2016 ANNUAL REPORT

做中国有影响力的上市企业

WEIYE HOLDINGS LIMITED
偉業控股有限公司*

(Singapore Company Registration Number: 198402850E)
(Incorporated in the Republic of Singapore with limited liability)

Singapore Stock Code: BMA
Hong Kong Stock Code: 1570

* For identification purpose only



CONTENTS

CORPORATE PROFILE

With a strong track record of more than 17 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 2016, Weiye portfolio comprised 24 property development projects which were either completed or under various stages of development in various PRC cities. As of 31 December 2016, we had 16 completed property projects with a total GFA of approximately 1,254,818 sq.m., 7 property projects under development with a total completed and estimated GFA of approximately 1,427,770 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

Direct acquisition of land bank through open bidding, funding, development, construction and marketing of project carried out by the Group.

JOINT VENTURE

Collaboration by the Group with third-party owners of land bank. The Group provides the funding of the operations and the share of attributable profits are contractually pre-determined. (The entire project operation and funding being carried out by the Group).

DIVERSIFIED REVENUE

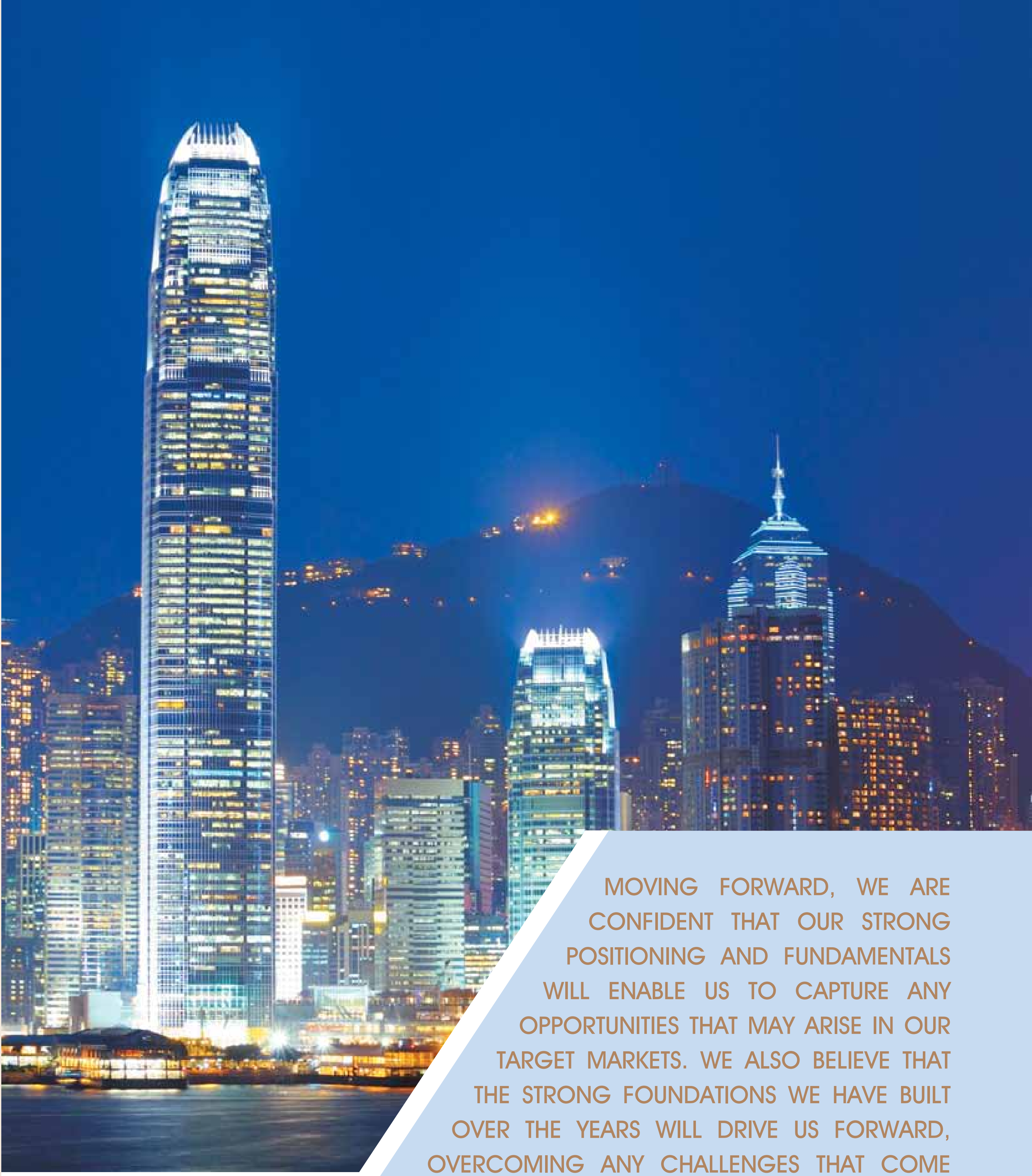
FAST-GROWING BRAND EQUITY

JOINT DEVELOPMENT

Collaboration by the Group with third party land owner where project funding and land being jointly invested by the respective parties and project returns being shared based on respective shareholding.

PROJECT MANAGEMENT

Third party provides both land and funding, the Group provides project development and management services and earns a fee in return.



MOVING FORWARD, WE ARE CONFIDENT THAT OUR STRONG POSITIONING AND FUNDAMENTALS WILL ENABLE US TO CAPTURE ANY OPPORTUNITIES THAT MAY ARISE IN OUR TARGET MARKETS. WE ALSO BELIEVE THAT THE STRONG FOUNDATIONS WE HAVE BUILT OVER THE YEARS WILL DRIVE US FORWARD, OVERCOMING ANY CHALLENGES THAT COME OUR WAY, AND PAVE THE WAY FOR LONG-TERM SUSTAINABLE GROWTH.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

Over the past year, the Chinese property market has been experiencing a rough roller-coaster ride. The Chinese government has first loosened its down payment requirements and eased its mortgage rates to boost home sales, but to later make a sharp turn to tighten the home and land purchase requirements in major cities, so as to tame a possible housing bubble. While these moves were aimed at driving demand and reducing inventories in smaller cities, they have only added fuel to a sizzling property market in 1st tier cities while barely pushing sales in smaller cities. Some 3rd and 4th tier cities are still facing high inventories of unsold homes, while the market in megacities remained red-hot.

Despite these mixed signals and challenges, the Group continued to grow our presence in the Chinese property market, making inroads into fast-growing cities in the Pearl River Delta Region to expand our market reach. During the year, we successfully acquired three companies and land use rights in that region, namely Huizhoushi Dajinzhou Property Development Co., Ltd (land area of 6,271 square metres), Guangdong Leiding Property Development Co., Ltd (land area of 25,210 square metres) and Huizhou Dayawan Pengrun Shiye Fazhan Co., Ltd (land area of 11,000 square metres). The Pearl River Delta Region is one of the most densely urbanised regions in the world with a population of over 56 million residents. It comprises of nine major cities in the Guangdong Province such as Guangzhou, Shenzhen, Dongguan, Zhuhai etc, and in close proximity with Hong Kong and Macau. With our enhanced land bank, we are poised for joint collaboration to expand our portfolio of quality residential and commercial properties. Riding on Shenzhen's booming market, we believe that we can tap on the growth potential in the emerging markets in the other cities in the region like Zhongshan, Zhuhai, Huiwan and Dongguan.

In addition, we will continue to monitor and explore new markets for opportunities to potentially expand our landbank holdings. These markets include the Jing-jin-ji Region, the national capital of China which comprises of Beijing, Tianjin and Hebei, as well as the Yangtze River Delta Region. We will implement strategic investment measures once we find suitable quality projects that can bring sustainable value to our stakeholders.

Property Development Business Review

In FY2016, the total Net Saleable Floor Area ("NSFA") handed over to customers was 100,656 square metres, a drop as compared to 162,755 square metres in FY2015. Property development sales decreased by 35%, to approximately RMB681.6 million. Revenue from property development sales was mainly from the Weiye Central Park Phase II, III & IV, Weiye Tiandao International and Weiye Oxygen Cube A Phase I & II, which contributed approximately RMB314.6 million, RMB248.5 million and RMB39.8 million, respectively.

During the year, Henan Province, being the Group's primary market, recorded a GDP growth of 8.1%. being 1.4% higher than the national average level of 6.7%. However, as Northern cities in China continued to experience their "worst" smog, and raising pollution red alert, environmental control measures such as issuance of several governmental construction stoppage orders were implemented. This led to delays in the completion and handover of a substantial amount of our property development projects, which in turn hurt our sales and profitability, registering lower overall revenue and net profit attributable to shareholders of approximately RMB741.2 million and RMB79.1 million respectively.

Housing Construction Business Review

As part of the Henan local government's urbanisation plan, the Group was contracted by the former to build resettlement houses. As of 31 December 2014, the construction of the resettlement houses phase I has been completed in accordance with the construction agreement. Revenue recognised for FY2016 and FY2015 was RMB0.18 million and RMB110 million, it is mainly from construction of additional ancillary facilities as requested by the local government. The GP margin of housing construction business for FY2016 was 141% lower than FY2015 mainly due to certain construction ancillary costs incurred during the period under review that were not claimable.

Equipment Business Review

The sales of equipment comprised mainly sales of clean room equipment, heating, ventilation, air-conditioning, air purification, grilles, diffuser and marine damper products. Sales in FY2016 RMB59.6 million, which was 23% lower as compared to the same period last year mainly due to weak semi-conductor market performance, resulting in lower sales of clean room equipment that generally fetched higher average profit margin.

As smog continued to linger over the skies of Northern China, we believe that the rising concern about air pollution and public health awareness will push up demand for our air purifiers, accelerating growth in this segment. We will continue to capitalise on this demand, while focusing on research and development of our products, to create an automated air-purification network system that can work collaboratively in our properties. At the same time, we will continue to build on the leasing operational model, so as to build green living spaces that can cater to all needs.

Strategy and Outlook

Moving forward, we expect property cooling measures to intensify in the 1st and 2nd tier cities, so as to rein in property prices and an overstretched market bubble, while the 3rd and 4th tier cities strived to clear their inventories. With more city-differentiated policies underway, we believe that we can still capitalise on the strong demand in our primary market in the highly-connected Zhengzhou City, as well as Haikou which is gaining greater market traction. As for the new market in the Pearl River Delta Region, we will ride on Shenzhen's burgeoning spill-over effects to capture the markets in its nearby cities.

Building on our track record and comparative advantages in the development of quality projects, we continue to build on our capability to tap on the growth potential of fast-growing markets, as well as to enhance our product offerings and quality, and create sustainable living spaces that encompass the green factor in our existing and developing projects in Henan, Hainan and Pearl River Delta. We will also adopt a proactive approach in our capital management, to ensure a healthy balance sheet.

In addition, we will embark on a "purifying" journey, focusing on cities in Henan, Beijing, Tianjin and Shandong, where serious air pollution loomed the skies. We will build our brand awareness through promotion and marketing of our air purification products, as part of the strategy to establish new revenue streams.

Looking ahead, we seek to enhance the planning and efficiency of our workflow and development process, to continue to build up our portfolio of quality development projects in our primary market Henan, create a stable foothold in Hainan and carve a competitive niche in the Pearl River Delta Region. We will continue to source for opportunities in the other high growing cities in China, to strengthen our brand awareness and our portfolio of quality properties.

In Appreciation

On behalf of the Board, I would like to take this opportunity to thank Mr Song Fu-Lin for his valuable contributions over the past years. I would also like to express my heartfelt appreciation to the management team and staff for their commitment and dedication, as well as our business associates, customers and valued shareholders for their unwavering support. I look forward to your continued support in years to come.

ZHANG WEI
Executive Chairman and Chief Executive Officer

OPERATIONS REVIEW

GROWING OUR PRESENCE IN HENAN PROVINCE

Strategic Location

Henan Province is strategically located at the heart of China, and is a major transportation hub. Two of China's most important railways, the Jingguang and Longhai lines, which run from Beijing to Guangzhou and Lianyungang to Lanzhou respectively, pass through Henan's capital city Zhengzhou. During the year, the Zhengxu high-speed rail line connecting Zhenzhou and Xuzhou had commenced operations, while other rail lines connecting Zhengzhou to Jinan, Chongqing, Taiyuan and Hefei are in the pipeline. The multi-model high-speed railway system, once fully operational, is bound to enhance the connectivity among the cities within this region.

The Central Plains Economic Region

The Central Plains Economic Region (CPER) encompasses the Zhengzhobianluo (Zhengzhou, Kaifeng, Luoyang) metropolitan area as the core, supporting the Central Plains city cluster, covering the entire Henan Province and extends to the surrounding economic areas in the region. In 2016, Zhengzhou, the capital city, was established as a free trade zone, and this fuels the synergetic development between the cities and towns which is set to elevate to the next phase of growth. With technological innovation taking flight, and its rapid development of the Zhengzhou Aerotropolis, where a city with homes, facilities and amenities will be built around the airport, it will continue to bring about economic dynamics, and set the stage for greater growth.

Spectacular Growth in Property Market

In 2016, the property market in Henan Province continued to grow at a steady pace. According to the Bureau of Statistics of Henan Province, the total floor area for residential buildings sold and residential property sales in the region rise by 32.6% and 46.6% respectively. Its total real estate investment and residential property investment grew by 28.2% and 29.2% year-on-year, which all displayed optimistic market sentiments within the region. Henan is the most populous province in China and is home to over 107 million residents. Over the years, its fast-growing economy and intense urbanisation rate of close to 50%, had been the driving force behind the province's growing property market. The provincial government has plans to accelerate this rate to 60% by the year 2020. Powered by the positive outlook, we strongly believe that despite facing construction stoppage orders from the government due to heavy smog in the Northern part of China over the past year, its strategic location and robust economic activities will propel its property market to sustain its momentum of growth.

Our Projects and Development

We uphold our strategic focus on growing our presence in Zhengzhou, and optimised multiple channels and platforms to target quality properties in prime locations well-integrated with commercial spaces and ancillary facilities. Through various integrated, joint and collaborative development initiatives, we also explore market expansion in cities like Zhongmou, Xinzheng, Xinmi, and Xingyang, which possess high growth potential. As of 31 December 2016, we had a total of sixteen development projects in the Henan province currently held for sales or investment with twelve projects fully completed, three projects undergoing development and one project held for future development. These projects are as follows:

COMPLETED PROJECTS

Hong Jing Jia Garden

Die Cui Garden

Cai Fu Centre

Cai Zhi Guang Chang

Qing Qing Mei Lu

Weiye Xi An

Zhi Hua Shi

Xingwei Resettlement House

Weiye Ru Guo Ai

Weiye Tiandao Tianheshuian

Weiye Xiangdi Bay
Phase I, II & III

Weiye Tiandao International

PROJECTS UNDER DEVELOPMENT

Weiye Central Park Phase V
(Phase I, II, III & IV completed)

Weiye Paris Impression

Weiye Shangcheng
Yihaoyuan

PROJECTS HELD FOR FUTURE DEVELOPMENT

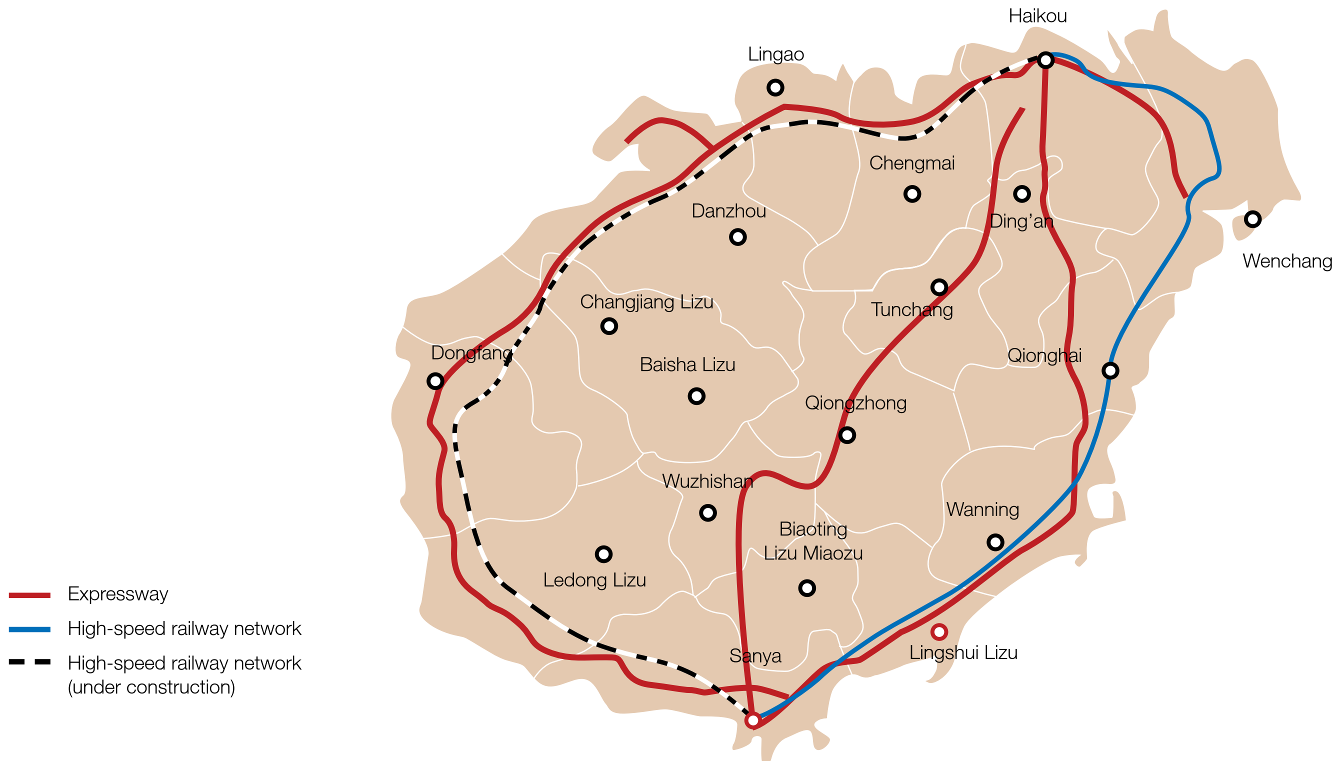
Weiye Hanwei Project

OPERATIONS REVIEW

STRENGTHENING OUR FOOTHOLD IN HAINAN PROVINCE

A Tourism Island of Continuously Development

Hainan is China's southernmost province, widely recognised as a popular tourist destination and was officially designated as an "International Tourism Island" by the Chinese government in 2010. More than a year ago ever since the Hainan's high-speed railway became fully operational, total population volume reached 20.2 million, bringing about bustling economic activities within the region. Building on the momentum, Hainan is also constructing three expressways and a cross-island tourist highway spanning more than 888 kilometres, all in its development pipeline. The Qionghai Bo'ao Airport which is set to welcome its first foreign visitor by 2017, will be the third international airport in Hainan. With other infrastructure enhancement works underway, Hainan is well poised to transform into an even more attractive and accessible place to work, live and play.



Booming Economy Driven by Tourism

Hainan remains a popular destination for the locals as well as the foreigners alike. During the year, the region recorded a total of 60.2 million visitors, a year-on-year jump of 12.9%, contributing a total of approximately RMB67 billion in tourism proceeds. This was a 17% surge, as compared to the same period in the previous year, attributed mainly to governmental efforts to attract visitors through various initiatives. In 2016, Hainan's retail sales alone contributed approximately RMB6.1 billion, a 9.6% year-on-year increase. With 58 new projects related to tourism worth RMB155.1 billion inked in 2016, it is set to enjoy greater economic benefits in years to come.

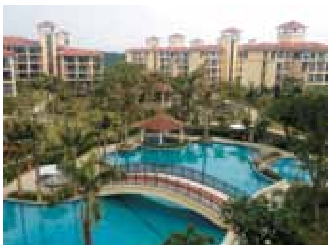
Steady Growth in Property Market

According to the National Bureau of Statistics, the total floor space sold in Hainan Province stood at approximately 15.1 million square metres in 2016, a 43.4% increase as compared to same period last year. Property sales also recorded approximately RMB149 billion, a year-on-year surge of 51.5%. Figures has also shown that though the total property construction floor space registered a moderate 7.5% increase to approximately 89.4 million square metres, it was merely one-sixth of the property sales growth rate, implying that the property market will continue to grow rapidly in the near future. With air pollution becoming increasingly serious in the mainland, more home buyers are expected to move to Hainan, especially in cities like Haikou and Sanya. In 2016, total floor space sold in Haikou was approximately 4.3 million square metres, a rise of 15.9% year-on-year; the total floor space sold in Sanya was approximately 1.5 million square metres, registering a year-on-year increase of 35.7%. We believe that as an international tourist island, driven by its flourishing tourism industry and infrastructural development, the property market will continue to thrive in this region.

Our Projects & Development

Our Group will focus on developing properties in fast-growing cities like Haikou and Sanya through integrated, joint and collaborative development initiatives so as to further expand further strengthen our foothold in the Hainan. Moving forward, we will continue to ensure the progress and quality of our new projects as well as reduce our inventories for the coming year. As of 31 December 2016, we had six projects in the region currently held for sale or investment, with four projects fully completed and two project undergoing development. These projects are as follows:

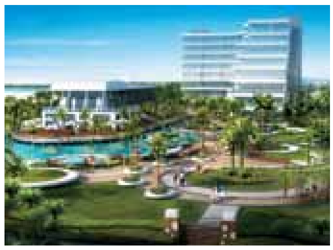
COMPLETED PROJECTS



Weiye Costa Rhine

Weiye Oxygen Cube B

Weiye West International Plaza



Weiye Rhine Coast

PROJECTS UNDER DEVELOPMENT

Weiye Oxygen Cube A Phase III (Phase I & II completed)

Weiye Yehai Shangcheng

OPERATIONS REVIEW

BREAKING THROUGH NEW MARKETS IN PEARL RIVER DELTA REGION

Accessibility of transportation hub

Pearl River Delta comprises of nine cities in the Guangdong Province, namely Guangzhou, Shenzhen, Foshan, Zhuhai, Dongguan, Zhongshan, Huizhou, Jiangmen and Zhaoqing. The Pearl River Delta Rapid Transit provides a fast, safe and highly efficient way to travel across the different cities within the region. Today, the network system in operation includes inter-city rapid transit connecting Guangzhou and Zhuhai, Guangzhou, Fushan and Zhaoqing, and Dongguan and Huizhou as well as tube connecting Guangzhou and Fushan. By 2030, this network system will be able to connect most cities in the county level, bringing about greater accessibility and business activities. Connecting beyond the region, the construction works for the Hong Kong-Zhuhai-Macau Bridge is currently underway, and set to be completed by end 2017. This bridge which consists of a series of bridges and tunnels will connect Hong Kong, Macau and Zhuhai. This 50-kilometre bridge will become one of the landmarks within the area. With all these transportation infrastructural projects in progress, the high connectivity network will offer Pearl River Delta region an efficient and effective way to travel, work and live.

Massive Consumer Markets

The Pearl River Delta region is one of the largest and most matured consumer markets in China, with high influx of visitors every year. In 2015, this region recorded approximately RMB8 trillion in GDP, with GDP per capita at approximately RMB110,000. This is about 2.2 times of the national average of RMB55,000. Furthermore, its total retail sales of consumption goods at approximately RMB2,265 billion, an increase of 9.7% year-on-year, contributed mainly by Guangzhou and Shenzhen.

Our Projects & Development

With the formation of our Pearl Reviver Delta Regional Group and the acquisition of our inaugural project at Huizhou Dayawan, this marks our successful breakthrough into this fast-growing region. We are actively exploring opportunities in Shenzhen city as well as nearby cities such as Zhongshan, Zhuhai, Huizhou and Dongguan. Through acquisition and joint development initiatives, we aim to accelerate our development in this region. As of 31 December 2016, we had a total of two projects located in Huizhou Dayawan held for sale, with both projects currently undergoing development. These projects are as follows:

PROJECTS UNDER DEVELOPMENT

Weiye Meiyuewan

Weiye Lantingwan

PENETRATING NEW MARKET IN JING-JIN-JI REGION

Jing-jin-ji is the national capital region of China, comprising of Beijing city, Tianjin city and 11 other cities in the Hebei Province such as Baoding, Tangshan, Langfang, Qinhuangdao, Zhangjiakou, Shijiazhuang etc. Plans are in progress to integrate these three areas (Beijing, Tianjin and Hebei) into a megacity, offices and industries are expected to gradually move out of the populated Beijing to the other nearby cities in Hebei, which will be connected by high-speed railway in time to come. This move will bring about influx of capital as well as talents to Hebei, which will fuel growth in the property market. In 2016, we have made an initial move into the region, building a team of professionals to explore and study the market. With in-depth understanding of the local governmental policies and our brand name, we are inspired to acquire suitable quality projects through land bidding so as to quickly penetrate this market.

POSITIONING STRATEGICALLY IN YANGTZE RIVER DELTA REGION

The Yangtze River Delta region consists of one city and three provinces, namely Shanghai city, Jiangsu Province, Zhejiang Province and Anhui Province. The Yangtze River Delta Region is widely known as the economic hub of China. Anchored by the Yangtze River Delta Region, the Yangtze Economic Belt is perhaps China's most important economic engine. The urban build-up in the area has given rise to what may be the largest concentration of adjacent metropolitan areas in the world. This region has an annual GDP of over RMB13.5 trillion, with a population of 150 million residents, and a GDP per capita of more than RMB90,000. The economic growth rate of this region is faster than the national average, and poised to play a vital role as a mega region on the world stage. We will deepen our understanding of the property markets in the 1st and 2nd tier cities like Shanghai, Wuhan, Hefei etc to explore possible opportunities in this region.

FINANCIAL HIGHLIGHTS

Revenue (RMB' Mil)	FY12	FY13	FY14	FY15	FY16
Property Development	131.8	646.4	899.3	1,044.5	681.6
Housing Construction	N.A.	660.1	325.1	113.3	0.2
Clean Room & Air Diffusion Equipment	90.9	70.5	69.3	76.9	59.6
Total	222.7	1,377	1,293.7	1,234.7	741.4

Gross Profit (RMB' Mil)	FY12	FY13	FY14	FY15	FY16
Property Development	9.5	189.5	239.5	292.4	191.9
Housing Construction	N.A.	107.8	71.5	3.3	(0.3)
Clean Room & Air Diffusion Equipment	35.0	27.3	24.1	30.5	20.8
Total	44.5	324.6	335.1	326.2	212.4

Gross Profit Margin (RMB' Mil)	FY12	FY13	FY14	FY15	FY16
Property Development	7%	29%	27%	28%	28%
Housing Construction	N.A.	16%	22%	3%	(138%)
Clean Room & Air Diffusion Equipment	39%	39%	35%	40%	35%
Total	20%	24%	26%	26%	29%

(RMB' Mil)	FY12	FY13	FY14	FY15	FY16
Net Profit	36.9	182.4	271.0	106.6	79.1
Earnings Before Interest, Tax, Depreciation and Amortisation	(40.1)	291.9	466.6	223.2	160.7
Equity Attributable to Owners of the Company	624.9	797.2	1,047.3	1,140.0	1,201.3
Total Assets	1,831.3	3,277.5	4,464.2	5,129.9	6,210.7
Total Liabilites	1,203.0	2,367.2	3,291.1	3,851.6	4,831.5
Net Debts* * Interest bearing debts (-) cash and cash equivalents	80.1	359.7	1,111.2	1,371.3	2,000.7

	FY12	FY13	FY14	FY15	FY16
Interest Coverage Ratio (times)	(1.8)	4.4	4.1	1.8	0.8
Earnings per Share (RMB' cents) **	57.4	94.1	131.7	48.0	33.3
Net Asset Value per Share (RMB) **	3.2	4.1	5.3	5.8	6.3
Net Debts to Equity Attributable to Owners of the Company Ratio (%) ** Adjusted for effect of share consolidation for FY12-FY14	13%	45%	106%	120%	167%

FINANCIAL **REVIEW**

Property Development Business Segment

In FY2016, property sales fell by approximately 35% to approximately RMB681.6 million, as compared to FY2015, mainly due to lower total net saleable floor area ("NSFA") handed over to customers in 1Q2016, 3Q2016 and 4Q2016. Overall, total NSFA handed over to customers for FY2016 was approximately 100,656 sqm, as compared to 162,755 sqm in FY2015. This is mainly caused by delays in the completion and handover of a substantial amount of property development projects as a result of issuance of several government control measures in China. Revenue from property development sales for FY2016 was mainly from Weiye Central Park Phase II, III & IV, Weiye Tiandao International and Weiye Oxygen Cube A Phase I & II, which contributed approximately RMB314.6 million, RMB248.5 million and RMB39.8 million, respectively.

The gross profit for the segment decreased by approximately 34%, to approximately RMB191.9 million, while the gross profit margin was approximately 28%, relatively consistent with what was achieved for FY2015.

Housing Construction Business

As part of the Henan local government's urbanisation plan, the Group was contracted by the former to build resettlement houses. As of 31 December 2016, the construction of the resettlement houses has been completed in accordance with the construction agreement. Revenue recognised for FY2016 was approximately RMB0.2 million, mainly due to construction of additional ancillary facilities as requested by the local government.

The gross loss for this segment was approximately RMB0.3 million, registering an approximately 141% drop in GP margin for FY2016 when compared to that of FY2015, mainly due to certain construction ancillary costs incurred during the period under review that were not claimable from the Henan local government.

Equipment Business

Due to a weak semi-conductor market performance, our clean room equipment recorded a drop in revenue of 23% in FY2016, to approximately RMB59.6 million. The GP margin for equipment business for FY2016 was lower by 5% as compared to the same period last year, mainly due to the lower sales of clean room equipment that generally fetched higher average profit margin.

Other income

Other income increased by approximately 7% to approximately RMB48.9 million for FY2016, primarily due to a compensation received for which an intended joint development project was agreed by the Group to be withdrawn in 2Q2016 of approximately RMB30.6 million and fair value gain from investment properties of approximately RMB11.7 million.

Share of profit of investment in joint venture amounted to approximately RMB46.1 million, mainly contributed by the Group's share of profit in the operation of Daimashi Shiye Co., Ltd ("Daimashi"). Daimashi has started handing development properties units to customers and recognising sales in 4Q2016.

FINANCIAL REVIEW

Operating Expenses and Income

Selling and distribution expenses increased by 9% to approximately RMB40.2 million in FY2016. This was due mainly to more promotional activities for development projects such as Weiye Oxygen Cube and Weiye Central Park as well as higher sales commission paid for sales of development properties of Weiye Central Park Phase III & IV during the period under review.

Administrative expenses for FY2016 also increased by 20%, to approximately RMB130.0 million, mainly attributed to higher travelling expenses, office administrative expenses and employee salary cost as a result of property development business expansion during the period under review.

Total finance expense for FY2016 was lower than the same period last year, mainly due to higher interest cost being capitalised into development projects during the periods under review. Net finance income amounted to approximately RMB9.4 million for FY2016, mainly due to interest income arising from property development project investment deposits being refunded for the Group's withdrawal of an intended joint development project in 2Q2016 and interest income recognised on a property development project investment deposit being refunded as a result of the Group's termination of a collaboration agreement dated on 14 September 2015 with Shenzhen Huibang Investment Management Co., Ltd for the development of the land-use rights in Shenzhen city Longgang district Longdong community Yuansheng area ("Yuansheng Project") in 3Q2016.

Taxation expenses for FY2016 decreased by 37%, registering approximately RMB66.0 million, mainly due to lower provision of corporate income tax of approximately RMB27.0 million as a result of lower net profit before tax during the period under review, lower provision of land appreciation tax of approximately RMB5.1 million as a result of reversal of prior periods' overprovision of land appreciation tax in 4Q2016 and lower provision of deferred tax expenses of approximately RMB6.3 million.

Review of Financial Position

Investment in joint venture refers to a joint venture between the Group and Zhengzhou Century CITIC Real Estate Co., Ltd whereby both the Group and Zhengzhou Century CITIC Real Estate Co., Ltd intend to develop the land held by Daimashi Shiye Co Ltd ("Daimashi"). The increase to RMB46.1 million was mainly due to the Group's share of Daimashi results during the period under review.

In addition, the investment in joint venture increased by RMB110.0 million due to the reclassification of the investment in Hanfang Yaoye Co., Ltd ("Hanfang Yaoye") which was classified as an asset held for sale in prior year. In 2014, the Group acquired 51% equity interest in Hanfang Yaoye with the intention of securing an interest in a land-use-rights owned by Hanfang Yaoye in respect of a land parcel located in Zhengzhou, Henan Province, People Republic of China. Pursuant to a collaboration agreement entered into between the Group and Hanfang Yaoye's original owners, the Group's interest in Hanfang Yaoye is limited to the rights over all matters relating to the land-use-rights, but not other operations of Hanfang Yaoye. Meanwhile, the Group incorporated a new entity, Hanwei Zhiye Co., Ltd ("Hanwei Zhiye") in 2014 for the purpose of receiving the land-use-rights from Hanfang Yaoye and to jointly develop the property on the land-use-rights with Hanfang Yaoye's original owners. Upon completion of the transfer of the land use rights, the Group's 51% equity interest in Hanfang Yaoye will be disposed to Hanfang Yaoye's original owners in exchange for 51% equity interest in Hanwei.

As at 31 December 2016, the transfer of the land use rights was delayed due to unforeseen circumstances. The Group is currently working towards resolution of these delays in order to resume the original purpose of the joint development. The Group assessed that the investment in Hanfang Yaoye is not available for immediate sale and thus no longer meet the definition as an asset held for sale. Consequently, the Group reclassified the investment in Hanfang Yaoye as an investment in joint venture.

The increase in investment properties was mainly due to a reclassification of investment property held for development that has completed construction in 4Q2016 as well as fair value gain recognized during the period under review. In addition, the Group reclassified an investment property, Costa Rhine Building 6, from asset held for sale to investment property as the asset no longer meets the definition as assets held for sale as at 31 December 2016.

The increase in the amount due from joint venture partner was mainly due to the interest accrued during the period under review.

The decrease in trade and other receivables (non-current) was mainly due to property development project investment deposit that has been refunded as a result of the Group's termination of a collaboration agreement dated on 14 September 2015 with Shenzhen Huibang Investment Management Co., Ltd for the development of the land-use rights in Shenzhen city Longgang district Longdong community Yuansheng area ("Yuansheng Project") in 4Q2016.

The increase in properties held for sale of approximately RMB1.5 billion was mainly due to acquisition of land banks as announced on 13 September 2016 and 17 October 2016 and the progressive construction works of property development projects in the period under review such as Weiye Shangcheng Yihaoyuan and Weiye Xinxiang Central Park Phase V, partially offset by the sales of property development units in development projects, such as Weiye Xinxiang Central Park Phase II, III&IV, Weiye Tiandao International and Weiye Oxygen Cube A Phase I & II.

The decrease in trade and other receivables of approximately RMB714.9 million was mainly due to collection from construction of resettlement housing phase I of approximately RMB225.0 million and reclassification of pre-development costs of approximately RMB 345.8 million on a plot of land that the Group had on 3 March 2016 obtained from the local government in Zhengzhou City, PRC to properties held for sale.

The decrease in assets held for sale was mainly due to the reclassification of Costa Rhine Building 6 to investment property of approximately RMB40 million and the investment in Hanfang Yaoye to investment in joint venture of approximately RMB110 million. The disposal of both assets were delayed, the resolution of which may require more time. As such, they no longer meet the definition as assets held for sale.

The decrease in trade and other payables was mainly due to repayment to trade creditors upon the completion of various development projects.

The increase in advance receipts from sale of properties was mainly from Weiye Central Park Phase V, partially offset by the recognition of sales from Weiye Central Park Phase IV and Weiye Tiandao International during the period under review.

The increase in loans and borrowings was mainly due to additional loans and borrowings obtained to finance the development of property projects.

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The increase in the deferred tax liabilities was mainly due to the provision of deferred tax liability relating to the withholding tax on undistributed profits of approximately RMB9.6 million and other temporary tax differences of approximately RMB10.6 million relating to provision of land appreciation tax.

Cash Flow Management

Cash flows from operating activities before changes in working capital amounted to approximately RMB101.3 million. Cash used in working capital amounted to approximately RMB321.5 million mainly due to increase in properties held for sales of approximately RM1.2 billion, which included an increase in landbank holdings of RMB 460 million during FY2016, partly offset by decrease in trade and other receivables of approximately RMB781.8 million and increase in trade and other payables of approximately RMB155.5 million. After changes in working capital and payment for income tax of approximately RMB100.7 million, net cash flow used in operating activities amounted to approximately RMB320.9 million.

Net cash used in investing activities amounted to approximately RMB8.1 million mainly due to subsequent construction costs on investment property under development of approximately RMB45.3 million, purchase of property, plant and equipment of approximately RMB4.3 million, partly offset by interest received of approximately RMB10.0 million and deposit refunded from third party of approximately RMB35.0 million.

Net cash from financing activities amounted to approximately RMB857.1 million mainly due to proceeds from bank borrowings of approximately RMB2.3 billion and decrease in restricted cash of approximately RMB287.7 million, partly offset by interest payment of approximately RMB264.6 million and repayment of bank borrowings of approximately RMB1.5 billion.

As at 31 December 2016, our Group's cash and cash equivalents amounted to approximately RMB795.8 million.

Financial Resources and Liquidity

Our Group's net current assets further decreased from approximately RMB2.2 billion as at 31 December 2015 to approximately RMB1.8 billion as at 31 December 2016. This decrease was primarily attributed to the loans and borrowings due in 2017 amounting to approximately RMB1.8 billion, and partially offset by the increase of approximately RMB1.5 billion in properties held for sale and development.

Our bank and other borrowings are denominated in Renminbi, Singapore Dollar and Malaysia Ringgit. As at 31 December 2016, our total outstanding loans and borrowings amounted to approximately RMB3.08 billion. Particulars of bank and other borrowings of our Group as at 31 December 2016 are set out in Note 26 to the financial statements.

Treasury and Investment Management

We prepare our monthly, quarterly and annual cash flow budgets in accordance to our Group's internal rules and regulation, to forecast and manage our working capital needs of our Group and subsidiaries for business expansion and other investments, to ensure that there is 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.

In order to ensure the proper application of funds available to our Group investment, we have established policies and procedures on our investment management. Generally, our investment manager is responsible for managing nad 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

As at 31 December 2016, there were 416 (FY2015: 393) employees in the Group. Total employee benefits expenses of the Group (including Directors' fee) for twelve months period ended 31 December 2016 were approximately RMB64.2 million (FY2015: RMB60.2 million). Staff remuneration packages are determined based on each employee's qualifications, experience, position and seniority. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and Group's results of operations.

Charge of Assets

The bank borrowings for the Group include banker's acceptance, finance lease liabilities and bank loans of its subsidiaries. The bank borrowings are secured by investment properties, legal mortgages of the property development units, and corporate guarantee from the Company. Particulars of charge of assets of our Group as at 31 December 2016 are set out in Note 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 date 29 March 2016, our Group did not have any plans for material investments and capital assets.

Gearing Ratio

Gearing ratio is calculated based on our total debt divided by total equity. Total debt includes interest-bearing bank and other borrowings. As at 31 December 2016, our Group has gearing ratio of 163% (31 December 2015: 120%). Details of the gearing ratio are set out in Note 40 to the financial statements.

Foreign Exchange Exposure

Our Group's property development, housing construction, and cleaning 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. Our business operations do not involve much of international transactions. Accordingly our Group considers that our Group's exposure to foreign currency risk is not significant and hence 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 36 to the financial statements, which included the guarantees given to banks in connection with banking facilities granted to third party property customers.

Material Acquisition and Disposal of Subsidiaries and Affiliated Companies

There was no material acquisition and disposal of subsidiaries by the Group during the twelve months ended 31 December 2016.

BOARD OF DIRECTORS

ZHANG WEI (张伟)

Executive Chairman and Chief Executive Officer

Mr. Zhang Wei (张伟), aged 47, is chairman of the Board, an executive Director and Chief Executive Officer. He is responsible for the Group's strategic planning and the overall business development decision making.

Mr. Zhang has over 22 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 Master's 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.

CHEN ZHIYONG (陈志勇)

Executive Director and Chief Operating Officerr

Mr. Chen Zhiyong (陈志勇), aged 46, 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 21 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

Mr. Dong Xincheng (董心诚), aged 50, is our non-executive Director. Mr. Dong was appointed as an independent nonexecutive Director of the Company on 15 August 2011 and he was re-designated as a non-executive Director of the Company on 10 March 2016.

Mr. Dong has approximately 14 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.

ONG KIAN GUAN
Independent Non-Executive Director and Lead-Independent Director

Mr. Ong Kian Guan (王建源), aged 49, is our independent non-executive Director and lead-independent Director was reappointed 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 24 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.

BOARD OF DIRECTORS

OH ENG BIN

Independent Non-Executive Director

Mr. Oh Eng Bin (胡荣明), aged 43, is our independent nonexecutive 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 43, is our independent non-executive Director who 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. 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

TAY MENG HENG

Chief Financial Officer

Mr. Tay Meng Heng (郑铭兴), aged 49, 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 vice president of finance. 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 and Chief Executive Officer)*
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

19th Floor, Block A, Weiye International Building,
Cross of East Jinshui Road and Jinxiu Road,
Zhenghou Ciy, Henan Province,
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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8 Argyle Street
Mongkok, Kowloon
Hong Kong

AUDITORS

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-charge: Loo Kwok Chiang, Adrian
(Public Accountants and Chartered Accountants Singapore)
(Appointed since financial year ended 31 December 2016)

SINGAPORE PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

RHT Corporate Advisory Pte. Ltd.
9 Raffles Place
#29-01, Republic Plaza Tower 1,
Singapore 048619

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

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 2016 ("**FY2016**"), 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.

The Constitution of the Company provide for the 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 the general meetings, Board meetings and Board Committees meetings held during the FY 2016 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	1	1	4	4	4	4*	2	2*	1	1*
Chen Zhiyong	1	1	4	4	4	4*	2	2*	1	1*
Dong Xincheng	1	1	4	4	4	4*	2	2*	1	1
Ong Kian Guan	1	1	4	4	4	4	2	2	1	1
Oh Eng Bin	1	1	4	4	4	4	2	2	1	1
Siu Man Ho Simon(1)	1	1	4	3	4	3	2	1	1	-

Notes:

* By invitation

(1) 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 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 FY2016, the Directors were provided updates and informative news of the, among other things, the Listing Manual and the Code. The shares of the Company have been dual listed on the Main Board of 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. 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 the Directors. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Company during Board meetings. A formal 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 Non-Executive element on the Board, which is able to exercise objective judgement on corporate affairs Independent Non-Executively, 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	30 May 2016	Executive Chairman and Chief Executive Officer ("**CEO**")	–	–	–
Mr Chen Zhiyong	15 August 2011	28 April 2014	Executive Director	–	–	–
Mr Dong Xincheng	15 August 2011	30 May 2016	Non-Executive Director	–	Member	–
Mr Ong Kian Guan	1 May 2012	29 April 2015	Lead Independent Non-Executive Director	Chairman	Member	Member
Mr Oh Eng Bin	1 April 2014	28 April 2014	Independent Non-Executive Director	Member	Member	Chairman
Mr Siu Man Ho Simon(1)	10 March 2016	30 May 2016	Independent Non-Executive Director	Member	Chairman	Member

(1) 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 been reviewed by the NC. The NC is of the view that these Independent Non-Executive 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 Directors and Independent Non-Executive Directors exercise no Management functions in the Group. The role of the Non-Executive Directors 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 Directors 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 and CEO, Mr. Zhang Wei undertakes the overall business operations and management of the Group and report to the Board of the Group. This deviates from code provision A.2.1 of the HK CG Code which requires that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. However, the Board considers Mr. Zhang Wei is familiar with the culture and operations of the Company and has extensive experience in the real estate industry. The Directors consider the vesting 2 roles in the same individual will not impair the balance of power and authority between the Directors and the management of the Group. Mr. Zhang Wei will act as the CEO temporarily until the Company finds a good replacement. 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 responsibilities of the Executive Chairman and CEO 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 Directors;

(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 CEO to the Board are reviewed periodically by the NC and the remuneration package is reviewed periodically by the RC.

The composition of AC, NC and RC comprise 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 member of the AC, RC and 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 Executive 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
Mr. Ong Kian Guan
Mr. Dong Xincheng

(1) Mr. Siu Man Ho Simon appointed as Independent Non-Executive Director on 10 March 2016.

The principal functions of the NC are to:

- Review board succession plans for directors, in particular the Executive Chairman and CEO;
- Develop a process for evaluating the performance of the Board, its committees and directors;
- Review 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 the 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 the 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 the 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 the Director of the Company. The Board is satisfied that the Directors who have multiple board representations have devoted sufficient time and attention to the affairs of the Group. Their multiple board representations do not hinder their abilities to carry out their duties as Directors of the Company. Accordingly, 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 the 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 the 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 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 117 of the Company's Constitution, the 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. Chen Zhiyong and Mr. Oh Eng Bin (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 at the forthcoming AGM.

Mr. Oh Eng Bin, being the member of the NC who is retiring at the forthcoming AGM has abstained from voting on the resolution in respect of his 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 the 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 the 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 out in pages 18 to 21 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 the Board performance will be conducted annually to identify areas of improvement and as a form of good Board management practice.

The evaluation of the Board's performance as a whole deals with matters on the 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.

The NC had adopted the following annual assessment forms which required the completion by each Director and respective Board Committees' member:

- Board Evaluation Form as a whole
- Individual Director Evaluation Form
- AC Evaluation Form
- NC Evaluation Form
- RC Evaluation Form

(Collectively, "**Annual Evaluation Forms**")

The completed Annual Evaluation Form will be collated by the Chairman for review and 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 in the evaluation process.

The NC assessed the contribution of each individual Director to the effectiveness of the Board, the factors taken into consideration with regards to the re-nomination of Directors for FY2016 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 the 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 the 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' roles 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 (Chairman)
Mr. Ong Kian Guan
Mr. Siu Man Ho Simon(1)

(1) 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 external 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 avoids 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 FY2016 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. Siu Man Ho Simon(1)	100	–	–	100

(1) Mr. Siu Man Ho Simon appointed as Independent Non-Executive Director on 10 March 2016.

For FY2016, 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 FY2016 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(1)	–	100	–	100
Below S$250,000				
Mr. Francis Tay Meng Heng	–	100	–	100

(1) Mr. Song Fu Lin resigned as the CEO of the Company on 18 October 2016.

For FY2016, the aggregate total remuneration paid to the key management personnel (who are not Directors or the CEO) amounted to approximately RMB1.3 million.

There were no termination, retirement or post-employment benefits granted to the Directors and key management personnel other than the standard contractual notice period termination payment in lieu of notice for FY2016.

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 the Directors are as follows:

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

(b) Mr. Ma Wei is the cousin of Mr. Zhang Wei.

Details of remuneration paid to the immediate family members of the Directors or the CEO of the Company whose exceeds S$50,000 for FY2016 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 the 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 acknowledges 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 pages 60 to 64 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 FY2016.

The Board has received and considered the representation letters from the Executive Chairman and CEO and Chief Financial Officer in relation to the financial information for the FY2016. The Executive Chairman and CEO 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 FY2016 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 provides 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 (Chairman)
Mr. Oh Eng Bin
Mr. Siu Man Ho Simon[(1)]

(1) 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 AC 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 FY2016, the total amount of audit fees paid to KPMG, the auditors of the Company, was SGD 620,700 of which SGD 579,000 was audit fees and SGD 41,700 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.

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 FY2016 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.

On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "Relevant Intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant Intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

The Directors may, whenever they think fit, convene and Extraordinary General Meeting ("**EGM**") and EGM 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 the 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 Extraordinary General Meeting 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 SEHK, 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.

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 FY2016 as the Company is undergoing the process of business expansion and land banking which required more financial resources including profits earned.

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 Constitution 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 extraordinary general meeting 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 extraordinary general meetings.

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 businesses 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 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 FY2016.

The Company and its Officers are not allowed to deal in the Company's securities 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 permitted 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 FY2016, 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 50 to 59. Our Group also entered into certain related party transactions with its related parties during the years ended 31 December 2015 and 2016, of which the details are set out in the financial statements on pages 132 to 133.

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.

Ms. Shirley Tan Sey Liy and Mr. Man Yun Wah are the Company Secretaries 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**") are pleased to present the annual report together with the audited financial statements of the Group for the year ended 31 December 2016.

The Board of Directors is of the opinion that:

(a) the financial statements set out on pages 65 to 149 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 2016 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. 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 in the annual report under section headed "**Operations Review**" on pages 6 to 11 of the annual report and the section headed "**Financial Review**" on pages 13 to 17 of the annual report, respectively.

Results and Dividends

The Group's profit for the year ended 31 December 2016 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 65 to 66.

The Directors did not recommend the payment of dividend for the year ended 31 December 2016.

Investment Properties

Investment properties and investment properties under development increased by approximately RMB97.0 million for the year ended 31 December 2016 mainly due to additional costs capitalised in investment properties and capital appreciation of an investment property.

Details of movements in the investment properties of the Group during the year are set out in Note 6 to the financial statements.

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 2016 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 is incorporated.

Tax Relief

The Company is not aware of any relief from taxation available to the shareholders of the Company by reason of their holdings 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 2016.

Reserves

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

Distributable Reserves

At 31 December 2016, the Company has no reserve available for distribution as it is in an accumulated loss position.

Major Customers and Suppliers

The information in respect of the Group's sales and purchases to the major customers and suppliers, respectively, during the financial year is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
	%	**%**
The largest customer	14.5%	–
Five largest customers in aggregate	27.3%	–
The largest supplier	–	11.2%
Five largest suppliers in aggregate	–	26.6%

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 the issued shares of the Company, had any interest in these major customers and suppliers.

Directors

The Directors in office for the year ended 31 December 2016 and at the date of this report are as follows:

Executive Directors

Zhang Wei (Executive Chairman and Chief Executive Officer)
Chen Zhiyong

Non-Executive Director

Dong Xincheng (re-designated on 10 March 2016)

Independent Non-Executive Directors

Ong Kian Guan (re-appointed on 10 March 2016)
Oh Eng Bin (re-appointed on 10 March 2016)
Siu Man Ho Simon (appointed 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 from 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 in the annual report under the section headed "**Board of Directors**" on pages 18 to 20 of the annual report and section headed "**Senior Management**" on page 21 of the 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 and each Independent Non-Executive Director are 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 32 to the financial statements.

Employees and Remuneration Policy

As at 31 December 2016, the Group employed a total of 416 (2015: 393) 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 Group 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 2016, 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 Stock Exchange of Hong Kong Limited ("**SEHK**") pursuant to the provisions of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance ("**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**	**As of 21 January 2017**	**Holdings at beginning of the year**	**Holdings at end of the year**	**As of 21 January 2017**
	('000)	**('000)**	**('000)**	**('000)**	**('000)**	**('000)**
Weiye Holdings Limited						
Ordinary shares						
Zhang Wei	91,030	3,030	–	–	88,000	91,030
Chen Zhiyong	–	–	–	40,240	40,240	40,240

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

Under Hong Kong Law

Name of Director	**Capacity/ Nature of Interest**	**Number and class of securities ('000)**	**Approximate percentage of interest**
Zhang Wei[(1)]	Beneficial Interest	91,030 (L)^	46.41%
Chen Zhiyong[(2)]	Beneficial Interest	40,240 (L)^	20.52%

Notes:

(1) As at 31 December 2016, Zhang Wei is deemed interested in 88,000,000 Ordinary Shares held under the nominee account, HKSCC Nominees Limited.

(2) As at 31 December 2016, Chen Zhiyong is deemed interested in 40,240,256 Ordinary Shares held under the nominee account, HKSCC Nominees Limited.

^ (L) denotes Long position

Save as disclosed above, as at 31 December 2016, 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 2016, 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 Director	Capacity/ Nature of Interest	Number of ordinary shares held	Approximate percentage of interest
HKSCC Nominees Limited[1]	Nominee for other persons	158,518,674 (L)^	80.82%

Notes:

(1) To the best knowledge of our Directors, having made all reasonable enquiries, as at 31 December 2016, HKSCC Nominees Limited held these 158,518,674 Shares as nominee for certain corporations and individuals. Among those Shares, 88,000,000 Shares and 40,240,256 Shares are held for and beneficially owned by Zhang Wei and Chen Zhiyong, respectively. The remaining Shares are held by HKSCC Nominees Limited as nominee for other Shareholders.

^ (L) denotes Long position

Save as disclosed above, as at 31 December 2016, the Directors are not aware of any other persons (who is not a Director or the Chief Executive of the Company) who 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 transactions, arrangements or contracts of significance

Other than disclosed above and in Note 32 to the financial statements, no transactions, arrangements or 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 endeavours to promote environmental and social responsibility to employees 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 donations.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this annual report, the Company has maintained the prescribed minimum public float from 6 April 2016 (i.e. the date of listing) to the date of this Annual Report as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**HK 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 Singapore Companies Act (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 HK Listing Rules.

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;
- interested person transactions (as defined in Chapter 9 of the Listing Manual); and
- significant matters impacting the financial statements and the accounting principles and judgement of items as adopted by management for these significant matters.

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 meaning 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 2016, 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 ended on 6 July 2016 at a monthly rental of RMB10,171. On 20 June 2016, Jinwei (Henan) and Zhang Jianwei entered into a lease agreement to renew 2015 ZJW Lease Agreement (the "**2016 ZJW Lease Agreement**"), pursuant to which the said property was leased for an additional term of 6 months commencing on 7 July 2016 and ended on 6 January 2017 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 2016, the aggregate amounts of rent paid by Jinwei (Henan) to Zhang Jianwei for the leasing of the property listed above amounted to approximately RMB122,000.

Future Transaction Amount

The said lease agreement has been discontinued after expiry date on 6 January 2017.

Proposed Annual Cap on Future Transaction Amounts

As the 2015 ZJW Lease Agreement and 2016 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 and 2016 ZJW Lease Agreement for the financial year ended 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 and 2016 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 2016, 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 ended on 6 July 2016 at a monthly rental of RMB9,780. On 20 June 2016, Jinwei (Henan) and Yang Kai entered into a lease agreement to renew the 2015 YK Lease Agreement (the "**2016 YK Lease Agreement**"), pursuant to which the said property was leased for an additional term of 6 months commencing on 7 July 2016 and ended on 6 January 2017 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 2016, the aggregate amounts of rent paid by Jinwei (Henan) to Yang Kai for the leasing of the property listed above amounted to approximately RMB117,000.

Future Transaction Amount

The said lease agreement has been discontinued after expiry date on 6 January 2017.

Proposed Annual Cap on Future Transaction Amounts

As the 2015 YK Lease Agreement and 2016 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 and 2016 YK Lease Agreement for the financial year ended 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 and 2016 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 2016, 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. On 20 June 2016, Jinwei (Henan) and Zhang Peihong entered into a lease agreement to renew the 2015 ZPH Lease Agreement (the "**2016 ZPH Lease Agreement**"), pursuant to which the said property was leased for an additional term of 6 months commencing on 7 July 2016 and ended on 6 January 2017 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 2016, the aggregate amounts of rent paid by Jinwei (Henan) to Zhang Peihong for the leasing of the property listed above amounted to approximately RMB101,000.

Future Transaction Amount

The said lease agreement has been discontinued after expiry date on 6 January 2017.

Proposed Annual Cap on Future Transaction Amounts

As the 2015 ZPH Lease Agreement and 2016 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 and 2016 ZPH Lease Agreement for the financial year ended 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 and 2016 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 2016, 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. On 1 July 2016, Henan Weiye and Zhang Lihong entered into a lease agreement to renew the 2016 ZLH Lease Agreement (the "**2016(B) ZLH Lease Agreement**"), pursuant to which the said property was leased for an additional term of 6 months commencing on 7 July 2016 and ended on 31 December 2016 at a monthly rent of RMB6,580.

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 2016, the aggregate amounts of rent paid by Henan Weiye to Zhang Lihong for the leasing of the property listed above amounted to approximately RMB80,000.

Future Transaction Amount

The said lease agreement has been discontinued after expiry date on 31 December 2016.

Proposed Annual Cap on Future Transaction Amounts

As the 2016 ZLH Lease Agreement and 2016(B) 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 and 2016(B) ZLH Lease Agreement for the financial year ended 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 and 2016(B) 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 Amounts

As of 31 December 2016, the outstanding principal amount under the Xingwei Trust Financing was RMB390 million. During the year ended 31 December 2016, the total amount of interests in respect of the Xingwei Trust Financing paid by our Group to Zhongyuan Trust was approximately RMB70.5 million.

Proposed Annual Cap on Future Transaction Amounts

For the financial year ending 31 December 2017, the maximum outstanding principal amount under the Xingwei Trust Financing will be RMB390 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 2017 will be approximately RMB24.0 million. Therefore, it is expected that the annual cap on transactions with Xingwei Trust Financing for the financial year ending 31 December 2017 will be RMB414 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 Amounts

As of 31 December 2016, the outstanding principal amount under the Xinxiang Trust Financing was RMBnil million. During the year ended 31 December 2016, the total amount of interests in respect of the Xingxiang Trust Financing paid by our Group to Zhongyan Trust was approximately RMB32.0 million.

Proposed Annual Cap on Future Transaction Amounts

The said Xinxiang Trust Financing agreement has been cancelled and loan amount fully paid.

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 2 arrangement between Xinxiang Property Co., Ltd. ("Xinxiang Weiye") Weiye and Zhongyuan Trust ("Xinxiang Trust Financing 2")

Background

In 2016, Xinxiang Weiye, a wholly-owned subsidiary of the Company, was seeking re-financing of the Xinxiang Trust Financing 1.

Bank of China Travel Service Co., Ltd. Jiaozhuo ("JZ CTS Bank"), a city commercial bank was interested to provide Xinxiang Weiye with such re-financing. However, as the amount of re-financing that Xinxiang Weiye was seeking exceeded the single-borrower lending limits of JZ CTS Bank of RMB200.0 million, JZ CTS Bank approached Zhongyuan Trust, a licensed moneylender and existing financier of Xinxiang Weiye of the Xinxiang Trust Financing 1, with a view to co-operating with Zhongyuan Trust as a platform to provide such re-financing to Xinxiang Weiye in the form of a trust loan by Zhongyuan Trust.

The Company understands from JZ CTS Bank that in furtherance of such co-operation.

JZ CTS Bank entrusted the Trust Fund (being the amount of re-financing that Xinxiang Weiye was seeking from JZ CTS Bank) to Zhongyuan Trust pursuant to the Trust Agreement entered into between JZ CTS Bank as trustor and ultimate beneficial owner of the Trust Fund and Zhongyuan Trust as trustee of the Trust Fund.

Under the terms of the Trust Agreement, JZ CTS Bank has full rights under the Trust Agreement to instruct Zhongyuan Trust on the management and deployment of the Trust Fund including identification of the borrower of loans financed by the Trust Fund as well as the terms of such loans and guarantee therefor, but with all the risks of investment and consequences arising from such management and deployment of the Trust Fund being borne by JZ CTS Bank.

JZ CTS Bank is entitled to interest received by Zhongyuan Trust on such loans financed by the Trust Fund with a commission of payable by JZ CTS Bank to Zhongyuan Trust on such loans.

In connection therewith, Xinxiang Weiye, being a borrower identified by JZ CTS Bank for loans to be financed from the Trust Fund, entered into the Xinxiang Trust Financing 2 with Zhongyuan Trust, as lender, pursuant to which Zhongyuan Trust agreed to finance Xinxiang Weiye's re-financing of the Xinxiang Trust Financing 1, with such financing to be secured by the Pledge and the Guarantee (each as defined below) which JZ CTS Bank accepted.

The principal terms and conditions of the Xinxiang Trust Financing 2 are set out as follows:

Lender:	Zhongyuan Trust
Borrower:	Xinxiang Weiye
Principal amount of the Xinxiang Trust Financing 2:	Approximately RMB212.2 million
Purpose:	for financing Phase V and building No.28 of Weiye Central Park, development project of Xinxiang Weiye
Term:	36 months from the date of drawdown
Interest rate:	6.65% per annum
Interest payment period:	on quarterly basis
Security:	pledge of the building ownership rights of certain parts of Weiye Oxygen Cube (with a total market value of approximately RMB259.6 million); the building ownership rights of certain parts of Weiye Costa Rhine (with a total market value of approximately RMB81.6 million); and the construction work of Weiye Rhine Coast (with a total market value of approximately RMB71.7 million) as at 30 November 2016 (the "**Pledge**"), pursuant to pledge agreements all dated 12 December 2016 respectively executed by Tunchang Hongji, Wanning Yingde and Wenchang Maoyuan in favour of Zhongyuan Trust (the "**Pledge Agreements**"); and guarantee of Henan Weiye with respect to the payment obligations of Xinxiang Weiye under the Xinxiang Trust Financing 2 (the "**Guarantee**"), pursuant to a letter of guarantee dated 12 December 2016 executed by Henan Weiye in favour of Zhongyuan Trust (the "**Letter of Guarantee**")

Principal repayment schedule:	26 June 2017	:	RMB5.0 million
	26 December 2017	:	RMB5.0 million
	26 June 2018	:	RMB20.0 million
	26 December 2018	:	RMB20.0 million
	26 June 2019	:	RMB30.0 million
	26 December 2019	:	approximately RMB132.2 million
Default:	Should Xinxiang Weiye default on repayment of the Xinxiang Trust Financing 2, JZ CTS Bank has the ultimate rights to such pledged assets. JZ CTS Bank can either dispose of such pledged assets or instruct Zhongyuan Trust to dispose of such pledged assets		

Historical Transaction Amounts

As of 31 December 2016, the outstanding principal amount under the Xinxiang Trust Financing 2 was approximately RMB212.2 million. During the year ended 31 December 2016, no interest was paid by the Group to Zhongyuan Trust in respect of the Xinxiang Trust Financing 2.

Proposed Annual Cap on Future Transaction Amounts

For each of the financial years ending 31 December 2017, 2018 and 2019, the maximum outstanding principal amount under the Xinxiang Trust Financing 2 shall be approximately RMB212.2 million. The maximum amount of interests payable by the Group in respect of the Xinxiang Trust Financing 2 for each of the financial years ending 31 December 2017, 2018 and 2019 shall be approximately RMB13.9 million, RMB12.8 million and RMB9.8 million, respectively. Therefore, it is expected that the annual cap of the Xinxiang Trust Financing 2 for each of the financial years ending 31 December 2017, 2018 and 2019 shall be RMB226.1 million, RMB225.0 million and RMB222.0 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

Xinxiang Trust Financing 2 was initially not assessed by the Company to be a continuing connected transaction at the time of transaction having regard to the background to and nature of the co-operation between JZ CTS Bank and Zhongyuan Trust in respect of Xinxiang Financing 2 as stated in the section entitled "Background" of this Announcement, in particular that, Xinxiang Trust Financing 2 is funded from the Trust Fund that was funded by JZ CTS Bank (who would have funded Henan Xingwei directly but for the limitations on the part of JZ CTS Bank as stated in that section) and who had control over Zhongyuan Trust's management and deployment of the Trust Fund and terms of the Xinxiang Trust Financing 2.

Given that Zhongyuan Trust is a connected person of the Company at the subsidiary level, pursuant to Rule 14A.101 of the Hong Kong Listing Rules, the Xingwei Trust Financing 2 is exempt from the circular, independent financial advice and independent shareholders' approval requirements, but is subject to reporting and announcement requirements.

All the Directors (including Independent Non-Executive Directors) have no direct or indirect interest in JZ CTS Bank, Zhongyuan Trust and Xinxiang Trust Financing 2. The terms of the transactions under the Xinxiang Trust Financing 2, including the annual caps, the Pledge Agreements and the Letter of Guarantee are fair and reasonable, and the Xinxiang Trust Financing 2 thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group, and in the interests of the Company and the 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 2016.

Details of the significant related party transactions are set out in Note 37 of the financial statements.

Auditors

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

On behalf of the Board of Directors

Zhang Wei
Director

Chen Zhiyong
Director

17 March 2017

INDEPENDENT AUDITORS' REPORT

To the members of Weiye Holdings Limited

Report on the financial statements

Opinion

We have audited the financial statements of Weiye Holdings Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of development properties

(Refer to Note 21 to the financial statements)

The key audit matter

The Group is in the business of property development in the People's Republic of China (PRC). Development properties held for sale are stated at the lower of their cost and net realisable value. The determination of the net realisable value of these development properties is critically dependent upon the Group's expectations of future selling prices.

The demand for development properties in the PRC is influenced by the economy and government property control measures. Such influences are expected to affect market demand and cause fluctuations in the market values of development properties. Future trends in the China property market may deviate from past trends. Therefore, there is a risk that estimates of net realisable value may exceed future selling prices, resulting in losses when properties are sold.

How the matter was addressed in our audit

We challenged the Group's forecast selling prices by comparing the prices to, where available, recently transacted prices of the development properties and/or comparable properties located in the same vicinity as the development project. Our work focused on development projects with slower-than-expected sales or with low margins. For projects which are expected to sell below cost, we checked the computations and adequacy of the allowances for foreseeable losses.

Valuation of investment properties

(Refer to Note 6 to the financial statements)

The key audit matter

The Group owns investment properties comprising retail and residential properties in the PRC. These investment properties are stated at their fair values based on valuations by an independent external property valuer.

The valuation process involves significant judgement in determining the appropriate valuation methods to be used, and in estimating the key underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving the capitalisation yield rates, discount rates, growth rates and estimated cost of development i.e. a small change in the assumptions can have a significant impact on valuation.

How the matter was addressed in our audit

We evaluated the qualifications and competence of the external valuers. We read the terms of engagement of the external valuers with the Group to determine whether there are any matters that might have affected their objectivity or limited the scope of their work.

We considered the valuation methodologies adopted against those applied by other valuers for similar property types. The integrity of inputs of the projected cash flows used in the valuation are tested to supporting leases and other documents. We challenged the capitalisation yield rates, growth rates and estimated cost of development used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors considered by the valuers and, when necessary, held further discussions with the valuers and assessed the reasonableness of the assumptions and estimates.

We also considered the adequacy of the descriptions in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair value measurement, in conveying the uncertainties, and the sensitivity of key unobservable inputs to the fair value measurement.

Accuracy of land appreciation tax expense

(Refer to Note 33 to the financial statements)

The key audit matter

The Group is exposed to land appreciation tax (LAT) arising from the sales of development properties in the PRC. LAT is calculated by applying the progressive LAT rates, ranging from 30% to 60%, depending on the category of development properties sold. The LAT legislation in the PRC is implemented by the respective provincial government and its implementation varies across different provinces. Significant judgement and estimates are required in the determination of the tax rates to be applied to the different types of properties sold and the deductibility of expenditures.

How the matter was addressed in our audit

We reviewed correspondences with the provincial tax authorities and challenged the Group's judgements made in their interpretations of LAT requirements, including the determination of the applicable tax rates to be applied to the respective types of development properties and the deductibility of different types of development expenditures. We have also tested the inputs used in the computation of LAT liabilities to supporting documents and assessed the adequacy of provision for LAT liabilities.

We also considered the adequacy of the descriptions in the financial statements, in describing the inherent uncertainty and extent of judgements required in the determination of the Group's LAT liabilities.

Other Information

The management is responsible for the other information. The other information comprises Corporate Profile, Business Model, Chairman's Statement, Operations Review, Financial Highlights, Financial Review, Board of Directors, Senior Management, Corporate Information, Corporate Governance Report, Directors' Report, Additional Information and Statistics of Shareholdings, which we obtained prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

To the members of Weiye Holdings Limited

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Loo Kwok Chiang, Adrian.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
17 March 2017

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

	Note	Group 2016 RMB'000	Group 2015 RMB'000	Company 2016 RMB'000	Company 2015 RMB'000
Assets					
Non-current assets					
Property, plant and equipment	4	57,068	43,850	5	14
Intangible assets	5	3,421	2,725	–	–
Investment properties	6	483,000	386,000	–	–
Subsidiaries	7	–	–	1,669,975	1,669,975
Joint ventures	8	288,682	132,576	–	–
Trade and other receivables	10	217,454	240,000	418	400
Deferred tax assets	19	19,233	17,654	–	–
		1,068,858	822,805	1,670,398	1,670,389
Current assets					
Inventories	20	17,238	10,997	–	–
Development properties	21	2,545,693	1,082,606	–	–
Trade and other receivables	10	1,459,006	2,173,943	21,473	23,258
Other investments	9	2,320	–	–	–
Income tax receivable		34,358	5,901	–	–
Cash and cash equivalents	22	1,083,179	883,610	1,360	10,406
Assets held for sale	23	–	150,000	–	–
		5,141,794	4,307,057	22,833	33,664
Total assets		6,210,652	5,129,862	1,693,231	1,704,053
Equity attributable to owners of the Company					
Share capital	24	359,700	359,700	1,737,554	1,737,554
Reserves	25	841,643	780,323	(89,134)	(69,889)
		1,201,343	1,140,023	1,648,420	1,667,665
Non-controlling interests	28	177,822	138,269	–	–
Total equity		1,379,165	1,278,292	1,648,420	1,667,665
Liabilities					
Non-current liabilities					
Loans and borrowings	26	1,345,088	1,499,515	–	–
Deferred tax liabilities	19	242,059	221,889	–	–
		1,587,147	1,721,404	–	–
Current liabilities					
Loans and borrowings	26	1,738,832	755,402	–	–
Trade and other payables	27	1,295,086	1,139,541	44,811	36,388
Income tax payable		210,422	235,223	–	–
		3,244,340	2,130,166	44,811	36,388
Total liabilities		4,831,487	3,851,570	44,811	36,388
Total equity and liabilities		6,210,652	5,129,862	1,693,231	1,704,053

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	Note	Group 2016 RMB'000	Group 2015 RMB'000
Revenue	29	741,421	1,234,691
Cost of sales		(529,015)	(908,488)
Gross profit		212,406	326,203
Other income	30	48,884	45,764
Selling and distribution expenses		(40,174)	(36,868)
Administrative expenses		(130,015)	(108,646)
Other operating expenses		(1,582)	(2,560)
Results from operating activities		89,519	223,893
Net finance income/(costs)	31	9,440	(5,445)
Share of profit/(loss) of joint ventures (net of tax)	8	46,106	(7,424)
Profit before tax	32	145,065	211,024
Income tax expense	33	(65,993)	(104,432)
Profit for the year		79,072	106,592
Profit attributable to:			
Owners of the Company		65,349	94,118
Non-controlling interests		13,723	12,474
Profit for the year		79,072	106,592
Other comprehensive loss			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(4,029)	(852)
Net change in fair value of financial assets available-for-sale		–	28
Net change in fair value of financial assets available-for-sale reclassified to profit or loss		–	(563)
Total other comprehensive loss for the year, net of income tax		(4,029)	(1,387)
Total comprehensive income for the year		75,043	105,205
Total comprehensive income attributable to:			
Owners of the Company		61,320	92,731
Non-controlling interests		13,723	12,474
Total comprehensive income for the year, net of income tax		75,043	105,205
Earnings per share:			
Basic earnings per share (cents)	34	33.32	47.99
Diluted earnings per share (cents)	34	33.32	47.99

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	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 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 income										
Foreign currency translation differences for 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	–	–	–	(852)	(535)	–	–	(1,387)	–	(1,387)
Total comprehensive income 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 CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2016

	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 reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016	359,700	(59,669)	(550)	(12,235)	–	80,627	772,150	1,140,023	138,269	1,278,292
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	65,349	65,349	13,723	79,072
Other comprehensive income										
Foreign currency translation differences for foreign operations	–	–	–	(4,029)	–	–	–	(4,029)	–	(4,029)
Total other comprehensive income	–	–	–	(4,029)	–	–	–	(4,029)	–	(4,029)
Total comprehensive income for the year	–	–	–	(4,029)	–	–	65,349	61,320	13,723	75,043
Contributions by and distributions to owners										
Transfer to statutory reserves	–	–	–	–	–	10,373	(10,373)	–	–	–
Issuance of new ordinary shares by a subsidiary	–	–	–	–	–	–	–	–	25,830	25,830
Total transactions with owners	–	–	–	–	–	10,373	(10,373)	–	25,830	25,830
At 31 December 2016	359,700	(59,669)	(550)	(16,264)	–	91,000	827,126	1,201,343	177,822	1,379,165

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Note	2016 RMB'000	2015 RMB'000
Cash flows from operating activities			
Profit before taxation		145,065	211,024
Adjustments for:			
Amortisation of intangible assets	32	982	171
Allowance for impairment loss (reversed)/made on club membership	32	(18)	20
Change in fair value of investment properties	30	(11,700)	(22,124)
Depreciation of property, plant and equipment	32	5,202	6,516
Gain on disposal of assets held for sale	30	–	(5,710)
Gain on disposal of property, plant and equipment	30	–	(8,203)
Gain on disposal of investment property, net of transaction costs	30	–	(2,209)
Gain on disposal of quoted equity investments		(1,032)	–
Interest expenses		40,808	48,419
Interest income	31	(50,248)	(42,974)
Listing expenses		16,342	20,459
Net change in fair value loss on financial assets held for trading	30	495	756
Net gain on disposal of financial assets available-for-sale reclassified from equity	30	–	(563)
Property, plant and equipment written off	32	–	14
Share of (profit)/loss of joint ventures (net of tax)	8	(46,106)	7,424
Effects of exchange rate changes		1,478	401
		101,268	213,421
Changes in working capital:			
Inventories		(6,241)	1,545
Development properties		(1,252,590)	230,326
Trade and other receivables		742,787	(482,228)
Trade and other payables		155,545	(38,795)
Cash used in operating activities		(259,231)	(75,731)
Income taxes paid		(100,660)	(55,960)
Net cash used in operating activities		(359,891)	(131,691)

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Year ended 31 December 2016

	Note	2016 RMB'000	2015 RMB'000
Cash flows from investing activities			
Acquisition of intangible assets	5	(1,678)	(1,574)
Deposits paid to third party		35,000	(35,000)
Interest received		9,962	38,099
Proceeds from disposal of assets classified as held for sale		–	23,775
Proceeds from disposal of financial assets available-for-sale		–	12,989
Proceeds from disposal of investment property		–	41,909
Proceeds from disposal of plant and equipment		–	2,240
Proceeds from disposal of quoted equity investment		42,425	–
Purchase of property, plant and equipment		(4,332)	(4,777)
Purchase of quoted equity investment		(44,208)	(5,194)
Additional construction costs on investment properties		(45,300)	–
Net cash (used in)/generated from investing activities		(8,131)	72,467
Cash flows from financing activities			
Decrease in amount due to director (non-trade)		–	(40,000)
Decrease/(increase) in restricted cash		287,711	(357,017)
Interest paid		(264,610)	(198,767)
Repayment of finance lease obligations		(104)	(83)
Repayment of loans and borrowings		(1,463,793)	(854,781)
Proceeds from issuance of new shares by a subsidiary on its initial public offering		34,718	–
Payment of initial public offering expenses of subsidiary		(8,888)	–
Payment of dual listing expenses		(16,342)	(18,220)
Proceeds from loans and borrowings		2,288,372	1,458,900
Net cash generated from/(used in) financing activities		857,064	(9,968)
Net increase/(decrease) in cash and cash equivalents		489,042	(69,192)
Cash and cash equivalents at 1 January		305,595	375,186
Effect of exchange rate fluctuations on cash held		1,192	(399)
Cash and cash equivalents at 31 December	22	795,829	305,595

Non-cash transaction:

In the previous financial year, the Group acquired plant and equipment with an aggregate cost of RMB 5,094,000, of which RMB 345,000 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 17 March 2017.

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 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in joint ventures.

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 manufacture and trading of heating, ventilation, air-conditioning, air purification 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.

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

Information about critical judgements in applying accounting policies, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year are included in Note 41.

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 is 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 2016 and 31 December 2015.

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

- Note 6 – Investment properties; and
- Note 40 – Fair value of 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 date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and 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 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 the joint ventures, 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 a joint venture, 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.

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 its joint ventures 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.

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 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 a joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the 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 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 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: loans and receivables and financial assets held for trading.

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 financial assets held for trading.

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 initially measured 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, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Non-derivative financial liabilities

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date, which is the date 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 in 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. These financial liabilities comprise loans and borrowings, bank overdrafts 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 Group entities 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. Freehold land is measured at cost less 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.

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)

Depreciation (cont'd)

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

Freehold building	50 years
Leasehold building	20 to 34 years (or lease term, if shorter)
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 has decreased or no longer exist.

3.6 Intangible assets

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 reliably, 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.

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.

3 Significant accounting policies (cont'd)

3.6 Intangible assets (cont'd)

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:

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 Significant accounting policies (cont'd)

3.12 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in joint ventures, 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, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

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.

Joint venture

An impairment loss in respect of joint ventures is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the accounting policy note on impairment of non-financial assets (see 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.

3 Significant accounting policies (cont'd)

3.12 Impairment (cont'd)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, 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. 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.

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 Non-current assets held for sale

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

Immediately before reclassification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale 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 investment properties, development properties, 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 and subsequent gain or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3 Significant accounting policies (cont'd)

3.13 Assets held for sale (cont'd)

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

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.

Short-term employee benefits

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

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 the transfer of risk and rewards of ownership to the buyer, 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.

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.

3 Significant accounting policies (cont'd)

3.15 Revenue (cont'd)

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.

3.16 Other income

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.

Commission income

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

3.17 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 the Group will comply with the conditions associated with the grant. 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.

3.18 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).

3 Significant accounting policies (cont'd)

3.18 Lease payments (cont'd)

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.

3.19 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 loans and borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.20 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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

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

Deferred tax is not recognised for:

- 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 and joint ventures 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.

3 Significant accounting policies (cont'd)

3.20 Tax (cont'd)

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 may have an impact on the LAT expenses and the related provision in the period in which the difference realises.

3.21 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.

3.22 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. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

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

3 Significant accounting policies (cont'd)

3.22 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016, and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group has set up a project team to assess the transition options and the potential impact on its financial statements, and to implement these standards. Management provides updates to the Board of Directors on the progress of implementing these standards. These updates cover project implementation status, key reporting and business risks and the implementation approach. The Group does not plan to adopt these standards early.

Applicable to 2018 financial statements

New standards

Summary of the requirements	**Potential impact on the financial statements**
FRS 115 *Revenue from Contracts with Customers* 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* and INT FRS 115 *Agreements for the Construction of Real Estate*. FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.	During 2016, the Group completed its preliminary assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group preliminary expects the following change: **Significant financing component** – There could be a deemed financing component arising from the sale of development projects in the PRC due to cash received in advance from the buyer prior to the handing over of the property units. Any deemed interest cost would be capitalised as part of the development costs which will be recognised as cost of sales when the property units are handed over to the buyers. **Transition** - The Group plans to adopt the standard when it becomes effective in 2018 using the full retrospective approach. The Group is currently performing a detailed analysis under FRS 115 to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

3 Significant accounting policies (cont'd)

3.22 New standards and interpretations not adopted (cont'd)

New standards

Summary of the requirements	**Potential impact on the financial statements**
FRS 109 *Financial Instruments* FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.	During 2016, the Group completed its preliminary assessment of the impact on the Group's financial statements. Overall, the Group does not expect a significant impact on its opening equity, except for the effect of applying the impairment requirement under FRS 109 which may result in a higher impairment loss allowance. The Group's initial assessment of FRS 109 is as described below: **Classification and measurement** - The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loan and receivable currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. For the financial assets held for trading currently held at fair value, the Group expects to continue measuring the investment at fair value under FRS109. **Impairment** – The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables. On adoption of FRS 109, impairment loss allowance in respect of loans and receivables and its financial assets held for trading may increase as the Group does not require collaterals in respect of these financial assets. The Group is currently refining its impairment loss estimation methods to quantify the impact, if any, on its financial statements. **Transition** – The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

Convergence with International Financial Reporting Standards (IFRS)

The Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018 onwards.

3 Significant accounting policies (cont'd)

3.22 New standards and interpretations not adopted (cont'd)

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this note.

Other than the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analyses.

Applicable to 2019 financial statements

New standards

Summary of the requirements	**Potential impact on the financial statements**
FRS 116 *Leases* FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*; INT FRS 15 *Operating Leases—Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.	The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee (refer to Note 35). Based on the preliminary assessment, certain of these operating leases may be recognised as ROU assets with corresponding lease liabilities under the new standard. As at 31 December 2016, the operating lease commitments on an undiscounted basis amount is not significant to the consolidated total assets and consolidated total liabilities. Assuming no additional new operating leases in future years until the effective date, the Group expects the amount of ROU asset and lease liability to be lower due to discounting and as the lease terms run down. The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients as part of its implementation plans. The Group expects that the impact on adoption of IFRS 16 *Leases* to be similar to adopting SG-FRS 116, after the transition to SG-IFRS in 2018 as described above.

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 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
At 1 January 2016		6,702	24,835	–	3,546	20,468	23,823	5,495	4,373	89,242
Additions		–	–	–	48	427	2,215	1,134	508	4,332
Transfer from development properties	21	–	–	13,305	–	–	–	–	–	13,305
Disposals		–	–	–	–	(184)	(9)	(3)	–	(196)
Written off		–	–	–	(192)	(3,884)	(1,356)	(136)	(1,671)	(7,239)
Effects of movements in exchange rates		125	293	–	130	690	144	60	127	1,569
At 31 December 2016		6,827	25,128	13,305	3,532	17,517	24,817	6,550	3,337	101,013

4 Property, plant and equipment (cont'd)

	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 (cont'd)									
Accumulated depreciation									
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
At 1 January 2016	–	3,082	–	3,087	18,097	14,631	4,234	2,261	45,392
Depreciation charge for the year	–	273	–	116	782	3,073	539	419	5,202
Disposals	–	–	–	–	(184)	(9)	(3)	–	(196)
Written off	–	–	–	(192)	(3,884)	(1,356)	(136)	(1,671)	(7,239)
Effects of movements in exchange rates	–	68	–	115	332	131	54	86	786
At 31 December 2016	–	3,423	–	3,126	15,143	16,470	4,688	1,095	43,945
Carrying amounts									
At 1 January 2015	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
At 31 December 2016	6,827	21,705	13,305	406	2,374	8,347	1,862	2,242	57,068

4 Property, plant and equipment (cont'd)

	Furniture and fittings RMB'000	Renovations RMB'000	Total RMB'000
Company			
Cost			
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
At 1 January 2016	27	1,598	1,625
Written off	–	(1,598)	(1,598)
Effects of movements in exchange rates	1	–	1
At 31 December 2016	28	–	28
Accumulated depreciation			
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
At 1 January 2016	13	1,598	1,611
Depreciation charge for the year	10	–	10
Written off	–	(1,598)	(1,598)
At 31 December 2016	23	–	23
Carrying amounts			
At 1 January 2015	17	30	47
At 31 December 2015	14	–	14
At 31 December 2016	5	–	5

4 Property, plant and equipment (cont'd)

Assets held under finance lease

The carrying amount of motor vehicles of the Group held under finance leases as at 31 December 2016 was RMB 274,000 (2015: RMB 371,000).

There were no assets of the Company held under finance lease as at 31 December 2016 and 2015.

Security

As at 31 December 2016, the Group's property, plant and equipment with a total carrying value of RMB 16,037,000 (2015: RMB 19,233,000), 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	Capitalised development costs	Total
	RMB'000	RMB'000	RMB'000
Group			
Cost			
At 1 January 2015	1,135	920	2,055
Additions	–	1,574	1,574
At 31 December 2015	1,135	2,494	3,629
At 1 January 2016	1,135	2,494	3,629
Additions	118	1,560	1,678
Written off	(232)	–	(232)
At 31 December 2016	1,021	4,054	5,075
Accumulated amortisation			
At 1 January 2015	733	–	733
Amortisation charge for the year	171	–	171
At 31 December 2015	904	–	904
At 1 January 2016	904	–	904
Amortisation charge for the year	133	849	982
Written off	(232)	–	(232)
At 31 December 2016	805	849	1,654
Carrying amounts			
At 1 January 2015	402	920	1,322
At 31 December 2015	231	2,494	2,725
At 31 December 2016	216	3,205	3,421

5 Intangible assets (cont'd)

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

6 Investment properties

		Group	
	Note	2016	2015
		RMB'000	RMB'000
At 1 January		386,000	451,000
Additions		45,300	29,876
Disposals		–	(77,000)
Transfer from/(to) asset held for sale	23	40,000	(40,000)
		471,300	363,876
Change in fair value during the year		11,700	22,124
At 31 December		483,000	386,000
Analysed between:			
Completed investment properties		483,000	331,000
Investment properties under development		–	55,000
		483,000	386,000

In the prior year, the Group reclassified one of its investment properties to assets held for sale upon entering into a sale and purchase agreement to sell the property to an external party. The transaction was expected to be completed by 31 March 2016. However, the completion of the sale transaction was delayed as certain conditions of the sale and purchase agreement were not met. As the fulfilment of these conditions requires more time, management does not envisage that the investment property will be disposed of within the next twelve months. Accordingly, management has reclassified the investment property from assets held for sale to investment properties as at 31 December 2016.

Determination of fair value

Investment properties are stated at fair value based on valuations as at 31 December 2016 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 annually for all investment properties.

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, and/or capitalisation 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 rates, estimated unit selling price and expected rental rates.

6 Investment properties (cont'd)

Determination of fair value (cont'd)

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.

Changes in fair values are recognised as gains in profit or loss and included in "Other Income". All gains are unrealised.

Fair value hierarchy

The fair values for investment properties and investment properties under development of RMB 483,000,000 (2015: RMB 331,000,000) and RMB Nil (2015: RMB 55,000,000), respectively, have been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

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 of RMB 20 per square metre ("psm") to RMB 160 psm (2015: RMB 19 psm to RMB 86 psm) • Capitalisation rates for the year ended 31 December 2016 was from 4.5% to 6% (2015: 4.5% to 6%)	A significant increase in expected rental rates and a significant decrease in capitalisation rate would result in a higher fair value measurement.
Direct comparison method	• Expected unit selling price of RMB 5,800 to RMB 15,875 psm (2015: RMB 5,470 to RMB 11,916 psm)	A significant increase in expected unit price would result in a higher fair value measurement.

Security

At 31 December 2016, investment properties with carrying values of RMB 247,000,000 (2015: RMB 11,000,000) have been mortgaged as security for loan facilities granted by financial institutions to the Group (see Note 26).

7 Investments in subsidiaries

	Company	
	2016	2015
	RMB'000	RMB'000
Unquoted equity shares, at cost	1,670,422	1,670,422
Less: Allowance for impairment loss	(447)	(447)
	1,669,975	1,669,975

Impairment loss

The movement in allowance for impairment loss is as follows:

	Company	
	2016	2015
	RMB'000	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/ business	Registered capital / Issued and fully paid up share capital	Principal activities	Equity interest	
						2016	2015
						%	%
+&	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	66.8***	100
	Held through Eindec Corporation Limited						
*	Eindec Holdings Pte. Ltd.	13 May 2015	Singapore	SGD 9,300,001	Investment holding	100	100

7 Investments in subsidiaries (cont'd)

	Name	Date of incorporation	Country of incorporation/ business	Registered capital / Issued and fully paid up share capital	Principal activities	Equity interest 2016 %	Equity interest 2015 %
	Held through Eindec Holdings Pte. Ltd.						
*	Eindec Singapore Pte. Ltd.	19 May 2015	Singapore	SGD 2,930,001	Investment holding	100	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#
+&2	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
+&2	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	100

7 Investments in subsidiaries (cont'd)

	Name	Date of incorporation	Country of incorporation/ business	Registered capital / Issued and fully paid up share capital	Principal activities	Equity interest	
						2016	2015
						%	%
	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						
+&2	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						
+&2	Jinwei (Henan) Trading Limited Company 金伟商贸有限公司	6 January 2012	PRC	RMB 300,000,000	Trader in building construction materials	100	100
+&2	Hongji Weiye (Shenzhen) Trading Limited Company 宏基伟业(深圳)商贸物流有限公司	15 October 2014	PRC	RMB 50,000,000 / RMB 300,000,000	Trading of construction materials and logistics management	100	100
+&2	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.						
+&2	Hongji Weiye (Hainan) Non Movable Property Management Group Co., Ltd 宏基业(海南)不动产管理集团有限公司 (Previously known as "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/ business	Registered capital / Issued and fully paid up share capital	Principal activities	Equity interest 2016 %	Equity interest 2015 %
	Held through Hongji Weiye (Hainan) Non Movable Property Management Group Co., Ltd (Previously known as "Hainan Hongji Weiye Consulting Management Co., Ltd.")						
+&1	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
+&1	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	49**	100
+&1	Weiye Property Holdings (Shenzhen) Co., Ltd 纬业地產控股（深圳）有限公司	8 August 2016	PRC	RMB 100,000,000	Investment holding	100	–
+&1	Weiye Property (Tianjin) Co., Ltd 伟业地产(天津)有限公司	11 November 2016	PRC	RMB 100,000,000	Property development	100	–
	Held through Henan Weiye Construction Development Group Co., Ltd.						
+&1	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
+&1	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
+&1	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
+&1	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
+&1	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

7 Investments in subsidiaries (cont'd)

	Name	Date of incorporation	Country of incorporation/ business	Registered capital / Issued and fully paid up share capital	Principal activities	Equity interest	
	Held through Henan Weiye Construction Development Group Co., Ltd. (cont'd)						
+&1	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	51**	–
	Held through Weiye Holdings Hainan Real Estate Co., Ltd						
+&1	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
+&1	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
+&1	Hainan Zhongfang Investment Holdings Limited Company 海南中方投资有限公司	22 June 2009	PRC	RMB 10,000,000	Property development	100	100
+&1	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
+&1	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
	Held through Weiye Property Holdings (Shenzhen) Co., Ltd.						
+&1	Huizhoushi Dajinzhou Property Co., Ltd. 惠州市大金洲置业有限公司	13 September 2016	PRC	RMB 10,000,000	Property development	100	–
+&1	Guangdong Leiding Property Co., Ltd. 广东雷鼎置业有限公司	13 September 2016	PRC	RMB 10,000,000	Property development	100	–
+&1	Huizhou Dayawan Pengrun Property Co., Ltd. 惠州大亚湾鹏润置业有限公司	4 November 2016	PRC	RMB 1,000,000	Property development	100	–

7 Investments in subsidiaries (cont'd)

*	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
^	Liquidated during the year
1	Registered in a form of local enterprise under the PRC laws
2	Registered in a form of wholly-owned foreign enterprise under the PRC laws
**	During the year, the Group reviewed its Group structure and transferred 51% equity interest in Weiye Holdings Hainan Real Estate Co., Ltd from Hongji Weiye (Hainan) Non Movable Property Management Group Co., Ltd to Henan Weiye Construction Development Group Co., Ltd. The Group continues to hold the full equity interest in Weiye Holdings Hainan Real Estate at 31 December 2016 and 31 December 2015.
***	On 16 Jan 2016, the Group successfully completed the listing of Eindec Corporation Limited ("Eindec Corporation") on the Catalist of the SGX-ST. As part of the listing exercise, Eindec Corporation issued 35.8 million new ordinary shares to third party subscribers. As a result of the new ordinary shares issued, the Group's equity interest in Eindec Corporation was diluted from 100% to 66.8%.

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 Joint ventures

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Investments in joint ventures	288,682	132,576

A member firm of KPMG International is the auditor of one of the foreign-incorporated joint ventures. For this purpose, a joint venture is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

8 Joint ventures (cont'd)

Details of the joint ventures are as follows:

Name of entity	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2016	2015
			%	%
Zhengzhou Daimashi Enterprise Co., Ltd ("Daimashi") 郑州黛玛仕实业有限公司	Property development	PRC	65	65
Hanfang Yaoye Co., Ltd ("Hanfang Yaoye") 汉方药业有限公司	Property development	PRC	51	51^

^ In the prior year, the Group classified its equity interest in Hanfang Yaoye as assets held for sale. See below for further information.

The following table summarises the unaudited financial information of the joint ventures, based on its financial statements prepared in accordance with FRS, modified for differences in the Group's accounting policies:

2016	Daimashi	Hanfang Yaoye	Total
	RMB'000	RMB'000	RMB'000
Revenue	299,570	–	299,570
Profit from continuing operations(1) /Total comprehensive income	46,106	–	46,106
Non-current assets	2,379	476	2,855
Current assets(2)	424,191	–	424,191
Current liabilities(3)	(354,069)	–	(354,069)
Net assets	72,501	476	72,977

8 Joint ventures (cont'd)

2015	**Daimashi**	**Hanfang Yaoye**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Revenue	–	–	–
Loss from continuing operations(1) /Total comprehensive loss	(7,424)	–	(7,424)
Non-current assets	183	–	183
Current assets(2)	396,626	–	396,626
Current liabilities(3)	(104,234)	–	(104,234)
Net assets	292,575	–	292,575

(1) Includes tax expense of RMB 3,958,000 (2015: Nil)
(2) Includes development properties of RMB 129,246,000 (2015: RMB 308,226,000) and cash and cash equivalents of RMB 182,407,000 (2015: RMB 87,240,000)
(3) Includes current financial liabilities (excluding trade and other payables and provisions) of RMB 317,129,000 (2015: RMB 33,948,000)

Group's interest in net assets of investees is as follows:

		2016			**2015**
	Note	**Daimashi**	**Hanfang Yaoye**	**Total**	**Daimashi**
		RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Group interest in net assets of investees					
At 1 January		132,576	–	132,576	140,000
Transfer from asset held for sale	23	–	110,000	110,000	–
Share of total comprehensive income/(loss)		46,106	–	46,106	(7,424)
At 31 December		178,682	110,000	288,682	132,576

8 Joint ventures (cont'd)

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

Hanfang Yaoye
On 17 June 2014, the Group completed the acquisition of 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 right held by Hanfang Yaoye 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 the other assets and liabilities of Hanfang Yaoye. A newly incorporated entity, Hanwei Zhiye Co., Ltd ("Hanwei Zhiye"), was 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 parcel. 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. On this basis, the management had classified the Group's investment in Hanfang Yaoye as an asset held for sale as at 31 December 2014 and 2015.

As at 31 December 2016, the transfer of the land use rights was delayed due to unforeseen circumstances. In view of this, the management does not envisage that the investment will be disposed of to the other shareholders of Hanfang Yaoye within the next twelve months. As the investment in Hanfang Yaoye no longer meets the definition of an asset held for sale, the Group reclassified the investment in Hanfang Yaoye as a joint venture.

Given that the Group's economic interest in Hanfang Yaoye is limited to its rights over the land use rights held by Hanfang Yaoye, the disclosure of its interest in Hanfang Yaoye is limited to its share of the economic interest in the land use rights.

9 Other investments

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Current		
Financial assets classified as held for trading		
- Quoted equity securities	2,320	–

The Group's exposures to credit and market risks and fair value information related to other financial assets are disclosed in note 40.

10 Trade and other receivables

	Note	Group 2016 RMB'000	Group 2015 RMB'000	Company 2016 RMB'000	Company 2015 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	117,876	105,440	–	–
Advance deposits	13	–	35,000	–	–
Club memberships	14	418	400	418	400
Loans and receivables, non-current		217,454	240,000	418	400
Current					
Trade receivables	15	108,056	141,795	–	–
Accrued trade receivables	16	873,476	1,098,554	–	–
Amounts due from subsidiaries (non-trade)		–	–	21,329	23,131
Amount due from a joint venture partner (non-trade)		20,226	18,498	–	–
Amount due from joint venture (non-trade)		–	27,263	–	–
Other receivables and deposits		291,256	225,911	144	127
Impairment losses		(4,040)	(4,040)	–	–
	17	287,216	221,871	144	127
Staff loans		1,882	1,609	–	–
Loans and receivables, current		1,290,856	1,509,590	21,473	23,258
Prepayments	18	168,150	664,353	–	–
		1,459,006	2,173,943	21,473	23,258
Total trade and other receivables		1,676,460	2,413,943	21,891	23,658

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 9,845,000 (2015: RMB 10,841,000) bears interest at three-month swap offer rate plus a margin of 3.5% (2015: 3.5%) per annum. Interest rate on a quarterly basis. The remaining balance is interest-free. There is no allowance for doubtful debts arising from the outstanding balance.

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, the portion attributable to the non-controlling interests, 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 Hanfang Yaoye.

The amount due from the joint venture partner is secured and bears interest at rates ranging from 10% to 17% (2015: 10% to 17%) per annum. Interest rate reprices annually. 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 was to be transferred to 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.

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. In 2015, the Group paid RMB 35 million to Shenzhen Huibang, which will form part of the Group's capital injection in Shenzhen Longda.

In the current year, the advance deposits was repaid by Shenzhen Huibang as the collaboration agreement was terminated.

14 Club memberships

	Group and Company	
	2016	2015
	RMB'000	RMB'000
Club memberships, at cost	948	948
Less: Allowance for impairment losses	(530)	(548)
	418	400

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	
	2016	2015
	RMB'000	RMB'000
At 1 January	548	528
Impairment loss (reversed)/recognised	(18)	20
At 31 December	530	548

15 Trade receivables

Trade receivables of the Group are non-interest bearing and are normally settled between 30 and 180 days (2015: between 30 and 180 days).

Impairment losses

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

	Gross	Impairment losses	Gross	Impairment losses
	2016	2016	2015	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
Neither past due nor impaired	86,390	–	125,680	–
Past due 1 – 30 days	4,958	–	9,549	–
Past due 31 – 60 days	2,058	–	1,658	–
Past due 61 – 90 days	11,862	–	736	–
Past due more than 90 days	2,788	–	4,172	–
	108,056	–	141,795	–

15 Trade receivables (cont'd)

Trade receivables that are not past due and not impaired

As at 31 December 2016, included in the trade receivables attributed to the Group's development property operations are amounts of RMB 30,089,000 and RMB 22,130,000 (2015: RMB 53,577,000 and RMB 64,716,000) 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.

Trade receivables that are past due but not impaired

As at 31 December 2016, the Group had trade receivables amounting to RMB 21,666,000 (2015: RMB 16,115,000) that were past due but not impaired. Included in these trade receivables are amounts of RMB 19,726,000 and RMB 1,940,000 (2015: RMB 14,088,000 and RMB 2,027,000) attributed primarily to the clean room and air diffusion products operations, and development properties operations, respectively.

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. Management had also performed a collective impairment assessment and concluded that there are no significant risk of impairment on a collective basis. On this basis, Management believes that no allowance for doubtful debts in respect of the trade receivables is required.

16 Accrued trade receivables

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

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Cost incurred and attributable profits	873,476	1,098,554
Accrued trade receivables	(873,476)	(1,098,554)
	–	–

During the financial year ended 31 December 2015, borrowing costs of RMB 65,108,000 arising from borrowings obtained specifically to finance the cost of construction were capitalised in the costs incurred for the construction contract. Borrowing costs were capitalised at rates ranging from 5.83% to 17% per annum. The construction work was completed during the financial year ended 31 December 2015 and no additional borrowing costs was capitalised during the current financial year.

17 Other receivables and deposits

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Advances to contractors	47,728	28,764	–	–
Advance to a third party	56,540	56,540	–	–
Deposits paid for acquisition of property development projects	14,593	20,674	–	–
Other deposits	75,512	61,895	144	61
Other receivables	56,418	11,271	–	–
Interest receivables	27,850	23,302	–	–
Others	8,575	19,425	–	66
	287,216	221,871	144	127

Included in other receivables and deposits of the Group is allowance for impairment losses on other receivables of RMB 4,040,000 (2015: 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 Mei Yuan Co., Ltd (河南梅园实业有限公司) to acquire land use rights. Interest is charged at 20% (2015: 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 2016 of RMB 14,593,000 (2015: RMB 20,674,000) relate to deposits paid to Danzhou Zhongfang Property Development Co., Ltd (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 2016 is an amount of RMB 60,000,000 (2015: RMB 60,000,000) paid to Wanning Land Resource Bureau（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 only when the plot of land is ready for handover to the Group. Management represented that if the transaction is not concluded, 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	
	2016	**2015**	**2016**	**2015**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
At 1 January and 31 December	4,040	4,040	–	–

18 Prepayments

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Construction costs and construction material costs	14,484	85,932
Pre-development costs and prepayments for land use rights	118,500	565,009
Others	35,166	13,412
	168,150	664,353

Construction costs and construction material costs

Included in construction costs and construction material costs is an amount of RMB 14,484,000 (2015: RMB 17,674,000) for the purchase of construction materials which have not been delivered to the Group as at 31 December 2016.

Pre-development costs and prepayments for land use rights

During the year, the Group incurred pre-development costs amounting to RMB 27,000,000 (2015: RMB 64,890,000) 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 2016, the Group was granted new land use rights and prepaid an amount of RMB 91,500,000 (2015: 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		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Deductible temporary differences	38,562	38,562	–	–
Tax losses	151,838	120,991	1,579	277
	190,400	159,553	1,579	277

Tax losses carried forward

The Group's tax losses carried forward comprise tax losses arising from its operations in Singapore and the PRC. Under the applicable PRC tax legislation, tax losses as at 31 December 2016 and 2015 are expected to expire as follows:

The tax losses with expiry dates are as follows:

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Expiry dates:				
- Within 1 to 5 years	141,786	115,254	–	–

The remaining tax losses of RMB 48,614,000 (2015: RMB 44,299,000) relating to tax losses arising from the Group's Singapore operations are not expected to expire under the current applicable tax legislation subject to continuity of shareholders.

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.

19 Deferred taxation (cont'd)

Movements in temporary differences during the year are as follows:

	Balance as at 1 January 2015	Recognised in profit or loss (note 33)	Balance as at 31 December 2015	Recognised in profit or loss (note 33)	Balance as at 31 December 2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
Deferred tax liabilities					
Property, plant and equipment	2,630	(515)	2,115	(324)	1,791
Investment properties	61,918	1,641	63,559	2,925	66,484
Development properties	9,629	(4,810)	4,819	(4,819)	–
Accrued trade receivables	51,585	13,554	65,139	12,777	77,916
Withholding tax on the profits of the Group's PRC subsidiaries	73,247	13,010	86,257	9,611	95,868
	199,009	22,880	221,889	20,170	242,059
Deferred tax assets					
Land appreciation tax	19,363	(1,709)	17,654	(1,227)	16,427
Carried forward tax losses	292	(292)	–	2,806	2,806
	19,655	(2,001)	17,654	1,579	19,233

20 Inventories

	Group	
	2016	2015
	RMB'000	RMB'000
Finished goods	4,935	1,190
Work in progress	2,651	657
Raw materials	9,652	9,150
	17,238	10,997

During the current year, inventories of RMB 48,292,000 (2015: RMB 46,380,000) were recognised as an expense during the year and included in 'cost of sales' (see note 32).

Inventories of RMB 796,500 (2015: RMB nil) were written down to their net realisable value in the current financial year. The write downs are included in "Cost of sales".

21 Development properties

	Group	
	2016	2015
	RMB'000	RMB'000
Properties under development:		
- Land costs	832,972	48,609
- Development costs incurred to-date	1,089,545	200,170
	1,922,517	248,779
Completed properties held for sale	623,176	833,827
	2,545,693	1,082,606

During the financial year, development properties sold and recognised in cost of sales amounted to RMB 489,806,000 (2015: RMB 752,099,000).

During the financial year, borrowing costs of RMB 223,802,000 (2015: RMB 51,743,000) arising from borrowings obtained specifically for the development properties were capitalised. Borrowing costs have been capitalised at rates ranging from 5.83% to 17% (2015: 5.83% to 12%) per annum.

In the current financial year, the Group reclassified a development property to "Property, plant and equipment" as the development property is occupied by the Group entity for their own use, instead of being held for sale in the ordinary course of business. As at 31 December 2016, the development property transferred is owner-occupied by a subsidiary of the Group.

Certain development properties with carrying amounts of RMB 1,249,429,000 (2015: RMB 884,521,000) have been mortgaged to 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	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed deposits with financial institutions	300,573	539,288	–	–
Cash at bank and on hand	782,606	344,322	1,360	10,406
	1,083,179	883,610	1,360	10,406

The Group's effective interest rate relating to fixed deposits with financial institutions, at the reporting date, is 3.31% (2015: 3.39%) per annum.

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

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	
	2016	**2015**	**2016**	**2015**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Cash and cash equivalents	1,083,179	883,610	1,360	10,406
Less: restricted cash	(287,350)	(575,061)	–	–
Less: bank overdraft	–	(2,954)	–	–
Total cash and cash equivalents in statement of cash flows	795,829	305,595	1,360	10,406

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 are pledged to the banks until the customers' building ownership certificate of the respective properties have been obtained and transferred to the banks. The restricted cash earns interest at floating rates based on the monthly bank deposit rates.

23 Assets held for sale

On 16 August 2015, the Group entered into a sale and purchase agreement to dispose of one of its investment properties. As at 31 December 2016, the transaction was not completed due to unforeseen delays. The asset was reclassified to investment properties (see Note 6 for further details).

In 2014, the Group classified its investment in a joint venture, Hanfang Yaoye, as an asset held for sale. In the current year, the investment in joint venture was reclassified to "investment in joint venture" as it no longer meets the definition of assets held for sale. (see Note 8 for further details).

As at 31 December 2016, "Assets held for sale" on the statement of financial position comprise the following:

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Assets held for sale		
Investment in joint venture	–	110,000
Investment property	–	40,000
	–	150,000

24 Share capital

	Company			
	No. of shares		No. of shares	
	'000	RMB'000	'000	RMB'000
Fully paid ordinary shares, with no par value:				
At 1 January	196,133	1,737,554	1,961,335	1,737,554
Share consolidation	–	–	(1,765,202)	–
At 1 January and 31 December	196,133	1,737,554	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. All shares rank equally with regard to the Company's residual assets.

At 31 December 2016, 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	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Statutory reserves	91,000	80,627	–	–
Foreign currency translation reserve	(16,264)	(12,235)	6,867	7,214
Merger reserve	(59,669)	(59,669)	–	–
Capital reserve	(550)	(550)	–	–
Employee share option reserve	–	–	582	582
Fair value reserve	–	–	48	48
Retained earnings / (accumulated losses)	827,126	772,150	(96,631)	(77,733)
	841,643	780,323	(89,134)	(69,889)

Statutory 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.

25 Reserves (cont'd)

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.

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.

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. As at 31 December 2016 and 2015, the share option scheme had expired.

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.

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.

The Company has not declared dividends in respect of the financial years ended 31 December 2016 and 2015.

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 40.

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
Secured bank loans	1,538,702	607,338	–	–
Finance lease liabilities	130	110	–	–
Bank overdrafts	–	2,954	–	–
Other secured loans	200,000	145,000	–	–
	1,738,832	755,402	–	–
Non-current liabilities				
Secured bank loans	1,345,088	1,127,431	–	–
Other secured loans	–	395,000	–	–
Finance lease liabilities	–	124	–	–
Unamortised transaction costs	–	(23,040)	–	–
	1,345,088	1,499,515	–	–
Total loans and borrowings	3,083,920	2,254,917	–	–

	Group	
	2016	2015
	RMB'000	RMB'000
Carrying amount of loans and borrowings analysed between:		
- within one year	1,738,832	755,402
- more than one year but not exceeding two years	1,132,918	1,433,891
- more than two years but not exceeding five years	212,170	65,624
	3,083,920	2,254,917

26 Loans and borrowings (cont'd)

Terms and debt repayment schedule

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

	Currency	Nominal interest rate	Year of maturity	2016 Face value	2016 Carrying amount	2015 Face value	2015 Carrying amount
		%		RMB'000	RMB'000	RMB'000	RMB'000
Group							
Secured bank loans	RMB	6.77 – 17.00	2016	–	–	606,300	606,300
Secured bank loans	RMB	6.56 – 17.00	2017	1,369,656	1,369,656	900,300	900,300
Secured bank loans	RMB	5.83 – 17.00	2018	1,132,918	1,132,918	65,500	65,500
Secured bank loans	RMB	9.00	2019	212,170	212,170	–	–
Secured bank loans	MYR	5.35	2016	–	–	1,038	1,038
Secured bank loans	MYR	5.35	2017	883	883	855	855
Secured bank loans	SGD	2.98	2017	168,163	168,163	160,776	160,776
Other secured loans	RMB	12.00 – 17.00	2016	–	–	145,000	145,000
Other secured loans	RMB	12.00 – 17.00	2017	200,000	200,000	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	2017	130	130	124	124
Total interest-bearing liabilities				3,089,920	3,089,920	2,277,957	2,277,957

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

26 Loans and borrowings (cont'd)

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
	2016	2016	2016	2015	2015	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
Within one year	135	5	130	121	11	110
After one year but within two years	–	–	–	129	5	124
	135	5	130	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	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	383,201	434,626	–	–
Amounts due to:				
- subsidiaries (non-trade)	–	–	43,355	34,221
- a joint venture (non-trade)	281,000	–	–	–
Advance receipts from sale of properties	519,418	343,786	–	–
Accrued operating expenses	9,612	15,033	1,456	1,951
Interest payables	2,233	6,158	–	–
Deposits received from a supplier	–	265,650	–	–
Retention deposits payable to contractors	23,836	32,610	–	–
Other payables	75,786	41,678	–	216
	1,295,086	1,139,541	44,811	36,388

The Group's and the Company's exposure to currency and liquidity risk related to trade and other payables are disclosed in note 40.

The non-trade amounts due to subsidiaries and a joint venture are unsecured and interest-free, and are repayable on demand.

Included in the prior year, other payables was an amount of RMB 20,000,000 due to a third party, which was unsecured and bore interest at 15% per annum. The amount was repaid in the current year.

27 Trade and other payables (cont'd)

Ageing profile

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

	2016 RMB'000	2015 RMB'000
Not past due	348,795	390,182
Past due 1 – 30 days	1,337	18,034
Past due 31 – 60 days	657	963
Past due 61 – 90 days	419	15,625
Past due more than 90 days	31,993	9,822
	383,201	434,626

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 risk and rewards of ownership of the property units have been transferred over 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.

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 a supplier

In the prior year, the Group received deposits amounting to RMB 265,650,000 from a supplier in connection with a collaboration agreement entered into between the parties on 13 October 2015. The Group had repaid the deposit sums to the supplier during the current year.

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	
	2016	**2015**
	RMB'000	**RMB'000**
Percentage of ownership of NCI	49%	49%
Revenue	262,643	333,104
Profit for the year	30,750	25,456
Other comprehensive income	–	–
Total comprehensive income	30,750	25,456
Attributable to NCI:		
- Profit for the year	15,068	12,474
- Other comprehensive income	–	–
- **Total comprehensive income**	15,068	12,474
Non-current assets	21,315	2,908
Current assets	584,248	745,071
Non-current liabilities	–	(174,103)
Current liabilities	(287,198)	(291,695)
Net assets	318,365	282,181
Net assets attributable to NCI	155,999	138,269
Cash flows generated from/(used in) operating activities	66,498	(28,244)
Cash flows generated from/(used in) investing activities	(13,247)	(30,401)
Cash flows (used in)/generated from financing activities (dividends to NCI: Nil)	(78,704)	17,040
Net decrease in cash and cash equivalents	(25,453)	(41,605)

28 Non-controlling interests (cont'd)

	Eindec Group 2016 RMB'000
Percentage of ownership of NCI	33.2%
Revenue	80,329
Loss for the year	(4,048)
Other comprehensive income	–
Total comprehensive loss	(4,048)
Attributable to NCI:	
- Loss for the year	(1,345)
- Other comprehensive income	–
- **Total comprehensive loss**	(1,345)
Non-current assets	24,284
Current assets	81,016
Non-current liabilities	(860)
Current liabilities	(38,708)
Net assets	65,732
Net assets attributable to NCI	21,823
Cash flows used in operating activities	(15,957)
Cash flows used in investing activities	(1,763)
Cash flows generated from financing activities (dividends to NCI: nil)	23,548
Net increase in cash and cash equivalents	5,828

The total net assets attributable to NCI of RMB 177,822,000 (2015: RMB 138,269,000) consists of RMB 155,999,000 (2015: RMB 138,269,000) arising from Henan Tiandao and RMB 1,345,000 (2015: Nil) arising from Eindec Group.

Prior to the completion of its listing exercise, Eindec Corporation and its subsidiaries (collectively "Eindec Group") were wholly-owned subsidiaries of the Group.

On 16 January 2016, Eindec Corporation completed the listing of its ordinary shares on the Catalist of the SGX-ST. As part of its listing exercise, Eindec Corporation issued 35.8 million new ordinary shares to public shareholders, representing 33.2% of Eindec Corporation's total issued share capital. At the Group level, this is recorded as non-controlling interest.

29 Revenue

	Group	
	2016	2015
	RMB'000	RMB'000
Sales of development properties from construction contracts	681,652	1,044,480
Contract revenue for construction contract	182	113,287
Sales of goods	59,587	76,924
	741,421	1,234,691

30 Other income

	Group	
	2016	2015
	RMB'000	RMB'000
Change in fair value of investment properties	11,700	22,124
Commission income	–	176
Compensation income#	30,600	–
Foreign exchange gain, net	–	647
Gain on disposal of investment property, net of transaction costs	–	2,209
Gain on disposal of assets held for sale	–	5,710
Gain on disposal of property, plant and equipment	–	8,203
Gain on disposal of quoted equity investment	1,032	–
Government grants	110	500
Net change in fair value on financial assets held for trading	(495)	(756)
Net gain on disposal of financial assets available-for-sale reclassified from equity	–	563
Rental income	2,894	2,000
Others	3,043	4,388
	48,884	45,764

During the year, the Group entered into a collaboration agreement with a third party in a joint development project. The collaboration agreement was subsequently terminated within the year by the third party, and as agreed by both parties, the third party paid the compensation sum of RMB30,600,000 to the Group.

31 Net finance income/(costs)

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Interest income	50,248	42,974
Bank charges	(1,079)	(7,800)
Loan interest expenses	(260,631)	(152,509)
Others	(2,900)	(4,961)
Finance expenses, net	(214,362)	(122,296)
Finance costs capitalised in development properties	223,802	51,743
Finance costs capitalised in construction projects	–	65,108
Net finance income/(costs) recognised in profit or loss	9,440	(5,445)

32 Profit before tax

The following items have been included in arriving at profit before tax:

		Group	
	Note	**2016**	**2015**
		RMB'000	**RMB'000**
Amortisation of intangible assets	5	982	171
Allowance for (reversed)/impairment loss made on club membership	14	(18)	20
Audit fees paid to:			
- auditors of the Company		1,204	1,082
- other auditors		1,611	876
Non-audit fees paid to:			
- auditors of the Company		198	101
- other auditors		19	–
Raw materials, changes in finished goods and work-in-progress recognised as cost of sales		48,292	46,380
Depreciation of property, plant and equipment	4	5,202	6,516
Employee benefits expenses (see below)		64,227	60,170
Listing expenses		16,342	20,459
Operating lease expenses	35(b)	3,258	2,922
Property, plant and equipment written off		–	14

32 Profit before tax (cont'd)

Included in listing expenses relates to fees paid/payable of RMB Nil (2015: RMB 3,300,000) to the auditors of the Company which were engaged as reporting accountants for the proposed listing of Eindec Corporation Limited on the Catalist of SGX-ST and fees paid/payable of RMB 500,000 (2015: RMB 4,163,000) to an overseas member firm of KPMG International who were engaged as reporting accountants for the dual listing of the Company of the Main Board of The Stock Exchange of Hong Kong Limited ("HKSE"). Eindec Group was listed on 16 January 2016. The Group was dual listed on the HKSE on 6 April 2016.

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Employee benefits expense		
Directors' fees	902	813
Salaries, bonuses and other costs	56,550	52,243
PRC statutory welfare fund	3,725	5,456
Contributions to defined contribution plans	3,050	1,658
	64,227	60,170

32 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
2016						
Chairman						
Zhang Wei	–	2,389	–	126	–	2,515
Executive director						
Chen Zhiyong	–	1,113	–	110	–	1,223
Non-executive director						
Dong Xincheng	201	–	–	–	–	201
Independent non-executive directors						
Ong Kian Guan	265	–	–	–	–	265
Siu Man Ho Simon	195	–	–	–	–	195
Oh Eng Bin	241	–	–	–	–	241
	902	3,502	–	236	–	4,640
2015						
Chairman						
Zhang Wei	–	2,110	–	102	–	2,212
Executive director						
Chen Zhiyong	–	1,136	–	94	–	1,230
Non-executive director						
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

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.

32 Profit before tax (cont'd)

Individuals with highest emoluments

Of the five (2015: five) individuals with the highest emoluments, there are two directors of the Group for the years ended 31 December 2016 and 2015, whose emoluments are reflected in the analysis presented above. The aggregate of the emoluments paid and/or payable to the remaining three (2015: three) individuals are as follows:

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Salaries and other emoluments	7,577	6,883
Retirement scheme contributions	420	368
	7,997	7,251

An analysis of the emoluments of remaining individuals with the highest emoluments are within the following bands:

	Group	
	2016	**2015**
	Number of employees	**Number of employees**
Nil – RMB 1,000,000	–	–
RMB 1,000,001 – RMB 1,500,000	3	2
RMB 1,500,001 – RMB 2,000,000	–	1
	3	3

33 Income tax expense

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Current tax expense		
Current year income tax	36,070	61,423
Overprovision in respect of prior years	(3,546)	(1,887)
	32,524	59,536
Deferred tax expense		
Origination and reversal of temporary differences	8,980	11,871
Withholding tax on the profits of the Group's PRC subsidiaries	9,611	13,010
	18,591	24,881
Land appreciation tax expense		
Land appreciation tax	14,878	35,149
Overprovision in respect of prior years	–	(15,134)
	14,878	20,015
Income tax expense	65,993	104,432

33 Income tax expense (cont'd)

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Reconciliation of effective tax rate		
Profit before tax	145,065	211,024
Tax using PRC tax rate of 25% (2015: 25%)	36,266	52,756
Tax effects of:		
- difference in tax rate in different jurisdictions	(71)	438
- application of different tax basis	10,350	19,296
- expenses not deductible for tax purposes	5,954	2,261
- deferred tax asset not recognised	7,712	8,332
- utilisation of unrecognised deferred tax assets	–	(4,809)
- withholding tax at 10% on the profits of the Group's PRC subsidiaries	9,611	13,010
- overprovision for income tax in respect of prior years	(3,546)	(1,887)
- income not subject to tax	(11,817)	–
- land appreciation tax	14,878	35,149
- overprovision for land appreciation tax in respect of prior years	–	(15,134)
- effect of tax deduction for land appreciation tax	(3,720)	(5,004)
- others	376	24
	65,993	104,432

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.

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

33 Income tax expense (cont'd)

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.

34 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	
	2016	**2015**
	RMB'000	**RMB'000**
Basic earnings per share is based on		
Profit net of tax attributable to owners of the Company	65,349	94,118
Weighted average number of ordinary shares	196,133	196,133
Basic earnings per share (RMB cents)	33.32	47.99

Basic EPS is calculated on the Group's profit for the financial year attributable to owners 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 the Group did not issue dilutive instruments.

35 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	
	2016	**2015**
	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	540,331	423,733

35 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 20 years (2015: between 1 to 21 years). Minimum lease payments recognised as an expense in profit or loss for the financial year amounted to RMB 3,258,000 (2015: RMB 2,922,000).

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	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Not later than one year	1,620	2,630	–	–
Later than one year but not later than five years	1,543	1,385	–	–
	3,163	4,015	–	–

36 Contingent liabilities

At the respective reporting dates, the contingent liabilities of the Group were as follows:

	Group	
	2016	2015
	RMB'000	RMB'000
Guarantees granted to financial institutions on behalf of purchasers of property units	1,161,827	840,869

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 mortgage 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.

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

37 Significant related parties transactions

Key management personnel compensation comprises:

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Directors' fees paid to directors of the Company	902	813
Salaries, representing total compensation to key management personnel	6,350	5,787
PRC statutory welfare fund	164	171
CPF and the defined contributions	199	143
	7,615	6,914
Comprises amounts paid/payable to:		
- directors of the Company	4,640	4,255
- other key management personnel	2,975	2,659
	7,615	6,914

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:

Sale and purchase of goods and services

A number of key management personnel, or their related parties, hold positions and/or interests 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	
	2016	**2015**	**2016**	**2015**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Rendering of services by director of the Company	30	30	–	–

37 Significant related parties transactions (cont'd)

Lease of offices from the directors and/or their associates

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Lease of offices from the directors and/or associates	420	422	–	–

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. The lease agreement has ended in 2016.

- 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. The lease agreement has ended in 2016.

- 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. The lease agreement has ended in 2016.

- 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 12 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 12 months commencing from 7 January 2016 and ended on 6 January 2017 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 and ended on 12 January 2017 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 12 January 2016 and ended on 6 January 2017 at the same rental.

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. Property development

Property development includes the development and sales of both commercial and residential property units in the PRC and the leasing of investment properties to generate rental income and to derive capital gains from the investment properties in the long term.

II. Housing construction

Housing construction refers to the construction of resettlement houses in Zhengzhou city, Henan Province, PRC.

III. Clean room equipment, heating, 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

	Property development		Housing construction		Equipment manufacturing		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue:								
External customers	681,652	1,044,480	182	113,287	59,587	76,924	741,421	1,234,691
Segments results	101,723	217,663	(252)	(2,154)	(11,952)	8,384	89,519	223,893
Interest income	50,195	41,893	–	1,081	53	–	50,248	42,974
Finance costs	(40,144)	(44,687)	–	(3,647)	(664)	(85)	(40,808)	(48,419)
Reportable segment profit before income tax							98,959	218,448
Income tax expense							(65,993)	(104,432)
Share of gain/(loss) in joint ventures (net of tax)							46,106	(7,424)
Non-controlling interests							(13,723)	(12,474)
Profit attributable to equity holders of the Company							65,349	94,118
Reportable segment assets	6,100,951	3,107,334	–	1,732,045	109,701	290,483	6,210,652	5,129,862
Reportable segment liabilities	1,709,008	1,413,113	–	153,824	38,559	29,716	1,747,567	1,596,653
Loans and borrowings	3,082,916	1,412,100	–	676,960	1,004	165,857	3,083,920	2,254,917
Total liabilities							4,831,487	3,851,570
Other segment information								
Capital expenditure	15,331	2,082	–	89	2,306	4,497	17,637	6,668
Depreciation of property, plant and equipment	3,522	3,797	–	290	1,680	2,429	5,202	6,516
Amortisation of intangible assets	133	166	–	5	849	–	982	171

38 Business and geographical segments (cont'd)

Geographical segment

The Group's geographical segments are based on the location of the Group's assets. Revenue 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 non-current assets information regarding the Group's geographical segments as at and for the years ended 31 December 2016 and 2015.

	PRC RMB'000	Singapore RMB'000	Other countries RMB'000	Total RMB'000
31 December 2016				
Revenue	690,520	41,021	9,880	741,421
Non-current assets	1,012,366	8,727	28,532	1,049,625
31 December 2015				
Revenue	1,167,541	42,230	24,920	1,234,691
Non-current assets	768,170	8,526	28,455	805,151

39 Restructuring exercise

In 2015, 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, a wholly owned subsidiary which was incorporated on 2 April 2015. Eindec Corporation was listed on the Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST") on 15 January 2016.

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.

39 Restructuring exercise (cont'd)

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") incorporated on 19 May 2015 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, 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.

40 Financial risk management

Overview

The Group has exposure to the following risks arising from 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.

40 Financial risk management (cont'd)

Risk management framework (cont'd)

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.

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.

<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

At 31 December 2016, the Group held an amount due from its non-controlling interests of RMB 99,160,000 (2015: RMB 99,160,000) and an amount due from a joint venture partner of RMB 138,102,000 (2015: RMB 123,938,000), respectively.

Except for these amounts, there were no other concentrations of credit risk at the Group and the Company level.

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

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 loans and receivables that are past due are disclosed in note 10.

Guarantees

The Group's policy is to provide financial guarantees only to liabilities arising from wholly-owned subsidiaries.

40 Financial risk management (cont'd)

Credit risk (cont'd)

The maximum exposure of the Company and Group entity in respect of the intra-group financial guarantee (See note 26) at the reporting date is if the facility is drawn down by the subsidiaries in the total amounts of RMB 380,333,000 (2015: RMB 160,000,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company and Group entity under the intra-group financial guarantee.

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 60.0% (2015: 33.5%) 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 2016.

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

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**	**Between 2 to 5 years**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Group				
2016				
Non-derivative financial liabilities				
Trade and other payables^	775,668	(775,668)	(775,668)	–
Loans and borrowings	3,083,920	(3,401,384)	(2,088,015)	(1,313,369)
	3,859,588	(4,177,052)	(2,863,683)	(1,313,369)
2015				
Non-derivative financial liabilities				
Trade and other payables^	795,755	(838,603)	(838,603)	–
Loans and borrowings	2,254,917	(2,500,098)	(902,929)	(1,597,169)
	3,050,672	(3,338,701)	(1,741,532)	(1,597,169)

40 Financial risk management (cont'd)

Liquidity risk (cont'd)

		Cash flows		
	Carrying amount RMB'000	Contractual cash flows RMB'000	Within 1 year RMB'000	Between 2 to 5 years RMB'000
Company				
2016				
Non-derivative financial liabilities				
Trade and other payables^	44,811	(44,811)	(44,811)	–
2015				
Non-derivative financial liabilities				
Trade and other payables^	36,388	(36,388)	(36,388)	–

^ Excludes advance receipts from sale of properties.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, 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 is mainly exposed to the United States Dollar (US Dollar).

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.

40 Financial risk management (cont'd)

Foreign currency risk (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:

	2016 US dollar RMB'000	2015 US dollar RMB'000
Group		
Trade and other receivables	295	2,655
Cash and cash equivalents	4,637	3,735
Trade and other payables	(404)	(261)
	4,528	6,129
Company		
Cash and cash equivalents	470	1,462

Sensitivity 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 2015, as indicated below:

	Group		Company	
	Equity RMB'000	Profit or loss RMB'000	Equity RMB'000	Profit or loss RMB'000
31 December 2016				
US dollar (5%)	–	(226)	–	(24)
31 December 2015				
US dollar (5%)	–	(306)	–	(73)

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.

40 Financial risk management (cont'd)

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 interest-bearing loans and receivables, and loans and borrowings. The Group's policy is to obtain the most favourable interest rates available.

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 Carrying amount		Company Carrying amount	
	2016 RMB'000	**2015 RMB'000**	**2016 RMB'000**	**2015 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 party	56,540	56,540	–	–
Fixed deposits	300,573	539,288	–	–
Other payables	–	(20,000)	–	–
Finance lease liabilities	(130)	(234)	–	–
Other secured loans	(381,216)	(540,000)	–	–
	75,767	135,594	–	–
Variable rate instruments				
Amount due from subsidiaries	–	–	9,845	10,841
Secured bank loans	(2,702,574)	(1,714,683)	–	–
	(2,702,574)	(1,714,683)	9,845	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.

40 Financial risk management (cont'd)

Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit 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 2015.

	Profit or loss	
	100 bp increase	**100 bp decrease**
Group		
31 December 2016		
Variable rate instruments	(27,026)	27,026
31 December 2015		
Variable rate instruments	(17,147)	17,147
Company		
31 December 2016		
Variable rate instruments	98	(98)
31 December 2015		
Variable rate instruments	108	(108)

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 2016 and 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 2015 and 2016.

The Group monitors capital using an adjusted net debt to equity ratio, which is adjusted net debt (loans and borrowings less cash and cash equivalents) divided by total equity attributable to owners of the Company.

40 Financial risk management (cont'd)

Capital management (cont'd)

	Note	Group 2016 RMB'000	Group 2015 RMB'000
Loans and borrowings	26	3,083,920	2,254,917
Less: Cash and cash equivalents	22	(1,083,179)	(883,610)
Net debt		2,000,741	1,371,307
Equity attributable to owners of the Company		1,201,343	1,140,023
Gearing ratio		167%	120%

Fair value

Determination of fair values

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.

40 Financial risk management (cont'd)

Fair value (cont'd)

Accounting classifications and fair values

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

		Carrying amount				Fair value			
	Note	**Designated at fair value 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 2016									
Financial assets measured at fair value									
Other investment	9	2,320	–	–	2,320	2,320	–	–	2,320
Financial assets not measured at fair value									
Trade and other receivables*	10	–	1,508,310	–	1,508,310				
Cash and cash equivalents	22	–	1,083,179	–	1,083,179				
		–	2,591,489	–	2,591,489				
Financial liabilities not measured at fair value									
Loans and borrowings	26	–	–	(3,083,920)	(3,083,920)				
Trade and other payables^	27	–	–	(775,668)	(775,668)				
		–	–	(3,859,588)	(3,859,588)				

* Excludes prepayment
^ Exclude advance receipts from sale of properties

40 Financial risk management (cont'd)

Fair value (cont'd)

Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Designated at fair value 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	–	–	(795,755)	(795,755)				
		–	–	(3,050,672)	(3,050,672)				

* Excludes prepayment

^ Exclude advance receipts from sale of properties

40 Financial risk management (cont'd)

Fair value (cont'd)

Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Designated at fair value 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 2016									
Financial assets not measured at fair value									
Trade and other receivables	10	–	21,891	–	21,891				
Cash and cash equivalents	22	–	1,360	–	1,360				
		–	23,251	–	23,251				
Financial liabilities not measured at fair value		–							
Trade and other payables	27	–	–	(44,811)	(44,811)				
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)				

41 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.

Key sources of estimation uncertainty

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 an estimation of 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

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.

41 Accounting estimates and judgements (cont'd)

Revenue from construction contracts (cont'd)

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.

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. In determining fair value, the valuer used the direct comparison income and capitalisation approaches, all of which involve the use of estimates. Management examined its judgment of the valuation methods adopted and the estimates used which included their assessment of the reasonableness of the estimation used taking into account the market conditions at the time. The key assumptions used to estimate the fair value of investment properties include market corroborated expenditure rates applicable to the nature and type of asset in question, terminal yields and discount rates.

Income taxes

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

The Group exercises significant judgement to determine the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. The Group also exercises significant judgement to determine the extent and timing of land appreciation tax to be incurred at each reporting period (note 33).

Critical judgments made in applying accounting policies

Classification of investments in subsidiaries and joint ventures

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

42 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.

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
1	Zhengzhou	Weiye Ru Guo Ai	Shang Cheng East Road, North, Shang Mao Road West, Zhengzhou City, Henan Province, PRC	Henan Weiye Construction Development Group Co., Ltd	100	High-rise apartments and commercial centre	57,908	17,922	December 2008
2	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
3	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
4	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
5	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
6	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

	Location (City)	Projects Name	Location (Address)	Name of ownership	% owned	Proposed development	Completed Gross Floor Area (sq.m)	Site area (sq.m)	Completion Date
7	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 Addres	Name of ownership	% owned	Proposed development	Gross Floor Area under development (sq.m)	Site area (sq.m)	Estimated completion date
1	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	196,930 (72,831 sq.m completed)	64,498	December 2017
2	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		655,713	178,886(ii)	June 2017
		Phase I			100	High-rise apartments with street-level retails shops	64437 (completed)		September 2009
		Phase II			100	Mid-rise and high-rise apartments with street-level retail shops	189064 (completed)		March 2014
		Phase III			100	High-rise apartments with street-level retails shops	137557 (completed)		September 2014
		Phase IV			100	High-rise apartments with street-level retails shops	234473 (completed)		September 2016
		Phase V			100	High-rise apartments with street-level retails shops	30,182		June 2017

	Location (City)	Projects Name	Location Addres	Name of ownership	% owned	Proposed development	Gross Floor Area under development (sq.m)	Site area (sq.m)	Estimated completion date
3	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		112,010	54,811(iii)	December 2017
		Phase I			100	Mid-rise apartments with street-level retail shops	52189 (completed)		August 2012
		Phase II			100	Mid-rise and high-rise apartments with street-level retail shops	43497 (completed)		May 2015
		Phase III			100	Mid-rise apartments	16,324		December 2017
4	Zhengzhou	Weiye Shangcheng Yihaoyuan	Intersection between Xin Zhuang Road East and Jing Yi Road South, Zhengzhou City, Henan Province, PRC	Henan Xingwei Property Co., Ltd	100	High-rise apartments	195,119	23,063	June 2017
5	Haikou	Weiye Yehai Shangcheng	West area of Haikou City, Hainan Province, PRC	Weiye Holdings Hainan Real Estate Co., Ltd	100	High-rise apartments and commercial centre	73,531	23,711	December 2018
6	Huizhou	Weiye Meiyue Wan	Autou Huangyuyong, Huizhou City, Guangdong province, PRC	Huizhoushi Dajinzhou Property Co., Ltd & Guangdong Leiding Property Co., Ltd	100	High-rise apartments and commercial centre	131,220	31,481	September 2018
7	Huizhou	Weiye Lanting Wan	Autou Weiqian, Huizhou City, Guangdong province, PRC	Huizhou Dayawan Pengrun Property Co., Ltd	100	High-rise apartments and commercial centre	63,248	11,000	December 2018

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
8	Zhengzhou	Weiye Hanwei Project	Gaozhuang Road, north of Yongchang Road, Zhengzhou City, Henan Province, the PRC	Henan Hanwei Zhiye Co., Ltd	51	Residential apartments with street-level retails shops	203,770	58,222	December 2019

(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
1	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
2	Weiye Ruguo Ai	No.50 Yingxie Road, Jinshui District, Zhengzhou, Henan Province, the PRC	Retail units	2,384	100	27 August 2074
3	Weiye Costa Rhine	Taiyanghe Hotspring Resorts, Xinglong District, Wanning, Hainan Province, the PRC	Apartment units and retail unit	4,997	100	31 December 2063
4	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
5	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 8 March 2017

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	308	27.95	12,334	0.00
100 - 1,000	304	27.59	133,346	0.07
1,001 - 10,000	305	27.68	1,390,892	0.71
10,001 - 1,000,000	177	16.06	12,215,280	6.23
1,000,001 AND ABOVE	8	0.72	182,381,300	92.99
TOTAL	**1,102**	**100.00**	**196,133,152**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	SHARES	%
1	HKSCC NOMINEES LIMITED	163,784,344	83.51
2	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	6,102,900	3.11
3	MAYBANK KIM ENG SECURITIES PTE LTD	3,158,675	1.61
4	CIMB SECURITIES (SINGAPORE) PTE LTD	3,066,969	1.56
5	RAFFLES NOMINEES (PTE) LIMITED	2,597,975	1.32
6	TAN FUH GIH	1,628,309	0.83
7	SIM PUAY SOONG	1,040,000	0.53
8	GOH YEW GEE	1,002,128	0.51
9	KGI SECURITIES (SINGAPORE) PTE. LTD.	744,500	0.38
10	RHB SECURITIES SINGAPORE PTE. LTD.	683,901	0.35
11	GOH YEOW LIAN	656,400	0.33
12	TAN WEI MIN	569,500	0.29
13	LIM TIONG KHENG STEVEN	378,973	0.19
14	GOH YEW TEE	350,000	0.18
15	WONG CHEE HERNG	349,400	0.18
16	LIM & TAN SECURITIES PTE LTD	336,607	0.17
17	PHILLIP SECURITIES PTE LTD	301,112	0.15
18	TNG KAY LIM	274,736	0.14
19	CHONG YAN FONG @ CHONG YEAN FANG	230,000	0.12
20	K.SRINARAYAN SINGH S/O BABOO KEDAR SINGH	200,000	0.10
	TOTAL	**187,456,429**	**95.56**

SUBSTANTIAL SHAREHOLDERS AS AT 8 MARCH 2017
(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)]	–	–	91,029,648	46.41
2.	Chen Zhiyong[(2)]	–	–	40,240,256	20.52

Notes:

(1) Mr Zhang Wei is deemed interested in 91,029,648 shares held under the nominee accounts, HKSCC Nominees Limited.

(2) Mr Chen Zhiyong is deemed interested in 40,240,256 shares held under the nominee account, HKSCC Nominees Limited.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 8 March 2017, 33.07% 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.

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