.

FINANCIAL HIGHLIGHTS

Revenue (RMB' Mil)	FY11	FY12	FY13	FY14	FY15
Property Development	621.2	131.8	646.4	899.3	1,044.5
Housing Construction	N.A.	N.A.	660.1	325.1	113.3
Clean Room & Air Diffusion Equipment	37.3	90.9	70.5	69.3	76.9
Total	658.5	222.7	1,377.0	1,293.7	1,234.7

Gross Profit (RMB' Mil)	FY11	FY12	FY13	FY14	FY15
Property Development	287.9	9.5	189.5	239.5	292.4
Housing Construction	N.A.	N.A.	107.8	71.5	3.3
Clean Room & Air Diffusion Equipment	9.6	35.0	27.3	24.1	30.5
Total	297.5	44.5	324.6	335.1	326.2

Gross Profit Margin (RMB' Mil)	FY11	FY12	FY13	FY14	FY15
Property Development	46%	7%	29%	27%	28%
Housing Construction	N.A.	N.A.	16%	22%	3%
Clean Room & Air Diffusion Equipment	26%	39%	39%	35%	40%
Total	45%	20%	24%	26%	26%

(RMB' Mil)	FY11	FY12	FY13	FY14	FY15
Net Profit	101.2	36.9	182.4	271.0	106.6
Earnings Before Interest, Tax, Depreciation and Amortisation	246.7	(40.1)	291.9	466.6	223.2
Equity Attributable to Owners of the Company	571.2	624.9	797.2	1,047.3	1,140.0
Total Assets	1,576.5	1,831.3	3,277.5	4,464.2	5,129.9
Total Liabilites	1,005.3	1,203.0	2,367.2	3,291.1	3,851.6
Net Debts*	(184.5)	80.1	359.7	1,111.2	1,658.0

** Interest bearing debts (-) cash and cash equivalents*

	FY11	FY12	FY13	FY14	FY15
Interest Coverage Ratio (times)	14.0	(1.8)	4.4	4.1	1.8
Earnings per Share (RMB' cents) **	18.8	57.4	94.1	131.7	48.0
Net Asset Value per Share (RMB) **	2.9	3.2	4.1	5.3	5.8
Net Debts to Equity Attributable to Owners of the Company Ratio (%)	(32%)	13%	45%	106%	145%

*** Adjusted for effect of share consolidation*

Property Development Business Segment

For the FY2015, property sales grew by approximately 16.1% to approximately RMB1,044.5 million as compared to FY2014 mainly due to higher sales arising from the sale of commercial properties, parking lots and storage units. Revenue from sales of commercial properties increased by approximately 201.5% to RMB129.2 million for FY 2015, primarily due to the delivery of commercial units of Weiye Tiandao International and Phase IV of Weiye Central Park. Construction works of Weiye Tiandao International and portion of Phase IV of Weiye Central Park were completed during the year ended 31 December 2015, contributed a revenue from sales of commercial properties of approximately RMB33.2 million and RMB39.1 million to our Group, respectively.

The gross profit for the segment grew by approximately 22.1% to approximately RMB292.4 million while the gross profit margin was approximately 28.0%, relatively consistent with what was achieved for FY2014.

Housing Construction Business

Sales for the segment fell by approximately 65.2% to approximately RMB113.3 million for FY2015. During 2014, the construction of the phase I of resettlement houses has been completed in accordance with the cooperation agreement. Revenue from housing construction recognised for FY2015 of approximately RMB113.3 million was mainly due to construction of additional ancillary facilities as requested by the local government.

The gross profit for this segment dropped by approximately 95.4% to approximately RMB 3.3 million for the year under review when compared to FY2014. The gross profit margin was also lower as compared to FY2014 due to a portion of the actual interest incurred during FY2015 exceeded the pre-determined interest rate and could not be recovered from the local government.

Equipment Business

Revenue for the equipment business increased by approximately 10.9% to approximately RMB76.9 million in FY2015, which was mainly due to the higher sales volume of clean room equipment and the sales of our new product the "AiJiaBao" Air Purifier. Gross profit for the segment increased by approximately 26.6% to approximately RMB30.5 million. Gross profit margin also improved to approximately 39.7% as compared to approximately 34.8% in FY2014 due to the stronger sales of cleanroom equipment that reduced fixed overhead costs and sales of the air purifier which fetched a higher gross profit margin.

Other Income

Other income decreased by approximately 82.1% to approximately RMB45.8 million for FY2015, primarily due to the decrease in change in fair value of investment properties of approximately RMB225.5 million for FY2014, and partially offset by the recognition of gain on disposal of assets held for sale of approximately RMB5.7 million for FY2015. No such incomes were recognised for 2014.

Expenses

Our selling and distribution expenses increased by approximately 7.6% to approximately RMB 36.9 million for FY2015, primarily due to an increase in advertising and promotion expenses of approximately RMB3.4 million, which was attributable to an increase in advertising and publicity expenses of Weiye Tiandao International and Weiye Paris Impression in connection with the launch of pre-sales for these projects.

Administrative expenses increased by approximately 18.6% to approximately RMB108.6 million for FY 2015, primarily attributable the recognition of listing expenses of approximately RMB15.6 million for the year ended 31 December 2015, partially offset by the decrease in depreciation and amortisation and other administrative expenses during the year.

Finance expenses for FY2015 decreased by approximately 8.7% to approximately RMB5.4 million, primarily due to (i) an increase of approximately RMB39.3 million in interest income on bank deposits and other loans and receivables; and (ii) an increase of approximately RMB36.6 million in finance costs capitalised in construction projects, partially offset by an increase of approximately RMB47.5 million in interest expenses on bank loans, other loans and payables and bank charges for FY2015.

The share of loss of a joint venture was approximately RMB7.4 million for FY 2015. During FY 2015, the joint venture entity only had some marketing activities and did not recognise any revenue. No such amount was recognised in 2014.

Income tax expense decreased by approximately 43.1% to approximately RMB104.4 million for FY 2015, primarily due to (i) a decrease in deferred tax expense of approximately RMB75.6 million; and (ii) a decrease in land appreciation tax expense of approximately RMB21.1 million, partially offset by an increase in income tax charge of approximately RMB17.7 million for FY 2015.

Review of Financial Position

Daimashi is a joint venture between the Group and Zhengzhou Shijizhongxin Zhiye Co., Ltd whereby both the Group and Zhengzhou Shijizhongxin Zhiye Co., Ltd intend to develop the land held by Daimashi. The decrease in investment in joint venture was mainly due to the share of loss incurred by the joint venture during FY 2015.

Investment properties decreased by approximately RMB65.0 million for FY2015 mainly due to a disposal of an investment property and a reclassification of investment properties as assets held for sales.

The non-current portion of trade, other receivables and prepayments represents (i) amount due from non-controlling interest; (ii) amount due from a joint venture partner; and (iii) advance deposits. The amount due from joint venture partner increased due to interest accrued in FY2015.

The advance deposit represents a deposit placed pursuant to a collaboration agreement dated 14 September 2015 with Shenzhen Huibang Investment Management Co., Ltd ("Shenzhen Huibang") in connection with the development of the land-use rights in Shenzhen city Longgang district Longdong community Yuansheng area ("Yuansheng Project"). In accordance with the collaboration agreement, should the Yuansheng Project be terminated due to governmental reason, the deposit placed shall be refunded in full together with interest based on market rate.

Development properties decreased by approximately RMB188.6 million mainly due to the sales of property development projects, such as Weiye Central Park Phase III&IV, Weiye Xiangdi Bay Phase III, Weiye Tiandao Tianheshuian, Weiye Tiandao International and Weiye West International Plaza. This value was partially offset by progressive completion of property development projects in this period, such as Weiye Central Park Phase V.

The current portion of trade, other receivables and prepayments increased by approximately RMB588.5 million. This was due in part to an RMB113.3 million increase in accrued trade receivables from resettlement house. The increase in trade and other receivables was also due to increase in deposits paid to local government in Zhengzhou for land use right bidding of total approximately RMB426.4 million and an increase in prepaid expenses relating to purchase of building materials of approximately RMB3.1 million.

The amount due from joint venture represents the advances to Daimashi, which were unsecured and non-interest bearing.

Assets classified as held for sale increased due to the reclassification of investment properties of which the sales is expected to be completed by FY2016. This was partially offset by the completion of a disposal of a leasehold property in 2Q2015.

Trade and other payables was lower for the FY2015 mainly due to the decrease in advance receipts from sales of properties.

Advance receipts from sale of properties are amounts received from buyers of completed properties and will be recognised as revenue when the property units are handed over by the Group to the buyers. The decrease in the advance receipts from sale of properties was mainly due to the recognition of sales from Weiye Xiangdi Bay Phase III and Weiye Tianheshuian during FY2015.

The amount due to directors fell mainly due to the full repayment during 3Q2015.

Loans and borrowings were higher due to additional long term loans obtained to finance the development of property projects.

Meanwhile tax payables was also higher mainly due to higher provision of income tax for the current financial period.

Deferred tax liabilities increased mainly due to the provision for deferred tax liability relating to the withholding tax on undistributed profits of approximately RMB13.0 million and fair value gain from investment properties and investment properties under development amounting to RMB5.7 million.

Cash Flow Statement

Our cash used in operating activities principally comprises payments made in relation to our property development activities and land acquisitions. Our cash generated from operating activities is principally proceeds received from the sales of our properties and income from sales of goods. For the year ended 31 December 2015, we had net cash used in operating activities of approximately RMB131.7 million, which primarily comprised (i) an increase in trade and other receivables of approximately RMB482.2 million; and (ii) income taxes paid of approximately RMB56.0 million, partially offset by (i) a profit for the year of approximately RMB106.6 million primarily adjusted by taxation of approximately RMB104.4 million and change in fair value of investment properties of approximately RMB22.1 million; and (ii) a decrease in development properties of approximately RMB230.3 million. Our net cash used in operating activities for the year ended 31 December 2015 was primarily due to cash outflows associated with construction costs paid to our constructors and suppliers in connection with Weiye Tiandao International, partially offset by receipts from customers in relation to sale of Phase IV of Weiye Central Park and Weiye Tiandao International.

Our cash used in investing activities primarily reflect cash outflow in connection with investment in a joint venture, acquisition of asset classified as held for sale and acquisition of a subsidiary. Our cash inflows generated from investing activities primarily reflect deposits received for the disposal of subsidiary. For the year ended 31 December 2015, we had net cash generated from investing activities of approximately RMB72.5 million, which primarily comprised (i) proceeds from disposal of assets classified as held for sale of approximately RMB23.8 million; (ii) interest received of approximately RMB38.1 million; and (iii) proceeds from disposal of other financial assets of approximately RMB13.0 million, partially offset by (i) deposit to third party of approximately RMB35.0 million; and (ii) cash paid for purchase of other financial assets of approximately RMB5.2 million.

Our cash inflows from financing activities primarily reflect proceeds from bank and other borrowings. Our cash outflows from financing activities primarily reflect repayment of bank and other borrowings as well as interest paid and increase in restricted cash. For the year ended 31 December 2015, we had net cash used in financing activities of approximately RMB10.0 million, which primarily comprised (i) repayment of loans and borrowings of approximately RMB854.8 million; (ii) increase in restricted cash of approximately RMB357.0 million; and (iii) interest paid of approximately RMB198.8 million, partially offset by proceeds from loans and borrowings of approximately RMB1,458.9 million.

Financial Resources and Liquidity

Our Group's net current assets further increased from approximately RMB1,451.8 million as at 31 December 2014 to approximately RMB2,176.9 million as at 31 December 2015. The increase was primarily attributable to the increase in trade, other receivables and prepayments of approximately RMB588.5 million and cash at banks and on hand of approximately RMB290.4 million as a result of the inflow of cash generated from our operation.

Our bank and other borrowings are denominated in Renminbi, Singapore dollar and Malaysian Ringgit. As at 31 December 2015, our total outstanding loans and borrowings amounted to approximately RMB2,254.9 million. Particulars of bank and other borrowings of our Group as at 31 December 2015 are set out in Note 26 to the financial statements.

Treasury and Investment Management

We prepare our annual budget to forecast our cash flows and cash balances and to estimate our working capital needs for business expansion and other investments. We have also established cash and treasury management measures to ensure (i) to have sufficient liquidity to meet our liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation; and (ii) compliance with the covenants and conditions stipulated in the loan agreements which we entered into.

In order to ensure the proper application of funds available to our Group for investment, we have established policies and procedures on our investment management. Generally, our investment manager is responsible for managing and monitoring our investment portfolio on a daily basis. Any fund transfer for trading purpose, acquisition and disposal of any investment shall be reviewed by our senior management and approved by our executive Chairman before execution. Our investment manager will prepare monthly trading summary report comprised of the detail balance of our investment portfolio, balance of our available fund and trading gain or loss as of the month end and report to our senior management and executive Chairman.

Employees and Remuneration Policies

As at 31 December 2015, our Group employed a total of 393 direct and full-time employees. For the year ended 31 December 2015, employee benefits expenses of our Group (including Directors' fee) were approximately RMB60.3 million (2014: approximately RMB60.2 million). The remuneration package of our employees includes base salary and discretionary bonuses. In general, we determine employees' salaries based on each employee's qualifications, experience, position and seniority and discretionary bonuses based on employees' performances and our Group's results of operations. We believe the salaries and benefits that our employees receive are competitive with market standards in each geographic location where we conduct business.

Charge of assets

As at 31 December 2015, the secured loans for our Group are pledged by the property, plant and equipment, investment properties and development properties of certain subsidiaries. Particulars of charge of assets of our Group as at 31 December 2015 are set out in Note 4, 6 and 21 to the financial statements.

Future Plans for Material Investments and Capital Assets

Save as disclosed above and in the listing document of the Company dated 29 March 2016, our Group did not have any plans for material investments and capital assets.

Gearing Ratio

Gearing ratio is our total debt divided by total equity. Total debt includes interest-bearing bank and other borrowings. As at 31 December 2015, our Group has gearing ratio of 74% compared to that of 72% as at 31 December 2014. Details of the gearing ratio are set out in Note 41 to the financial statements.

Foreign Exchange Exposure

Our Group's property development, housing construction, and clean room equipment and air diffusion businesses are principally conducted in RMB and SGD, which are the functional currencies of the respective subsidiaries of our Group. Most of our Group's monetary assets and liabilities are denominated in RMB and SGD. Accordingly, our Directors consider our Group's exposure to foreign currency risk is not significant. Our Group does not employ any financial instruments for hedging purposes.

Contingent Liabilities

Details of the contingent liabilities of the Group are set out in Note 37 to the financial statements, which included guarantees given to banks in connection with banking facilities granted to third parties.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 December 2015, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

BOARD OF DIRECTORS

ZHANG WEI (张伟)
Executive Chairman

CHEN ZHIYONG (陈志勇)
Executive Director and Chief Operating Officer

Mr. Zhang Wei (张伟), aged 46, is chairman of the Board and an executive Director. He is responsible for the Group's strategic planning and the overall business development decision making.

Mr. Zhang has over 21 years of experience in the real estate industry. He joined Henan Weiye in June 2002 and has been the sole director of Great Spirit since its establishment in 2009. He has been the chairman of the Board since the Reverse Takeover in 2011. Mr. Zhang currently holds certain positions in the members of our Group, namely, director of Great Spirit and Weiye Hong Kong; and the legal representative, executive director and manager of Hongji Property and Hongji Consulting.

From July 1990 to July 1993, he was the operation manager, responsible for the company's operations, in China Construction No. 7 Engineering Bureau Zhongyuan Property Development Company* (中国建设第七工程局中原房地产开发公司), which principally engaged the business of construction and property development. From July 1993 to March 1994, he was the deputy manager of Henan Xinya Property Co., Ltd.* (河南新亚置业有限公司), a company engaged in the business of property development. From March 1994 to August 1998, he was the general manager, and was later promoted to the managing director, responsible for the overall business operation of the company, in Henan Xinfeng Property Co., Ltd.* (河南新丰置业有限公司), which engaged in the business of property development.

Mr. Zhang was certified as an economist by Henan Province Science Committee* (河南省科技委员会) in November 1996. He obtained a Masters in Business Administration from Macau University of Science and Technology (澳门科技大学) in Macau Special Administrative Region of the PRC in September 2003. Mr. Zhang is the brother-in-law of Mr. Chen Zhiyong, our executive Director and chief operating officer.

Mr. Chen Zhiyong (陈志勇), aged 45, is our executive Director and chief operating officer. He is responsible for managing the construction of our Group's property development projects and overseeing the procurement of construction materials and costs control of our Group's Property Development Business.

Mr. Chen has over 20 years of experience in the real estate industry. He joined Henan Weiye in July 2000, responsible for property development management, and was later promoted to the position of chief executive officer of Henan Weiye in 2010. He has been an executive Director and the chief executive officer of our Company since the Reverse Takeover in August 2011. On 27 February 2014, he was re-designated as the chief operating officer of our Company. Mr. Chen currently holds certain positions in the members of our Group, namely, the legal representative and executive director of Jinwei (Henan) and Xinxiang Weiye; the legal representative, executive director and general manager of Hongji Weiye, Henan Weiye, Henan Huibang and Henan Tiandao; and the legal representative and chairman of the board of Henan Xingwei and Hanwei Zhiye.

From 1988 to 1993, he worked in the infrastructure department in Zhengzhou City Heavy Industry Management Authority (郑州市重工业管理局). From 1993 to 1998, he was the manager of the project management department in the No. 2 engineering department of the Zhongjian No. 7 Bureau No. 4 Construction Engineering Company* (中建七局第四建筑工程公司), a company principally engaged in the business of construction where he was responsible for the management of the construction of the property.

Mr. Chen graduated from Naval University of Engineering, PLA (中国人民解放军海军工程大学) in Wuhan City, Hubei Province, the PRC, with a degree in project management in June 2006. Mr. Chen is the brother-in-law of Mr. Zhang Wei, the chairman of the Board and an executive Director.

DONG XINCHENG （董心诚）

Non-Executive Director

ONG KIAN GUAN （王建源）

Independent Non-Executive Director and Lead-Independent Director

Mr. Dong Xincheng (董心诚), aged 49, is our non-executive Director. Mr. Dong was appointed as an independent non-executive Director of the Company on 15 August 2011 and he was re-designated as an non-executive Director of the Company on 10 March 2016.

Mr. Dong has approximately 13 years of experience in legal practice. From 1990 to 1995, he was an officer in Road Administration Division of Henan Province Bureau of Transport* (河南省交通厅公路管理局). From 1996 to 2001, he was a deputy general manager at Shijiazhuang Xinlin Real Estate Development Co., Ltd.* (石家庄鑫麟房地产开发有限公司), where he was responsible for its business management. From 2002 to 2004, he practised law at Henan Guanglei Law Firm* (河南光磊律师事务所). From 2004 onwards, he has been practising law at Henan Zhengfangyuan Law Firm* (河南正方圆律师事务所).

Mr. Dong graduated from Zhengzhou University (郑州大学) in Zhengzhou City, Henan Province, the PRC, with a Bachelor's degree in engineering in June 1990. He obtained the Legal Professional Qualification Certificate in September 2002.

Mr. Ong Kian Guan (王建源), aged 48, is our independent non-executive Director and lead-independent Director was re-appointed on 10 March 2016.

Mr. Ong has been an audit partner of Baker Tilly TFW LLP since October 2005, where he provides audit services. He is a practising member and a fellow of the Institute of Singapore Chartered Accountants (the "ISCA"). He has more than 23 years of professional experiences in financial audits of multinational corporations and public listed companies from diverse industries. His experiences also includes consultancy, particularly initial public offerings of companies, financial due diligence and outsourced internal audit assignments. He is currently an independent director and the audit committee chairman of various public companies listed on SGX-ST, namely: Alliance Mineral Assets Limited, China XLX Fertiliser Ltd and Serrano Limited.

Mr. Ong was admitted as a fellow of the Institute of Singapore Chartered Accountants in January 2010. He obtained a Bachelor's degree in accountancy from Nanyang Technological University in Singapore in May 1992.

OH ENG BIN (胡荣明)
Independent Non-Executive Director

Mr. Oh Eng Bin (胡荣明), aged 42, is our independent non-executive Director was re-appointed on 10 March 2016.

Mr. Oh has been a partner at Rodyk & Davidson LLP, Singapore, Corporate Practice Group, China Practice and Indonesia Practice since October 2010. He has been in the legal practice since 1999 and he has been practising mainly in the areas of corporate finance and mergers and acquisitions, with a focus on equity capital markets transactions. From December 1999 to June 2004, he was an associate in the Corporate Practice Group of Shook Lin & Bok, Singapore (converted to Shook Lin & Bok LLP from 1 July 2007), and from June 2004 to October 2010, he was a partner in the Corporate Practice Group of Shook Lin & Bok LLP, Singapore.

He is currently also independent director of SHS Holdings Ltd and independent non-executive director of KPM Holding Limited.

SIU MAN HO SIMON (萧文豪)
Independent Non-Executive Director

Mr. Siu Man Ho Simon (萧文豪), aged 42, is our independent non-executive Director was appointed on 10 March 2016.

Mr. Siu is a practicing solicitor of the High Court of Hong Kong and a China Appointed Attesting Officer appointed by the Ministry of Justice of the People's Republic of China. Mr. Siu is currently a partner in a Hong Kong law firm, Sit, Fung, Kwong & Shum, Solicitors, which he first joined as a solicitor in January 2000 and has been continuously serving there since then. His areas of practice include corporate finance, capital markets, securities, mergers and acquisitions, joint ventures and general commercial matters. He obtained a Bachelor of Laws degree from the University of Hong Kong in 1996.

He also actively participates in charitable and social services in Hong Kong. He is currently acting as the legal adviser for United Hearts Youth Foundation, VQ Foundation and Hong Kong Taekwondo Association as well as the school manager of The Association of Directors & Former Directors of Pok Oi Hospital Ltd Leung Sing Tak College.

He is currently an independent non-executive director of Brilliant Circle Holdings International Limited and Wai Yuen Tong Medicine Holdings Limited, both of which are companies listed on The Stock Exchange of Hong Kong Limited.

SENIOR MANAGEMENT

SONG FULIN (宋福林)
Chief Executive Officer

TAY MENG HENG (郑铭兴)
Chief Financial Officer

Mr. Song Fulin (宋福林), aged 53, has been the chief executive officer of our Group since 27 February 2014 and is mainly responsible for the overall business operations and management of our Property Development Business. In addition, he is responsible for projects reserves and financing of our Group.

Mr. Song has over eight years of experience in managing business operation and the real estate industry. In February 2012, he joined Henan Weiye as president and was responsible for sales and marketing, financing, monitoring and managing the property development projects of Henan Weiye. In March 2013, he was promoted to the position of chief operating officer of our Company where he was responsible for sales and marketing, financing, monitoring and managing the property development projects of our Group.

From April 2010 to January 2012, he was a director and the vice president in Zhengzhou Xinmangguo Real Estate Group* (郑州新芒果房地产集团), where he was responsible for managing property development. From December 2006 to March 2010, he was the vice president and general manager in Xinyuan (China) Real Estate Co., Ltd* (鑫苑(中国)置业有限公司) where he was responsible for managing property development.

Mr. Song graduated from Zhengzhou University (郑州大学) in Zhengzhou City, Henan Province, the PRC, in July 1984 with a degree in history.

Mr. Tay Meng Heng (郑铭兴), aged 48, joined our Group as chief financial officer in October 2012. As our Group's chief financial officer, he is responsible for the financial operations of our Group. Prior to joining our Group, Mr. Tay was the general manager responsible for corporate finance of Falcon Capital Partners Pte. Ltd. from December 2011 to May 2012 and was the general manager responsible for corporate finance of W&H Business Services Pte. Ltd. from November 2010 to 2011. He worked in Advanced Systems Automation Limited (formerly known as Advanced Systems Automation Pte Ltd), a company listed on the Catalist of the SGX-SX, from October 1994 to October 2010, where he was promoted from the position of management accountant to financial controller. He worked as an audit assistant and promoted to senior accountant in Ernst & Young in Singapore from July 1992 to 1994.

Mr. Tay obtained a Bachelor of Accountancy degree (Honours) from the Nanyang Technological University, Singapore in May 1992. He is also a member of Institute of Singapore Chartered Accountants.

CORPORATE INFORMATION

Board of Directors

Zhang Wei (Executive Chairman)
Chen Zhiyong (Executive Director and Chief Operating Officer)
Dong Xincheng (Non-Executive Director)
Ong Kian Guan (Lead Independent Non-Executive Director)
Oh Eng Bin (Independent Non-Executive Director)
Siu Man Ho Simon (Independent Non-Executive Director)

Audit Committee

Ong Kian Guan（王建源）(Chairman)
Oh Eng Bin（胡荣明）
Siu Man Ho Simon（萧文豪）

Nominating Committee

Siu Man Ho Simon（萧文豪）(Chairman)
Oh Eng Bin（胡荣明）
Ong Kian Guan（王建源）
Dong Xincheng（董心诚）

Remuneration Committee

Oh Eng Bin（胡荣明）(Chairman)
Ong Kian Guan（王建源）
Siu Man Ho Simon（萧文豪）

Company Secretaries

Shirley Tan Sey Liy (ACIS)
Man Yun Wah (HKICS)

Registered Office

8 Pandan Crescent #01-06
Singapore 128464

Headquarters and Principal Place of Business in The PRC

11th Floor, No. 50 Yingxie Road
Jinshui District, Zhengzhou City
Henan Province
The PRC

Principal Place of Business in Hong Kong

Rooms 2105-06, 21/F
Office Tower Langham Place
8 Argyle Street
Mongkok, Kowloon
Hong Kong

Auditors

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-charge: Tay Puay Cheng (Public Accountants and Chartered Accountants Singapore)
(Appointed since financial year ended 31 December 2012)

Singapore Principal Share Registrar and Transfer Office

RHT Corporate Advisory Pte. Ltd.
Six Battery Road #10-01
Singapore 049909

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

China Construction Bank (Henan Branch)
80 Garden Road
Zhengzhou City
Henan Province
The PRC 450003

China Construction Bank (Hainan Branch)
Jian Hang Building
Guo Mao Main Road
Haikou City
Hainan Province
The PRC 570125

United Overseas Bank Ltd
80 Raffles Place
UOB Plaza
Singapore 048624

CORPORATE GOVERNANCE REPORT

WEIYE HOLDINGS LIMITED (the "**Company**") and its subsidiaries (collectively the "**Group**") are committed to maintaining high standards of Corporate Governance to advance its mission to create value for the Group's customers and shareholders.

This Corporate Governance Report states the manner in which the Group has applied the principles and the extent of compliance with the guidelines as set out in the Singapore Code of Corporate Governance 2012 (the "**Code**") and the applicable code provisions of the Corporate Governance Code (the "**HK CG Code**") as set out in Appendix 14 to the Rules (the "**Hong Kong Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**") to provide the structure through which the objectives of protection of shareholders' interest and enhancement of long term shareholders' value are met. In the event of any conflict between the Code and the HK CG Code, the Group will comply with the more onerous provisions. Throughout the financial year ended 31 December 2015 ("**FY2015**"), the Group has complied with the Code and the HK CG Code, except those appropriately justified and disclosed.

(A) Board Matters

Board's 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 objective and the Management remains accountable to the Board.***

The Board (the "**Board**") of Directors (the "**Directors**") of the Company oversees the Group's overall policies, strategies and objectives, key operational initiatives, performance and measurement, internal controls and risk management, major funding and investment proposals, financial performance reviews and corporate governance practices. Approval of the Board is required for matters such as corporate restructuring, mergers and acquisition, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, share issuance, dividend and other returns to shareholders, acceptances of bank facilities, annual budget, release of the Group's quarterly and full year's results and interested person transactions of a material nature.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries and take decisions in the interests of the Company.

To assist the Board in the execution of its responsibilities, the Board is supported by three committees, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, "**Board Committees**"). These Board Committees operate within clearly defined Terms of Reference and they play an important role in ensuring good corporate governance in the Company and within the Group. These Terms of Reference will be reviewed on a regular basis to ensure their continued relevance.

The Board conducts regular scheduled Board meetings at least four times a year to approve the quarterly and full year results announcement and to review the operations and performance of the Group. The schedule of all the regular Board and Board Committees meetings for the calendar year is usually given to all the Directors well in advance in accordance with the Terms of Reference, the Code and the Hong Kong Listing Rules. Board meetings may also be convened as and when they are deemed necessary in between the scheduled meetings to address any specific significant matters that may arise. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions.

In line with the recent changes to the Companies Act, Chapter 50 of Singapore, all reference to the Memorandum and Articles of Association will be superseded with Constitution and Regulation.

The Constitution of the Company provide for Board to convene meetings by ways of tele-conferencing, video conferencing, audio or other similar communications equipment. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means and the circulation of written resolutions for approval by the relevant members of the Board or Board Committees.

The attendances of the Directors at general meetings, Board meetings and Board Committees meetings held during FY2015 are as follows:

	General/ Shareholders'		Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings	
Name	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Zhang Wei	4	4	7	7	4	4*	2	1*	2	1*
Zhang Jianwei(1)	1	0	2*	1	2*	1*	1*	1*	1*	1*
Chen Zhiyong	4	4	7	7	4	4*	2	1*	2	1*
Dong Xincheng(2)	4	4	7	7	4	4	2	2	2	2
Ong Kian Guan(3)	4	4	7	7	4	4	2	2	2	2
Oh Eng Bin(4)	4	4	7	7	4	3	2	2	2	2
Siu Man Ho Simon(5)	–	–	–	–	–	–	–	–	–	–

Notes:

* By invitation
(1) Mr. Zhang Jianwei resigned as Non-Executive Director on 4 August 2015.
(2) Mr. Dong Xincheng re-designated to Non-Executive Director on 10 March 2016.
(3) Mr. Ong Kian Guan re-appointed as Independent Non-Executive Director on 10 March 2016.
(4) Mr. Oh Eng Bin re-appointed as Independent Non-Executive Director on 10 March 2016.
(5) Mr. Siu Man Ho Simon appointed as Independent Non-Executive Director on 10 March 2016.

The Board has adopted internal guideline setting forth matters that require Board approval. The Board has identified the following areas for which the Board has direct responsibility for decision making within the Group:-

- Approval of the Group's major investments/divestments and funding decisions;
- Approval of the Group's quarterly financial updates, quarterly and full-year financial result announcements for release to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SEHK;
- Approval of any agreement which is not in the ordinary course of business;
- Approval of any major borrowings or corporate guarantees in relation to borrowings;
- Entering into any profit-sharing arrangement;
- Entering into any foreign exchange hedging transactions;
- Appointment or removal of any key executive and legal representative;
- Incorporation or dissolution of any subsidiary;
- Issuance of shares or declaration of dividends;
- Approval of the annual report and audited financial statements;
- Convening of general meetings;
- Approval of corporate strategies;
- Approval of material acquisitions and disposal of assets; and
- Approval of announcements or press releases concerning the Group for release to the SGX-ST and the SEHK

The Directors are also updated regularly with the changes to the listing manual of the Mainboard of the SGX-ST (the "**Listing Manual**") and the Hong Kong Listing Rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members.

New releases issued by the SGX-ST, Accounting and Corporate Regulatory Authority ("**ACRA**") and the SEHK which are relevant to the Directors are circulated to the Board. The Company Secretaries informed the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the External Auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

Appropriate briefing and orientation will be arranged for newly appointed Directors to familiarise them with the Group's business operations, strategic directions, Directors' duties and responsibilities and the corporate governance practices. They will also be given opportunities to visit the Group's operational facilities and meet the Management so as to gain a better understanding of the Group's business.

The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the Listing Manual and the Hong Kong Listing Rules that affect the Company and/or the Directors in discharging their duties.

During the FY2015, the Directors were provided updates and informative news of among other things, the Listing Manual and the Code. The shares of the Company has been dual listed on the SEHK for trading on 6 April 2016, and the Company is required to fully comply with the Hong Kong Listing Rules. In order to comply with Rule A6.5 of Appendix 14 to the Hong Kong Listing Rules after the dual listing of the Company on the SEHK, the Company shall arrange for sufficient training of continuous professional development to the Directors to develop and refresh their knowledge and skills in relation to the Hong Kong Listing Rules and the Listing Manual this year. The above training will be at the Company's costs.

Newly appointed Directors receive appropriate training, if required. The Group provides background information about its history, mission and values to its Directors. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Company during Board meetings. A former letter of appointment would be furnished to every newly-appointed Director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as member of the Board.

Board Composition and Guidance

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***

Presently, the Board comprises two Executive Directors, one Non-Executive Director and three Independent Non-Executive Directors:-

Name of Director	Date of First Appointment	Date of Last Re-election	Board	Audit Committee	Nominating Committee	Remuneration Committee
Mr Zhang Wei	15 August 2011	28 April 2014	Executive Chairman	–	–	–
Mr Chen Zhiyong	15 August 2011	28 April 2014	Executive Director	–	–	–
Mr Dong Xincheng(1)	15 August 2011	29 April 2013	Non–Executive Director	–	Member	–
Mr Ong Kian Guan(2)	1 May 2012	29 April 2015	Lead Independent Non–Executive Director	Chairman	Member	Member
Mr Oh Eng Bin(3)	1 April 2014	28 April 2014	Independent Non–Executive Director	Member	Member	Chairman
Mr Siu Man Ho Simon(4)	10 March 2016	–	Independent Non–Executive Director	Member	Chairman	Member

(1) Mr. Dong Xincheng re-designated to Non-Executive Director on 10 March 2016.
(2) Mr. Ong Kian Guan re-appointed as Independent Non-Executive Director on 10 March 2016.
(3) Mr. Oh Eng Bin re-appointed as Independent Non-Executive Director on 10 March 2016.
(4) Mr. Siu Man Ho Simon appointed as Independent Non-Executive Director on 10 March 2016.

There is presently a strong and independent element on the Board. Three Independent Non-Executive Directors make up half of the Board and the independence of each Independent Non-Executive Director has reviewed by the NC. The NC is of the view that these Directors are independent.

The criteria for independence are determined based on the definition as provided in the Code and the Hong Kong Listing Rules and the independence of each Independent Non-Executive Director is reviewed annually by the NC. The Board considers an Independent Non-Executive Director as one who has no relationship with the Company, its related companies or its Officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment of the Group's affairs.

There is no Independent Non-Executive Director who has served on the Board beyond nine years from the date of his first appointment.

The Board constantly examines its Board size with a view to determining the optimum size for effective decision-making. The Board is of the view that its current Board size is appropriate, which facilitates effective decision-making.

The Directors bring with them a wealth of expertise and experience in areas such as accounting, finance, legal, business or management experience and industry knowledge. Its composition enables the Management to benefit from a diverse and objective perspective on any issues raised before the Board.

Non-Executive Director and Independent Non-Executive Directors exercise no Management functions in the Group. The role of the Non-Executive Director and Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by Management are fully discussed and rigorously examined and reviewing the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

The Company co-ordinates informal meeting sessions for the Non-Executive Director and Independent Non-Executive Directors to meet on a need-basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

Chairman and Chief Executive Officer

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.***

The Executive Chairman, Mr. Zhang Wei undertakes the overall business operations and management of the Group and report to the Board of the Group. In addition, he is responsible for setting business strategies and managing the Group, which involves high-level decisions about policy and strategy, motivating employees, and driving change within the organization.

The Chief Executive Officer ("**CEO**"), Mr. Song Fulin is responsible for the overall business operations and management for China property segment of the Group and report to the Board. In addition, he is responsible for the projects reserves and financing of the Group.

The Executive Chairman and CEO are separate and exercised by different individuals, and not related to each other. This is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

The responsibilities of the Executive Chairman include:

(1) Leading the Board to ensure its effectiveness on all aspects of its role;

(2) Setting its agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

(3) Ensuring that all Board meetings are convened and held as and when required;

(4) Ensuring that Directors receive accurate, timely and clear information;

(5) Ensuring effective communication with shareholders;

(6) Promoting a culture of openness and debate at the Board level;

(7) Encouraging constructive relations within the Board and between the Board and Management;

(8) Facilitating the effective contribution of the Non-Executive Director;

(9) Ensuring that proper procedures are set to comply with the Code and promoting high standards of corporate governance; and

(10) Acting in the best interest of the Group and of the shareholders.

All major decisions are made in consultation with the Board, where half of the Board comprises Independent Non-Executive Directors and Non-Executive Director. The Board is of the opinion that the process of decision making by the Board has been independent and based on collective decisions without any individual or small group of individuals dominating the Board's decision making.

The performance and appointment of the Executive Chairman and the CEO to the Board are reviewed periodically by the NC and their remuneration package is reviewed periodically by the RC.

The composition of NC and RC comprises Non-Executive Director and Independent Non-Executive Directors. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

The Company is in compliance with the Guideline 3.3 of the Code where Mr. Ong Kian Guan, a Chairman of the AC and a member of the RC and the NC, is the Lead Independent Non-Executive Director. Where a situation arises that may involve conflict of interests between the roles of Executive Chairman and CEO, it is the Lead Independent Non-Executive Director's responsibility, together with the other Independent Non-Executive Directors, to ensure that shareholders' rights are protected. Mr. Ong Kian Guan is the contact person for shareholders in situations where the shareholders have concerns or issues which communication with the Executive Chairman or CEO or Chief Financial Officer has failed to resolve or where such communication is inappropriate.

The Independent Non-Executive Directors, led by the Lead Independent Non-Executive Director, meet amongst themselves without the presence of the other Director where necessary, and the Lead Independent Non-Executive Director will provide feedback to the Chairman after such meetings.

Board Membership

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

The NC, regulated by a set of written Terms of Reference, comprises three Independent Non-Executive Directors and one Non-Executive Director, including the Chairman who is not, and who is not directly associated with, any substantial shareholder of the Company.

Nominating Committee

Mr. Siu Man Ho Simon(1) (Chairman)
Mr. Oh Eng Bin(2)
Mr. Ong Kian Guan(3)
Mr. Dong Xincheng(4)

(1) Mr. Siu Man Ho Simon appointed as Independent Non-Executive Director on 10 March 2016.
(2) Mr. Oh Eng Bin re-appointed as Independent Non-Executive Director on 10 March 2016.
(3) Mr. Ong Kian Guan re-appointed as Independent Non-Executive Director on 10 March 2016.
(4) Mr. Dong Xincheng re-designated to Non-Executive Director on 10 March 2016.

The principal functions of the NC are to:

- Review of board succession plans for Directors, in particular the Chairman and CEO;
- Development of a process for evaluating the performance of the Board, its committees and Directors;
- Reviewing training and professional development programs for the Board;
- Review the background, academic and professional qualification and make recommendation to the Board on all the candidates nominated for appointment to the Board and Board Committees of the Company and of its subsidiaries;
- Review annually on the independence of the Independent Non-Executive Directors;
- Identify and recommend Directors who are retiring by rotation to be put forward for re-election;
- Review the ability of a Director to adequately carry out his duties as Director when the Director's has multiple Board representations; and
- Assess the effectiveness of the Board as a whole.

The NC makes recommendations to the Board on all Board appointments and is responsible for the re-nomination of Directors at regular intervals, taking into consideration the Directors' contribution and performance at Board meetings, including attendance and participation.

The NC is responsible to review the Board Diversity Policy, as appropriate; and review the measurable objectives that the board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and make disclosure of its review results in the Corporate Governance Report annually.

Where a Director has multiple Board representations, the NC will evaluate whether the Director is able to and has adequately carried out his or her duties as Director of the Company. The Board, with the concurrence of the NC, has agreed that the Company shall not impose a maximum number of listed board representations on the Directors as the Board is of the opinion that setting a fixed number would not adequately take into account the varied circumstances of each Director and the NC will instead focus on whether a Director has sufficient time to adequately discharge his or her duties to the Company. The NC would monitor and determine annually, on a case-by-case basis, whether Directors have given sufficient time and attention to the affairs of the Company and adequately carry out his or her duties as a Director of the Company.

The Board, based on the recommendations of the NC, has ensured that Directors appointed possess the background, experience and knowledge critical to the Group's business and each Director, through his or her unique contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decision to be made.

Each Executive Director has entered into a service contract with the Company for a term of three (3) years, while Non-Executive Director and each Independent Non-Executive Director is not engaged for a specific term.

In accordance with the Company's Constitution, each Director is required to retire at least once in every three years by rotation and all newly appointed Directors will have to retire at the next Annual General Meeting ("**AGM**") following their appointments. The retiring Directors are eligible to offer themselves for re-election. Pursuant to Regulation 101 of the Company's Constitution, Directors of the Company who were newly appointed by the Board since the last AGM will have to retire at the forthcoming AGM.

Each member of the NC shall abstain from voting on any resolutions in respect of his or her re-nominating as a Director.

The NC recommended that Mr. Zhang Wei, Mr. Dong Xincheng and Mr. Siu Man Ho Simon (collectively, the "**Retiring Directors**"), be nominated for re-election at the forthcoming AGM. The Board had accepted the NC's recommendation and the Retiring Directors will be offering themselves for re-election.

Mr. Siu Man Ho Simon and Mr. Dong Xincheng, being the Chairman and Member of the NC respectively who are retiring at the forthcoming AGM abstained from voting on the resolutions in respect of their re-nomination as a Director.

For the financial year under review, the NC is of the view that the Independent Non-Executive Directors of the Company are independent (as defined in the Code and the Hong Kong Listing Rules) and are able to exercise judgment on the corporate affairs of the Group independent of the Management.

Although some of the Directors have other Board representation, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company and given sufficient time and attention to the Company's affairs.

There is no alternate director being appointed to the Board.

The key information regarding Directors such as academic and professional qualifications, Board Committees served,directorships or chairmanships both present and past held over the preceding three years in other listed companies and other major appointments, whether the appointment is executive or non-executive are set ou in pages 16 to 18 of the Annual Report.

Board Performance

Principle 5: ***There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.***

The Company acknowledges the importance of a formal assessment of Board performance and the NC had established a formal system for evaluating Board performance with the use of evaluation forms to assess the effectiveness of the Board as a whole. An evaluation of Board performance will be conducted annually to identify areas of improvement and as a form of good Board management practice.

The evaluation of Board's performance as a whole deals with matters on Board composition, information to the Board, Board procedures and Board accountability. The evaluation of individual Director deals with matters on attendance at meetings, Directors' duties and know-how and interaction with fellow Directors.

Each Director was required to complete a Board evaluation form adopted by the NC, which will be collated by the Chairman for review or discussion. The NC focuses on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to discharging its principal responsibilities and the Directors' standards of conduct in assessing the Board's performance as a whole. Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board. No external facilitator was used during the evaluation process in FY2015.

The NC has recommended the adoption of the formal annual evaluation form for the Board Committees to further enhance the effectiveness of the Board Committees. The Board has accepted the NC's recommendation and the formal annual evaluation form for the Board Committees would be adopted with effect from the financial year 2016.

Although the Directors are not evaluated individually, the factors taken into consideration with regards to the re-nomination of Directors for FY2015 are based on their attendance and contributions made at the Board, Board Committees meetings and the Group as a whole.

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.***

The Board is provided with adequate and timely information on Board affairs and issues that require the Board's decision. All Directors have separate and independent access to the Group's Senior Management and the Company Secretaries at all times. Requests for information from Board are dealt with promptly by the Management. The Board is informed of all material events and transactions as and when they occur. The Management provides the Board with quarterly reports of the Group's performance. The Management also consults with Board members regularly whenever necessary and appropriate.

All Directors are provided with complete and adequate information including financial, business and corporate matters of the Group prior to Board meetings and on an ongoing basis so as to enable Directors to oversee the Group's operational and financial performance. The Directors are also informed of any significant developments or events relating to the Group.

The Company Secretaries or their representative administers attends and prepares minutes of all Board and Board Committees meetings and assists the Chairman of the Board and/or the AC, RC and NC in ensuring that proper procedures at such meetings are followed and reviewed so that the Board and Board Committees function effectively. The Company Secretaries or their representatives' role are to advise the Board on all governance matters, ensuring that legal and regulatory requirements as well as Board policies and procedures are complied with.

The Directors may seek independent professional advice in furtherance of their duties and such costs will be borne by the Company. The appointment and removal of the Company Secretaries are subject to the approval of the Board.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: ***There should be formal and transparent procedures 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.***

The RC, regulated by a set of written Terms of Reference, comprises three Independent Non-Executive Directors, majority of whom, including the Chairman is independent.

The RC comprises three Independent Non-Executive Directors as follow:

Remuneration Committee

Mr. Oh Eng Bin(1) (Chairman)
Mr. Ong Kian Guan(2)
Mr. Siu Man Ho Simon(3)

(1) Mr. Oh Eng Bin re-appointed as Independent Non-Executive Director on 10 March 2016.
(2) Mr. Ong Kian Guan re-appointed as Independent Non-Executive Director on 10 March 2016.
(3) Mr. Siu Man Ho Simon appointed as Independent Non-Executive Director on 10 March 2016.

The key functions of the RC include:

- Reviewing and recommending to the Board an appropriate and competitive framework for remuneration for the Directors and key management executives of the Group;
- Reviewing the on-going appropriateness and relevance of the executive remuneration policy and other benefit programmes;
- Reviewing and approving the remuneration framework of the Directors and key management executives; and
- Reviewing and submitting its recommendations for endorsement by the Board, any option plans, stock plans and/or other equity based plans which may be set up from time to time.

The RC recommends to the Board a framework for the remuneration for the Directors and key management executives and determines specific remuneration packages for each Executive Director and key management executive. The RC's recommendations are made in consultation with the Chairman and are submitted for endorsement by the entire Board.

Each Director shall abstain from voting on any resolution and making any recommendation and/ or participating in any deliberation in respect of his or her own remuneration. The payment of Directors' fees is subject to the approval of shareholders of the Company.

The RC has access to seek independent professional advice externally or within the Company with regards to remuneration matters where deem necessary and such cost shall be borne by the Company.

In reviewing the service agreements of the Executive Directors and key management personnel of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Level and Mix of Remuneration

Principle 8: ***The level and structure 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 necessary for this purpose.***

In setting remuneration packages, the Company takes into consideration the remuneration packages and employment conditions within the industry as well the Group's relative performance and the performance of each of the Directors.

The Executive Directors do not receive Directors' fees. The remuneration packages of the Executive Directors and the key management personnel comprise primarily a basic salary component and a variable component which is the bonuses and other benefits.

The Company does not have any employee share option scheme or any long-term incentive scheme in place.

The Independent Non-Executive Directors are paid Directors' fees taking into account factors such as the effort and time spent and the scope of responsibilities of the Independent Non-Executive Directors. The Chairman of each of Board Committees is compensated for his or her additional responsibilities. The Directors' fees are recommended by the Board for approval at the Company's AGM.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. Each of the Directors shall have the duties of care and skill and fiduciary duties to the Company. The Company should be able to avail itself to remedies against the Directors in the event of such breach of fiduciary duties.

Disclosure on Remuneration

Principle 9: ***Each company should provide clear disclosure of its remuneration policies, 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.***

The breakdown showing the level and mix of each individual Director's remuneration for FY2015 is disclosed in the table below:

Name of Directors	Fees (%)	Salary (%)	Variable bonus (%)	Total (%)
S$250,000 – S$499,999				
Mr. Zhang Wei	–	100	–	100
S$250,000 and below				
Mr. Chen Zhiyong	–	100	–	100
Mr. Ong Kian Guan	100	–	–	100
Mr. Oh Eng Bin	100	–	–	100
Mr. Dong Xincheng	100	–	–	100
Mr. Zhang Jianwei (1)	100	–	–	100

Note:

(1) Mr. Zhang Jianwei resigned as Director on 4 August 2015.

For FY2015, the Company only identified two key management personnel. The details of remuneration paid to the key management personnel of the Group (who are not Directors) for FY2015 is disclosed in the table below:

Name of Key Management Personnel	Fees (%)	Salary (%)	Variable bonus (%)	Total (%)
S$250,000 – S$499,999				
Mr. Song Fulin	–	100	–	100
Below S$250,000				
Mr. Tay Meng Heng	–	100	–	100

For FY2015, the aggregate total remuneration paid to the key management personnel (who are not Directors nor the CEO) amounted to approximately RMB1,151,000.

There were no termination, retirement or post-employment benefits granted to Directors and key management personnel other than the standard contractual notice period termination payment in lieu of notice for FY2015.

Immediate Family Members of Directors or CEO

Save as disclosed below, none of the Directors or Executive Officers are related by blood or marriage to one another nor are they related to any of the Substantial Shareholders of the Company.

The immediate family members of Directors are as follows:

(a) Mr. Zhang Wei and Mr. Zhang Jianwei are brothers;

(b) Mr. Chen Zhiyong is the brother-in-law of Mr. Zhang Wei and Mr. Zhang Jianwei; and

(c) Mr. Ma Wei is the cousin of Mr. Zhang Wei and Mr. Zhang Jianwei.

Mr. Zhang Jianwei has resigned as the Non-Executive Director on 4 August 2015.

Details of remuneration paid to the immediate family members of Directors or CEO of the Company whose exceeds S$50,000 for FY2015 are as follows:

Name of Immediate Family Member	Fees (%)	Salary (%)	Variable bonus (%)	Total (%)
S$200,000 – S$250,000				
Mr. Chen Zhiyong	–	100	–	100
S$150,000 – S$200,000				
Mr. Ma Wei	–	100	–	100

In view of confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact remuneration of Directors and key management personnel in the Annual Report.

(C) ACCOUNTABILITY AND AUDIT

Accountability Board

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

The Board understands its accountability to the shareholders on the Group's position, performance and progress. The objectives of the presentation of the annual financial statements and announcements of financial results are to provide shareholders with a balanced and understandable assessment of the Company and Group's performance, position and prospects. The Board acknowledge their responsibilities for preparing the Group's accounts which gives a true and fair view of the financial position of the Group. The statement by the external auditors about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on page 52 of this Annual Report.

The Management provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a regular basis and when deemed appropriate by particular circumstances.

The Board, with the assistance of the Company Secretaries and its legal advisors, ensures compliance with the disclosure requirements under the Listing Manual and the Hong Kong Listing Rules. In line with the Listing Manual and the Hong Kong Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements.

The Management maintains regular contact and communication with the Board by various means including the preparation and circulation to all Board members of quarterly and full year financial information and position of the Group. This allows the Board to monitor the Group's performance and position as well as the Management's achievements of the goals and objectives determined and set by the Board from time to time.

Risk Management and Internal Controls

Principle 11: ***The Board is responsible for the governance of risk. The Board should ensure that the management maintains a sound system of risk management and internal controls to safeguard the 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.***

The Group maintains a system of internal controls for all companies within the Group, but recognises that no cost-effective internal controls system will preclude all errors and irregularities. The system is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial, operational, compliance and information technology risks and the objectives of these controls are to provide reasonable, but not absolute, assurance that there are no material financial misstatements or material loss, there are maintenance of proper accounting records, financial information, shareholders' investments and the Group's assets are safeguarded.

As the Company does not have a risk management committee, the Board and Management assume the responsibility of the risk management function. The Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The Management reviews significant policies and procedures and highlights significant matters to the Board and the AC.

Relying on the reports from the internal auditors, the AC reviews the effectiveness of the Group's internal controls systems. Any material non-compliance or weaknesses in internal controls or recommendations from the internal auditors to further improve the internal controls were reported to the AC directly. The AC will also follow up on the actions taken by the Management and on the recommendations made by the internal auditors against the material non-compliance or weaknesses in relation to internal controls.

The external auditors and internal auditors have not reported to AC any material internal controls weakness identified in the course of audit of the Company's financial statements for the FY2015.

The Board has received and considered the representation letters from the Executive Chairman and Chief Financial Officer in relation to the financial information for the FY2015. The Executive Chairman and Chief Financial Officer have assured the Board that:

(a) The financial records of the Group have been properly maintained and the financial statements for the FY2015 give a true and fair view in all material respects, including but not limited to the Group's operations and finances; and

(b) The Group's internal controls and risk management systems are operating effectively in all material respects given its current business environment.

Based on the discussions with the Management and the reports from the internal auditors and external auditors, periodic reviews by the Management and to the best knowledge and belief of the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal controls systems are effective and adequate in addressing material financial, operational, compliance and information technology risks of the Group during the year in meeting the current needs of the Group's business operations and provide reasonable, but not absolute, assurance against material financial misstatements or material loss and to safeguarding the Group's assets.

Audit Committee

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

The AC, regulated by a set of written Terms of Reference, comprises three Independent Non-Executive Directors as follows:

Audit Committee

Mr. Ong Kian Guan(1) (Chairman)
Mr. Oh Eng Bin(2)
Mr. Siu Man Ho Simon(3)

(1) Mr. Ong Kian Guan re-appointed as Independent Non-Executive Director on 10 March 2016.
(2) Mr. Oh Eng Bin re-appointed as Independent Non-Executive Director on 10 March 2016.
(3) Mr. Siu Man Ho Simon appointed as Independent Non-Executive Director on 10 March 2016.

The AC performs the following functions:

1. review with the external auditors the audit plan, scope of work, their evaluation of the system of internal accounting controls, their management letter and the management's response, and results of the audits conducted by the Group's internal and external auditors;

2. review the annual and quarterly, financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Listing Manual and any other statutory or regulatory requirements;

3. review the risk profile of the Group, effectiveness and adequacies of its internal controls and risk management procedures, including financial, operational, compliance and information technology controls and procedures and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;

4. ensure co-ordination between the external and internal auditors and the management, and review the assistance given by the management to the external and internal auditors, and discuss problems and concerns, if any, arising from the audits, and any matters which the external and internal auditors may wish to discuss (in the absence of the management where necessary);

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

6. consider the appointment, remuneration, terms of engagement or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;

7. review the appointments of persons (upon appointment and upon renewal of their respective service contracts), occupying managerial positions who are related to the Directors, CEO or the Controlling Shareholders of the Group, including their remuneration;

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

9. evaluate the independence of the external auditors;

10. review the adequacy of the internal audit function and ensure that a clear reporting structure is in place between the Audit Committee and the internal auditors;

11. review any potential conflicts of interests;

12. review the adequacy of potential business risk management processes;

13. review and approve all hedging policies and instruments (if any) to be implemented by the Group;

14. undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;

15. review and sight all resignation letters of the legal representatives of the Group's People's Republic of China ("**PRC**") Subsidiaries, which have been signed in advance, and such letters shall be held in custody by the Company's Company Secretaries;

16. review and establish procedures for receipt, retention and treatment of complaints received by the Group, inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and

17. generally undertake such other functions and duties as may be required by statute or the Listing Manual and the Hong Kong Listing Rules, and by such amendments made thereto from time to time.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations (and of any other jurisdictions that imposed upon the Group as and when applicable) which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC shall abstain from reviewing any particular transaction or voting on such resolution in respect of which he or she is or may be interested in.

The Board is of the view that the members of the AC are appropriately qualified by having the necessary accounting or related financial management expertise to discharge their responsibilities.

In line with the Listing Manual and the Hong Kong Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the Executive Directors and the Chief Financial Officer have provided assurance to the Board on the integrity of the Group's financial statements.

In addition, the Group has adopted the following procedures in respect of any change of legal representative(s) of the Group's PRC Subsidiaries:-

(a) Each of the Group's PRC Subsidiaries' Constitution has been amended to allow the shareholders of each of the Group's PRC Subsidiaries to have the power to remove the respective legal representative(s), and the legal representative(s) shall not be able to object to such removal;

(b) A resignation letter signed in advance by the current legal representative(s) of each of the Group's PRC Subsidiaries. All subsequent appointments of the legal representative will also have resignation letters signed in advance. The Company's Company Secretaries shall have custody of these resignation letters; and

(c) It is part of the AC's responsibilities to sight and review at least quarterly all resignation letters of the legal representatives of the Group's PRC Subsidiaries which have been signed in advance.

In July 2010, SGX-ST and ACRA had launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC has evaluated the performance of the external auditors based on the key indicators of audit quality set out in the said Guidance.

The AC has full access to and co-operation of the Management, and has full discretion to invite any Director or executive officer to attend its meetings. It also has reasonable resources to enable it to discharge its functions.

The AC recommends to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and approval of the remuneration of the external auditors. The AC has recommended to the Board that Messrs KPMG LLP ("**KPMG**") be nominated for re-appointment as external auditors of the Group at the forthcoming AGM of the Company. The Company confirmed that Rule 712 and Rule 716 of the Listing Manual and Rule 13.88 of the Hong Kong Listing Rules had been complied with.

The AC meets with the external auditors and internal auditors without the presence of the Executive Directors and the Management, as and when necessary, to review the adequacy of audit arrangement, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors and internal auditors. The AC, having reviewed the non-audit services provided by the external auditors, is satisfied that the nature and extent of such services does not prejudice the independence and objectivity of the external auditors. For FY2015, the total amount of audit fees paid to KPMG was SGD572,000 of which SGD550,000 was audit and audit related fees and SGD22,000 was non-audit fees.

The Company has developed a whistle blowing policy. This policy provides well-defined and accessible channels in the Group through which employees are able to raise concerns about improper conduct within the Group free of stress and restrictions. As of to-date, there were no reports received through the whistle-blowing mechanism.

The AC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors. No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

Internal audit

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

The Board recognises the importance of the internal audit function which being independent of Management is one of the principal means by which the AC is able to carry out its responsibilities effectively. The Company outsources its internal audit functions to Messrs Nexia TS Risk Advisory Pte Ltd ("**Internal Auditor**").

The Internal Auditor has conducted parts of its audit plan and put forward its findings and recommendations to the AC for review. The Internal Auditor has a direct and primary reporting line to the AC and assists the AC in overseeing and monitoring the implementation of improvements required on internal control weakness identified. The AC has reviewed the annual internal audit plan for FY2015 and is satisfied that the internal audit functions have been adequately resourced and carried out.

The AC is satisfied that the internal audit function is staffed by appropriate qualified and experienced professionals with the relevant experience.

The AC approves the appointment, removal, evaluation and compensation of the Internal Auditors. The Internal Auditor is a member of the Institute of Internal Auditors Singapore ("**IIA**"), an internal professional association for internal auditors which has its headquarters in the United States. The audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by the IIA.

The AC would annually review the adequacy and effectiveness of the internal audit functions of the Company.

(D) COMMUNICATIONS WITH THE SHAREHOLDERS

SHAREHOLDER RIGHTS

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

The Company does not practice selective disclosure. In line with the continuous obligations of the Company under the Hong Kong Listing Rules, Listing Manual and the Companies Act, Chapter 50, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group.

All shareholders are entitled to attend and are provided the opportunity to participate in the general meetings of the Company. At the general meetings, shareholders are given opportunity to voice their views, raise their concerns with the Directors or question the Management on matters relating to the Group and its operations. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance as prescribed by the Company and in accordance with the requirements of the Listing Manual and the Hong Kong Listing Rules from time to time. The Company's Constitution does not include the nominee or custodial services to appoint more than two proxies.

The Directors may, whenever they think fit, convene and Extraordinary General Meeting ("**EGM**") and EGMs shall also be convened on such requisition or, in default, may be convened by such requisitionists, including Members holding a minority stake in the Company which have shareholdings not higher than 10.0%. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an EGM in the same manner as nearly as possible as that in which meetings may be convened by the Directors. The requisitionists shall deposit a written notice with detailed contact information and items to be considered at such EGM to the Company's Singapore registered office.

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.***

The Company is committed to disclose to its shareholders the information in a timely, fair and transparent manner via SGXNET and the HKExnews. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through:-

- annual reports that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments and other disclosures required by the Companies Act, Chapter 50 and Singapore Financial Reporting Standards and/or any other requirements that the Company and the Group are required to comply with from time to time;
- quarterly announcements containing a summary of the financial information and affairs of the Group for that period; and
- notices of explanatory memoranda for AGMs and EGMs. The notice of AGMs and EGMs are also advertised in a national newspaper, published on the websites of the SGX-ST and the Hong Kong Exchanges and Clearing Limited, and circulated to the shareholders who are entitled to attend and vote at the AGMs and EGMs.

The Company's website is at http://www.weiyeholdings.com where our shareholders can access financial information, corporate announcements, press releases, annual reports and profile of the Group.

The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNET and the HKExnews, either before the Company meets with any investors or analysts. All shareholders of the Company will receive the annual report enclosing notice of AGM by post and published in the newspapers within the mandatory period, which is held within four months after the close of the financial year. Referring to an announcement of the Company dated 7 April 2016, the Company made application to the SGX-ST for a waiver from the requirements of Rule 707(1) of the Listing Manual and an extension of one (1) month to hold its AGM by 30 May 2016, which has been granted by the ACRA.

The Company does not have a concrete dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. No dividend will be paid in respect of FY2015 as the Company was undergoing the process for the proposed dual primary listing on the SEHK.

For enquiries about the Company's information, Shareholders may contact Ms. Shirley Tan Sey Liy or Mr. Man Yun Wah, the Company Secretaries, whose contacts are as follows:

Ms. Shirley Tan Sey Liy
Email address : shirley.tan@rhtcorporate.com

Mr. Man Yun Wah
Email address : guy.man@rhtcorporate.com

or send enquiries in writing to the Company's registered office in Singapore at 8 Pandan Crescent #01-06, Singapore 128464; the principal place of business in the PRC at 11th Floor, No. 50 Yingxie Road, Jinshui District, Zhengzhou City, Henan Province, the PRC; or the principal place of business in Hong Kong at Rooms 2105-06, 21/F., Office Tower, Langham Place, 8 Argyle Street, Mongkok, Kowloon, Hong Kong.

The Company has made amendments to the Memorandum of Association and adopted new Articles of Association of the Company by passing special resolutions at EGM of the Company held on 22 December 2015. The Memorandum and Articles of Association of the Company has been published on the websites of the HKExnews and the Company respectively.

CONDUCT OF SHAREHOLDER MEETING

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

To facilitate participation by Shareholders, all general meetings of the Company are mainly held in Singapore and/or Hong Kong. The Shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to stay informed of the Group's strategies and growth plans. Notice of the general meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least i) 21 clear business days' notice for any annual general meeting and any EGM at which it is proposed to pass a special resolution or a resolution of which special notice has been given to the Company; and ii) 14 clear business days' notice for all other EGMs.

The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the general meetings. Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings.

The Chairman of the AC, NC and RC are normally present and available to address questions relating to the work of their respective Board Committees at general meetings. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries raised by the shareholders.

The Company will make available minutes of general meetings to shareholders that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management, upon their request.

The Company adheres to the requirements of the Listing Manual, the Code and the Hong Kong Listing Rules, all resolutions at the Company's general meetings held after 1 August 2015, if any, are put to vote by poll. The detailed results of each resolution are announced via SGXNet and the HKExnews after the general meetings.

(E) DEALINGS IN COMPANY'S SECURITIES

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST and the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Hong Kong Listing Rules, the Company has adopted its own internal compliance code pursuant to the SGX-ST's and the Model Code's best practices on dealings in securities and these are applicable to all its Officers in relation to their dealings in the Company's securities. In furtherance, specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the FY2015.

The Company and its Officers are not allowed to deal in the Company's shares during the period commencing 30 days immeidately before the announcement of the Company's quarterly results and 60 days immediately before the announcement of the Company's full year results, and ending on the date of the announcement of the relevant results.

The Directors, Management and executives of the Group are also expected to observe relevant insider trading laws at all times, even when dealing in securities within permitted trading period or they are in possession of unpublished price-sensitive information of the Company and they are not to deal in the Company's securities on short-term considerations.

(F) INTERESTED PERSON TRANSACTIONS ("IPT")

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

The Board and the AC will review all interested person transactions to be entered into to ensure that the relevant rules under Chapter 9 of the Listing Manual and Chapter 14A of the Hong Kong Listing Rules are both complied with.

During the FY2015, there were no IPT within the mean under the Listing Manual. We have entered into certain transactions with connected persons and these transactions constitute continuing connected transactions within the mean under the Hong Kong Listing Rules, which are set out in the Directors' report on pages 45 to 51. Our Group also entered into certain related party transactions with its related parties during the years ended 31 December 2014 and 2015, of which the details are set out in the financial statements on pages 103 to 105.

The Group does not have any general mandate from shareholders for the current financial year.

(G) MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interest of the Executive Chairman, or any Director or controlling shareholder subsisting at the end of the financial year.

(H) CORPORATE GOVERNANCE FUNCTIONS

Upon the Company has been dual primary listing on the SEHK, the Board is performing the corporate governance duties set out in Code Provision D.3.1 of the HK CG Code, which, among other things, are as follows:

i. To develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

ii. To review and monitor the training and continuous professional development of Directors and senior management of the Company;

iii. To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

iv. To develop, review and monitor the code of conduct and compliance; and

v. To review the Company's compliance with the code and disclosure in the Corporate Governance Report.

(I) COMPANY SECRETARIES

Ms. Shirley Tan Sey Liy and Mr. Man Yun Wah have been nominated by RHT Corporate Advisory Pte. Ltd. and RHT Corporate Advisory (HK) Limited, respectively, to act as the Company Secretaries of the Company.

Ms. Shirley Tan Sey Liy and Mr. Man Yun Wah are the Company Secretaries of the Company and have complied with the requirements of the Listing Manual and the Hong Kong Listing Rules respectively. They have been contacting with the Board and the Chief Financial Officer of the Company directly in respect of company secretarial matters.

The directors of the Company ("**Directors**") present the annual report together with the audited financial statements of the Group for the year ended 31 December 2015.

The Board of Directors is of the opinion that:

(a) the financial statements set out on pages 53 to 58 are drawn up so as to give a true and fair view of the financial position of the Group and Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

Principal Activities

The principal activities of the Company are investment holding and manufacturing and trading of clean room equipment, heating, ventilation and air-conditioning ("**HVAC**") products and air purifier. There were no significant changes in the nature of the Group's principal activities during the year.

Operations Review

Details of the operations review and the financial review of the Group are set out under the section headed "Operations Review" on page 8 to page 11 and the section headed "Financial Review" page 13 to page 15, respectively.

Results and Dividends

The Group's profit for the year ended 31 December 2015 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 53 to 54.

The Directors do not recommend the payment of dividend for the year ended 31 December 2015.

Investment Properties

Investment properties and investment properties under development decreased by approximately RMB65.0 million for the year ended 31 December 2015 mainly due to a disposal of an investment property and a reclassification of investment properties as assets held for sales.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 4 to the financial statements.

Bank Borrowings

Particulars of the bank borrowings of the Group as at 31 December 2015 are set out in Note 26 to the financial statements.

Share Capital

Details of the Company's issued share capital during the year are set out in Note 24 to the financial statements. There were no movements in the Company's issued share capital during the year.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the articles of association of the Company or laws of the Singapore where the Company was incorporated.

Tax Relief

The Company is not aware of any relief from taxation available to the shareholders of the Company by reason of their holding of the Company's shares.

Purchase, Redemption or Sale of Listed Securities of the Company

There was no purchase, redemption or sale of listed securities of the Company in the year ended 31 December 2015.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in the statements of changes in equity.

Distributable Reserves

At 31 December 2015, the Company has no reserve available for distribution as it is in an accumulated loss position.

Major Customers and Suppliers

For the year ended 31 December 2015, sales to our five largest customers accounted for approximately 9.4% of our revenue and our sales to single largest customer accounted for approximately 3.4% of our revenue for the same period. Our five largest customers during the year ended 31 December 2015 included various individuals and corporations for the purchase of our properties and corporations for the purchase of our clean room equipment. Each of our five largest customers during the year ended 31 December 2015 was an Independent Third Party. None of our five largest customers during the year ended 31 December 2015 were our suppliers. During the year ended 31 December 2015, we did not enter into any long-term agreements with our top five customers.

For the year ended 31 December 2015, procurement from our five largest suppliers, which comprised construction contractors, accounted for approximately 26.1% of our total purchases, respectively, and procurement from our single largest supplier accounted for approximately 10.5% of our total purchases for the same period. Each of our five largest suppliers during the year was an Independent Third Party. During the year, we did not enter into any long term procurement contracts with our top five suppliers.

To the best of the knowledge of our Directors, none of our Directors, their respective close associates or any shareholder who owns more than 5% of our issued share capital, had any interest in any of our five largest suppliers and customers aforementioned.

Directors

The Directors in office for the year ended 31 December 2015 and at the date of this report are as follows:

Executive Directors

Zhang Wei *(Chairman)*
Chen Zhiyong

Non-Executive Director

Dong Xincheng *(re-designated as Non-Executive Director on 10 March 2016)*
Zhang Jianwei *(resigned on 4 August 2015)*

Independent Non-Executive Directors

Ong Kian Guan *(re-appointed as Independent Non-Executive Director on 10 March 2016)*
Oh Eng Bin *(re-appointed as Independent Non-Executive Director on 10 March 2016)*
Siu Man Ho Simon *(appointed as Independent Non-Executive Director on 10 March 2016)*

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Hong Kong Listing Rules from time to time.

The Company is in compliance with the requirements of the Hong Kong Listing Rules relating to the appointment of at least three (3) independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise, and the independent non-executive directors represented over one-third of the Board.

The Company has received written annual confirmation form each Independent Non-executive Directors of his independence pursuant to the requirements of the Hong Kong Listing Rules. The Company considers all Independent Non-executive Directors to be independent in accordance with the independence guidelines as set out in the Hong Kong Listing Rules.

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Group are set out under the section headed "Board of Directors" on pages 16 to 18 and section headed "Senior Management" on page 19 of this annual report, respectively.

Directors' Service Contracts

Each Executive Director has entered into a service contract with the Company for a term of three (3) years, while Non-Executive Director each Independent Non-Executive Director is not engaged for a specific term

Directors' Remuneration

The Board has the general power of determining the Directors' remuneration, subject to authorisation of the shareholders of the Company at the annual general meeting each year.

The remuneration and other emoluments are determined by the Board by recommendation of the Remuneration Committee with reference to the duties, responsibilities and performance of the Directors and the results of the Group.

Details of the remuneration of the Directors are set out in Note 33 to the financial statements.

Employees and Remuneration Policy

As at 31 December 2015, the Group had employed a total of 393 (2014: 374) full-time staff.

The Group by reference to performance, contributions and experience determines the remuneration of its staff. The Group depending on necessity may provide internal and external training programme to its staff for enabling them to achieve the high performance standard and self-development.

Permitted Indemnity Provision

Subject to the provisions of the Act, every Director, Chief Executive Officer/Managing Director, auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him;

(i) in the execution and discharge of his duties as an officer or auditor of the Company, unless the same arises through his own negligence, wilful default, breach of duty or breach of trust; or

(ii) in defending any proceedings whether civil or criminal (relating to the affairs of the Company) in which judgment is given in his favour or in which he is acquitted or in connection with any application under the Act in which relief is granted to him by the Court unless such proceedings arise through his own negligence, wilful default, breach of duty or breach of trust.

Without prejudice to the generality of the foregoing, no Director, Chief Executive Officer/Managing Director, Secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happen through his own negligence, wilful default, breach of duty or breach of trust.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares or Debentures of the Company or its Associated Corporations

As at 31 December 2015, the interests or short positions of our Directors and chief executive of our Company in the Shares or underlying shares of or debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the SEHK pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or, which will be required, recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act (Cap. 50, Singapore Statutes) of Singapore, or, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to notify our Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

Under Singapore Law

	Direct interest		Deemed interest	
Name of Director and corporation in which interests are held	**Holdings at beginning of the year**	**Holdings at end of the year**	**Holdings at beginning of the year** (Restated*)	**Holdings at end of the year**
Weiye Holdings Limited				
Ordinary shares				
Zhang Wei	–	–	91,029,648	91,029,648
Chen Zhiyong	–	–	40,240,256	40,240,256

* Restated as a result of share consolidation

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

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

Under Hong Kong Law

Name of Director	Capacity/ Nature of Interest	Number and class of securities	Approximate percentage of interest
Zhang Wei (Note 1)	Beneficial Interest	91,029,648 (L)*	46.41%
Chen Zhiyong (Note 2)	Beneficial Interest	40,240,256 (L)*	20.52%

Notes:

(1) As at 31 December 2015, Zhang Wei is deemed interested in 60,000,000 Shares and 31,029,648 Shares held under the nominee accounts, Raffles Nominees (Pte) Limited and DBS Nominees (Private) Limited respectively.

(2) As at 31 December 2015, Chen Zhiyong is deemed interested in 40,240,256 Shares held under the nominee account, Raffles Nominees (Pte) Limited.

* (L) denotes Long position

Save as disclosed above, as at 31 December 2015, none of the Directors or Chief Executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which had to be notified to the Company and the SEHK pursuant to Division 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the SEHK.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2015, the persons or entities who have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

Name of substantial shareholder	Capacity/ Nature of Interest	Number and class of securities	Approximate percentage of interest
Raffles Nominee (Pte) Limited (Note 1)	Nominee for other persons	112,761,659 (L)*	57.49%
DBS Nominees (Private) Limited (Note 2)	Nominee for other persons	35,146,281 (L)*	17.92%

Notes:

(1) To the best knowledge of our Directors, having made all reasonable enquiries, as at 31 December 2015, Raffles Nominees (Pte) Limited held these 112,761,659 Shares as nominee for certain corporations and individuals. Among those Shares, 60,000,000 Shares, 833,867 Shares and 40,240,256 Shares are held for and beneficially owned by Zhang Wei, Zhang Jianwei and Chen Zhiyong, respectively. The remaining Shares are held by Raffles Nominees (Pte) Limited as nominee for other Shareholders.

(2) To the best knowledge of our Director, having made all reasonable enquiries, as at 31 December 2016, DBS Nominees (Private) Limited held these 35,146,281 Shares as nominee for certain corporations and individuals. Among those Shares, 31,029,648 Shares are held for and beneficially owned by Zhang Wei. The remaining Shares are held by DBS Nominees (Private) Limited as nominee for other Shareholders.

* (L) denotes Long position

Save as disclosed above, as at 31 December 2015, the Directors are not aware of any other persons (who is not a Director or the Chief Executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company under Section 336 of the SFO.

Directors' Interests in Contracts of Significance

Other than disclosed above and in Note 29 to the financial statements, no contracts of significance to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly and indirectly, subsisted at the end of the year or at any time during the year.

Environmental Policies and Performance

Our Group continuously endeavors to promote environmental and social responsibility to employee and contribute the community. Our Group is always in compliance with all the relevant laws and regulations. As a social responsible enterprise, our Group should keep promoting and enhancing the relevant environmental and social sustainable development of the regions and community.

Donations

During the year, the Group did not make any charitable donation during the year.

Sufficiency of Public Float

Upon dual listing of the shares of the Company on the Main Board of the SEHK, the Company shall maintain a sufficient public float throughout the year. Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the latest practicable date prior to the issue of this Annual Report, the Company has maintained the prescribed minimum percentage of public float from 6 April 2016 (i.e. the date of listing) to the date of this Annual Report as required under the Listing Rules.

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 objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share options

The Group has no share option scheme as at the date of this report.

Audit committee

The Audit Committee comprises three independent non-executive directors as at the date of this statement, who are:

Ong Kian Guan *(Chairman)*
Oh Eng Bin
Siu Man Ho Simon

The Audit Committee performs the functions specified in Section 201B of the Act, the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the Code of Corporate Governance and the Rules (the "**HK Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**")

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

The Audit Committee also reviewed the following:

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

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

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

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712 and 716 of the Listing Manual of the SGX-ST.

Continuing Connected Transactions

We have entered into certain transactions with connected persons and these transactions constitute continuing connected transactions within the mean under the Hong Kong Listing Rules (the "Continuing Connected Transactions").

Other than the connected transactions set out in this section, our Group currently does not have any other on-going connected transaction.

(A) Continuing Connected Transactions exempt from reporting, annual review, announcement and independent shareholders' approval requirements

Lease agreement between Jinwei (Henan) Trading Limited Company ("Jinwei (Henan)") and Zhang Jianwei

Background

During the year ended 31 December 2015, Jinwei (Henan) leased a piece of property from Zhang Jianwei, as office premises in Zhengzhou, PRC. On 31 December 2014, Jinwei (Henan), as tenant, entered into a lease agreement (the "**2014 ZJW Lease Agreement**") with Zhang Jianwei, as landlord, for the lease of Room 110011, 11/F, Building No. 5, Shangmao Road West and East Shangcheng Road North, Jinshui District, Zhengzhou, Henan Province, China with an area of approximately 265.88 sq. m. at an annual rent of RMB122,052 for a term of 1 year commencing on 6 January 2015 and ended on 6 January 2016. On 25 September 2015, Jinwei (Henan) and Zhang Jianwei entered into a lease agreement to renew the 2014 ZJW Lease Agreement (the "**2015 ZJW Lease Agreement**"), pursuant to which the said property was leased for an additional term of 6 months commencing on 7 January 2016 and ending on 6 July 2016 at a monthly rental of RMB10,171.

Relationship

Jinwei (Henan) is an indirect wholly-owned subsidiary of our Company and Zhang Jianwei is the brother of Zhang Wei, one of our executive Directors and chairman of the Board. Zhang Jianwei is therefore an associate of Zhang Wei and a connected person of our Company under Rule 14A.07(1) of the Hong Kong Listing Rules.

Historical Transaction Amounts

For the year ended 31 December 2015, the aggregate amounts of rent paid by Jinwei (Henan) to Zhang Jianwei for the leasing of the property listed above amounted to approximately RMB120,000.

Future Transaction Amount

It is anticipated that the rent payable by our Group to Zhang Jianwei under the 2014 ZJW Lease Agreement and the 2015 ZJW Lease Agreement for the financial year ending 31 December 2016 will be approximately RMB63,000.

Proposed Annual Cap on Future Transaction Amounts

As the 2015 ZJW Lease Agreement was entered into between a subsidiary of our Group and a connected person, in accordance with Rule 14A.53 of the Hong Kong Listing Rules, it is expected that the maximum aggregate annual amount of rent payable by our Group under the 2015 ZJW Lease Agreement for the financial year ending 31 December 2016 shall not exceed the proposed cap of RMB150,000.

In arriving at the above proposed cap of rental payable, our Directors have considered (i) the historical rent paid by our Group; (ii) the market rental of the properties in the same area and of similar size and grade to the premises.

Our Directors and DTZ Debenham Tie Leung Limited, being our property value ("DTZ"), having reviewed the 2015 ZJW Lease Agreement, conducted market research on the leasing markets in Zhengzhou and collected rental evidence of comparable properties in the locality as well as similar locations in Zhengzhou, have confirmed that (i) the terms and conditions of the 2015 ZJW Lease Agreement are fair and reasonable to the parties thereto and are entered into on normal commercial terms; and (ii) the amounts payable thereunder reflect the then market rates or better for properties of a similar status in similar locations.

Listing Rules Implications

As the applicable percentage ratios under Chapter 14 of the Hong Kong Listing Rules for the transactions under the 2015 ZJW Lease Agreement as set out above are on an annual basis less than 5% and the total rental is less than HK$3,000,000, by virtue of Rule 14A.76(1)(c) of the Hong Kong Listing Rules, such transactions constitute Continuing Connected Transactions exempt from reporting, annual review, announcement and shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Lease agreement between Jinwei (Henan) and Yang Kai

Background

During the year ended 31 December 2015, Jinwei (Henan) leased a piece of property from Yang Kai as office premises in Zhengzhou, PRC. On 31 December 2014, Jinwei (Henan), as tenant, entered into a lease agreement (the "**2014 YK Lease Agreement**") with Yang Kai, as landlord, for the lease of Room 110019, 11/F, Building No. 5, Shangmao Road West and East Shangcheng Road North, Jinshui District, Zhengzhou, Henan Province, China with an area of approximately 255.88 sq. m. at an annual rent of RMB117,360 for a term of 1 year commencing on 6 January 2015 and ended on 6 January 2016. On 25 September 2015, Jinwei (Henan) and Yang Kai entered into a lease agreement to renew the 2014 YK Lease Agreement (the "**2015 YK Lease Agreement**"), pursuant to which the said property was leased for an additional term of 6 months commencing on 7 January 2016 and ending on 6 July 2016 at a monthly rental of RMB9,780.

Relationship

Jinwei (Henan) is an indirect wholly-owned subsidiary of our Company and Yang Kai is the spouse of Zhang Wei, one of our executive Directors and chairman of the Board. Yang Kai is therefore an associate of Zhang Wei and a connected person of our Company under Rule 14A.07(4) of the Hong Kong Listing Rules.

Historical Transaction Amounts

For the year ended 31 December 2015, the aggregate amounts of rent paid by Jinwei (Henan) to Yang Kai for the leasing of the property listed above amounted to approximately RMB115,000.

Future Transaction Amount

It is anticipated that the rent payable by our Group to Yang Kai under the 2014 YK Lease Agreement and the 2015 YK Lease Agreement for the financial year ending 31 December 2016 will be approximately RMB61,000.

Proposed Annual Cap on Future Transaction Amounts

As the 2015 YK Lease Agreement was entered into between a subsidiary of our Group and connected person, in accordance with Rule 14A.53 of the Hong Kong Listing Rules, it is expected that the maximum aggregate annual amount of rent payable by our Group under the 2015 YK Lease Agreement for the financial year ending 31 December 2016 shall not exceed the proposed cap of RMB150,000.

In arriving at the above proposed cap of rental payable, our Directors have considered (i) the historical rent paid by our Group; (ii) the market rental of the properties in the same area and of similar size and grade to the premises.

Our Directors and DTZ, having reviewed the 2015 YK Lease Agreement, conducted market research on the leasing markets in Zhengzhou and collected rental evidence of comparable properties in the locality as well as similar locations in Zhengzhou, have confirmed that (i) the terms and conditions of the 2015 YK Lease Agreement are fair and reasonable to the parties thereto and are entered into on normal commercial terms; and (ii) the amounts payable thereunder reflect the then market rates or better for properties of a similar status in similar locations.

Listing Rules Implications

As the applicable percentage ratios under Chapter 14 of the Hong Kong Listing Rules for the transactions under the 2015 YK Lease Agreement as set out above are on an annual basis less than 5% and the total rental is less than HK$3,000,000, by virtue of Rule 14A.76(1)(c) of the Hong Kong Listing Rules, such transactions constitute Continuing Connected Transactions exempt from reporting, annual review, announcement and shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Lease agreement between Jinwei (Henan) and Zhang Peihong

Background

During the year ended 31 December 2015, Jinwei (Henan) leased a piece of property from Zhang Peihong as office premises in Zhengzhou, PRC. On 31 December 2014, Jinwei (Henan), as tenant, entered into a lease agreement (the "2014 ZPH Lease Agreement") with Zhang Peihong, as landlord, for the lease of Room 110002, 11/F, Building No. 5, Shangmao Road West and East Shangcheng Road North, Jinshui District, Zhengzhou, Henan Province, China with an area of approximately 219.6 sq. m. at an annual rent of RMB101,028 for a term of 1 year commencing on 6 January 2015 and ended on 6 January 2016. On 25 September 2015, Jinwei (Henan) and Zhang Peihong entered into a lease agreement to renew the 2014 ZPH Lease Agreement (the "2015 ZPH Lease Agreement"), pursuant to which the said property was leased for an additional term of 6 months commencing on 7 January 2016 and ending on 6 July 2016 at a monthly rent of RMB8,419.

Relationship

Jinwei (Henan) is an indirect wholly-owned subsidiary of our Company and Zhang Peihong is the spouse of Chen Zhiyong, one of our executive Directors. Zhang Peihong is therefore an associate of Chen Zhiyong and a connected person of our Company under Rule 14A.07(4) of the Hong Kong Listing Rules.

Historical Transaction Amounts

For the year ended 31 December 2015, the aggregate amounts of rent paid by Jinwei (Henan) to Zhang Peihong for the leasing of the property listed above amounted to approximately RMB99,000.

Future Transaction Amount

It is anticipated that the rent payable by our Group to Zhang Peihong under the 2014 ZPH Lease Agreement and the 2015 ZPH Lease Agreement for the financial year ending 31 December 2016 will be approximately RMB52,000.

Proposed Annual Cap on Future Transaction Amounts

As the 2015 ZPH Lease Agreement was entered into between a subsidiary of our Group and a connected person, in accordance with Rule 14A.53 of the Hong Kong Listing Rules, it is expected that the maximum aggregate annual amount of rent payable by our Group under the 2015 ZPH Lease Agreement for the financial year ending 31 December 2016 shall not exceed the proposed cap of RMB150,000.

In arriving at the above proposed cap of rental payable, our Directors have considered (i) the historical rent paid by our Group; (ii) the market rental of the properties in the same area and of similar size and grade to the premises.

Our Directors and DTZ, having reviewed the 2015 ZPH Lease Agreement, conducted market research on the leasing markets in Zhengzhou and collected rental evidence of comparable properties in the locality as well as similar locations in Zhengzhou, have confirmed that (i) the terms and conditions of the 2015 New ZPH Lease Agreement are fair and reasonable to the parties thereto and are entered into on normal commercial terms; and (ii) the amounts payable thereunder reflect the then market rates or better for properties of a similar status in similar locations.

Listing Rules Implications

As the applicable percentage ratios under Chapter 14 of the Hong Kong Listing Rules for the transactions under the 2015 ZPH Lease Agreement as set out above are on an annual basis less than 5% and the total rental is less than HK$3,000,000, by virtue of Rule 14A.76(1)(c) of the Hong Kong Listing Rules, such transactions constitute Continuing Connected Transactions exempt from reporting, annual review, announcement and shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Lease agreement between Henan Weiye and Zhang Lihong

Background

During the year ended 31 December 2015, Henan Weiye leased a piece of property from Zhang Lihong as office premises in Zhengzhou, PRC. On 1 January 2015, Henan Weiye, as tenant, entered into a lease agreement (the "2015 ZLH Lease Agreement") with Zhang Lihong, as landlord, for the lease of Room 110013, 11/F, Building No. 5, Shangmao Road West and East Shangcheng Road North, Jinshui District, Zhengzhou, Henan Province, China with an area of approximately 177.74 sq. m. at an annual rent of RMB81,636 for a term of 1 year commencing on 1 January 2015 and ended on 31 December 2015. On 25 September 2015, Henan Weiye and Zhang Lihong entered into a lease agreement to renew the 2015 ZLH Lease Agreement (the "2016 ZLH Lease Agreement"), pursuant to which the said property was leased for an additional term of 6 months commencing on 1 January 2016 and ending on 1 July 2016 at a monthly rent of RMB6,803.

Relationship

Henan Weiye is an indirect wholly-owned subsidiary of our Company and Zhang Lihong is the sister of Zhang Wei, one of our executive Directors and chairman of the Board. Zhang Lihong is therefore an associate of Zhang Wei and a connected person of our Company under Rule 14A.07(4) of the Hong Kong Listing Rules.

Historical Transaction Amounts

For the year ended 31 December 2015, the aggregate amounts of rent paid by Henan Weiye to Zhang Lihong for the leasing of the property listed above amounted to approximately RMB81,636.

Future Transaction Amount

It is anticipated that the rent payable by our Group to Zhang Lihong under the 2016 ZLH Lease Agreement for the financial year ending 31 December 2016 will be approximately RMB41,000.

Proposed Annual Caps on Future Transaction Amounts

As the 2016 ZLH Lease Agreement was entered into between a subsidiary of our Group and a connected person, in accordance with Rule 14A.53 of the Hong Kong Listing Rules, it is expected that the maximum aggregate annual amount of rent payable by our Group under the 2016 ZLH Lease Agreement for the financial year ending 31 December 2016 shall not exceed the proposed cap of RMB100,000.

In arriving at the above proposed cap of rental payable, our Directors have considered (i) the historical rent paid by our Group; (ii) the market rental of the properties in the same area and of similar size and grade to the premises.

Our Directors and DTZ, having reviewed the 2016 ZLH Lease Agreement, conducted market research on the leasing markets in Zhengzhou and collected rental evidence of comparable properties in the locality as well as similar locations in Zhengzhou, have confirmed that (i) the terms and conditions of the 2016 ZLH Lease Agreement are fair and reasonable to the parties thereto and are entered into on normal commercial terms; and (ii) the amounts payable thereunder reflect the then market rates or better for properties of a similar status in similar locations.

Listing Rules Implications

As the applicable percentage ratios under Chapter 14 of the Hong Kong Listing Rules for the transactions under the 2016 ZLH Lease Agreement as set out above are on an annual basis less than 5% and the total rental is less than HK$3,000,000, by virtue of Rule 14A.76(1)(c) of the Hong Kong Listing Rules, such transactions constitute Continuing Connected Transactions exempt from reporting, annual review, announcement and shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

(B) CONTINUING CONNECTED TRANSACTION EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

Trust financing arrangement between Henan Xingwei Property Co., Ltd. ("Henan Xingwei) and Zhongyuan Trust Company Limited* (中原信託有限公司) ("**Zhongyuan Trust**")

Background

Pursuant to a series of agreements entered into among Henan Weiye, Henan Xingwei, Hongyuan Trust and Zhang Wei dated 5 June 2014, Zhongyuan Trust agreed to finance Henan Xingwei in the principal sum of not exceeding RMB500 million for a period of not more than 24 months, by way of subscribing certain increased registered capital of Henan Xingwei up to 50% of the enlarged registered capital of Henan Xingwei (the "**Xingwei Trust Financing**") to fund the property project of Henan Xingwei. Such financing will be capitalised in stages. Hence, as part of the Xingwei Trust Financing, Zhongyuan Trust injected RMB110 million into Henan Xingwei in August 2014, of which RMB41.83 million served as registered capital and the remaining RMB68.17 million served as capital surplus. Since then, the equity interests in Henan Xingwei were held as to approximately 82.7% by Henan Weiye and approximately 17.3% by Zhongyuan Trust. In December 2015, Zhongyuan Trust further injected RMB190 million into Henan Xingwei, of which RMB72.24 million served as registered capital and the remaining RMB117.76 million served as capital surplus. In January 2016, Zhongyuan Trust further injected RMB200 million into Henan Xingwei, of which RMB75.93 million served as registered capital and the remaining RMB124.07 million served as capital surplus. Since then, the equity interests in Henan Xingwei were held as to approximately 51.3% by Henan Weiye Construction Development Group Co., Ltd. ("Henan Weiye") and approximately 48.7% by Zhongyuan Trust. As such, as at the latest practicable date of the listing document of the Company, Zhongyuan Trust has altogether granted trust financing in the principal amount of RMB500 million to Henan Xingwei by way of capital injection. Pursuant to the arrangement, Henan Weiye pledged its approximately 51.3% equity interest in Henan Xingwei as security for the Xingwei Trust Financing, and agreed to give up all voting rights at the shareholders' meetings of Henan Xingwei during the subsistence of the arrangement. The outstanding principal amount under the Xingwei Trust Financing bore an effective interest rate of 17%.

Historical Transaction Value

As of 31 December 2015, the outstanding principal amount under the Xingwei Trust Financing was RMB300 million. During the year ended 31 December 2015, the total amount of interests in respect of the Xingwei Trust Financing paid by our Group to Zhongyuan Trust was approximately RMB18.8 million.

Proposed Annual Caps on Future Transactions Amounts

For the financial year ending 31 December 2016, the maximum outstanding principal amount under the Xingwei Trust Financing will be RMB500 million. Whereas the maximum amount of interests payable by our Group in respect of the Xingwei Trust Financing (assuming that our Group borrows the maximum principal amount under the Xingwei Trust Financing) for the financial year ending 31 December 2016 will be approximately RMB50.5 million. Therefore, it is expected that the annual cap of the Xingwei Trust Financing for the financial year ending 31 December 2016 will be RMB551 million.

Relationship

Zhongyuan Trust holds approximately 48.7% equity interests of Henan Xingwei. Thus, Zhongyuan Trust is a substantial shareholder of Henan Xingwei, a subsidiary of our Company. As Zhongyuan Trust is a connected person only because of its connection with Henan Xingwei, Zhongyuan Trust is a connected person of our Company at the subsidiary level under Chapter 14A of the Hong Kong Listing Rules.

Listing Rules Implications

Given that Zhongyuan Trust is a connected person of our Company at the subsidiary level, the Xingwei Trust Financing is only subject to reporting and announcement requirements and are exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Hong Kong Listing Rules. Our Board of Directors have approved the transactions under the Xingwei Trust Financing. Our Directors (including our independent non-executive Directors) have confirmed that the terms of the transactions under the Xingwei Trust Financing including the proposed annual caps are fair and reasonable, the transactions are in the ordinary and usual course of business of our Group, on normal commercial terms or better and in the interest of our Company and its Shareholders as a whole.

Trust financing arrangement between Xinxiang Property Co., Ltd. ("Xinxiang Weiye") Weiye and Zhongyuan Trust

Background

Pursuant to two agreements between Xinxiang Weiye, an indirect wholly-owned subsidiary of the Company, and Zhongyuan Trust both dated 18 September 2015, Zhongyuan Trust agreed to finance Xinxiang Weiye, in aggregate, in the principal sum of not exceeding RMB240 million for a period of not more than 24 months (the "**Xinxiang Trust Financing**") to fund the property project of Xinxiang Weiye. The applicable interest rate of the Xinxiang Trust Financing is 12%.

Historical Transaction Value

As of 31 December 2015, the outstanding principal amount under the Xinxiang Trust Financing was RMB240.0 million. During the year ended 31 December 2015, the total amount of interests in respect of the Xingxiang Trust Financing paid by our Group to Zhongyan Trust was approximately RMB7.43 million.

Proposed Annual Caps on Future Transactions Amounts

For each of the financial years ending 31 December 2016 and 2017, the maximum outstanding principal amount under the Xinxiang Trust Financing will be RMB240 million. Whereas the maximum amount of interests payable by our Group in respect of the Xinxiang Trust Financing (assuming that our Group borrows the maximum principal amount under the Xinxiang Trust Financing) for each of the financial years ending 31 December 2016 and 2017 will be approximately RMB28.8 million and RMB21.1 million respectively. Therefore, it is expected that the annual cap of the Xinxiang Trust Financing for each of the financial years ending 31 December 2016 and 2017 will be RMB269 million and RMB262 million, respectively.

Relationship

Zhongyuan Trust holds approximately 48.7% equity interests of Henan Xingwei. Thus, Zhongyuan Trust is a substantial shareholder of Henan Xingwei, a subsidiary of our Company. As Zhongyuan Trust is a connected person only because of its connection with Henan Xingwei, Zhongyuan Trust is a connected person of our Company at the subsidiary level under Chapter 14A of the Hong Kong Listing Rules.

Listing Rules Implications

Given that Zhongyuan Trust is a connected person of our Company at the subsidiary level, the Xingwei Trust Financing is only subject to reporting and announcement requirements and are exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Hong Kong Listing Rules. Our Board of Directors have approved the transactions under the Xingwei Trust Financing. Our Directors (including our independent non-executive Directors) have confirmed that the terms of the transactions under the Xingwei Trust Financing including the proposed annual caps are fair and reasonable, the transactions are in the ordinary and usual course of business of our Group, on normal commercial terms or better and in the interest of our Company and its Shareholders as a whole.

RELATED PARTY TRANSACTIONS

Our Group entered into certain related party transactions with its related parties during the year ended 31 December 2015. Details of the Related Party Transactions are set out in the financial statements on pages 103 to 105.

Auditors

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

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

On behalf of the Board of Directors

Zhang Wei
Director

Chen Zhiyong
Director

21 April 2016

INDEPENDENT AUDITORS' REPORT

To the members of Weiye Holdings Limited

Report on the financial statements

We have audited the accompanying financial statements of Weiye Holdings Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 53 to 127.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
21 April 2016

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	Group 2015 RMB'000	Group 2014 RMB'000	Company 2015 RMB'000	Company 2014 RMB'000
Assets					
Non-current assets					
Property, plant and equipment	4	43,850	54,148	14	47
Intangible assets	5	2,725	1,322	–	–
Investment properties	6	386,000	451,000	–	–
Investments in subsidiaries	7	–	–	1,669,975	1,623,680
Investment in joint venture	8	132,576	140,000	–	–
Other financial assets	9	–	71	–	71
Trade and other receivables	10	240,000	189,568	400	408
Deferred tax assets	19	17,654	19,655	–	–
		822,805	855,764	1,670,389	1,624,206
Current assets					
Inventories	20	10,997	12,542	–	–
Development properties	21	1,082,606	1,271,240	–	–
Trade and other receivables	10	2,173,943	1,585,424	23,258	37,783
Other financial assets	9	–	8,452	–	–
Income tax recoverable		5,901	6,726	–	–
Cash and cash equivalents	22	883,610	593,230	10,406	5,495
Assets held for sale	23	150,000	130,827	–	4,569
		4,307,057	3,608,441	33,664	47,847
Total assets		5,129,862	4,464,205	1,704,053	1,672,053
Equity attributable to owners of the Company					
Share capital	24	359,700	359,700	1,737,554	1,737,554
Reserves	25	780,323	687,592	(69,889)	(70,919)
		1,140,023	1,047,292	1,667,665	1,666,635
Non-controlling interests		138,269	125,795	–	–
Total equity		1,278,292	1,173,087	1,667,665	1,666,635
Liabilities					
Non-current liabilities					
Loans and borrowings	26	1,499,515	935,428	–	–
Deferred tax liabilities	19	221,889	199,009	–	–
		1,721,404	1,134,437	–	–
Current liabilities					
Loans and borrowings	26	755,402	715,150	–	–
Trade and other payables	27	1,139,541	1,226,312	36,388	5,418
Income tax payable		235,223	212,457	–	–
Liability held for sale	23	–	2,762	–	–
		2,130,166	2,156,681	36,388	5,418
Total liabilities		3,851,570	3,291,118	36,388	5,418
Total equity and liabilities		5,129,862	4,464,205	1,704,053	1,672,053

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

		Group	
	Note	2015	2014
		RMB'000	RMB'000
Revenue	30	1,234,691	1,293,739
Cost of sales		(908,488)	(958,641)
Gross profit		326,203	335,098
Other income	31	45,764	255,102
Selling and distribution expenses		(36,868)	(34,276)
Administrative expenses		(108,646)	(91,596)
Other operating expenses		(2,560)	(3,858)
Results from operating activities		223,893	460,470
Net finance costs	32	(5,445)	(5,964)
Share of loss of joint venture (net of tax)	8	(7,424)	–
Profit before income tax	33	211,024	454,506
Income tax expense	34	(104,432)	(183,484)
Profit for the year		106,592	271,022
Profit attributable to:			
Owners of the Company		94,118	258,295
Non-controlling interests		12,474	12,727
Profit for the year		106,592	271,022
Other comprehensive (loss)/income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(852)	7,372
Net change in fair value of financial assets available-for-sale		28	12
Net change in fair value of financial assets available-for-sale reclassified to profit or loss		(563)	(917)
Total other comprehensive (loss)/income for the year, net of income tax		(1,387)	6,467
Total comprehensive income for the year		105,205	277,489
Total comprehensive income attributable to:			
Owners of the Company		92,731	264,762
Non-controlling interests		12,474	12,727
Total comprehensive income for the year, net of income tax		105,205	277,489
Earnings per share:			
Basic earnings per share (cents)	35	47.99	131.70
Diluted earnings per share (cents)	35	47.99	131.70

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Note	Share capital RMB'000	Merger reserve RMB'000	Capital reserves RMB'000	Foreign currency translation reserve RMB'000	Fair value reserve RMB'000	Statutory and other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to owners of the Company									
At 1 January 2014		359,700	(59,669)	(550)	(18,755)	1,440	56,263	458,750	797,179	113,068	910,247
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	258,295	258,295	12,727	271,022
Other comprehensive income/(loss)											
Foreign currency translation differences – foreign operations		–	–	–	7,372	–	–	–	7,372	–	7,372
Net change in fair value of financial assets available-for-sale		–	–	–	–	12	–	–	12	–	12
Net change in fair value of financial assets available-for-sale reclassified to profit or loss		–	–	–	–	(917)	–	–	(917)	–	(917)
Total other comprehensive income/(loss)		–	–	–	7,372	(905)	–	–	6,467	–	6,467
Total comprehensive income/(loss) for the year		–	–	–	7,372	(905)	–	258,295	264,762	12,727	277,489
Contributions by and distributions to owners											
Transfer to statutory reserves		–	–	–	–	–	8,551	(8,551)	–	–	–
Dividend paid	25	–	–	–	–	–	–	(14,649)	(14,649)	–	(14,649)
Total contributions by and distributions to owners		–	–	–	–	–	8,551	(23,200)	(14,649)	–	(14,649)
Total transactions with owners		–	–	–	–	–	8,551	(23,200)	(14,649)	–	(14,649)
At 31 December 2014		359,700	(59,669)	(550)	(11,383)	535	64,814	693,845	1,047,292	125,795	1,173,087

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2015

	Attributable to owners of the Company									
	Share capital RMB'000	Merger reserve RMB'000	Capital reserves RMB'000	Foreign currency translation reserve RMB'000	Fair value reserve RMB'000	Statutory and other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015	359,700	(59,669)	(550)	(11,383)	535	64,814	693,845	1,047,292	125,795	1,173,087
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	94,118	94,118	12,474	106,592
Other comprehensive (loss)/income										
Foreign currency translation differences – foreign operations	–	–	–	(852)	–	–	–	(852)	–	(852)
Net change in fair value of financial assets available-for-sale	–	–	–	–	28	–	–	28	–	28
Net change in fair value of financial assets available-for-sale reclassified to profit or loss	–	–	–	–	(563)	–	–	(563)	–	(563)
Total other comprehensive income/(loss)	–	–	–	(852)	(535)	–	–	(1,387)	–	(1,387)
Total comprehensive income/(loss) for the year	–	–	–	(852)	(535)	–	94,118	92,731	12,474	105,205
Contributions by and distributions to owners										
Transfer to statutory reserves	–	–	–	–	–	15,813	(15,813)	–	–	–
Total contributions by and distributions to owners	–	–	–	–	–	15,813	(15,813)	–	–	–
Total transactions with owners	–	–	–	–	–	15,813	(15,813)	–	–	–
At 31 December 2015	359,700	(59,669)	(550)	(12,235)	–	80,627	772,150	1,140,023	138,269	1,278,292

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Profit before taxation		211,024	454,506
Adjustments for:			
Amortisation of intangible assets	33	171	178
Allowance for impairment loss made/(reversed) on club membership	33	20	(12)
Change in fair value of investment properties	31	(22,124)	(247,672)
Depreciation of property, plant and equipment	33	6,516	5,903
Gain on disposal of assets held for sale	31	(5,710)	–
Gain on disposal of plant and equipment	31	(8,203)	(102)
Gain on disposal of investment property, net of transaction costs	31	(2,209)	–
Interest expenses		48,419	9,684
Interest income	32	(42,974)	(3,720)
Listing expenses		20,459	–
Loss on disposal of club membership	33	–	25
Loss arising from loss of control in joint operations	33	–	3,022
Net change in fair value loss/(gain) on financial assets held for trading	31	756	(614)
Net gain on disposal of financial assets available-for-sale reclassified from equity	31	(563)	(917)
Property, plant and equipment written off	33	14	34
Share of loss of joint venture (net of tax)	8	7,424	–
Effects of exchange rate changes		401	8,587
		213,421	228,902
Changes in working capital:			
Inventories		1,545	4,253
Development properties		230,326	115,073
Trade and other receivables		(482,228)	(541,748)
Trade and other payables		(38,795)	2,139
Cash used in operating activities		(75,731)	(191,381)
Income taxes paid		(55,960)	(33,155)
Net cash used in operating activities		(131,691)	(224,536)

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Cash flows from investing activities			
Acquisition of asset classified as held for sale	23	–	(110,000)
Acquisition of intangible assets		(1,574)	(1,098)
Deposits paid to third party		(35,000)	–
Increase in amount due from a joint venture partner (non-trade)		–	(104,499)
Interest received		38,099	3,720
Investment in joint venture	8	–	(140,000)
Proceeds from disposal of assets classified as held for sale		23,775	–
Proceeds from disposal of financial assets available-for-sale		12,989	2,075
Proceeds from disposal of investment property		41,909	–
Proceeds from disposal of plant and equipment		2,240	267
Purchase of property, plant and equipment		(4,777)	(1,244)
Purchase of financial assets held for trading		(5,194)	(7,000)
Net cash generated from/(used in) investing activities		72,467	(357,779)
Cash flows from financing activities			
(Decrease)/Increase in amount due to director (non-trade)		(40,000)	30,000
Dividend paid	25	–	(14,649)
Increase in restricted cash		(357,017)	(198,983)
Interest paid		(198,767)	(154,276)
Repayment of finance lease obligations		(83)	(43)
Repayment of loans and borrowings		(854,781)	(627,355)
Payment of listing expenses		(18,220)	–
Proceeds from loans and borrowings		1,458,900	1,389,280
Net cash (used in)/generated from financing activities		(9,968)	423,974
Net decrease in cash and cash equivalents		(69,192)	(158,341)
Cash and cash equivalents at 1 January		375,186	534,208
Effect of exchange rate fluctuations on cash held		(399)	(681)
Cash and cash equivalents at 31 December	22	305,595	375,186

Non-cash transaction:

During the financial year ended 31 December 2015, the Group acquired plant and equipment with an aggregate cost of RMB 5,094,000 (2014: RMB nil), of which RMB 345,000 (2014: RMB nil) was acquired under finance leases.

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 21 April 2016.

1 Domicile and activities

Weiye Holdings Limited (the "Company") is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 8 Pandan Crescent #01-06, Singapore 128464.

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

The principal activities of the Group are those of property developers for residential and commercial properties in the People's Republic of China, and the manufacturing and trading of air-conditioning and clean room equipment.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

The Company's functional currency is the Singapore dollar. As the Group's operations are principally conducted in the People's Republic of China ("PRC"), the consolidated financial statements have been presented in the Chinese Renminbi ("RMB"). All financial information presented in RMB has been rounded to the nearest thousand (RMB'000), unless otherwise stated.

2.4 Use of estimates and judgements

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

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

Information about critical judgements in applying accounting policies and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3.20 – estimation of provisions for current and deferred taxation
- Note 6 – valuation of investment properties
- Note 41 – determination of fair values of financial instruments
- Note 42 – accounting estimates and judgements

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values

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

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit Committee.

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. There were no transfers between the levels for the year ended 31 December 2015 and 31 December 2014.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 6 – Investment properties; and
- Note 41 – Financial instruments.

3 Significant accounting policies

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

3.1 Basis of consolidation

Business combinations

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

The Group measures goodwill at the acquisition date as:

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

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

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

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

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

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

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

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

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

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Subsidiaries

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

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

Investments in joint ventures (equity accounted investees)

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

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

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

Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

Transactions eliminated on consolidation

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

Subsidiaries and joint ventures in the separate financial statements

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

3 Significant accounting policies (cont'd)

3.2 Foreign currency

Foreign currency transactions

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

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

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to RMB at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RMB at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the end of the reporting period. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

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

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

3 Significant accounting policies (cont'd)

3.3 Financial instruments

Non-derivative financial assets

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

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

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

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

Financial assets at fair value through profit or loss

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

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

Loans and receivables

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

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

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Non-derivative financial assets (cont'd)

Financial assets available-for-sale

Financial assets available-for-sale are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets.

Financial assets available-for-sale are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Financial assets available-for-sale comprise equity securities.

Non-derivative financial liabilities

The Group initially recognises financial liabilities designated at fair value through profit or loss on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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

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

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

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

Share capital

Ordinary shares

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

Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

Freehold buildings are measured at cost less accumulated depreciation on buildings and impairment losses recognised.

Subsequent costs

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

Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

Depreciation (cont'd)

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

Freehold building	50 years
Leasehold building	34 years
Building and factory improvements	5 years
Plant and machinery	5 to 12 years
Motor vehicles	5 to 10 years
Furniture and fittings	3 to 10 years
Renovations	2 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Club memberships

Club memberships held on a long-term basis are stated at cost less allowance for impairment loss.

An assessment of impairment in club memberships is performed when there is indication that the assets have been impaired or when the impairment losses recognised in previous years no longer exist.

3.6 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill is measured at cost less accumulated impairment losses.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured readily, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the assets. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the assets for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

3 Significant accounting policies (cont'd)

3.6 Intangible assets (cont'd)

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of the asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Computer software	–	3 years
Capitalised developments costs	–	3 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.7 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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

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

- Commencement of development with a view to sell, for a transfer from investment properties to development properties;
- Commencement of an operating lease to another party, for a transfer from development properties or property, plant and equipment to investment properties; or
- Commencement of occupation by owner, for a transfer from investment properties to property, plant and equipment.

When the use of a property changes such that it is reclassified as investment properties, its fair value at the date of transfer becomes its cost for subsequent accounting.

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

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

3 Significant accounting policies (cont'd)

3.8 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.9 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.10 Construction contracts in progress

Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

3.11 Development properties

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Cost includes an appropriate share of development overheads allocated based on normal capacity. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Borrowing costs that are directly attributable to the acquisition and development of the development property are capitalised as part of development property during the period of development until the completion of development.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

The costs of development properties and properties jointly developed with third parties recognised in the profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

3.12 Impairment

Non-derivative financial assets

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

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

3 Significant accounting policies (cont'd)

3.12 Impairment (cont'd)

Non-derivative financial assets (cont'd)

Loans and receivables

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

Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

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

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

Financial assets available-for-sale

Impairment losses on financial assets available-for-sale are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss.

Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Joint ventures

An impairment loss in respect of an joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.13 – non-financial assets below. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

3 Significant accounting policies (cont'd)

3.12 Impairment (cont'd)

Non-financial assets (cont'd)

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

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

3.13 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution.

Immediately before reclassification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment loss on initial classification as held for sale or distribution and subsequent gain or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of joint ventures ceases once classified as held for sale or distribution.

3.14 Employee benefits

Defined contribution plans

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

3 Significant accounting policies (cont'd)

3.15 Revenue

Sale of completed properties

Revenue from sale of completed property is recognised when the risk and rewards of ownership have been transferred to the buyer either through the transfer of legal title or equitable interest in the property vests in the buyer upon signing of the property handover notice by the buyer, whichever is earlier. Payments received from buyers prior to this stage are recorded as advance receipts from sale of properties and is classified as current liabilities.

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Commission income

Commission income is recognised upon completion of the rendering of services.

3.16 Government grants

Grant income is received from the local government in the PRC at a discretionary amount as determined by the government. It is recognised initially as deferred income at fair value where there is reasonable assurance that the grant will be received and all associated conditions will be complied with. These grants are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

3 Significant accounting policies (cont'd)

3.17 Lease payments

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and

- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.18 Finance income and finance costs

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

Finance costs comprise interest expenses on borrowings and amortisation of transaction costs capitalised.

All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3.19 Tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

3 Significant accounting policies (cont'd)

3.19 Tax (cont'd)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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

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

Land appreciation tax ("LAT")

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

3.20 Earnings per share

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

3 Significant accounting policies (cont'd)

3.21 Segment reporting

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

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

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

3.22 New standards and interpretations not adopted

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

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

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 115 *Agreements for the Construction of Real Estate*, and INT FRS 118 *Transfers of Assets from Customers*.

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company. The Group is currently assessing the potential impact on its financial statements and will implement the standards on the effective dates. The Group does not plan to adopt these standards early.

4 Property, plant and equipment

	Note	Freehold land RMB'000	Freehold building RMB'000	Leasehold building RMB'000	Building and factory improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture and fittings RMB'000	Renovations RMB'000	Total RMB'000
Group										
Cost										
At 1 January 2014		8,567	30,496	28,559	4,143	23,576	24,483	4,998	3,355	128,177
Additions		–	–	–	16	388	518	322	–	1,244
Disposals		–	–	–	–	(31)	(1,269)	(3)	–	(1,303)
Written off		–	–	–	(86)	(43)	–	(41)	–	(170)
Transfer to assets held for sale	23	–	–	(25,125)	–	–	–	–	–	(25,125)
Effects of movements in exchange rates		(285)	(606)	(176)	(113)	(499)	(112)	(61)	(98)	(1,950)
At 31 December 2014		8,282	29,890	3,258	3,960	23,391	23,620	5,215	3,257	100,873
At 1 January 2015		8,282	29,890	3,258	3,960	23,391	23,620	5,215	3,257	100,873
Additions		–	–	–	59	234	2,404	953	1,444	5,094
Disposals		(503)	(2,817)	(3,258)	(155)	(1,078)	(1,892)	(457)	(69)	(10,229)
Written off		–	–	–	(14)	(1,069)	–	(87)	–	(1,170)
Effects of movements in exchange rates		(1,077)	(2,238)	–	(304)	(1,010)	(309)	(129)	(259)	(5,326)
At 31 December 2015		6,702	24,835	–	3,546	20,468	23,823	5,495	4,373	89,242

4 Property, plant and equipment (cont'd)

	Note	Freehold land RMB'000	Freehold building RMB'000	Leasehold building RMB'000	Building and factory improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture and fittings RMB'000	Renovations RMB'000	Total RMB'000
Group										
Accumulated depreciation										
At 1 January 2014		–	3,389	4,669	3,369	18,599	11,364	3,728	2,184	47,302
Depreciation charge for the year		–	345	822	163	1,696	2,089	671	117	5,903
Disposals		–	–	–	–	(29)	(1,078)	–	–	(1,107)
Written off		–	–	–	(75)	(24)	–	(37)	–	(136)
Transfer to assets held for sale	23	–	–	(4,298)	–	–	–	–	–	(4,298)
Effects of movements in exchange rates		–	(130)	(89)	(92)	(410)	(109)	(52)	(57)	(939)
At 31 December 2014		–	3,604	1,104	3,365	19,832	12,266	4,310	2,244	46,725
At 1 January 2015		–	3,604	1,104	3,365	19,832	12,266	4,310	2,244	46,725
Depreciation charge for the year		–	302	460	119	1,000	3,986	475	174	6,516
Disposals		–	(311)	(1,564)	(155)	(26)	(1,339)	(425)	(50)	(3,870)
Written off		–	–	–	(10)	(1,064)	–	(82)	–	(1,156)
Effects of movements in exchange rates		–	(513)	–	(232)	(1,645)	(282)	(44)	(107)	(2,823)
At 31 December 2015		–	3,082	–	3,087	18,097	14,631	4,234	2,261	45,392
Carrying amounts										
At 1 January 2014		8,567	27,107	23,890	774	4,977	13,119	1,270	1,171	80,875
At 31 December 2014		8,282	26,286	2,154	595	3,559	11,354	905	1,013	54,148
At 31 December 2015		6,702	21,753	–	459	2,371	9,192	1,261	2,112	43,850

4 Property, plant and equipment (cont'd)

	Note	Leasehold building RMB'000	Motor vehicles RMB'000	Furniture and fittings RMB'000	Renovations RMB'000	Total RMB'000
Company						
Cost						
At 1 January 2014		9,045	1,799	–	1,735	12,579
Additions		–	–	22	–	22
Transfer to a subsidiary		–	(1,764)	–	–	(1,764)
Transfer to assets held for sale	23	(8,868)	–	–	–	(8,868)
Effects of movements in exchange rates		(177)	(35)	–	(34)	(246)
At 31 December 2014		–	–	22	1,701	1,723
At 1 January 2015		–	–	22	1,701	1,723
Additions		–	–	6	–	6
Transfer to a subsidiary		–	–	–	(67)	(67)
Effects of movements in exchange rates		–	–	(1)	(36)	(37)
At 31 December 2015		–	–	27	1,598	1,625
Accumulated depreciation						
At 1 January 2014		4,118	1,776	–	1,667	7,561
Depreciation charge for the year		270	23	5	38	336
Transfer to a subsidiary		–	(1,764)	–	–	(1,764)
Transfer to assets held for sale	23	(4,299)	–	–	–	(4,299)
Effects of movements in exchange rates		(89)	(35)	–	(34)	(158)
At 31 December 2014		–	–	5	1,671	1,676
At 1 January 2015		–	–	5	1,671	1,676
Depreciation charge for the year		–	–	8	20	28
Transfer to a subsidiary		–	–	–	(58)	(58)
Effects of movements in exchange rates		–	–	–	(35)	(35)
At 31 December 2015		–	–	13	1,598	1,611
Carrying amounts						
At 1 January 2014		4,927	23	–	68	5,018
At 31 December 2014		–	–	17	30	47
At 31 December 2015		–	–	14	–	14

4 Property, plant and equipment (cont'd)

Location of properties

The analysis of net book value of properties is as follows:

	Group		Company	
	At 31 December		At 31 December	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
In Hong Kong				
- freehold	–	–	–	–
- medium-term leases	–	–	–	–
Outside Hong Kong				
- freehold	28,455	34,568	–	–
- medium-term leases	–	2,154	–	–
	28,455	36,722	–	–
Representing:				
Land and buildings carried at cost	28,455	36,722	–	–

Assets held under finance lease

The carrying amount of plant and machinery of the Group held under finance leases as at 31 December 2015 was RMB 371,000 (2014: RMB Nil).

There were no assets of the Company held under finance lease as at 31 December 2015 and 2014.

Security

As at 31 December 2015, the Group's property, plant and equipment with a total carrying value of RMB 19,233,000 (2014: RMB 22,945,000), are subject to a legal charge to secure a subsidiary's bank borrowings and the Company's credit facility with a bank (see Note 26).

5 Intangible assets

	Software RMB'000	Development costs RMB'000	Total RMB'000
Group			
Cost			
At 1 January 2014	957	–	957
Additions	178	920	1,098
At 31 December 2014	1,135	920	2,055
At 1 January 2015	1,135	920	2,055
Additions	–	1,574	1,574
At 31 December 2015	1,135	2,494	3,629
Accumulated amortisation			
At 1 January 2014	555	–	555
Amortisation charge for the year	178	–	178
At 31 December 2014	733	–	733
At 1 January 2015	733	–	733
Amortisation charge for the year	171	–	171
At 31 December 2015	904	–	904
Carrying amount			
At 1 January 2014	402	–	402
At 31 December 2014	402	920	1,322
At 31 December 2015	231	2,494	2,725

Intangible assets pertain to computer software purchased from vendors. Development costs relate to expenditure capitalised in relation to the development of a new product. The amortisation of intangible assets is included in the administrative expenses in profit or loss.

6 Investment properties

	Note	Group 2015 RMB'000	Group 2014 RMB'000
At 1 January		451,000	–
Acquisitions		–	45,030
Transfer from development properties		–	158,298
Additions		29,876	–
Disposals		(77,000)	–
Transfer to asset held for sale	23	(40,000)	–
		363,876	203,328
Change in fair value during the year		22,124	247,672
At 31 December		386,000	451,000
Analysed between:			
Completed investment properties		331,000	359,000
Investment properties under development		55,000	92,000
		386,000	451,000

During the year ended 31 December 2014, the Group changed its intention for certain development properties to be held for rental and investment purposes, instead of held for sale. These properties were accordingly reclassified from development properties to investment properties after they have been remeasured at their fair value.

Determination of fair value

Investment properties and investment properties under development are stated at fair value based on valuations as at 31 December 2015 performed by independent professional valuers, having appropriate recognised professional qualification and experience in the location and category of property being valued. Independent valuations are obtained twice a year for all investment properties, being 30 June and 31 December. Any change in the fair value is charged to the profit or loss.

In determining the fair value, the valuers have used valuation methods which involve certain estimates. Management has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The independent professional valuers have considered valuation techniques including direct comparison method, capitalisation approach and/or residual approach in arriving at the open market value as at the reporting date. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yield, estimated costs of development and average growth rate.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to those reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The residual method of valuation is determined based on the gross development value less estimated costs to complete.

6 Investment properties (cont'd)

Fair value hierarchy

The fair values for investment properties and investment properties under development of RMB 331,000,000 (2014: RMB 359,000,000) and RMB 55,000,000 (2014: RMB 92,000,000), respectively, have been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.4). There were no transfers between levels during the financial year ended 31 December 2015.

Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment properties and investment properties under development, as well as the significant unobservable inputs used.

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Capitalisation approach	• Expected rental rates for the year ended 31 December 2015 of RMB 19 per square metre ("psm") to RMB 86 psm (2014: RMB 39 psm to RMB 156 psm) • Capitalisation rates for the year ended 31 December 2015 was from 4.5% to 6% (2014: 6% to 7%)	A significant increase in expected rental rates and a significant decrease in capitalisation rate would result in a higher fair value measurement.
Residual approach	• Expected unit price for the year ended 31 December 2015 of RMB5,470 to RMB 11,916 psm (2014: RMB 5,470 psm to RMB 11,066 psm)	A significant increase in expected unit price would result in a higher fair value measurement.

Key unobservable inputs correspond to:

- Expected rental rates that were estimated from market data for similar properties adjusted for nature, location and the condition of properties.

- Capitalisation rates that were derived from market data for similar properties, adjusted for nature, location and the condition of properties.

Security

As at the reporting date, investment properties and investment properties under development with carrying values of RMB 11,000,000 and RMB nil (2014: RMB 109,000,000 and RMB 92,000,000), respectively, have been mortgaged as security for loan facilities granted by financial institutions to the Group (see Note 26).

7 Investments in subsidiaries

	Company 2015 RMB'000	Company 2014 RMB'000
Unquoted equity shares, at cost	1,670,422	1,624,127
Less: Impairment loss	(447)	(447)
	1,669,975	1,623,680

Impairment loss

The movement in impairment loss is as follows:

	Company 2015 RMB'000	Company 2014 RMB'000
At 1 January and 31 December	447	447

Details of the subsidiaries at the end of the financial year are as follows:

	Name	Date of incorporation	Country of incorporation	Registered capital / Issued and fully paid up share capital	Principal activities	Equity interest 2015 %	Equity interest 2014 %
+&	Great Spirit Management Limited 精誠管理有限公司	24 April 2009	British Virgin Islands	USD 27,950,000	Investment holding	100	100
*	Xie Tong International Pte. Ltd. (Previously known as "Kyodo Allied International Pte. Ltd.")	7 March 2014	Singapore	SGD 853,001	Investment holding	100	100
*	Eindec Corporation Limited	2 April 2015	Singapore	SGD 9,300,001	Investment holding	100	–
	Held through Eindec Corporation Limited						
*	Eindec Holdings Pte. Ltd.	13 May 2015	Singapore	SGD 9,300,001	Investment holding	100	–

7 Investments in subsidiaries (cont'd)

	Name	Date of incorporation	Country of incorporation	Registered capital / Issued and fully paid up share capital	Principal activities	Equity interest 2015 %	Equity interest 2014 %
	Held through Eindec Holdings Pte. Ltd.						
*	Eindec Singapore Pte. Ltd.	19 May 2015	Singapore	SGD 2,930,001	Investment holding	100	–
▲	Eindec Technology (Malaysia) Sdn. Bhd. (Previously known as "Kyodo-Allied (Malaysia) Sdn. Bhd.")	21 August 1989	Malaysia	RM 1,000,000	Manufacturers and traders in air-conditioning and clean room equipment	100	100
+@	Kyodo-Allied (Thailand) Company Limited^	21 September 1990	Thailand	Thai Baht 2,000,000	Manufacturers, importers, exporters and traders in air-conditioning materials, supplies and equipment	49#	49#
+@$	Eindec (Shanghai) Co., Ltd. (Previously known as "Kyodo-Allied Trading (Shanghai) Co Ltd") 优多商貿(上海)有限公司	23 November 2005	PRC	USD 300,000	Clean room equipment and ventilation equipment wholesale, commission agency, import and export of industrial products and related supporting businesses	100	100
+&$	Eindec (Shenzhen) Environment Technology Co., Ltd. 英德(深圳)环保科技有限公司	9 July 2015	PRC	RMB 3,000,000 / RMB 20,000,000	Manufacturers and traders in industrial clean room equipment, air purification filter equipment and its parts and components	100	–

7 Investments in subsidiaries (cont'd)

	Name	Date of incorporation	Country of incorporation	Registered capital / Issued and fully paid up share capital	Principal activities	Equity interest 2015 %	Equity interest 2014 %
	Held through Xie Tong International Pte. Ltd.						
*	Xie Tong Technology Pte. Ltd. (Previously known as "Kyodo-Allied Technology Pte Ltd")	18 March 1998	Singapore	SGD 50,000	Traders in air-conditioning and clean room equipment and those of commission agents	100	100
	Held through Great Spirit Management Limited						
+&	Weiye Holdings (Hong Kong) Limited 伟业控股(香港)有限公司	17 September 2009	Hong Kong	HKD 10,000	Investment holding	100	100
	Held through Weiye Holdings (Hong Kong) Limited						
+&$	Jinwei (Henan) Trading Limited Company 金伟(河南)商贸有限公司	6 January 2012	PRC	RMB 300,000,000	Trader in building construction materials	100	100
+&$	Hongji Weiye (Shenzhen) Trading Company Limited 宏基伟业(深圳)商贸物流有限公司	15 October 2014	PRC	RMB 300,000,000 / RMB 50,000,000	Trading of construction materials and logistics management	100	100
+&$	Hainan Hongji Weiye Property Development Co., Ltd. 海南宏基伟业房地产开发有限公司	12 February 2004	PRC	RMB 10,000,000	Investment holding	100	100
	Held through Hainan Hongji Weiye Property Development Co., Ltd.						
+&$	Hainan Hongji Weiye Consulting Management Co., Ltd. 海南宏基伟业咨询管理有限公司	28 April 2010	PRC	RMB 30,000,000	Investment holding	100	100

7 Investments in subsidiaries (cont'd)

	Name	Date of incorporation	Country of incorporation	Registered capital / Issued and fully paid up share capital	Principal activities	Equity interest 2015 %	Equity interest 2014 %
	Held through Hainan Hongji Weiye Consulting Management Co., Ltd.						
+&%	Henan Weiye Construction Development Group Co., Ltd. (Previously known as Henan Weiye Construction Investment Group Co., Ltd.) 河南伟业建设开发集团有限公司	30 October 1999	PRC	RMB 200,000,000	Property development and management and ancillary services	100	100
+&%	Weiye Holdings Hainan Real Estate Co., Ltd 伟业控股海南地产有限公司	16 December 2008	PRC	RMB 20,000,000	Investment holding	100	100
	Held through Henan Weiye Construction Development Group Co., Ltd.						
+&%	Xinxiang Weiye Property Co., Ltd. 新乡伟业置地有限公司	3 April 2007	PRC	RMB 75,000,000	Property development	100	100
+&%	Henan Huibang Property Co., Ltd. 河南荟邦置业有限公司	2 March 2007	PRC	RMB 20,000,000	Property development	100	100
+&%	Henan Xingwei Property Co., Ltd. 河南兴伟置业有限公司	15 November 2012	PRC	RMB 241,830,000	Property development	100	100
+&%	Henan Tiandao Assets Management Co., Ltd. 河南天道资产管理有限公司	19 March 2010	PRC	RMB 10,000,000	Property development	51	51
+&%	Tunchang Hongji Weiye Property Development Co., Ltd. 屯昌宏基伟业地产发展有限公司	23 June 2010	PRC	RMB 10,000,000	Property development	10	10

7 Investments in subsidiaries (cont'd)

	Name	Date of incorporation	Country of incorporation	Registered capital / Issued and fully paid up share capital	Principal activities	Equity interest 2015 %	Equity interest 2014 %
	Held through Weiye Holdings Hainan Real Estate Co., Ltd						
+&%	Wenchang Maoyuan Tourism Co., Ltd. 文昌市茂源旅业有限公司	9 September 1998	PRC	RMB 10,000,000	Property development	100	100
+&%	Wanning Yingde Property Co., Ltd 万宁英德置业有限公司	17 November 2009	PRC	RMB 20,000,000	Property development	100	100
+&%	Hainan Zhongfang Investment Holdings Company Limited 海南中方投资有限公司	22 June 2009	PRC	RMB 10,000,000	Property development	100	100
+&%	Tunchang Hongji Weiye Property Development Co., Ltd. 屯昌宏基伟业地产发展有限公司	23 June 2010	PRC	RMB 10,000,000	Property development	90	90
	Held through Tunchang Hongji Weiye Property Development Co., Ltd.						
+&%	Tunchang Yajing Property Co., Ltd. 屯昌雅境置业有限公司	13 April 2010	PRC	RMB 10,000,000	Property development	100	100

* Audited by KPMG LLP, Singapore

▲ Audited by member firm of KPMG International

\+ Audited for the purpose of group consolidation by member firms of KPMG International

& Audited by other firms of certified public accountants for statutory purposes

\# This represents the legal interests of the Group in Kyodo-Allied (Thailand) Company Limited. Kyodo-Allied (Thailand) Company Limited is considered a wholly-owned subsidiary of Weiye Holdings Limited as the Company has beneficial interest in all the shares of the subsidiary.

@ Not a significant subsidiary under SGX Listing Rule 717

^ In the process of liquidation

$ Registered in a form of wholly-owned foreign enterprise under the PRC laws

% Registered in a form of local enterprise under the PRC laws

KPMG LLP is the auditor of all Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

8 Investment in joint venture

	Group 2015 RMB'000	Group 2014 RMB'000
Unquoted equity investment	132,576	140,000

Details of the joint venture are as follows:

Name of entity	Principal activities	Country of incorporation	Effective equity interest held by the Group 2015 %	Effective equity interest held by the Group 2014 %
Zhengzhou DaimashiEnterprise Co., Ltd 郑州黛玛仕实业有限公司	Property development	PRC	65	65

Summarised financial information relating to the joint venture, which is not adjusted for the percentage of ownership held by the Group, is set out below:

	2015 RMB'000	2014 RMB'000
Loss after tax/Total comprehensive loss [(1)]	(7,424)	–
Non-current assets	183	–
Current assets [(2)]	396,626	300,000
Current liabilities [(3)]	(104,234)	–
Net assets	292,575	300,000
Group's interest in net assets of investee		
At beginning of the year/period	140,000	–
Capital contribution	–	140,000
Share of total comprehensive loss	(7,424)	–
At end of the year/period	132,576	140,000

(1) Includes finance costs of RMB 3,860,000 (2014: RMB nil). The joint venture had minimal operating activities in the previous financial year.

(2) Includes development properties of RMB 308,226,000 (2014: RMB 300,000,000), and cash and cash equivalents of RMB 87,240,000 (2014: RMB nil).

(3) Includes loans and borrowings of RMB 60,000,000 (2014: RMB nil) and advance receipts from sale of properties of RMB 33,948,000 (2014: RMB nil).

Notwithstanding the Group's equity interest in the joint venture, the Group's share of assets and liabilities, including share of profit or loss, in the joint venture is not in proportion to its equity interests pursuant to the collaboration agreement dated 16 October 2014 entered into between the shareholders of the joint venture.

9 Other financial assets

	Group 2015 RMB'000	Group 2014 RMB'000	Company 2015 RMB'000	Company 2014 RMB'000
Non-current				
Financial assets available-for-sale				
- Quoted equity securities	–	71	–	71
Current				
Financial assets classified as held for trading				
- Quoted equity securities	–	1,452	–	–
Financial assets available-for-sale				
- Other investments	–	7,000	–	–
	–	8,452	–	–

The Group's and Company's exposures to credit and market risks and fair value information related to other financial assets are disclosed in note 41.

10 Trade and other receivables

	Note	Group 2015 RMB'000	Group 2014 RMB'000	Company 2015 RMB'000	Company 2014 RMB'000
Non-current					
Amount due from non-controlling interests (non-trade)	11	99,160	99,160	–	–
Amount due from a joint venture partner (non-trade)	12	105,440	90,000	–	–
Advance deposit	13	35,000	–	–	–
Club membership	14	400	408	400	408
		240,000	189,568	400	408
Current					
Trade receivables	15	141,795	147,017	–	–
Accrued trade receivables	16	1,098,554	985,267	–	–
Amounts due from subsidiaries (non-trade)		–	–	23,131	33,076
Amount due from a joint venture partner (non-trade)		18,498	14,499	–	–
Amount due from joint venture (non-trade)		27,263	–	–	–
Other receivables and deposits		225,911	197,015	127	4,707
Impairment losses		(4,040)	(4,040)	–	–
	17	221,871	192,975	127	4,707
Staff loans		1,609	688	–	–
Others		–	526	–	–
Loans and receivables		1,509,590	1,340,972	23,258	37,783
Prepayments	18	664,353	244,452	–	–
		2,173,943	1,585,424	23,258	37,783
Total trade and other receivables		2,413,943	1,774,992	23,658	38,191

10 Trade and other receivables (cont'd)

The staff loans and non-trade amount due from a joint venture are unsecured and interest-free, and are repayable on demand. There is no allowance for doubtful debts arising from the outstanding balance.

The non-trade amounts due from subsidiaries is unsecured and is repayable on demand. The amount totalling RMB 10,841,000 (2014: RMB nil) bears interest at three-month swap offer rate plus a margin of 3.5% (2014: nil) per annum. The remaining balance is interest-free. There is no allowance for doubtful debts arising from the outstanding balance.

Interest rate reprices within three months.

The current amount due from joint venture partner is unsecured and is repayable on demand. Interest is charged at 17% (2014: 17%) per annum. There is no allowance for doubtful debts arising from the outstanding balance.

Interest rate reprices within one year.

11 Amount due from non-controlling interests (non-trade)

The amount due from non-controlling interests represents purchase consideration paid by the Group on behalf of a non-controlling shareholder of a subsidiary, Henan Tiandao Assets Management Co., Ltd. ("Henan Tiandao"), in connection with the non-controlling shareholder's acquisition of 49% equity interest in the subsidiary.

The amount due from non-controlling interests is unsecured and interest free. It is expected to be settled by setting off the amount against future dividends to be declared by Henan Tiandao.

12 Amount due from a joint venture partner (non-trade)

The non-current amount due from joint venture partner represents an interest-bearing loan extended to a property development partner pursuant to the collaboration agreement entered between the Group and the joint venture partner to jointly develop the land use rights under Henan Hanfang Yaoye Co., Ltd. ("Hanfang Yaoye").

The amount due from joint venture partner is unsecured and interest is charged at the rate ranging from 10% to 17% (2014: 10% to 17%) per annum. It was extended to the joint venture partner for development works to be incurred by the joint venture partner on a land parcel in the PRC which the Group and the joint venture partner agreed for it to be transferred to Henan Hanwei Zhiye Co., Ltd. ("Hanwei Zhiye") subsequently. The amount was due to be repaid on 20 July 2016 but the repayment date has been extended to 23 July 2018 as agreed between the parties.

Interest rate reprices within one year.

13 Advance deposits

On 14 September 2015, the Group entered into a collaboration agreement with a third party, Shenzhen Huibang Investment Management Co., Ltd ("Shenzhen Huibang"), in connection with a parcel of land located in Shenzhen, the PRC, to be developed into residential properties by a wholly owned subsidiary of Shenzhen Huibang, Shenzhen City Longda Weiye Development Investment Co., Ltd ("Shenzhen Longda").

Pursuant to the collaboration agreement, the Group shall inject a total cash of RMB 300 million into Shenzhen Longda for 30% equity interest in Shenzhen Longda. During the year, the Group paid an deposit of RMB 35 million to Shenzhen Huibang which will form part of the Group's capital injection of RMB 300 million in Shenzhen Longda.

14 Club membership

	Group and Company	
	2015	2014
	RMB'000	RMB'000
Club memberships, at cost	948	961
Disposal	–	(25)
Impairment losses	(548)	(528)
	400	408

The impairment loss represents the write down of club memberships to their estimated recoverable amounts which were determined based on references to average market prices of these club memberships.

Impairment loss

The movements in impairment loss in respect of club membership are as follows:

	Group and Company	
	2015	2014
	RMB'000	RMB'000
At 1 January	528	540
Impairment loss made/(reversed)	20	(12)
At 31 December	548	528

The impairment loss recognised was included in the administrative expenses in profit or loss.

15 Trade receivables

Trade receivables of the Group are non-interest bearing and are normally settled on 30 to 180 days (2014: 30 to 180 days). They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Impairment loss

The ageing of trade receivables at the reporting date is as follows:

	Gross	Impairment losses	Gross	Impairment losses
	2015	2015	2014	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
Neither past due nor impaired	125,680	–	133,161	–
Past due 1 – 30 days	9,549	–	9,120	–
Past due 31 – 60 days	1,658	–	1,418	–
Past due 61 – 90 days	736	–	482	–
Past due more than 90 days	4,172	–	2,836	–
	141,795	–	147,017	–

15 Trade receivables (cont'd)

Trade receivables that are not past due and not impaired

As at 31 December 2015, included in the trade receivables attributed to the Group's development property operations are amounts of RMB 53,577,000 and RMB 64,716,000 (2014: RMB 12,786,000 and RMB 96,483,000) arising from instalment sales and sales pending release of financing by banks, respectively, that were not past due and not impaired.

The trade receivables arising from instalment sales are due between periods ranging from three months to twelve months from the reporting date.

As at 31 December 2015, included in receivables neither past due nor impaired is an amount of RMB 8,310,000 (2014: RMB 11,336,000) from a buyer where the repayment date has been further extended to 30 September 2016 (2014: repayment date extended till 31 December 2015) as agreed between both parties.

Impairment loss

Trade receivables that are past due but not impaired

As at 31 December 2015, the Group had trade receivables amounting to RMB 16,115,000 (2014: RMB 13,856,000) that were past due but not impaired. Included in these trade receivables are amounts of RMB 14,088,000 and RMB 2,027,000 (2014: RMB 9,270,000 and RMB 4,280,000) attributed primarily to the clean room and air diffusion products operations, and development properties operations, respectively.

The Group's historical experience in the collection of trade receivables falls within the recorded allowances. Management believes that no additional allowance beyond the amount provided for is required in respect of the trade receivables.

The movements in impairment loss in respect of trade receivables are as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
At 1 January	–	134
Written-off	–	(134)
At 31 December	–	–

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties and have defaulted in payments. These receivables are not secured by any collateral or credit enhancements.

16 Accrued receivables

Accrued trade receivables represent the balance of contract sum to be billed in respect of the progress of the construction work.

	Group	
	2015	2014
	RMB'000	RMB'000
Cost incurred and attributable profits	1,098,554	985,267
Accrued trade receivables	(1,098,554)	(985,267)
	–	–

During the financial year, borrowing costs of RMB 65,108,000 (2014: RMB 28,479,000) arising from borrowings obtained specifically to finance the cost of construction were capitalised in the costs incurred for the construction contract. Borrowing costs have been capitalised at rates ranging from 5.83% to 17% (2014: 6.77% to 17%) per annum.

17 Other receivables and deposits

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Advances to contractors	28,764	46,662	–	–
Advance to third party	56,540	–	–	–
Deposits paid for acquisition of property development projects	20,674	29,895	–	–
Other deposits	61,895	80,637	61	418
Other receivables	11,271	19,367	–	–
Interest receivables	23,302	–	–	–
Others	19,425	16,414	66	4,289
	221,871	192,975	127	4,707

Included in other receivables and deposits of the Group is allowance for impairment losses on other receivables of RMB 4,040,000 (2014: RMB 4,040,000).

Advances to contractors

The advances to contractors are unsecured and interest-free, and are repayable on demand. There is no allowance for doubtful debts arising from the outstanding balance.

Advance to third party

The advance to third party relates to deposit paid to Henan Meiyuan Industry Co., Ltd(河南梅园实业有限公司)to acquire land use rights. The balance is unsecured and is due to be repaid on 27 May 2016. Interest is charged at 20% per annum. The advance was extended to the third party to fund pre-development costs to be incurred on the land parcel before it is to be put up for sale to the Group. If the Group successfully bids for the land use rights, interest will be waived by the Group and the advance becomes part of the development costs on the land parcel. There is no allowance for doubtful debts arising from the outstanding balance.

Deposits paid for acquisition of property development projects

The deposits paid for acquisition of property development projects as at 31 December 2015 of RMB 20,674,000 (2014: RMB 29,895,000) relate to deposits paid to Dan Zhou Zhongfang Property Development Private Limited(儋州中方房地产开发有限公司)to acquire land use rights in Danzhou County Hainan Province, PRC.

Other deposits

Included in other deposits as at 31 December 2015 is an amount of RMB 60,000,000 (2014: RMB 60,000,000) paid to Land and Resources Bureau of Wanning City (万宁市国土资源局) for the successful tender of a plot of land in Xin Long, PRC, at a tender price of RMB 180,000,000 in the previous years. The remaining balance of the tender price of RMB 120,000,000 will be due immediately upon signing of the official land agreement with the relevant government authority. The official land agreement will be signed when the plot of land is ready for handover to the Group. Management represented that if the transaction is not completed, the deposit paid will be refunded to the Group.

17 Other receivables and deposits (cont'd)

Impairment loss

The movements in allowance for impairment loss in respect of other receivables are as follows:

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January and 31 December	4,040	4,040	–	–

18 Prepayments

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Construction costs and construction material costs	85,932	82,848	–	–
Interior design costs	–	16,330	–	–
Pre-development costs and prepayments for land use rights	565,009	138,619	–	–
Others	13,412	6,655	–	–
	664,353	244,452	–	–

Construction costs and construction material costs

Included in construction costs and construction material costs is an amount of RMB 17,674,000 (2014: RMB 74,409,000) for the purchase of construction materials of which the risk and rewards of ownership have not been transferred to the Group as at 31 December 2015. The risk and rewards of ownership will be transferred to the Group upon delivery of the construction materials by the suppliers.

Pre-development costs and prepayments for land use rights

During the year, the Group incurred pre-development costs amounting to RMB 64,890,000 (2014: RMB 138,619,000) which relate to costs incurred for all the necessary works undertaken by the Group in relation to the relocation of existing buildings erected on a plot of land and resettlement of the residents. These costs will be transferred to development properties upon receipt of the legal title to the land use rights on the land parcel.

In December 2015, the Group was granted the land use rights and prepaid an amount of RMB 361,500,000. As the legal title to the land use rights have not been obtained by the Group, this amount is classified as prepayments.

19 Deferred taxation

Unrecognised deferred tax assets

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

	Group	
	2015	2014
	RMB'000	RMB'000
Deductible temporary differences	38,562	35,476
Tax losses	120,991	104,781
	159,553	140,257

The tax losses with expiry dates are as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Expiry dates:		
- Within 1 to 5 years	115,254	99,520

Except for the above tax losses which expire within 1 to 5 years, the deductible temporary differences do not expire under current tax legislations. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the loss-making subsidiaries operate.

Deferred tax assets have not been recognised in respect of these items because of the uncertainty over the availability of future taxable profits against which the subsidiaries can utilise the benefits.

Movements in temporary differences during the year are as follows:

	Balance as at 1 January 2014	Transfer to liabilities held for sale (note 23)	Recognised in profit or loss (note 34)	Balance as at 31 December 2014	Recognised in profit or loss (note 34)	Balance as at 31 December 2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
Deferred tax liabilities						
Property, plant and equipment	5,473	(2,762)	(81)	2,630	(515)	2,115
Investment properties	–	–	61,918	61,918	1,641	63,559
Development properties	14,245	–	(4,616)	9,629	(4,810)	4,819
Accrued trade receivables	26,261	–	25,324	51,585	13,554	65,139
Withholding tax on the profits of the Group's PRC subsidiaries	49,145	–	24,102	73,247	13,010	86,257
	95,124	(2,762)	106,647	199,009	22,880	221,889
Deferred tax assets						
Land appreciation tax	13,165	–	6,198	19,363	(1,709)	17,654
Tax losses	292	–	–	292	(292)	–
	13,457	–	6,198	19,655	(2,001)	17,654

20 Inventories

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Finished goods	1,190	663	–	–
Work in progress	657	1,088	–	–
Raw materials	9,150	10,791	–	–
	10,997	12,542	–	–

During the year, raw materials, changes in finished goods and work in progress included in cost of sales of the Group and the Company amounted to RMB 46,380,000 (2014: RMB 45,240,000).

21 Development properties

		Group	
		2015	2014
		RMB'000	RMB'000
(a)	Properties under development:		
	Land costs	48,609	133,753
	Development costs incurred to-date	200,170	721,024
		248,779	854,777
(b)	Completed properties held for sale	833,827	416,463
		1,082,606	1,271,240

During the financial year, development properties recognised as cost of sales amounted to RMB 752,099,000 (2014: RMB 659,779,000).

During the financial year, borrowing costs of RMB 51,743,000 (2014: RMB 79,654,000) arising from borrowings obtained specifically for the development properties were capitalised. Borrowing costs have been capitalised at rates ranging from 5.83% to 12% (2014: 6.77% to 12%) per annum.

Certain development properties with carrying amounts of RMB 884,521,000 (2014: RMB 1,107,200,000) have been mortgaged to the banks as securities for borrowings granted to the Group, the details of which are set out in note 26.

22 Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed deposits with financial institutions	539,288	148,000	–	–
Cash at bank and on hand	344,322	445,230	10,406	5,495
	883,610	593,230	10,406	5,495

The effective interest rate relating to fixed deposits of the Group, at the reporting date, is 3.39% (2014: 4.25%) per annum.

22 Cash and cash equivalents (cont'd)

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprised the following amounts as at 31 December:

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	883,610	593,230	10,406	5,495
Less: restricted cash	(575,061)	(218,044)	–	–
Less: bank overdraft	(2,954)	–	–	–
Total cash and cash equivalents in statement of cash flows	305,595	375,186	10,406	5,495

Certain subsidiaries are required to set aside approximately 5% of the customers' bank loan amounts as restricted cash. The restricted cash held in the designated bank accounts of the Group is pledged to the banks until the customers' building ownership certificate of the respective properties has been obtained and transferred to the banks. The restricted cash earns interest at floating rates based on the monthly bank deposit rates.

23 Assets/Liability held for sale

On 16 August 2015, the Group entered into a sale and purchase agreement to dispose of one of its investment properties. This transaction is expected to be completed by 31 March 2016.

On 14 November 2014, the Group entered into a sale and purchase agreement to dispose of one of its leasehold building. The disposal was completed on 16 June 2015.

On 17 June 2014, the Group completed the acquisition of a 51% equity interest in Hanfang Yaoye Co., Ltd ("Hanfang Yaoye") for a consideration of RMB 110 million. The Group acquired the interest in Hanfang Yaoye with the intention of securing an interest in a land use rights in respect of a land parcel located in Zhengzhou, Henan Province, PRC. Pursuant to a collaboration agreement entered into between the Group and the vendor of the 51% equity interest in Hanfang Yaoye, the Group's equity interest in Hanfang Yaoye is limited to the rights over matters relating to the land use rights, but not other operations of Hanfang Yaoye. A newly incorporated entity, Hanwei Zhiye Co., Ltd ("Hanwei Zhiye"), had been set up on 8 December 2014 for the purpose of the transfer of the land use rights from Hanfang Yaoye to Hanwei Zhiye and the development of a property project on the land use rights. Upon completion of the transfer of the land use rights, the Group will dispose of its 51% equity interest in Hanfang Yaoye to the other shareholders of Hanfang Yaoye at a nominal consideration. The land use right is expected to be transferred to Hanwei Zhiye in the first half of 2016. Hanwei Zhiye has not commenced operations since its date of incorporation.

Accordingly, the Group's 51% equity interest in Hanfang Yaoye is classified assets held for sale.

23 Assets/Liability held for sale (cont'd)

As at 31 December 2015, "Assets held for sale" and "Liability held for sale" on the statement of financial position comprise the following:

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Assets held for sale				
Leasehold building	–	20,827	–	4,569
Investment in joint venture	110,000	110,000	–	–
Investment properties	40,000	–	–	–
	150,000	130,827	–	4,569
Liability held for sale				
Deferred tax liability	–	(2,762)	–	–

24 Share capital

	Group	Company	
		No. of shares	
	RMB'000	'000	RMB'000
Fully paid ordinary shares, with no par value:			
At 1 January	359,700	1,961,335	1,737,554
Share consolidation	–	(1,765,202)	–
At 31 December	359,700	196,133	1,737,554

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

At 31 December 2015, there were no share options issued by the Company.

Share consolidation

On 8 December 2015, the Company completed the share consolidation exercise which it comprised the consolidation of every ten existing ordinary shares in the capital of the Company held by the shareholders into one ordinary share. Following the completion of the share consolidation exercise, the share capital of the Company comprises 196,133,152 ordinary shares.

25 Reserves

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Merger reserve	(59,669)	(59,669)	–	–
Statutory and other reserves	80,627	64,814	–	–
Foreign currency translation reserve	(12,235)	(11,383)	7,262	8,479
Capital reserve	(550)	(550)	–	–
Employee share option reserve	–	–	582	582
Fair value adjustment reserve	–	535	–	48
Accumulated profits/(losses)	772,150	693,845	(77,733)	(80,028)
	780,323	687,592	(69,889)	(70,919)

(a) *Statutory and other reserves*

In accordance with the Foreign Enterprise Law applicable to entities in the PRC, the Company's PRC subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the profit after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the PRC entity's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the PRC entity. The SRF is not available for dividend distribution to shareholders.

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	64,814	56,263	–	–
Transferred from accumulated profits	15,813	8,551	–	–
At 31 December	80,627	64,814	–	–

(b) *Foreign currency translation reserve*

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

(c) *Merger reserve*

This represents the difference between the consideration paid and the paid-in capital of the subsidiaries when entities under common control are accounted for by applying the pooling of interest method.

(d) *Employee share option reserve*

This represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

(e) *Capital reserve*

This represents the difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid that is recognised directly in equity and attributed to the parent as a result of changes in the Company's ownership interest in a subsidiary. Such changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

25 Reserves (cont'd)

(f) Fair value reserve

Fair value reserve represents the cumulative fair value changes on the financial assets available-for-sale until they are disposed of or impaired.

Movements in the reserves are shown in the statements of changes in equity.

Dividends

The following exempt (one-tier) dividends were declared and paid by the Company:

	2015 RMB'000	2014 RMB'000
Paid by the Company to owners of the Company		
S$ nil per qualifying ordinary shares (2014: S$0.0015)	–	14,649

26 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and liquidity risks, see note 41.

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Current liabilities				
Secured bank loans	607,338	715,150	–	–
Finance lease liabilities	110	–	–	–
Bank overdrafts	2,954	–	–	–
Other secured loans	145,000	–	–	–
	755,402	715,150	–	–
Non-current liabilities				
Secured bank loans	1,127,431	849,296	–	–
Other secured loans	395,000	110,000	–	–
Finance lease liabilities	124	–	–	–
Unamortised transaction costs	(23,040)	(23,868)	–	–
	1,499,515	935,428	–	–
Total loans and borrowings	2,254,917	1,650,578	–	–

	Group	
	2015 RMB'000	2014 RMB'000
Carrying amount of loans and borrowings analysed between:		
- within one year	755,402	715,150
- more than one year but not exceeding two years	1,433,891	170,000
- more than two years but not exceeding five years	65,624	765,428
	2,254,917	1,650,578

26 Loans and borrowings (cont'd)

Terms and debt repayment schedule

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

				2015		2014	
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
		%		RMB'000	RMB'000	RMB'000	RMB'000
Group							
Secured bank loans	RMB	5.16 – 12.00	2015	–	–	714,000	714,000
Secured bank loans	RMB	6.77 – 17.00	2016	606,300	606,300	60,000	60,000
Secured bank loans	RMB	6.77 – 9.00	2017	900,300	900,300	622,800	622,800
Secured bank loans	RMB	5.83 – 6.04	2018	65,500	65,500	–	–
Secured bank loans	MYR	5.35	2015	–	–	1,150	1,150
Secured bank loans	MYR	5.35	2016	1,038	1,038	–	–
Secured bank loans	MYR	5.35	2017	855	855	2,218	2,218
Secured bank loans	SGD	2.98	2017	160,776	160,776	164,278	164,278
Other secured loans	RMB	12.00 – 17.00	2016	145,000	145,000	110,000	110,000
Other secured loans	RMB	12.00 – 17.00	2017	395,000	395,000	–	–
Bank overdrafts	MYR	0.75 – 2.00	2016	2,954	2,954	–	–
Finance lease liabilities	MYR	3.30	2016	110	110	–	–
Finance lease liabilities	MYR	3.30	2018	124	124	–	–
Total interest-bearing liabilities				2,277,957	2,277,957	1,674,446	1,674,446

The secured loans for the Group are pledged by the property, plant and equipment, investment properties and development properties of certain subsidiaries (see notes 4, 6 and 21) as well as guarantees provided by third parties.

Finance lease obligations

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Future minimum lease payments	Interest	Present value of payments	Future minimum lease payments	Interest	Present value of payments
	2015	2015	2015	2014	2014	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
Within one year	121	11	110	–	–	–
After one year but with two years	129	5	124	–	–	–
	250	16	234	–	–	–

Finance lease terms do not contain restrictions on the subsidiaries' activities concerning dividends, additional debts or further finance leases.

27 Trade and other payables

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Trade payables	434,626	442,944	–	226
Amounts due to:				
- subsidiaries (non-trade)	–	–	34,221	1,179
- directors (non-trade)	–	40,000	–	–
Advance receipts from sale of properties	343,786	409,366	–	–
Accrued operating expenses	15,033	10,992	1,951	1,143
Refundable deposits received from prospective buyers of completed properties	–	278,690	–	–
Interest payables	6,158	2,233	–	–
Deposits received from suppliers	265,650	2,469	–	2,469
Retention deposits payable to contractors	32,610	23,830	–	–
Other payables	41,678	15,788	216	401
	1,139,541	1,226,312	36,388	5,418

The Group's and the Company's exposure to currency and liquidity risk related to trade and other payables are disclosed in note 41.

The non-trade amounts due to subsidiaries is unsecured and interest-free, and is repayable on demand.

Included in other payables is an amount of RMB 20,000,000 (2014: nil) due from a third party, which is unsecured and bears interest at 15% per annum. The amount is repayable within 3 months from the 7 September 2015.

Interest rate reprices within one year.

As at 31 December 2014, the non-trade amount due to directors was unsecured and was fully repaid during the current financial year. The amount totalling RMB 30,000,000 bears interest at 18% per annum. The remaining balance is interest-free.

Interest rate reprices within one year.

The ageing profile of trade payables of the Group at the reporting date is as follows:

	2015 RMB'000	2014 RMB'000
Not past due	390,182	399,175
Past due 1 – 30 days	18,034	23,545
Past due 31 – 60 days	963	6,788
Past due 61 – 90 days	15,625	13,229
Past due more than 90 days	9,822	207
	434,626	442,944

Advance receipts from sale of properties

Advance receipts from sale of properties are amounts received from buyers of completed properties and will be recognised as revenue when the property units are handed over by the Group to the buyers. They are unsecured and interest-free.

Refundable deposits received from prospective buyers of completed properties

The refundable deposits relate to amounts received from prospective buyers with an aim to secure the purchase of completed units of residential projects to be developed by the Group.

27 Trade and other payables (cont'd)

Retention deposits payable to contractors

The retention deposits payable to contractors represents 5% of the construction sum that are retained by the Group and are payable to the contractors in one year after the completion of the development projects.

Deposits received from suppliers

During the current year, the Group received deposits amounting to RMB 265,650,000 (2014: nil) from a supplier in connection with a collaboration agreement entered into between the parties on 13 October 2015.

28 Non-controlling interests

The following summarises the financial information the Group's subsidiary with material non-controlling interests ("NCI"), based on the subsidiary's financial statements prepared in accordance with FRS.

	Henan Tiandao	
	2015	**2014**
	RMB'000	**RMB'000**
Percentage of ownership of NCI	49%	49%
Revenue	333,104	284,629
Profit for the year	25,456	25,974
Other comprehensive income	–	–
Total comprehensive income	25,456	25,974
Attributable to NCI:		
- Profit for the year	12,474	12,727
- Other comprehensive income	–	–
- **Total comprehensive income**	12,474	12,727
Non-current assets	2,908	100,791
Current assets	745,071	712,247
Non-current liabilities	(174,103)	(7,135)
Current liabilities	(291,695)	(549,178)
Net assets	282,181	256,725
Net assets attributable to NCI	138,269	125,795
Cash flows used in operating activities	(28,244)	(26,952)
Cash flows used in investing activities	(30,401)	(19,301)
Cash flows generated from financing activities (dividends to NCI: nil)	17,040	80,000
Net (decrease)/increase in cash and cash equivalents	(41,605)	33,747

29 Significant related parties transactions

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the year on terms agreed between the parties:

29 Significant related parties transactions (cont'd)

(i) Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Group considered the directors of the Company and those of its subsidiaries as key management personnel.

	Group	
	2015	2014
	RMB'000	RMB'000
Directors' fees		
- directors of the Company	813	887
- other directors	–	67
Salaries, representing total compensation to key management personnel	5,787	5,920
PRC statutory welfare fund	171	171
CPF and the defined contributions	143	104
	6,914	7,149
Comprises amounts paid/payable to:		
- directors of the Company	4,256	4,191
- other key management personnel	2,658	2,958
	6,914	7,149

(ii) Sale and purchase of goods and services

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating decisions of those entities.

A number of these parties transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably to be available, or similar to third party entities and were on an arm's length basis.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows:

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Rendering of services by director of the Company	30	30	–	–
Sale of residential units to directors and their associates, and key management personnel	–	862	–	–

Sale of residential units to directors and their associates, and key management personnel

The residential units were sold at their respective prevailing selling prices.

29 Significant related parties transactions (cont'd)

(iii) Lease of offices from the directors and/or their associates

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Lease of offices from the directors and/or associates	422	340	–	–

Henan Weiye Construction Development Group Co., Ltd. ("Henan Weiye") leases office space at Ru Guo Ai (如果●爱) from Zhang Jianwei and his associates. Details of the leases are set out as follows:

- Henan Weiye entered into a lease agreement with Zhang Jianwei dated 5 January 2008 to lease a property unit covering an area of approximately 265.8 square metres for 3 years commencing from 5 January 2008 at a monthly rate of RMB 42.6 per square metre. The lease agreement was renewed for an additional 4 years commencing from 5 January 2011 at a monthly rate of RMB 38.2 per square metre.

- Henan Weiye entered into a lease agreement with Zhang Peihong dated 5 January 2008 to lease a property unit covering an area of approximately 219.6 square metres for 3 years commencing from 5 January 2008 at a monthly rate of RMB 42.6 per square metre. The lease agreement was renewed for an additional 4 years commencing from 5 January 2011 at a monthly rate of RMB 38.2 per square metre.

- Henan Weiye entered into a lease agreement with Yang Kai dated 5 January 2008 to lease a property unit covering an area of approximately 255.8 square metres for 3 years commencing from 5 January 2008 at a monthly rate of RMB 42.5 per square metre. The lease agreement was renewed for an additional 4 years commencing from 5 January 2011 at a monthly rate of RMB 38.2 per square metre.

- Henan Weiye entered into a lease agreement with Zhang Lihong dated 1 January 2015 to lease a property unit covering an area of approximately 177.7 square metres for 1 year commencing from 1 January 2015 at a monthly rate of RMB 38.2 per square metre. The lease agreement was renewed for an additional 6 months commencing from 1 January 2016 at the same rental.

On 31 December 2014, Jinwei (Henan) Trading Company ("Jinwei (Henan)") entered into the following lease agreements for leasing of office premises with Zhang Jianwei and his associates.

- Jinwei (Henan) entered into a lease agreement with Zhang Jianwei to lease a property unit covering an area of approximately 265.8 square metres for 1 year commencing from 6 January 2015 at a monthly rate of RMB 38.2 per square metre. The lease agreement was renewed for an additional 6 months commencing from 7 January 2016 at the same rental.

- Jinwei (Henan) entered into a lease agreement with Zhang Peihong to lease a property unit covering an area of approximately 219.6 square metres for 1 year commencing from 6 January 2015 at a monthly rate of RMB 38.2 per square metre. The lease agreement was renewed for an additional 6 months commencing from 7 January 2016 at the same rental.

- Jinwei (Henan) entered into a lease agreement with Yang Kai to lease a property unit covering an area of approximately 255.8 square metres for 1 year commencing from 6 January 2015 at a monthly rate of RMB 38.2 per square metre. The lease agreement was renewed for an additional 6 months commencing from 7 January 2016 at the same rental.

30 Revenue

	Group 2015 RMB'000	Group 2014 RMB'000
Sales of development properties and properties jointly developed with third parties	1,044,480	899,287
Contract revenue	113,287	325,118
Sales of goods	76,924	69,334
	1,234,691	1,293,739

31 Other income

	Group 2015 RMB'000	Group 2014 RMB'000
Change in fair value of investment properties	22,124	247,672
Commission income	176	296
Foreign exchange gain/(loss), net	647	(533)
Gain on disposal of investment property	2,209	–
Gain on disposal of assets held for sale	5,710	–
Gain on disposal of property, plant and equipment	8,203	102
Government grants	500	–
Net change in fair value (loss)/gain on financial assets held for trading	(756)	614
Net gain on disposal of financial assets available-for-sale reclassified from equity	563	917
Rental income	2,000	2,383
Others	4,388	3,651
	45,764	255,102

32 Net finance costs

	Group 2015 RMB'000	Group 2014 RMB'000
Interest income	42,974	3,720
Bank charges	(7,800)	(989)
Loan interest expenses	(152,509)	(116,776)
Others	(4,961)	(52)
Finance expenses, net	(122,296)	(114,097)
Finance costs capitalised in development properties	51,743	79,654
Finance costs capitalised in construction projects	65,108	28,479
Net finance costs recognised in profit or loss	(5,445)	(5,964)

33 Profit before tax

The following items have been included in arriving at profit before tax:

	Note	Group 2015 RMB'000	Group 2014 RMB'000
Amortisation of intangible assets	5	171	178
Allowance for impairment loss made/(reversed) on club membership	14	20	(12)
Audit fees paid to:			
- auditors of the Company		1,647	2,200
- other auditors		311	396
Depreciation of property, plant and equipment	4	6,516	5,903
Employee benefits expenses (see below)		60,170	60,313
Listing expenses		20,459	–
Loss arising from the loss of control in joint operations	39	–	3,022
Loss on disposal of club membership		–	25
Operating lease expenses	36(b)	2,922	2,970
Operating expenses arising from the lease of investment properties		447	608
Property, plant and equipment written off		14	34

Included in listing expenses are fees paid/payable of RMB 1,004,000 (2014: nil) to the auditors of the Company which was engaged as reporting accountants for the proposed listing of Eindec Corporation Limited on the Catalist of SGX-ST and fees paid/payable of RMB 4,163,000 (2014: nil) to an overseas member firm of KPMG International which was engaged as reporting accountants for the proposed dual listing of the Company of the Main Board of The Stock Exchange of Hong Kong Limited.

	Note	Group 2015 RMB'000	Group 2014 RMB'000
Employee benefits expense			
Directors' fees		813	954
Salaries, bonuses and other costs		52,243	53,186
PRC statutory welfare fund		5,456	4,630
Contributions to defined contribution plans		1,658	1,543
		60,170	60,313

33 Profit before tax (cont'd)

Directors' remuneration

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
2015						
Chairman						
Zhang Wei	–	2,110	–	102	–	2,212
Executive director						
Chen Zhiyong	–	1,136	–	94	–	1,230
Non-executive directors						
Zhang Jianwei	106	–	–	–	–	106
Independent non-executive directors						
Ong Kian Guan	251	–	–	–	–	251
Dong Xincheng	228	–	–	–	–	228
Oh Eng Bin	228	–	–	–	–	228
	813	3,246	–	196	–	4,255
2014						
Chairman						
Zhang Wei	–	1,975	–	76	–	2,051
Executive director						
Chen Zhiyong	–	1,113	–	72	–	1,185
Non-executive directors						
Zhang Jianwei	194	–	–	–	–	194
Independent non-executive directors						
Ong Kian Guan	267	–	–	–	–	267
Dong Xincheng	243	–	–	–	–	243
Oh Eng Bin	183	–	–	–	–	183
Chia Wei Ho	67	–	–	–	–	67
	954	3,088	–	148	–	4,190

No directors of the Company waived or agreed to waive any remuneration during the current and previous financial years. During the current and previous financial years, there were also no amounts paid or payable by the Group to the directors or any of the five highest paid individuals set out below as an inducement to join or upon joining the Group or as compensation for loss of office.

33 Profit before tax (cont'd)

Directors' remuneration (cont'd)

Individuals with highest emoluments

Of the five individuals with the highest emoluments, there are two directors of the Group for the years ended 31 December 2015 and 2014, whose emoluments are reflected in the analysis presented above. The aggregate of the emoluments paid and/or payable to the remaining three individuals are as follows:

	2015 RMB'000	2014 RMB'000
Salaries and other emoluments	6,883	6,560
Retirement scheme contributions	368	310
	7,251	6,870

An analysts of the emoluments of remaining individuals with the highest emoluments are within the following bands:

	Group	
	2015 Number of employees	2014 Number of employees
Nil - RMB$1,000,000	–	1
RMB$1,000,001 - RMB$1,500,000	2	1
RMB$1,500,001 - RMB$2,000,000	1	1
	3	3

34 Income tax expense

	Group	
	2015 RMB'000	2014 RMB'000
Current tax expense		
Current year income tax	61,423	41,878
Overprovision in respect of prior years	(1,887)	–
	59,536	41,878
Deferred tax expense		
Origination and reversal of temporary differences	11,871	76,396
Withholding tax on the profits of the Group's PRC subsidiaries	13,010	24,102
Overprovision in respect of prior years	–	(49)
	24,881	100,449
Land appreciation tax expense		
Land appreciation tax	35,149	41,157
Overprovision in respect of prior years	(15,134)	–
	20,015	41,157
Income tax expense	104,432	183,484

34 Income tax expense (cont'd)

	Group 2015 RMB'000	Group 2014 RMB'000
Reconciliation of effective tax rate		
Profit before tax	211,024	454,506
Tax using PRC tax rate of 25% (2014: 25%)	52,756	113,627
Tax effects of:		
- difference in tax rate in different jurisdictions	438	34
- application of different tax basis	19,296	3,765
- expenses not deductible for tax purposes	2,261	1,569
- deferred tax asset not recognised	8,332	9,015
- utilisation of unrecognised deferred tax assets	(4,809)	(1,768)
- withholding tax at 10% on the profits of the Group's PRC subsidiaries	13,010	24,102
- overprovision for income tax in respect of prior years	(1,887)	–
- overprovision for deferred tax in respect of prior years	–	(49)
- land appreciation tax	35,149	41,157
- overprovision for land appreciation tax in respect of prior years	(15,134)	–
- effect of tax deduction for land appreciation tax	(5,004)	(8,619)
- others	24	651
	104,432	183,484

Singapore and PRC income tax liabilities are calculated at the applicable rates in accordance with the relevant tax laws and regulations in Singapore and the PRC.

Pursuant to a PRC Enterprise Income Tax Law promulgated on 16 March 2007, the enterprise income tax for both domestic and foreign-invested enterprises has been unified at 25% effective from 1 January 2008.

According to the Implementation Rules of the Corporate Income tax Law of PRC, the Company's subsidiaries in the PRC are levied a 10% withholding tax on dividends declared to their foreign investment holding companies arising from profit earned subsequent to 1 January 2008. In respect of dividends that are subject to the withholding tax, provision for withholding tax is recognised for the dividends that have been declared, and deferred tax liability is recognised for those to be declared in the foreseeable future.

Certain subsidiaries within the Group are paying corporate income tax on a deemed tax basis as agreed with the local tax authorities. The tax obligations are determined by applying the corporate income tax rate on the deemed profit generated. The deemed profit generated is calculated based on a deemed profit rate on the revenue generated by the subsidiaries.

35 Earnings per share

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share ("EPS") for the years ended 31 December:

	Group	
	2015	2014
	RMB'000	RMB'000
Basic earnings per share is based on		
Profit net of tax attributable to equity holders of the Company	94,118	258,295

	Number of shares	
	2015	2014
	'000	'000
Weighted average number of ordinary shares	196,133	196,133
Basic earnings per share (RMB cents)	47.99	131.70

Basic EPS is calculated on the Group's profit for the financial year attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

Diluted EPS is calculated on the same basis as basic EPS as there were no dilutive potential ordinary shares as at 31 December 2015 and 2014.

36 Commitments

(a) Capital commitments

Capital commitments contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

		Group	
		2015	2014
		RMB'000	RMB'000
(i)	Capital injection in respect of the Group's 30% equity interest in Shenzhen Longda	265,000	–
(ii)	Development expenditures authorised and contracted for	423,733	218,695

36 Commitments (cont'd)

(b) Operating lease commitments – as lessee

The Group has entered into various lease agreements for office premises and employees' accommodation. These leases have remaining non-cancellable lease terms of between 1 to 21 years. Minimum lease payments recognised as an expense in profit or loss for the financial year amounted to RMB 2,922,000 (2014: RMB 2,970,000).

Future minimum rental payable under non-cancellable operating leases (excluding land use rights) at the end of the reporting period are as follows:

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Not later than one year	2,630	2,044	–	115
Later than one year but not later than five years	1,385	2,465	–	–
	4,015	4,509	–	115

37 Contingent liabilities

At the respective reporting dates, the contingent liabilities of the Group were as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Guarantees given to banks in connection with banking facilities granted to third parties	840,869	189,835

The Group arranges with various domestic banks in the PRC to provide loan and mortgage facilities to purchasers of its properties prior to the transfer of land title deeds. In line with the 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. The Group is required to maintain certain amounts of cash in designated bank accounts which are pledged to the banks (see note 22). If a purchaser defaults on a loan, the relevant mortgagee bank is entitled to deduct the amount repayable from the restricted cash account.

These guarantees provided by the Group to the banks would be released by the banks upon the receipt of the building ownership certificate of the respective properties by the bank from the customers when it is issued by the relevant authorities.

38 Business and geographical segments

For management purposes, the Group is organised into business units based on the products and services offered, and has three reportable operating segments as follows:

I. Development properties

Development properties refer to the development and sales of both commercial and residential property units in PRC.

II. Housing construction

Housing construction refers to the construction of resettlement houses in Zhengzhou city, Henan Province, PRC.

III. Clean room equipment, heat ventilation and air-conditioning products, and air purifiers ("Equipment manufacturing")

A clean room provides an environment where the humidity, temperature and particles in the air are precisely controlled. Clean room equipment include fan filter units, air showers, clean booths, pass boxes, clean hand dryers and clean benches, amongst others. Heat ventilation and air-conditioning products are essentially deflection grilles and air diffusers installed to channel and regulate the airflow into the environment within the building to ensure an even distribution of air within the confined space. Air purifiers (also referred to as air cleaners) are electrical devices that remove solid and gaseous pollutants from the air such as formaldehyde and PM2.5 which may pose adverse health risks that include breathing difficulties, asthma and allergies. Through the function of air filters or sterilising systems built into each air purifier, the concentration of dust, contaminants, fine particles and volatile organic compounds in the air are reduced to the benefit of individuals within the immediate vicinity.

The Group's Executive Chairman monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

There are no inter-segment sales within the Group.

38 Business and geographical segments (cont'd)

Reconciliations of reportable revenues, profit or loss, assets and liabilities

	Development properties		Housing construction		Equipment manufacturing		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue:								
External customers	1,044,480	899,287	113,287	325,118	76,924	69,334	1,234,691	1,293,739
Segments results	217,663	387,160	(2,154)	65,112	8,384	8,198	223,893	460,470
Interest income	41,893	3,153	1,081	567	–	–	42,974	3,720
Finance costs	(44,687)	(9,377)	(3,647)	(14)	(85)	(293)	(48,419)	(9,684)
Profit before income tax							218,448	454,506
Income tax expense							(104,432)	(183,484)
Share of loss in investment in joint-venture (net of tax)							(7,424)	–
Non-controlling interests							(12,474)	(12,727)
Profit attributable to equity holders of the Company							94,118	258,295
Segment assets	3,107,334	2,618,082	1,732,045	1,619,139	290,483	226,984	5,129,862	4,464,205
Segment liabilities	1,413,113	1,248,868	153,824	376,102	29,716	15,570	1,596,653	1,640,540
Loans and borrowings	1,412,100	806,800	676,960	676,132	165,857	167,646	2,254,917	1,650,578
Total liabilities							3,851,570	3,291,118
Other segment information								
Capital expenditure	2,082	715	89	221	4,497	1,406	6,668	2,342
Depreciation of property, plant and equipment	3,797	3,834	290	164	2,429	1,905	6,516	5,903
Amortisation of intangible assets	166	173	5	5	–	–	171	178

38 Business and geographical segments (cont'd)

Geographical segment

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

The following table presents revenue, capital expenditure and certain assets information regarding the Group's geographical segments as at and for the years ended 31 December 2015 and 2014.

	PRC RMB'000	Singapore RMB'000	Other countries RMB'000	Total RMB'000
31 December 2015				
Revenue	1,167,541	42,230	24,920	1,234,691
Total assets	5,041,689	56,160	32,013	5,129,862
Capital expenditure	4,810	1,031	827	6,668
31 December 2014				
Revenue	1,233,403	42,151	18,185	1,293,739
Total assets	4,384,202	46,601	33,402	4,464,205
Capital expenditure	939	1,062	341	2,342

39 Loss of control in the Group's interests in joint operations

The Group had previously entered into agreements with joint venture partners to jointly develop land use rights owned by Zhengzhou Dongxin Property Co., Ltd ("Zhengzhou Dongxin") and Henan Shi Li Property Development Co., Ltd ("Henan Shi Li"). The development projects were completed in the financial year 2010. During the previous financial year, there were no business activities undertaken by Zhengzhou Dongxin and Henan Shi Li.

The Group handed over the company stamps and all relevant certificates of Zhengzhou Dongxin and Henan Shi Li to the joint venture partners during the previous financial year and therefore, ceased to have control over these entities.

The effects of the loss of control in the joint operations are as follows:

	Carrying amount RMB'000
Property, plant and equipment	191
Development properties	5,344
Cash and cash equivalents	369
Trade and other receivables	1,291
Income tax recoverable	438
Other payables and accruals	(4,611)
Loss arising from the loss of control in joint operations	3,022

40 Restructuring Exercise

During the current financial year, the Group undertook an internal restructuring exercise prior to the spin-off listing to consolidate the Group's equipment manufacturing business segment under Eindec Corporation Limited ("Eindec Corporation"), a wholly owned subsidiary which was incorporated on 2 April 2015. The Group seeks to list Eindec Corporation on the Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST").

Pursuant to a share sale and purchase agreement (the "Share SPA") dated 1 July 2015 entered into between Eindec Corporation and Xie Tong International Pte. Ltd. ("Xie Tong International"), Eindec Corporation acquired the entire share capital of Eindec Technology (Malaysia) Sdn. Bhd. ("Eindec Malaysia") and Eindec (Shanghai) Co., Ltd ("Eindec Shanghai"), and 49% of the issued and paid up share capital of Kyodo-Allied (Thailand) Company Limited ("KA Thailand") for a total purchase consideration of S$6,370,000 ("Purchase Consideration") based on the respective net asset value of the companies as at 30 June 2015.

Subsequently, Eindec Corporation incorporated a wholly-owned subsidiary, Eindec Holdings Pte. Ltd. ("Eindec Holdings"), which acquired the equity interests in Eindec Malaysia, Eindec Shanghai and KA Thailand from Eindec Corporation at the same Purchase Consideration which was satisfied by the allotment and issue of 1,000,000 new shares at the issue price of S$6.37 per share to Eindec Corporation.

On 15 July 2015, Eindec Corporation and Xie Tong International entered into a supplemental agreement whereby it was agreed that the Purchase Consideration was to be satisfied by the allotment and issue of 1,000,000 shares at the issue price of S$6.37 per share credited as fully paid in capital of Eindec Corporation ("Share SPA Consideration Shares") to Xie Tong International.

Pursuant to the Share SPA, Xie Tong International subsequently renounced the Share SPA Consideration Shares in favour of Weiye Holdings Limited. The Share SPA was completed on 5 November 2015.

Pursuant to an asset sale and purchase agreement (the "Asset SPA") dated 1 July 2015 entered into between Eindec Corporation and Xie Tong Technology Pte Ltd ("Xie Tong Technology"), Eindec Corporation acquired Xie Tong Technology's business undertakings, comprising the design, manufacture and distribution of clean room equipment and air distribution and ventilation products, the related intellectual property rights and licences, and the related assets and liabilities (collectively, the "Xie Tong Technology Business"), save for a term loan from Bank of China Limited, Singapore Branch, and all tax obligations of Xie Tong Technology, for a total purchase consideration of S$2,930,000.

On 15 July 2015, Eindec Corporation and Xie Tong Technology entered into a supplemental agreement ("Asset Supplemental SPA") whereby it was agreed that all tax obligations of Xie Tong Technology were to be transferred to Eindec Corporation, effective as of 15 July 2015. Pursuant to the Asset SPA and the Asset Supplement SPA, the purchase consideration was agreed between the parties at the net asset value of the Xie Tong Technology business (including the tax obligations of Xie Tong Technology) as at 30 June 2015 and was to be satisfied by the allotment and issue of 1,000,000 shares at the issue price of S$2.93 per share credited as fully paid in the capital of Eindec Corporation ("Asset SPA Consideration Shares") to Xie Tong Technology, and the assumption of responsibility by Eindec Singapore Pte. Ltd. ("Eindec Singapore") for the satisfaction of all the liabilities of Xie Tong Technology existing at the date of completion of the Asset SPA, being 1 July 2015.

Pursuant to the Asset SPA, Xie Tong Technology subsequently renounced the Asset SPA Consolidation Shares in favour of Weiye Holdings Limited.

Subsequently, Eindec Corporation and its wholly owned subsidiary, Eindec Singapore, which was incorporated on 19 May 2015, entered into an asset sale and purchase agreement to acquire the Xie Tong Technology Business from Eindec Corporation at the same asset purchase consideration. According to the Asset SPA and Asset Supplemental SPA, Eindec Corporation nominated Eindec Singapore to hold the Xie Tong Technology business and to assume the responsibility for the satisfaction of all liabilities of Xie Tong Technology existing at the date of completion of the Asset SPA.

On 22 July 2015, Eindec Holdings incorporated a wholly-owned subsidiary, Eindec Shenzhen Environmental Technology Co., Ltd ("Eindec Shenzhen"), in Shenzhen, People's Republic of China. The registered capital of Eindec Shenzhen is RMB 20 million.

41 Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

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

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The carrying amount of financial assets in the statement of financial position represents the Group's and the Company's maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company does not hold any collateral in respect of its financial assets.

<u>Trade and other receivables</u>

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is kept to the minimal.

Exposure to credit risk

The Group's trade and other receivables as at 31 December 2015 include an amount due from its most significant customer, a PRC construction company, of RMB 8,098,000 (2014: RMB 11,336,000).

At 31 December 2015, the Group held an amount due from its non-controlling equity interest holder of RMB 99,160,000 (2014: RMB 99,160,000) and an amount due from a joint venture partner of RMB 105,440,000 (2014: RMB99,000,000), respectively.

Except for these amounts, there were no other concentrations of credit risk at the Group and the Company level.

41 Financial risk management (cont'd)

Credit risk (continued)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired consisted of amounts owing by creditworthy debtors with good payment record with the Group. Cash balances are placed with reputable financial institutions which are regulated or companies with high credit ratings and no history of default.

Information regarding financial assets that are either past due or impaired is disclosed in note 15.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. Approximately 33.5% (2014: 43.3%) of the Group's loans and borrowings will mature in less than one year based on the carrying amounts reflected in the statement of financial position as at 31 December 2015.

Analysis of financial instruments by remaining contractual maturities

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

		Cash flows		
	Carrying amount	**Contractual cash flows**	**Within 1 year**	**Within 1 to 5 years**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Group				
2015				
Non-derivative financial liabilities				
Trade and other payables^	795,755	(838,603)	(838,603)	–
Loans and borrowings	2,277,957	(2,500,098)	(902,929)	(1,597,169)
	3,073,712	(3,338,701)	(1,741,532)	(1,597,169)
2014				
Non-derivative financial liabilities				
Trade and other payables^	816,946	(821,366)	(821,366)	–
Loans and borrowings	1,674,446	(1,867,249)	(739,987)	(1,127,262)
	2,491,392	(2,688,615)	(1,561,353)	(1,127,262)

41 Financial risk management (cont'd)

Liquidity risk (continued)

		Cash flows		
	Carrying amount	**Contractual cash flows**	**Within 1 year**	**Within 1 to 5 years**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Company				
2015				
Non-derivative financial liabilities				
Trade and other payables^	36,388	(36,388)	(36,388)	–
2014				
Non-derivative financial liabilities				
Trade and other payables^	5,418	(5,418)	(5,418)	–

^ Excludes advance receipts from sale of properties.

Market risk

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

Foreign currency risk

Foreign currency risk of the Group arises from subsidiaries operating in foreign countries, which generate revenue and incur costs denominated in foreign currencies. The Group is also exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated operating revenue and expenses.

The Group does not hedge its exposures to these foreign currency risks but the management considers that a natural hedge exists between the assets and liabilities in each of its subsidiaries.

The Group manages its transactional exposure by a policy of matching, as far as possible, receipts and payments in each individual currency.

41 Financial risk management (cont'd)

Exposure to currency risk

The summary of quantitative data about the Group's exposure to foreign currency risk as provided to the management of the Group based on its risk management policy is as follows:

	2015 US dollar RMB'000	2014 US dollar RMB'000
Group		
Trade and other receivables	2,655	3,602
Cash and cash equivalents	3,735	4,530
Trade and other payables	(261)	(789)
	6,129	7,343
Company		
Trade and other receivables	–	1,668
Cash and cash equivalents	1,462	38
	1,462	1,706

Sesitivity analysis for foreign currency risk

A strengthening/(weakening) of the RMB, as indicated below, against the US dollar at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014, as indicated below:

	Group		Company	
	Equity RMB'000	Profit or loss RMB'000	Equity RMB'000	Profit or loss RMB'000
31 December 2015				
US dollar (5%)	–	(306)	–	(73)
31 December 2014				
US dollar (5%)	–	(367)	–	(85)

A 5% weakening of the RMB against the US dollar would have had an equal but opposite effect on the US dollar to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its floating rate loans and borrowings. The Group's policy is to obtain the most favourable interest rates available.

41 Financial risk management (cont'd)

Exposure to interest rate risk

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

	Group		Company	
	Carrying amount		Carrying amount	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed rate instruments				
Amount due from a joint venture partner				
- current	10,000	10,000	–	–
- non-current	90,000	90,000	–	–
Advances to third parties	56,540	–	–	–
Fixed deposits	593,288	148,000		
Amounts due to directors	–	(30,000)	–	–
Other payables	(20,000)	–	–	–
Finance lease liabilities	(234)	–	–	–
Other secured loans	(540,000)	(110,000)	–	–
	189,594	108,000	–	–
Variable rate instruments				
Amount due from subsidiaries	–	–	10,841	–
Secured bank loans	(1,714,683)	(1,540,578)	–	–
	(1,714,683)	(1,540,578)	10,841	–

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variable, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2014.

41 Financial risk management (cont'd)

	Profit or loss 100 bp increase	Profit or loss 100 bp decrease
Group		
31 December 2015		
Variable rate instruments	(17,147)	17,147
31 December 2014		
Variable rate instruments	(15,406)	15,406
Company		
31 December 2015		
Variable rate instruments	108	(108)
31 December 2014		
Variable rate instruments	–	–

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015.

The Company's PRC subsidiaries are required by the relevant laws and regulations of the PRC to contribute to and maintain a non-distributable statutory reserve fund for which the utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiaries for the financial years ended 31 December 2014 and 2015.

The Group monitors capital using an adjusted net debt to equity ratio, which is adjusted net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, advance receipts from sale of properties, other liabilities, amounts due to related parties and loans and borrowings, less cash and cash equivalents. Capital consists of equity attributable to equity holders of the Company less the statutory reserve fund.

	Note	Group 2015 RMB'000	Group 2014 RMB'000
Trade and other payables	27	1,139,541	1,226,312
Loans and borrowings	26	2,254,917	1,650,578
Less: Cash and cash equivalents		(308,549)	(375,186)
Net debt		3,085,909	2,501,704
Equity attributable to owners of the Company		1,140,023	1,047,292
Less: Statutory and other reserve	25	(80,627)	(64,814)
Total capital		1,059,396	982,478
Capital and net debt		4,145,305	3,484,182
Gearing ratio		74%	72%

41 Financial risk management (cont'd)

Fair value

Determination of fair values

Financial assets available-for-sale

The fair value of quoted securities classified as available-for-sale is determined by reference to the quoted bid price at the reporting date in an active market.

The fair value of other investments classified as available-for-sale is determined by discounting the contractual cash flow. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

Financial assets held for trading

The fair value of quoted securities classified as held for trading is determined by reference to the quoted bid price at the reporting date in an active market.

Non-current financial assets

Fair value is calculated using discounted cash flow models, with the discount rate determined based on benchmark rates for instruments with similar maturity and repricing plus a credit spread. In determining the applicable credit spread, reasonable efforts have been made to determine whether there has been a change in the credit risk associated with the financial asset.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Accounting classifications and fair values

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

41 Financial risk management (cont'd)

	Note	Carrying amount					Fair value			
		Designated at fair value RMB'000	Available-for-sale RMB'000	Loans and receivables RMB'000	Other financial liabilities at amortised cost RMB'000	Total RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Group										
31 December 2015										
Financial assets not measured at fair value										
Trade and other receivables*	10	–	–	1,749,590	–	1,749,590				
Cash and cash equivalents	22	–	–	883,610	–	883,610				
		–	–	2,633,200	–	2,633,200				
Financial liabilities not measured at fair value										
Loans and borrowings	26	–	–	–	(2,254,917)	(2,254,917)				
Trade and other payables	27	–	–	–	(1,139,541)	(1,139,541)				
		–	–	–	(3,394,458)	(3,394,458)				
31 December 2014										
Financial assets measured at fair value										
Financial assets available-for-sale	9	–	7,071	–	–	7,071	71	7,000	–	7,071
Designated as fair value through profit or loss	9	1,452	–	–	–	1,452	1,452	–	–	1,452
		1,452	7,071	–	–	8,523				
Financial assets not measured at fair value										
Trade and other receivables*	10	–	–	1,530,540	–	1,530,540				
Cash and cash equivalents	22	–	–	593,230	–	593,230				
		–	–	2,123,770	–	2,123,770				
Financial liabilities not measured at fair value										
Loans and borrowings	26	–	–	–	(1,650,578)	(1,650,578)				
Trade and other payables	27	–	–	–	(1,226,312)	(1,226,312)				
		–	–	–	(2,876,890)	(2,876,890)				

41 Financial risk management (cont'd)

	Note	Carrying amount					Fair value			
		Designated at fair value RMB'000	Available-for-sale RMB'000	Loans and receivables RMB'000	Other financial liabilities at amortised cost RMB'000	Total RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Company										
31 December 2015										
Financial assets not measured at fair value										
Trade and other receivables*	10	–	–	23,658	–	23,658				
Cash and cash equivalents	22	–	–	10,406	–	10,406				
		–	–	34,064	–	34,064				
Financial liabilities not measured at fair value										
Trade and other payables	27	–	–	–	(36,388)	(36,388)				
31 December 2014										
Financial assets measured at fair value										
Financial assets available-for-sale	9	–	71	–	–	71	71	–	–	71
Financial assets not measured at fair value										
Trade and other receivables*	10	–	–	38,191	–	38,191				
Cash and cash equivalents	22	–	–	5,495	–	5,495				
		–	–	43,686	–	43,686				
Financial liabilities not measured at fair value										
Trade and other payables	27	–	–	–	(5,418)	(5,418)				

* Excludes prepayments

42 Accounting estimates and judgements

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

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

Depreciation of and impairment loss on property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful lives which are estimated to be between 2 to 50 years. The Group reviews the estimated useful lives of these assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The estimation of useful lives is based on assumptions about wear and tear, ageing, asset utilisation, anticipated use of the assets, technical standards and changes in demand as well as the Group's historical experience with similar assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation expense and decrease non-current assets.

The Group assesses at each reporting date whether there is objective evidence that its property, plant and equipment are impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as general economic conditions, development in the property market, government policies and other factors which could affect the carrying value of these assets.

The estimates of recoverable amounts are based on either the fair value of the property, plant and equipment determined by a firm of independent professional valuers or management, or using comparable property valuation or the value-in-use of the assets determined by management. The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The recoverable amounts could change significantly as a result of changes in market conditions.

Assessment of estimated total construction costs of development properties

Costs incurred to date are generally determined based on independent experts' certification of the value of work rendered by contractors/suppliers. The estimation of total project costs is based on historical experience and contractual arrangements with contractors/suppliers. The estimated total costs for each project is reviewed on a regular basis by the Group in order to determine whether any allowance for foreseeable loss is required to be set up. Actual costs could differ from the estimates.

The Group evaluates whether there is any objective evidence that the net realisable values of development properties fall short of their carrying values. The Group estimates the level of allowances based on valuation reports obtained from reputable independent third party valuers or recent market transactions involving comparable properties and the estimated total project costs for each project.

The required level of allowances could change significantly as a result of changes in market conditions or government policies or when actual costs differ from the estimated costs.

Revenue from construction contracts

The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable or based on the percentage of completion method depending on whether the outcome of the contract can be measured reliably. The percentage of completion is measured by reference to surveys of work performed for each contract.

Significant judgement is required in determining the stage of completion, the estimated total contract revenue and estimated total contract cost, as well as the recoverability of the contract cost incurred.

Estimation of total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgement, the Group relies on past experience and/or the work of relevant professionals.

42 Accounting estimates and judgements (cont'd)

Impairment loss on trade receivables

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make the required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Valuation of investment properties

The fair values of investment properties are estimated based on valuations carried out by an external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuations reflect when appropriate, comparable sales of similar properties or estimated market values based on projection of income and expense streams over the period of leases, using market rates of return.

Income taxes

Significant judgement is required in determining the taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes and deferred tax liabilities/assets.

The Group exercises significant judgement to determine that the deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

43 Statement of reconciliation to International Financial Reporting Standards

The financial information have been prepared in accordance with FRS, which differs in certain respects from International Financial Reporting Standards (IFRS). With respect to the Group's operations, there are no material differences between FRS and IFRS.

44 Subsequent events

(a) Subsequent to 31 December 2015, Eindec Corporation was listed on the Catalist Board of SGX-ST on 15 January 2016 (the "Listing").

In connection with Listing of Eindec Corporation, 35.8 million new ordinary shares were issued at an issue price of S$0.21 per share. Following the completion of the listing, the issued and paid up share capital of Eindec Corporation increased to approximately S$14.9 million comprising 107.7 million shares.

The net proceeds received from the Listing are approximately S$4.6 million, net of placement commission and other expenses amounting to approximately S$3.0 million.

(b) During the financial year, the Company applied to The Stock Exchange of Hong Kong Limited (the "SEHK") for a proposed dual primary listing of the Company's ordinary shares on the Main Board of SEHK (the "Dual Listing").

The Dual Listing was approved subsequent to 31 December 2015 and the Company's ordinary shares was listed on the Main Board of SEHK by way of introduction on 6 April 2016. There was no additional share issued or sold in connection with this dual listing in SEHK.

ADDITIONAL INFORMATION

List of property development projects

Completed projects

Location (City)	Projects Name	Location (Address)	Name of ownership	% owned	Proposed development	Completed Gross Floor Area (sq.m)	Site area (sq.m)	Completion Date
Zhengzhou	Weiye Tiandao Tianheshuian	West of Yangqiao Road, north of Ruifeng Road, Zhongmu County, Zhengzhou, Henan Province, the RPC	Henan Tiandao Assets Management Co., Ltd.	51	High-rise apartments and small commercial centre	69,248	21,671	December 2014
Zhengzhou	Weiye Tiandao International	West of Yangqiao Road, north of Ruifeng Road, Zhongmu County, Zhengzhou, Henan Province, the RPC	Henan Tiandao Assets Management Co., Ltd.	51	Offices and retail shops	110,353	20,996	December 2015
Kaifeng	Weiye Xiangdi Bay	Jinyao Road, Jinming District, Kaifeng, Henan Province, the PRC	Henan Huibang Property Co., Ltd	100		253,850	106,271[(i)]	December 2014
	Phase I			100	Mid-rise and high-rise apartments with street-level retail shops	81,859		November 2012
	Phase II			100	High-rise apartments with street-level retails shops	94,793		September 2013
	Phase III			100	High-rise apartments with street-level retails shops	77,198		December 2014
Wanning	Weiye Costa Rhine	Taiyanghe Hotspring Resorts, Xinglong District, Wanning, Hainan Province, the PRC	Wanning Yingde Property Co., Ltd.	100	Apartment hotel and retail shops	32,054	49,454	December 2011
Tunchang	Weiye Oxygen Cube B	East of Huandong 2nd Road, Tuncheng Town, Tunchang County, Hainan Province, the PRC	Tunchang Yajing Property Co., Ltd.	100	Mid-rise apartments with street-level retail shops	16,997	12,977	August 2012
Danzhou	Weiye West International Plaza	East of Lanyangbei Road, Northern Disctrict, Nada Disctrict, Danzhou, Hainan Province, the PRC	Hainan Zhongfang Investment Holdings Company Limited	100	High-rise apartments and small commercial centre	58,586	20,003	December 2011

Properties under development

Location (City)	Projects Name	Location (Address)	Name of ownership	% owned	Proposed development	Gross Floor Area under development (sq.m)	Site area (sq.m)	Estimated completion date
Zhengzhou	Weiye Pris Impression	North of Xueyuan Road, east of Zhanlixi Road, Zhongmu County, Zhengzhou, Henan Province, the PRC	Zhengzhou Daimashi Enterprise Co., Ltd.	100	High-rise apartments and street-level retails shops	72,831	64,498	December 2017
Xinxiang	Weiye Central Park	Intersection between Xinxiang City Ping Yuan Road and No. 2 Street, Xinxiang City, Henan Province, PRC	Xinxiang Weiye Property Co., Ltd.	100		625,531	178,886[ii]	December 2016
	Phase I			100	High-rise apartments with street-level retails shops	64,437		September 2009
	Phase II			100	Mid-rise and high-rise apartments with street-level retail shops	189,064		March 2014
	Phase III			100	High-rise apartments with street-level retails shops	137,557		September 2014
	Phase IV			100	High-rise apartments with street-level retails shops	124,176		September 2016
	Phase V			100	High-rise apartments with street-level retails shops	110,297		December 2016
Tunchang	Weiye Oxygen Cube A Phase III	Zhong San Road South, Tun Cheng Zhen, Hainan Province, PRC	Tunchang Hongji Weiye Property Development Co., Ltd.	100		112,310	54,811[iii]	August 2016
	Phase I			100	Mid-rise apartments with street-level retail shops	52,189		August 2012
	Phase II			100	Mid-rise and high-rise apartments with street-level retail shops	43,797		May 2015
	Phase III			100	Mid-rise apartments	16,324		August 2016

Properties held for future development

Location (City)	Projects Name	Location (Address)	Name of ownership	% owned	Proposed development	Planned Gross Floor Area (sq.m)	Site area (sq.m)	Estimated completion date
Zhengzhou	Weiye Hanwei Project	Gaozhuang Road, north of Yongchang Road, Zhengzhou City, Henan Province, the PRC	Henan Weiye Construction Development Group Co., Ltd.	51	Residential apartments with street-level retails shops	203,770	58,222	June 2016

(i) Represent the aggregate site area of phases I, II and III of Weiye Xiangdi Bay.
(ii) Represent the aggregate site area of phases I, II, III, IV and V of Weiye Central Park.
(iii) Represent the aggregate site area of phases I, II and III of Weiye Oxygen Cube A.

List of investment properties

Projects Name	Location (Address)	Property Type	Gross Floor Area held for investment(sq.m)	% owned	Expiry date of land used rights
Weiye International Square	North of Shangdu Road, east of Xinyi Road, Zhengdong New Disctrict, Zhengzhou, Henan Province, the PRC	Retail units and office units	12,591	100	9 October 2050
Weiye Ruguo Ai	No.50 Yingxie Road, Jinshui District, Zhengzhou, Henan Province, the PRC	Retail units	2,384	100	27 August 2074
Weiye Costa Rhine	Taiyanghe Hotspring Resorts, Xinglong District, Wanning, Hainan Province, the PRC	Apartment units and retail unit	4,997	100	31 December 2063
Weiye Oxygen Cube B	East of Huandong 2nd Road, Tuncheng Town, Tunchang County, Hainan Province, the PRC	Residential units	2,078	100	16 December 2079
Weiye Rhine Coast	Fengjia Bay, Huiwen Town, Wenchang, Hainan Province, the PRC	Apartment hotel	10,393	100	8 September 2064

STATISTICS OF SHAREHOLDINGS

As at 15 April 2016

Issued and Fully Paid-up Capital	-	S$667,582,772.35 comprising 196,133,152 ordinary shares
Class of Shares	-	Ordinary shares
Voting Rights	-	One Vote per share

The Company does not have any Treasury Share.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	300	24.39	12,073	0.01
100 - 1,000	318	25.85	142,684	0.07
1,001 - 10,000	360	29.27	1,762,470	0.90
10,001 - 1,000,000	239	19.43	16,242,268	8.28
1,000,001 AND ABOVE	13	1.06	177,973,657	90.74
TOTAL	**1,230**	**100.00**	**196,133,152**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	SHARES	%
1	HKSCC NOMINEES LIMITED	133,651,223	68.14
2	RAFFLES NOMINEES (PTE) LIMITED	8,321,165	4.24
3	KGI FRASER SECURITIES PTE LTD	7,597,870	3.87
4	MAYBANK KIM ENG SECURITIES PTE LTD	5,202,525	2.65
5	STONE VILLA LIMITED	4,931,506	2.51
6	MACQUARIE CAPITAL SECURITIES (SINGAPORE) PTE LIMITED	4,538,100	2.31
7	DBS NOMINEES (PRIVATE) LIMITED	3,996,633	2.04
8	TAN FUH GIH	2,762,309	1.41
9	LEE ZONG TANG	2,541,549	1.30
10	SIM PUAY SOONG	1,225,100	0.62
11	RHB SECURITIES SINGAPORE PTE. LTD.	1,133,901	0.58
12	ZHANG WEI	1,069,648	0.55
13	GOH YEW GEE	1,002,128	0.51
14	HONG LEONG FINANCE NOMINEES PTE LTD	942,645	0.48
15	LIM KIM HUAT	800,000	0.41
16	GOH YEOW LIAN	656,400	0.33
17	TAN WEI MIN	569,500	0.29
18	UOB KAY HIAN PRIVATE LIMITED	424,315	0.22
19	PHILLIP SECURITIES PTE LTD	395,954	0.20
20	LIM TIONG KHENG STEVEN	378,973	0.19
	TOTAL	**182,141,444**	**92.85**

STATISTICS OF SHAREHOLDINGS

As at 15 April 2016

SUBSTANTIAL SHAREHOLDERS AS AT 15 APRIL 2016
(As recorded in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interests	
No.	**Name**	**No. of shares held**	**%**	**No. of shares held**	**%**
1.	Zhang Wei	1,069,648	0.55	40,000,000(1)	20.39
2.	Chen Zhiyong	–	–	40,240,256(2)	20.52
3.	Macquarie Capital Limited	45,107,200	22.99	–	–
4.	Macquarie Group Limited	–	–	45,107,200(3)	22.99

Notes:

(1) Mr Zhang Wei is deemed interested in 40,000,000 shares held under the nominee accounts, HKSCC Nominees (Pte) Limited.

(2) Mr Chen Zhiyong is deemed interested in 40,240,256 shares held under the nominee account, HKSCC Nominees (Pte) Limited.

(3) Macquarie Group Limited is deemed interested in 45,107,200 shares held by its subsidiary, Macquarie Capital Limited.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 15 April 2016, 35.55% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.