ANNUAL REPORT 2015

CIH

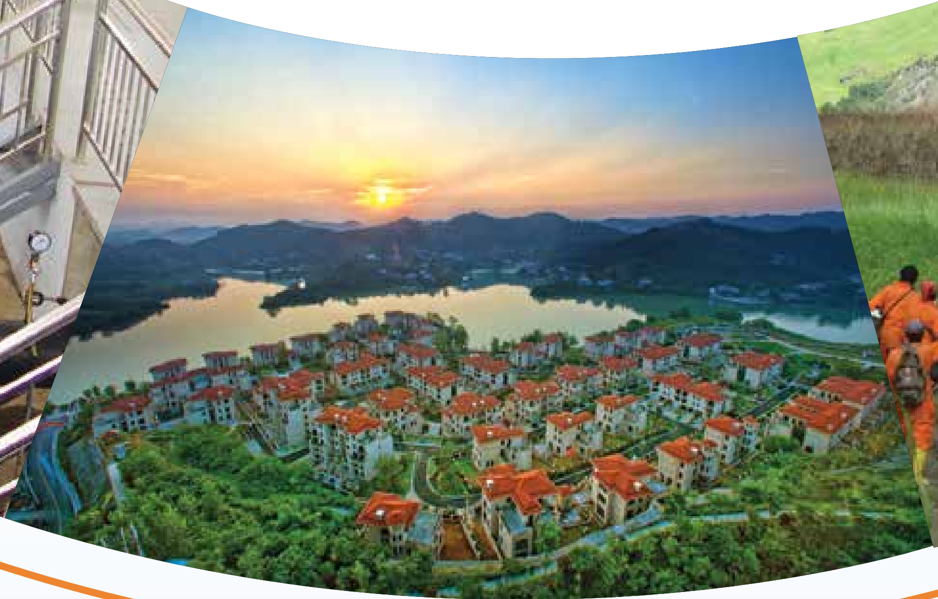
中翔國際集團有限公司

China International Holdings Limited

CONTENTS

Conveying Pump House
in Tianjian, PRC

OUR BUSINESS



Guo Bin Yi Hao Project in Yichang, PRC

Field Geological Measurement and Samples Acquisition in Papua New Guinea

CHAIRMAN'S STATEMENT

Dear Shareholders,

The Group started as an infrastructure player in Tianjin. Since our acquisition of a 55% interest in Yichang Xinshougang Property Development Company Limited ("Yichang Xinshougang") in 2013, property development has become a key business segment. We also have investment in mining interests in Jilin province since 2011 as well as oil and gas exploration interests in Papua New Guinea since 2009.

Our water treatment business has remained robust, thanks to ongoing urbanization needs. On the other hand, continued government measures to cool the property market in recent years have finally impacted housing prices in 2015 and this had negatively affected our property sales. In late 2015, the government began to relax its restrictions on home purchases. Other than in first-tier cities such as Beijing, Shanghai and Shenzhen, restrictions on home purchases and mortgage down payments have been relaxed to restore market confidence and demand.

Amidst difficult market conditions, the Group's revenue increased by 6.7% to RMB116.37 million in FY2015, from RMB109.08 million in FY2014. The increase in revenue was largely attributed to the water-pipe connection income achieved by our 60% held subsidiary, CIHL (Tianjin) Water Development Company Limited. Segment revenue from water supply increased by 65.9% year-on-year to RMB93.46 million, and segment gross profit more than doubled to RMB63.01 million.

Segment revenue from property development fell 64.3% to RMB18.50 million in FY2015 due to a decrease in property sales. This segment incurred a gross loss of RMB359.56 million, after including write downs.

Finance costs increased by 23.3% to RMB53.08 million, mainly due to interest expense on borrowings used to finance our acquisition of Yichang Xinshougang and in property development.

The Group widened its FY2015 net loss to RMB504.30 million, compared to a loss of RMB95.93 million for FY2014. This was mainly due to impairment losses arising from lower real estate values as well as gold mining and oil and gas exploration projects.

We wrote down RMB357.48 million on properties for development in Yichang Xinshougang to a net realisable value that is reflective of current market conditions. We also wrote down on investments and shareholder loans to the associated companies in the oil and gas and gold mining sectors.

LOOKING AHEAD

Despite the slowdown in property sales, foundation has been laid for recovery. Our Yichang Guobin No.1 development project holds land use rights over a total site area of 587,726 square meters for residential development, a convention centre, a hotel and associated commercial space. Pre-sales of villas under Group 2 of Phase I development as well as high-rise housing under Phase II will contribute positively to our financial performance for FY2016 as we expect to complete construction work for the pre-sale units this year.

Our Tianjin Jixian property development project has also obtained the necessary permits to undertake construction. However, the Group decided to delay construction due to poor market conditions.

We expect the Chinese economy to remain challenging in 2016. The property market in the first tier cities, and to some extent, the second tier cities, has benefited from decreases in mortgage rates. However, lower borrowing costs has yet to benefit third tier cities such as Yichang and Jixian in which we operate. The ease in monetary policy has not made it easier to raise capital. This will affect the pace of development of many projects in China, including our real estate development projects and water supply service operations.

On a more positive note, the credit market is expected to show signs of relief in the next 12 months.

During FY2015, we decreased our net cash used in operating activities from RMB95.09 million to RMB79.76 million. The Group had cash reserves of RMB18.86 million as at 31 December 2015. We have focused on generating cash from our property development projects as well as other businesses, and will continue such effort this year.

PROPOSED DIVESTMENTS OF GOLD MINING & OIL AND GAS EXPLORATION PROJECTS

In view of the prolonged downturn in commodities prices, we are looking for suitable opportunities to dispose of our interests in gold mining and oil exploration.

We hold a 20.054% interest in Liuhe County Yukun Mining Co Ltd ("Liuhe"), a gold exploration and mining company in Jilin province, China. Other than the gold production certificate, this associate company has received all licenses required for commercial operation.

The results of the trial production and a valuation conducted by an independent valuer on Liuhe's mining assets have led us to conclude that, under the current and forecast market conditions for gold price, this mining project is unlikely to generate sufficient cash flow to repay the outstanding shareholder's loan that the Group extended to it or to recover the Group's investment. In view of this, we have made full impairments on the Liuhe project as follows: RMB9.97 million for the shareholder's loan to Liuhe and RMB44.28 million for the carrying amount of the investment.

We also hold an effective stake of 34.54% in an oil and gas exploration company who is licensed to explore and drill early stage oil and gas fields in Papua New Guinea through an investment vehicle known as Future Trillion Holdings Limited ("Future Trillion"). As oil prices have remained weak, we held back our oil exploration and drilling work last year in order to minimize expenses.

MKS Limited ("MKS"), our associate company operating in PNG, has secured an extension of the license until 2020. This allows us to drill a few more wells for evaluation. However, we expect oil prices to remain depressed and MKS to face difficulty in obtaining new funds for the drilling work. As it may not be commercially viable to continue with this high risk and high cost business venture, full impairment has been made for related investments as follows: Shared of loss from associated company of RMB31.26 million, impairment of RMB24.62 million on the remaining carrying amount of investment and RMB76.10 million in the shareholder loans that the Group extended to Future Trillion and its subsidiary.

SHARE CONSOLIDATION

In order to meet SGX's minimum trading price requirement, the Group undertook a consolidation of shares with 20 ordinary shares being consolidated into one ordinary share effective on 20 August 2015. The share consolidation lifted our share price to between 18.2 cents to 51.5 cents over September 2015 to February 2016, being the six months prior to 1 March 2016 when the relevant SGX rules were supposed to come into effect.

A NOTE OF APPRECIATION

On behalf of the Board, I express gratitude to all our shareholders, management, customers, business partners and our employees for your unyielding faith, support and contribution to the Group during these challenging times. I look forward to your continued support as we do our utmost to bring the Group back to profitability. I also wish to thank my fellow Directors for their invaluable counsel.

I welcome Mr John Teo Woon Keng who joined us on 3 June 2015 as non-executive independent director. He is the Chairman of our Audit Committee, as well as a member of the nominating and remuneration committees.

We intend to focus on the property development and water treatment businesses in China. We will remain focused and positive, and I am confident that we are able to create value for our shareholders even though the economic outlook is uncertain.

Shan Chang
Non-Executive Chairman

BOARD OF DIRECTORS

SHAN CHANG

Mr Shan is one of the founders and the Chairman of the Company. Mr Shan has over 20 years of experience in the construction industry in the PRC and Hong Kong and more than 10 years business and financial management experience in listed companies. Mr Shan is the Chairman of CIGIS (China) Ltd. Mr Shan holds an Executive Master of Business Administration degree from the Tsinghua University, a Master of Science degree in Engineering from the China Academy of Railway Science and a Bachelor of Science degree in Engineering from the Tong Ji University. Age 56.

TEO WOON KENG JOHN

Mr John Teo was appointed Independent Director on 3 June 2015. Mr Teo has over 25 years of professional and management experience. He has held senior management positions, including Managing Director, Finance, Temasek Holdings (Pte) Ltd, chief financial officer of National University Hospital as well as audit manager of Price Waterhouse Singapore.

He served on the Board of the Energy Market Authority, Singapore from April 2008 to March 2014 and was Chairman of the Audit Committee from April 2010. He is a member of the Auditing & Assurance Standards Committee of the Institute of Singapore Chartered Accountants and also sits on the Investment Advisory Committee of People's Association, Singapore.

Mr Teo is a Member of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors. He holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore. Age 59.

ZHANG RONG XIANG

Mr Zhang is one of the founders of the Company. Mr Zhang was re-appointed as Managing Director of the Company on 29 April 2015. Mr Zhang has more than 20 years of experience in construction, civil engineering and seismic studies in the PRC and Hong Kong, including 16 years with the Comprehensive Institute of Site Investigation and Surveying, Ministry of Construction of the PRC.

Mr Zhang holds an Executive Master of Business Administration degree from the Peking University, a Master of Science degree in Engineering from the China Academy of Building Research and a Bachelor of Engineering degree from the Hefei University of Technology. Mr Zhang is a member of the Council of the Architectural Society of China, a Registered Engineer for Construction Supervision and Registered Civil Engineer (Geot.) in the PRC. Age 53.

ZHU JUN

Mr Zhu joined the Company in April 2003 and was re-appointed as Executive Director of the Company on 25 April 2013. Mr Zhu is responsible for the business development and financial matter of the Group. Mr Zhu also sits on the Board of United Energy Group Co. Ltd. Prior to joining the Company, Mr Zhu worked in banking, financial and capital market sector for more than 15 years as a senior executive. He served as Assistant Director of SINOLINK Worldwide Holdings Limited, a company listed on the Hong Kong Stock Exchange, for about 6 years. Mr Zhu holds a Master and a Bachelor degree in Economics from the Peking University. Age 50.

CHEE TECK KWONG PATRICK

Mr Chee Teck Kwong Patrick, PBM, was appointed as an Independent Director on 16 June 2008. Mr Chee holds a Bachelor of Laws (Hons) Degree from the University of Singapore. Mr Chee is admitted as a Solicitor of the Senior Courts of England and Wales. Since 1980 he has been an advocate and solicitor of the Supreme Court of the Republic of Singapore. He is now practicing as a Senior Legal Consultant with KhattarWong LLP. Mr Chee is a Notary Public and a Commissioner for Oaths. He is a member of Singapore Institute of Arbitrators and Singapore Institute of Directors. He also sits on the Board of Hanwell Holdings Limited, CSC Holdings Limited, Ramba Energy Limited, Tat Seng Packaging Group Ltd and Hai Leck Holdings Limited. Mr Chee is active in community service and is the Vice Chairman of Teck Ghee Community Club. Mr Chee is the recipient of the National Day Awards 2003 – The Public Service Medal (Pingat Bakti Masayarakat) from the President of Republic of Singapore. Age 62.

SHEN XIA

Mr Shen joined the Company in May 2010 and was appointed as Chief Financial Officer on 15 August 2014. Mr Shen is responsible for corporate finance and natural resources business operations of the Group. Prior to joining the Company, Mr Shen had more than 18 years of experience in investment banking focusing on natural resources sector. Mr Shen holds a Master degree from University of Oxford in England and a Bachelor degree from Zhejiang University in Hangzhou, China. Age 53.

CORPORATE STRUCTURE

CIH
China International Holdings Limited
中翔國際集團有限公司
Bermuda

- **100%** — **British Virgin Islands** — Pinnacle China Limited
  - **34.53%** — **British Virgin Islands** — Future Trillion Holdings Limited
    - **82.086%** — **Independent State of Papua New Guinea** — MKS Limited
- **100%** — **Samoa** — CIHL Development Limited 中翔基建發展有限公司
  - **100%** — **PRC** — CIHL (Tianjin) City Development Limited 天津新中城市實業發展有限公司
    - **55%** — **PRC** — Beijing Kaiyuan Wanjia Management Consulting Company Limited 北京开元万嘉管理咨询有限公司
      - **100%** — **PRC** — Yichang Xinshougang Property Development Company Limited 宜昌新首钢房地开发有限公司
        - **100%** — **PRC** — Yichang Zhong Xiang Property Management Company Limited 宜昌中翔物业管理有限公司
        - **100%** — **PRC** — Yichang Jiaye Hotel Management Co., Limited 宜昌嘉业酒店管理有限公司
        - **100%** — **PRC** — Yichang Xiecheng Exhibition Services Co., Limited 宜昌协成会展服务有限公司
    - **20.054%** — **PRC** — LiuHe County Yukun Mining Co. Ltd 柳河县钰坤矿业有限公司
    - **100%** — **PRC** — Beijing Shiji Longquan Real Estate Development Co. Limited 北京世纪龙泉房地产开发有限公司
    - **100%** — **PRC** — Tianjin CIHL Xinzhong Real Estate Development Co. Limited 天津中翔新中房地产开发有限公司
    - **100%** — **PRC** — CIHL (Tianjin) City Development Limited Beijing Project Management Branch Office 天津新中城市實業發展有限公司北京工程管理分公司
- **100%** — **Samoa** — China (Tianjin) Water Resources Limited 中國(天津)水資源有限公司
  - **60%** — **PRC** — CIHL (Tianjin) Water Development Company Limited 中翔(天津)水業發展有限公司
- **100%** — **Samoa** — Tianjin Bridges Investments Limited 天津橋樑投資有限公司
  - **75%** — **PRC** — CIHL Haimen (Tianjin) Enterprise Ltd 中翔海門(天津)實業有限公司
- **100%** — **Hong Kong** — China Infrastructure Management (Hong Kong) Limited 中翔基建管理(香港)有限公司

CORPORATE INFORMATION

DIRECTORS

Mr Shan Chang,
Non-Executive Chairman

Mr Teo Woon Keng John,
Independent Director

Mr Zhang Rong Xiang,
Managing Director

Mr Zhu Jun,
Executive Director

Mr Chee Teck Kwong Patrick,
Independent Director

Mr Shen Xia,
Executive Director and Chief Financial Officer

COMPANY SECRETARY

Ms Claudia Teo Kwee Yee

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
Public Accountants and
Chartered Accountants
100 Beach Road
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Singapore 189702
Director-in-charge: Philip Tan Jing Choon
(since financial year ended 31 December 2012)

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PRINCIPAL BANKERS

Industrial and Commercial Bank of China
HSBC Hongkong

The Board of Directors and Management of China International Holdings Limited ("Company" or "Group") are committed to setting in place corporate governance practices of the highest standards so as to promote corporate transparency, to protect the interests of the Company's shareholders and to enhance long-term shareholders value.

This corporate governance report sets out the Company's corporate governance processes and practices that are in place during the financial year ended 31 December 2015 ("FY2015"), with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 ("Code"), which also forms part of the Continuing Obligations in the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual. The Company confirms that it has adhered to the principles and guidelines as set out in the Code, where applicable.

BOARD MATTERS

The 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 success of the company. The Board works with management to achieve this and the management remains accountable to the Board.

The Board of Directors ("Board") of the Company is responsible for the corporate governance of the Group, which ensures the protection of the shareholders' interests and the enhancement of long-term shareholder value. On top of its statutory responsibilities, the role of the Board includes:

(a) providing entrepreneurial leadership, setting strategic objectives, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;

(b) establishing a framework of prudent and effective controls which enables risk to be assessed and managed, including the safeguarding of shareholders' interests and the Company's assets;

(c) reviewing the performance of the Management;

(d) identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation;

(e) setting the Company's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;

(f) considering sustainability issues, such as environmental and social factors, as part of the Company's strategic formulation;

(g) reviewing the business plans and financial performance of the Group regularly;

(h) putting in place and reviewing the processes for financial reporting and compliance; and

(i) deciding on matters reserved for the Board's decision, which includes, but is not limited to, major funding proposals, investment and divestment proposals, major acquisitions and disposals, corporate or financial restructurings, mergers and acquisitions, share issuances, distribution of dividends, major corporate policies on key areas of operation, the release of quarterly, half-yearly and full-year results and interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual) of a material nature.

In order to discharge the duties of the Board, all Board members bring their independent judgement, diversified knowledge, experience and expertise to address issues of strategy, performance, resources and the standards of conduct of the Company. At all times, all Directors objectively discharge their duties and responsibilities as fiduciaries in the interests of the Company.

The Board meets quarterly and as and when necessary to address any significant matters that may arise. When necessary, ad hoc meetings are convened to deliberate on urgent matters. The Bye-Laws of the Company allow Directors to attend Board meeting via telephone or other electronic means. This permits all participating Directors to communicate with each other simultaneously.

To assist the Board in the discharge of its responsibilities, the Board has established four Board Committees. The Board Committees are the Nominating Committee ("NC"), Remuneration Committee ("RC"), Audit Committee ("AC") and Risk Management Committee ("RMC"). These Board Committees function within clear boundaries and operating procedures as defined in their respective terms of reference, which are reviewed on a regular basis by the Board. The Board also constantly reviews the effectiveness of each Board Committee.

Directors are provided with regular updates, particularly on relevant new laws and regulations by the Company Secretary. The Directors are issued with a copy of the Company's Best Practices on Securities' Dealings as they are privy to price sensitive information. The Directors have access to the advice and services of the Company Secretary and Management, and may in appropriate circumstances, seek independent professional advice concerning the affairs of the Group. Directors have the opportunity to visit the Group's subsidiaries and meet with Management to gain a better understanding of the Group's business operations and governance practices. Directors are informed and encouraged to attend relevant courses and trainings conducted by Singapore Institute of Directors, SGX-ST, businesses and consultants, as may be relevant to the effective discharge of their responsibilities, at the expense of the Group.

Newly appointed Directors are issued with a formal letter of appointment setting out his statutory duties and other duties and obligations. All newly appointed Directors receive an extensive, comprehensive and tailored induction on joining the Board. The induction includes, but is not limited to, a briefing on a Director's duties, obligations and responsibilities and how to effectively and objectively discharge these duties in good faith, as well as a comprehensive orientation program to ensure familiarity with the Group's business, operations, financial related matters and governance practices. Newly appointed Directors are provided with information and updates on the Group's corporate governance practices and are invited for site visits at the Company's operational facilities in Yichang and Tianjin, China to enable them to obtain a better perspective of the Company's business activities and operational matters.

The number of Board meetings and Board Committee meetings held during FY2015 and the attendance of each Director where relevant are as follows:

Name of Director	Board Meetings	AC Meetings	NC Meetings	RC Meetings	RMC Meetings
Number of Meetings	4	4	1	1	2
Mr Shan Chang	3	3	1	1	2
Mr Fong Weng Khiang(1)	1	1	1	1	–
Mr Zhang Rong Xiang	4	–	–	–	2
Mr Zhu Jun	4	–	–	–	–
Mr Chee Teck Kwong Patrick	4	4	1	1	–
Mr Shen Xia	4	–	–	–	2
Mr Teo Woon Keng John(2)	2	2	–	–	–

Note:

(1) Mr Fong Weng Khiang retired as a Director of the Company at the close of the last Annual General Meeting held on 29 April 2015.

(2) Mr Teo Woon Keng John was appointed as a Director of the Company on 3 June 2015. Mr Teo Woon Keng John was also appointed as a member of the NC and RC and as the Chairman of AC on the same day.

Board Composition and Guidance

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

The Board currently has six Directors. The Directors as at the date of this report are as follows:

Name of Directors	**Position**
Mr Shan Chang	Non-Executive Chairman
Mr Zhang Rong Xiang	Managing Director
Mr Zhu Jun	Executive Director
Mr Chee Teck Kwong Patrick	Independent Director
Mr Shen Xia	Executive Director
Mr Teo Woon Keng John	Independent Director

The NC reviews the size and composition of the Board on an annual basis. In concurrence with the NC, the Board is of the view that the current size of the Board is appropriate for the nature of the Company's business and the scope of its operations. The Board is also of the view that it has the appropriate balance and diversity of expertise, experience and knowledge of the Company. Collectively, the Board is able to provide the necessary core competencies required to function effectively and to make informed decisions.

The Company, on an annual basis, determines whether or not a Director is independent, taking into account the definition of an independent director in the Code. In doing so, the Board considers whether there are relationships or circumstances that affect a Director's judgment, taking into account the views of the NC. For FY2015, the NC has assessed the independence of each Director and considers that each of Mr Chee Teck Kwong Patrick and Mr Teo Woon Keng John is, and continues to be, independent. Each member of the NC has abstained from the deliberations in respect of the assessment on his own independence.

The Independent Directors have confirmed that they do not have any relationship with the Group, its related companies, its 10% shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of their independent business judgment. Further, for FY2015, there are no Independent Directors who has served on the Board for a period exceeding nine years.

The Board is able to exercise objective judgment independently from Management with no individuals dominating the decision of the Board. The Board also ensures that there is effective representation for its shareholders and the issues of strategy, performance and resources are fully disclosed and examined to take into account long-term interests of the shareholders, employees, customers, suppliers and the communities in which the Group conducts its business.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board and its Board Committees have a wide range of experiences, skills and knowledge in, but not limited to, the fields of business development, business management, industry knowledge, financial, legal and accounting.

Non-Executive and Independent Directors of the Board exercise no management functions in the Company or its subsidiary. Although all the Directors have an equal responsibility for the Group's operations, the roles of the Non-Executive and Independent Directors are particularly important in ensuring that the proposals by Management are fully discussed, examined and constructively challenged. The Non-Executive and Independent Directors help to develop proposals on business strategies, business operations and practices of the Group. In addition, the Non-Executive and Independent Directors evaluate the performance of Management by determining whether Management has met specific goals and objectives, which are pre-determined by the Board.

In order for the Independent Directors to be a more effective check on Management, the Independent Directors are encouraged to meet, at least annually, without the presence of Management.

In addition to the Board meetings or special warranted meetings by particular circumstances, whereby Directors are updated on the business and operational activities of the Group and the possible changes of business risks, the Group's information policy is to make available to Directors, upon their request, at any time, further and additional explanation, briefing or informal discussion on any aspect of the Group's operations or business issues from the Management. The Directors are issued with a copy of the Company's Best Practices on Securities' Dealings as they are privy to price sensitive information.

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 roles of the Non-Executive Chairman and Managing Director are separate, with a clear division of responsibilities between the two.

The Non-Executive Chairman, Mr Shan Chang, plays a pivotal role in steering the strategic direction and growth of the Company due to his considerable business experience. The role of the Non-Executive Chairman includes:

(a) leading the Board to ensure its effectiveness in all aspects of its role;

(b) setting the agenda and ensuring that adequate time is available for the discussion of all agenda items, in particular strategic issues;

(c) promoting a culture of openness and debate at the Board;

(d) ensuring that the Directors receive complete, adequate and timely information;

(e) ensuring effective communication between Management and the Board;

(f) ensuring effective communication with the shareholders of the Company;

(g) encouraging constructive relations within the Board and between the Board and Management;

(h) facilitating the effective contribution of Non-Executive Directors in particular; and

(i) promoting high standards of corporate governance.

The Managing Director, Mr Zhang Rong Xiang, assumes full executive responsibilities over the business directions and operational decisions of the Group in accordance with the Group's pre-determined goals, strategies and objectives.

To enable independent decision making of the Board and to ensure that there is an appropriate balance of power and authority on the Board, the Independent Directors are responsible for providing a non-executive perspective to the activities of the Group and contributing a balanced viewpoint to all Board deliberations.

Board Membership

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

The NC comprises three Directors, a majority of whom, including the Chairman, are independent. The NC members are:

Mr Chee Teck Kwong Patrick (Chairman)
Mr Teo Woon Keng John
Mr Shan Chang

The NC is regulated by a set of written terms of reference describing the duties and responsibilities of the NC, which is endorsed by the Board. The NC is responsible for:

(a) reviewing the structure, size and composition of the Board;

(b) reviewing the succession plans for Directors;

(c) evaluation the performance and the effectiveness of the Board;

(d) determining whether the Directors possess the necessary qualifications and expertise required to carry out his duties as a Director;

(e) reviewing training and professional development programmes for the Board;

(f) determining on an annual basis as to whether a Director is independent; and

(g) establishing procedures for and making recommendations to the Board on all Board appointments and re-appointments.

The NC holds meeting at least annually in each financial year.

All appointments and re-appointments of Directors are first reviewed and considered by the NC and then recommended for approval by the Board. The NC has formalized this process and has adopted procedures for the selection, appointment and re-appointment of Directors, in order to increase transparency of the nominating process. The NC oversees this process by identifying potential candidates and by evaluating the skills, knowledge, experience and the suitability of potential candidates before recommending nominations to the Board. In addition, the NC evaluates the balance of skills and competencies already present on the Board and determines, in consultation with the Chairman of the Board and Management, the desired skill sets and qualities of potential candidates.

The Directors are required to submit themselves for re-nomination and re-election at regular intervals of at least once every three years. By virtue of Bye-law 104, one-third of the Directors are to retire from office by rotation at the Annual General Meeting ("AGM") of the Company. In addition, the Bye-Laws of the Company provide that a newly appointed Director must retire and submit himself for re-election at the next AGM following his appointment.

Each member of the NC is required to abstain from voting on any resolutions, making any recommendations and/or participating in any deliberations of the NC in respect of his re-nomination as a Director.

The table below provides information pertaining to each Director's date of appointment and date of last re-election:

Director	Date of first appointment	Date of last re-election
Mr Shan Chang	7 Nov 1998	29 April 2014
Mr Zhang Rong Xiang	15 Jan 1999	29 April 2015
Mr Zhu Jun	25 Jun 2003	25 April 2013
Mr Chee Teck Kwong Patrick	16 Jun 2008	29 April 2014
Mr Shen Xia	17 May 2010	25 April 2013
Mr Teo Woon Keng John	3 June 2015	N.A.

In accordance with the Bye-Laws of the Company, Mr Teo Woon Keng John, Mr Zhu Jun and Mr Shen Xia will be retiring in the forthcoming AGM. The Board has accepted the recommendation of the NC to re-nominate Mr Teo Woon Keng John, Mr Zhu Jun and Mr Shen Xia as Directors of the Company. Mr Teo Woon Keng John, Mr Zhu Jun and Mr Shen Xia have given their consent to submit themselves for re-election as Directors of the Company.

Key information of the Directors can be found on page 4 and page 5 of this Annual Report.

The Board has not prescribed a maximum number of listed company board representations for the Directors. The Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. Rather, multiple board representation will widen the experience of such Directions and enable them to offer a broader perspective in carrying out their duties in the Company. The NC ensures that a Director, who has multiple board representations, gives sufficient time and attention to the affairs of the Company. This is done by evaluating whether that particular Director has the capacity to and has been adequately carrying out his duties as a Director of the Company based on based on internal guidelines such as attendance, responsiveness and the ability to contact that particular Director.

As recommended by Guideline 4.5 of the Code, the Board does not encourage the appointment of alternate directors and no alternate director has been appointed to the Board.

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 NC has adopted an evaluation questionnaire to annually assess the performance and effectiveness of the Board as a whole. The evaluation questionnaire focuses on a set of performance criteria, which includes the size and composition of the Board, the Board's access to information pertaining to the Company, the efficiency and effectiveness of Board processes and the standards of conduct of Directors. All Directors are required to complete the evaluation questionnaire. The findings of the evaluation questionnaire are collated and analysed, and thereafter present to the NC for discussion. The NC will then present the findings of the evaluation questionnaire and make its recommendation to the Board.

Although the Directors are not evaluated individually, the factors taken into considerations for the re-nomination of a Director include the Director's attendance at meetings held during the financial year and the contributions made by that Director at those meetings.

The NC has conducted an evaluation of the performance of the Board and confirms that all Directors have contributed effectively and have demonstrated full commitment to their roles in FY2015. No external facilitator had been engaged by the Board for the purpose of this evaluation.

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.

Directors receive a regular supply of detailed information from Management concerning the Group so that they are fully cognizant of the decisions and actions of the Group's executive management. This equips the Directors with all necessary information required for their participation in Board meetings. In addition, the Directors are issued with Board Papers prior to Board meetings which contain information from Management on financial, business and corporate issues so as to ensure that the Directors are properly briefed on issues to be considered at Board meetings. The Board is also informed of all material events and transactions as and when they occur.

At all times, the Board members have separate and independent access to the Management of the Company, the management of the subsidiaries of the Company and the Company Secretary on all matters. Management regularly provides the Board with information on issues requiring the Board's deliberations, so as to enable the Board to make informed decisions. The Management deals with requests for additional information from the Board promptly and ensures that the Directors are provided with sufficient background and explanatory information for the assessment of the matters by the Board.

The Company Secretary, or, when unavailable, an authorized designate, attends all Board and Board Committee meetings and prepares the minutes for such meetings. The Company Secretary also assists the Chairman in ensuring that Board procedures, the Company's Bye-Laws, and other applicable rules and regulations are complied with so that the Board functions effectively.

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The RC comprises the following Directors, the majority of whom, including the Chairman, are independent:

Mr Chee Teck Kwong Patrick (Chairman)
Mr Shan Chang
Mr Teo Woon Keng John

The RC holds at least one meeting in each financial year. The key functions of the RC under its terms of reference include:

(a) recommending to the Board a framework for the remuneration of the Directors and executive officers and determining specific remuneration packages for each executive Director. These recommendations are submitted for endorsement by the entire Board and covers all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, and benefits in kind;

(b) reviewing the terms and conditions of the service contracts of Directors and reviewing clauses allowing the early termination of the service contract and the corresponding compensation; and

(c) determining whether any Director is eligible for any benefits under any share option schemes or performance share plans as may be implemented.

The recommendations of the RC pertaining to the service contracts of Directors are submitted for endorsement by the Board before the execution of any such service contracts.

The members of the RC are not allowed to participate in any decision concerning their own remuneration and no Director is involved in determining his own remuneration.

The RC also has full authority to engage and access independent and professional advice on remuneration matters, at the expense of the Company, if required.

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 is necessary for this purpose.

The Group's remuneration policy is to provide remuneration packages that are aligned with the long-term interests and risk policies of the Group and appropriate to attract, retain and motivate Directors to manage the Group successfully.

In setting remuneration packages, the RC takes into account salary and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors.

The remuneration for the Company's Executive Directors comprises a basic salary component and a variable component. The variable component is based on the performance of the Group and the individual performance of the relevant Executive Director. The Non-Executive Directors and Independent Directors do not have service contracts with the Company but are paid directors' fees. The directors' fees comprise a basic fee, fees in respect of service on Board Committees and attendance fees.

The RC conducts an annual review of these remuneration packages to ensure that the remuneration of the Directors is commensurate with their performance after giving due consideration to the financial and commercial health and business needs of the Group. The RC and the Board periodically reviews the performance of the Managing Director.

The directors' fees paid to the Directors each year are subject to the shareholders' approval at the forthcoming AGM. The RC has recommended to the Board a total amount of RMB1,300,000 as directors' fees for the financial year ending 31 December 2016. This recommendation has been endorsed by the Board and would be tabled at the forthcoming AGM for shareholders' approval. No Director was involved in deciding his own remuneration.

The Company has established the CIHL Share Option Scheme ("ESOS") in 2010 as a long-term incentive scheme for Directors and employees of the Group. The RC is tasked to review the grant of share options under the ESOS. To date, the Company has granted a total of 4.925 million share options.

For FY2015, the Company did not have any key management personnel other than Mr Shen Xia, who is the Chief Financial Officer ("CFO") and a Director of the Company.

Disclosure on Remuneration

Principle 9: Every 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 remuneration paid (other than share options granted) to each Director of the Company for FY2015 is disclosed in the respective bands as set out below.

Directors	Fee	Salary	Allowance	Bonus	Total
	%	%	%	%	%
Below S$250,000					
Mr Shan Chang	100	–	–	–	100
Mr Teo Woon Keng John	93	–	7	–	100
Mr Zhang Rong Xiang	6	88	–	6	100
Mr Zhu Jun	9	60	26	5	100
Mr Chee Teck Kwong Patrick	92	–	8	–	100
Mr Shen Xia (1)	6	69	20	5	100

Notes:

(1) Mr Shen Xia is also the CFO, a key executive of the Company.

The Company has not disclosed the aggregate remuneration of each Director due to the confidentiality and commercial sensitivity attached to remuneration matters, as well as the competition for talent in the job market in relation to the skillsets of these personnel in the industry.

For FY2015, the Company did not have any key executive officer who is not a Director of the Company. Hence, no further disclosure of remuneration is required under Guideline 9.3 of the Code. The CFO of the Company is Mr Shen Xia, who is also a Director of the Company.

The service period of the Managing Director is for a period not exceeding a fixed term of 5 years in accordance with the Bye-Laws of the Company. The service contract of the Managing Director is for a period of 3 years and may be terminated by not less than 6 months' written notice or payment in lieu of notice by either party to the service contract.

The remuneration of each Executive Director is based on their respective service contracts with the Company. The service contracts are for an initial period of three years each, with an automatic renewal for a further three years on the same terms and conditions, unless terminated prior to the renewal by either party giving six months' written notice or payment in lieu of notice by either party to the service contract.

The Non-Executive Chairman and Independent Directors do not have any service contracts with the Company. They are paid directors' fees, which are determined by the Board, appropriate to the level of their contribution, taking into account factors such as the responsibilities, effort and time spent for serving the Board and Board Committees.

Directors' fees are tabled annually for shareholders' approval at the AGM of the Company. Other than directors' fees, the Non-Executive Chairman and Independent Directors do not receive any other remuneration from the Company.

There are no employees of the Group who are immediate family members of a Director or a substantial shareholder, and whose remuneration exceeds S$50,000 during FY2015.

In deriving and approving appropriate remuneration packages, the RC takes into account factors such as employment conditions within the industry, roles and responsibilities of the individuals and the need to link reward to performance. The RC ensures that the remuneration paid to Directors is clearly linked to the achievement of their individual performance targets, which is a motivation for Directors to perform commercially and act in the best interests of the Company.

In addition, the Company has also adopted the ESOS and a Performance Share Plan ("PSP") on 8 March 2010 for its employees as part of their remuneration package.

The ESOS and the PSP were introduced to strengthen the Company's competitiveness in attracting and retaining talented key executives and employees and aims to align the interests of the Directors and employees of the Company with that of the shareholders so as to improve performance of the Company and to achieve sustainable growth. The ESOS and PSP, which is administered by the RC, contemplate the award of share options or fully paid shares, when and after pre-determined performance or service targets are met. The RC reviews and sets the appropriate performance or service targets after considering prevailing business conditions. Such performance and service targets take into account the relevant Director's or employee's rank, responsibilities, length of service, contributions to the success and development of the Group and his potential for future development.

To date, the Company has granted 4.925 million share options under the SOS and no shares have been issued under the PSP. Full details of the SOS and the PSP are disclosed respectively on page 27 to page 29 of the Annual Report.

ACCOUNTABILITY AND AUDIT

Accountability

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

The Board is accountable to shareholders for the management of the Group. In order to fulfil its responsibility to provide a balanced and understandable assessment of the Company's performance, position and prospects, the Board updates the shareholders on the operations and financial position of the Group through quarterly, half-yearly and full-year results announcements in addition to timely announcements of other matters as prescribed by the relevant rules and regulations. The Board has also taken adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the SGX-ST Listing Manual, by establishing written policies where appropriate.

To ensure that the Board fulfils its responsibilities, Management is accountable to the Board by providing the Board with the necessary updates in relation to the performance of the Group. Management provides the Board with information which it may require from time to time, in the discharge of its duties, to make a balanced and informed assessment of the Company's performance, position and prospects.

Risk Management and Internal Controls

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

The Board recognises the importance of sound internal controls and risk management practices and acknowledges its responsibility for the systems of internal controls and risk management of the Group. In this regard, the role of the Board includes:

(a) ensuring that Management maintains a sound system of risk management to safeguard shareholders' interests and the Group's assets;

(b) determining the nature and extent of significant risks that the Board is willing to take in achieving its strategic objective;

(c) determining the levels of risk tolerance and risk policies of the Company;

(d) overseeing Management in the design, implementation and monitoring of risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems); and

(e) reviewing the adequacy and effectiveness of the risk management and internal control systems annually.

In order to assist the Board in fulfilling its oversight responsibilities on risk management, the Group has set up a management level RMC, comprising three Directors. The members of the RMC are:

Mr Shan Chang (Chairman)
Mr Zhang Rong Xiang
Mr Shen Xia

The key functions of the RMC under its terms of reference include:

(a) reviewing the overall risk management system and process and making recommendations on changes as and when considered appropriate;

(b) reviewing the Group's risk policies, guidelines and limits; and

(c) reviewing periodically the Group's material risk exposures and evaluating the adequacy and effectiveness of the mitigating measures implemented by management.

The RMC holds at least two meetings in each financial year and reviews regularly the Group's policies and procedures, business and operational activities to identify areas of significant risks as well as to determine appropriate measures to control and mitigate these risks. The RMC subsequently reports its findings to the Board and the AC.

The RMC is assisted by the Company's internal auditors, Crowe Horwath First Trust Risk Advisory Pte. Ltd. ("Crowe Horwath"), to monitor and manage the risks across the Group.

In order to assist the Board in reviewing the adequacy and effectiveness of the Company's internal financial, operational and compliance controls, the AC conducts periodic reviews and assesses the effectiveness of key internal controls. The AC meets with Management, internal auditors and independent auditors at least once during each financial year to review the internal and independent auditors' audit plans. For FY2015, the Group's internal auditors conducted the annual review of the effectiveness of the Group's internal controls based on the plan approved by the AC. Similarly, the Company's independent auditors may, during the conduct of their normal audit procedures, also report on matters relating to internal controls.

Any material non-compliance, weaknesses in internal controls or recommendations from the internal and independent auditors to further improve the internal controls is reported to the AC. The AC will also follow up on the actions taken by Management on the recommendations of internal and independent auditors.

For FY2015, the Board has received assurance from the Managing Director and CFO of the Company (by way of representation letters) that:

(a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the system of risk management and internal control in place within the Group (including financial, operational, compliance and information technology controls) is adequate and effective in addressing the material risks in the Group in its current business environment.

Material associates and joint ventures which the Company does not control are not dealt with in the representative letters from the Managing Director and the CFO.

Management regularly reviews the Group's businesses and assesses the Group's operational environment in order to identify areas of significant business and financial risk, such as foreign exchange risks, interest rate risks, credit risks and liquidity risks. Management ensures that appropriate measures to control and mitigate these risks are adopted. The significant risk management policies are as disclosed in the audited financial statements of this Annual Report on pages 63 to 70.

Based on the various management controls put in place, the internal and independent auditors' reports, the representation letters from the Managing Director and CFO and the reports of the AC, the Board with the concurrence of the AC is of the opinion that the system of internal controls addressing financial, operational and compliance risks are adequate in meeting the needs of the Group and provide reasonable assurance against material financial misstatements or material loss and to safeguard the Group's assets.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board will, on a continuing basis, endeavour to further enhance and improve the Group's system of internal controls and risk management policies.

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 is regulated by a set of written terms of reference, which sets out its duties and responsibilities. The AC comprises three Non-Executive Directors, the majority of whom, including the Chairman is independent. The AC members are:

Mr Teo Woon Keng John (Chairman)
Mr Shan Chang
Mr Chee Teck Kwong Patrick

The AC members bring with them in-depth years of invaluable experience and professional expertise in the financial, legal, consultancy and administrative fields from their previous appointments as directors and senior management in other organisations. The Board is of the view that the AC members have sufficient recent and relevant accounting or related financial management expertise to discharge their responsibilities.

The AC holds meetings at least annually in each financial year. For FY2015, the AC held a total of 4 meetings.

As set out in its terms of reference, the AC actively carries out the following functions:

(a) monitoring the changes in accounting policies;

(b) reviewing the internal audit appraisals;

(c) reviewing the adequacy of the Group's internal controls;

(d) reviewing interested person transactions;

(e) examining accounting implications of major transactions so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance; and

(f) reviewing the Company's audit plan, audit issues, audit report and Management's response with the independent auditor of the Company.

The AC commissions and reviews the findings of the above internal investigations. Where there is any suspected fraud or irregularity, failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on the operations or the financial position of the Company, the AC will discuss such matters with the independent auditors of the Company. The AC ensures that the appropriate follow-up actions are taken. In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The AC has explicit authority to investigate any matter within its terms of reference and has full access to Management and resources, which are necessary to enable the AC to discharge its functions properly. The AC also has full access to, and the cooperation of, Management and has full discretion to invite any Director or executive officer of the Company to attend their meetings.

The AC meets with the independent auditor and internal auditor, at least annually, without the presence of Management. The AC has reviewed and is satisfied with the independent auditor's independence and objectivity. For FY2015, the amount of audit fees paid to the independent auditor was RMB823,000. No further non-audit fees were paid to the independent auditor for FY2015.

The AC, with the concurrence of the Board, has recommended the re-appointment of Nexia TS Public Accounting Corporation as the independent auditor at the forthcoming AGM of the Company. The Company confirms that Rules 712 and 716 of the SGX-ST Listing Manual have been complied with, specifically, the Board and the AC are satisfied that the appointment of different auditing firms for the Company and its subsidiaries or significant associate companies will not compromise the standard and effectiveness of the audit of the Company.

The Board has established a whistle-blowing policy, endorsed by the AC to allow employees, customers, other stakeholders and any other persons to raise concerns or observations, in confidence, to the Board about possible irregularities or improprieties in financial or other operational matters. If such concerns or observations are raised, the Board ensures that independent investigation and appropriate follow-up action takes place. For FY2015, no reports have been received under the whistle-blowing policy.

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 Group has outsourced its internal audit function to Crowe Horwath, an independent advisory firm, for FY2015. The objective of the internal audit function is to determine whether the Group's key controls and governance processes are adequate and functioning in the required manner.

Crowe Horwath carries out its functions under the direction of the AC and conducts its reviews in accordance with the audit plan approved by the AC. Crowe Horwath reports their findings and makes recommendations to the AC and administratively to Management at least annually. The reports and recommendations of Crowe Horwath are submitted to the AC for discussion and deliberation. To ensure timely and adequate closure of audit findings, the status of the implementation of the actions as agreed by Management is tracked and discussed with the AC. In addition, Management will update the AC on the status of the remedial action plans.

Crowe Horwath has full access to all of the Group's documents, records, properties and personnel, including access to the AC. Crowe Horwath carries out its function in accordance with the standards set by nationally or internationally recognised professional bodies.

In accordance with the audit plan approved by the AC, Crowe Horwath conducts an annual review of the effectiveness of the Company's material internal controls. Material non-compliance, failures in internal controls and recommendations for improvements are reported to the AC.

The AC periodically reviews the internal audit reports and activities and the effectiveness of the Company's internal audit function. The AC is of the view that the internal audit function is adequately resourced to perform its functions and has appropriate standing within the Group.

Shareholders' Rights and Responsibilities, Communication with Shareholders and Conduct of Shareholders' Meeting

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

In line with the continuing obligations of the Group pursuant to the SGX-ST Listing Manual, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. The shareholders are informed of the rules, including voting procedures, which govern general meetings of shareholders.

The Bye-Laws of the Company allow a shareholder to appoint one or two proxies to attend and vote on behalf of the shareholder. The Bye-Laws of the Company currently do not allow a shareholder to vote in absentia. Shareholders who hold shares through nominees are allowed, upon prior request through their nominees, to attend the general meetings of shareholders as observers without being constrained by the two-proxy rule.

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 believes in timely, fair and adequate disclosure of relevant information to the shareholders and investors so that they will be apprised of developments that may have a material impact on the price or value of Company's securities. The Company does not practice selective disclosure. In this respect, the Board presents a balanced and informed assessment of the Group's performance, position and prospects in its announcements, including quarterly, half-year and full-year results and reports to regulators, if any, all of which are released through the SGX-ST website at SGXNet (www.sgx.com). The Company also strives to be as descriptive, detailed and forthcoming as possible. The Company has a policy that where there is inadvertent disclosure made to a selected group, the Company will ensure that the information is disclosed publicly to all others as soon as practicable. In addition, the Company's investor relations personnel are available by e-mail or telephone to answer any questions from shareholders.

The Company does not have a formal dividend policy. The Board considers the Company's capital structure, cash requirements and future plans in deciding whether to declare dividends or not. The Company has not distributed dividends for FY2015 due to volatile market conditions.

Conduct of Shareholder Meetings

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

All shareholders will receive the Annual Report and notice of AGM. At general meetings of shareholders, the shareholders will be given the opportunity to voice their views and direct questions regarding the affairs of the Company to the Directors or Management. The chairpersons of the Board Committees are present at the AGM of the Company to address any queries from the shareholders. The Company's independent auditor is also invited to assist in addressing any queries by shareholders relating to the conduct of the external audit and the preparation and content of its auditors' report. The Company is open to meetings with investors and analysts, and in conducting such meetings, the Company is mindful of the need to ensure fair disclosure. To encourage the participation of the shareholders at general meetings, the Company ensures that the venue for general meetings is at a central location easily accessed by public transportation.

The Bye-Laws of the Company allow a shareholder to appoint one or two proxies to attend and vote on behalf of the shareholder. The Bye-Laws of the Company currently do not allow a shareholder to vote in absentia. Shareholders who hold shares through nominees are allowed, upon prior request through their nominees, to attend the general meetings of shareholders as observers without being constrained by the two-proxy rule.

To ensure that the shareholders have the opportunity to participate effectively in and vote at general meetings, voting at general meetings is conducted by way of poll since 2008. The chairman of the meeting, with the assistance of service providers engaged by the Company, will brief shareholders to familiarise them with the detailed procedures involved in voting by way of poll. An announcement containing the detailed results of the number of votes cast for, and against, each resolution and the respective percentages will be announced after the general meeting via SGXNet (www.sgx.com). Having considered the costs and benefits, the Board has decided not to facilitate voting by way of poll by electronic means at this juncture.

The Company Secretary prepares minutes of all general meetings. The minutes include all questions and comments from the shareholders together with the responses from the Board and Management. These minutes are available to shareholders upon their request.

Resolutions to be passed at general meetings are always separate and distinct in terms of issue so that shareholders are better able to exercise their right to approve or deny the issue or motion.

Dealings in Securities

The Group has adopted an internal policy that complies with and is consistent with Rule 1207(19) of the SGX-ST Listing Manual in relation to dealings in the securities of the Company.

Directors, officers and employees of the Company are notified that they are prohibited from trading in the securities of the Company while in possession of material unpublished price sensitive information, and during the period commencing two weeks before the announcement of Company's quarterly results and one month before the announcement of the Company's full-year results, ending on the date of the announcement of the relevant results. In compliance with Rule 1207(19) of the SGX-ST Listing Manual, quarterly reminders of the restrictions in dealing in the securities of the Company are issued to all Directors, officers and employees of the Company. The Directors are issued with a copy of the Company's Best Practice on Securities' Dealings as they are privy to price sensitive information.

The Directors, officers and employees are also reminded and expected to observe insider-trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

The Directors and the officers of the Company are required to notify the Company of their dealings in the Company's shares within two business days of the transaction.

The Company has complied with Rule 1207(19) of the SGX-ST Listing Manual.

Interested Person Transactions ("IPTs")

The Company has established guidelines on interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual) and has set out procedures for the review and approval of any interested person transaction.

The AC reviews all material interested person transactions and keeps the Board informed of such transactions. Before making its recommendations to the Board for its approval, the AC ensures that such interested person transactions are carried out on normal commercial terms or entered into on an arm's length basis and are not prejudicial to the interests of the Group and its minority shareholders. Measures are taken to ensure that the terms and conditions of interested person transactions are not more favourable than those granted to non-related persons under similar circumstances.

For FY2015, the Company did not enter into any interested person transaction and hence, no announcement is required under the rules of the SGX-ST Listing Manual.

Material Contracts

Save for the service contracts between the Executive Directors and as disclosed elsewhere in the financial statements for FY2015, there were no material contracts (including loans) of the Group involving the interests of any Directors or controlling shareholders entered into during FY2015 that is required to be disclosed under Rule 1207(8) of the SGX-ST Listing Manual.

The directors present their statement to the members together with the audited consolidated financial statements of China International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 33 to 135 are drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, based on the assumptions and measures undertaken as described in Note 3 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Mr Shan Chang
Mr Zhang Rong Xiang
Mr Zhu Jun
Mr Chee Teck Kwong Patrick
Mr Shen Xia
Mr Teo Woon Keng John (appointed on 3 June 2015)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this statement.

Directors' interests in shares or debentures

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

	Holdings registered in name of director or nominee	
	At 31.12.2015	**At 1.1.2015**
Company		
(No. of ordinary shares of S$1.00[1] (FY2014: S$0.05) each)		
Mr Zhang Rong Xiang	128,300[1]	2,566,000

Directors' interests in shares or debentures (Cont'd)

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

(1) Number of shares and par value stated had been adjusted pursuant to the share consolidation exercise on 20 August 2015.

Share options

(a) CIHL Share Option Scheme

The Group adopted CIHL Share Option Scheme (the "2010 Scheme") on 8 March 2010. As at the date of this statement, the following share options have been granted by the Company to the directors pursuant to 2010 Scheme:

	No. of unissued ordinary shares of the Company under option						
Name of director	**Balance as at 1.1.2015**	**Effect of share consolidation(1)**	**Aggregate granted since commencement of scheme to 31.12.2015**	**Expired in financial year ended 31.12.2015**	**Granted in financial year ended 31.12.2015**	**Aggregate exercised since commencement of scheme to 31.12.2015**	**Aggregate outstanding as at 31.12.2015**
Mr Shan Chang	18,000,000	(17,100,000)	900,000	(300,000)	–	–	600,000
Mr Fong Weng Khiang(2)	12,000,000	(11,400,000)	600,000	(75,000)	–	–	525,000
Mr Zhang Rong Xiang	18,000,000	(17,100,000)	900,000	(200,000)	–	–	700,000
Mr Zhu Jun	18,000,000	(17,100,000)	900,000	(200,000)	–	–	700,000
Mr Chee Teck Kwong Patrick	12,000,000	(11,400,000)	600,000	(75,000)	–	–	525,000
Mr Shen Xia	17,000,000	(16,150,000)	850,000	(150,000)	–	–	700,000
	95,000,000	(90,250,000)	4,750,000	(1,000,000)	–	–	3,750,000

(1) On 20 August 2015, the Company has completed a share consolidation exercise to consolidate every twenty ordinary shares in the capital of the Company held by the shareholders into one consolidated share, so as to comply with the Minimum Trading Price ("MTP") requirement as implemented by the Singapore Exchange Securities Trading Limited (the "SGX-ST") as an additional continuing listing requirement.

(2) The share options that were vested to the Company's former independent director, Mr Fong Weng Khiang, who has retired at the last Annual General Meeting held on 29 April 2015 would lapse on 28 April 2018 or upon the expiry of the exercise period, whichever is earlier.

Pursuant to the 2010 Scheme, there were 850,000(1) (2014: 17,000,000) share options granted to the above directors of the Company on 8 March 2010 at the exercise price of S$1.50(1) (2014: S$0.075), and 150,000(1) (2014: 3,000,000) share options granted to a director of the Company on 17 May 2010 at the exercise price of S$1.74(1) (2014: S$0.087). The vesting schedule of the share options is 50% after the first anniversary of the grant and 50% after the second anniversary of the grant. The exercise period expiry dates of the share options are on 7 March 2015 and 16 May 2015 respectively.

Share options (Cont'd)

(a) CIHL Share Option Scheme (Cont'd)

There were 1,050,000[(1)] (2014: 21,000,000) share options granted to the above directors of the Company on 2 June 2011 at the exercise price of S$1.04[(1)] (2014: S$0.052). The vesting schedule of the share options is 50% after the first anniversary of the grant and 50% after the second anniversary of the grant. The expiry date of the share options is on 1 June 2016.

There were 2,700,000[(1)] (2014: 54,000,000) share options granted to the above directors of the Company on 10 March 2014 at the exercise price of S$0.904[(1)] (2014: S$0.0452). The vesting schedule of the share options is 50% after the first anniversary of the grant and 50% after the second anniversary of the grant. The expiry date of the share options is on 9 March 2019. The fair value of such share options granted was estimated to be S$1,447,000, equivalent to RMB6,989,000 using the Binomial Option Pricing Model.

Since the commencement of the 2010 Scheme to the end of the financial year ended 31 December 2015, save as disclosed above:

(i) no employees of the Company or its subsidiaries have received 5% or more of the total number of share options available under the 2010 Scheme;

(ii) no share options have been granted to controlling shareholders of the Company or their associates; and

(iii) no share options have been granted at a discount of more than 20% to the prevailing market price of the shares.

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

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

The 2010 Scheme is administered by the Remuneration Committee, members of which included Mr Shan Chang, Mr Chee Teck Kwong Patrick and Mr Teo Woon Keng John.

(b) CIHL Performance Share Plan (the "PSP")

The PSP was approved by the shareholders of the Company at a Special General Meeting held on 8 March 2010. The PSP shall complement the 2010 Scheme and serve as an additional and flexible incentive tool.

Under the rules of the PSP, all directors and employees of the Group as well as the employees of associates are eligible to participate in the PSP at the absolute discretion of the Remuneration Committee.

The total number of shares over which shares to be issued under the PSP, together with the number of shares issued under the 2010 Scheme shall not exceed 15% of the issued share capital of the Company at any time.

Share options (Cont'd)

(b) CIHL Performance Share Plan (the "PSP") (Cont'd)

The Remuneration Committee is charged with the administration of the PSP in accordance with the rules of the PSP. The Remuneration Committee administering the PSP comprises the directors, Mr Shan Chang, Mr Chee Teck Kwong Patrick and Mr Teo Woon Keng John.

None of the directors in the committee participated in any deliberation or decision in respect of shares granted to himself.

The number of shares to be offered to a participant shall be determined at the discretion of the Remuneration Committee provided that:

(i) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates shall not exceed 25% of the 2010 Scheme; and

(ii) the number of shares which may be offered to each participant who is a controlling shareholder or their associates shall not exceed 10% of the 2010 Scheme.

No shares had been granted to any participant since the commencement of the PSP.

Audit committee

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Mr Chee Teck Kwong Patrick (Chairman and independent director)
Mr Shan Chang
Mr Teo Woon Keng John (Independent director)

All members of the AC were non-executive directors.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, including a review of the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 and the Independent Auditors' Report thereon. The AC has full access to management, has discretion to invite any director or executive officer to attend its meetings and is given the resources required for it to discharge its functions.

The AC has also reviewed the following:

(i) the adequacy of the Group's internal accounting control system and its internal control procedures relating to interested person transactions;

(ii) the compliance with legal and other regulatory requirements;

(iii) the adequacy and effectiveness of the Group's internal audit function at least annually, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as the scope and results of the internal audit procedures;

Audit committee (Cont'd)

(iv) the appointment of the independent auditors and the level of audit and non-audit fees;

(v) the co-operation given by the Company's management and officers to the independent auditors;

(vi) the review of independent auditors' audit plan, audit report and any recommendations on internal accounting controls arising from the statutory audit; and

(vii) any other matter which in the AC's opinion, should be brought to the attention of the Board.

No non-audit fees were paid to the independent auditors for FY2015. The AC is satisfied with the independence and objectivity of the independent auditors, Nexia TS Public Accounting Corporation ("Nexia"); and has recommended to the Board that Nexia be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

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

On behalf of the directors

Shan Chang
Chairman

Zhang Rong Xiang
Managing Director

1 April 2016

To the Members of China International Holdings Limited
(Incorporated in Bermuda with Limited Liability)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of China International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 33 to 135, which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 December 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs"), 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 for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

We draw attention to Note 3 to the financial statements, which states that the Group recorded a gross loss of RMB293,734,000 (2014: RMB14,319,000), net loss of RMB504,298,000 (2014: RMB95,926,000) and net cash outflows from its operating activities of RMB79,759,000 (2014: RMB95,090,000) for the financial year ended 31 December 2015. As at 31 December 2015, the Group has current borrowings of RMB424,891,000 (2014: RMB452,762,000) due within 12 months from the end of the reporting period with cash and cash equivalents of RMB18,861,000 (2014: RMB54,665,000). These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Our opinion is not qualified with respect to this matter.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Philip Tan Jing Choon
Appointed since financial year ended 31 December 2012

Singapore

1 April 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Continuing operations			
Revenue	6	116,372	109,083
Cost of sales and services provided		(410,106)	(123,402)
Gross loss		(293,734)	(14,319)
Other income – net	7	18,747	28,141
Expenses			
- Administrative		(183,404)	(21,289)
- Other operating		(33,059)	(46,700)
- Selling and marketing		(6,981)	(8,868)
- Finance	8	(53,077)	(43,054)
Share of net losses of associates accounted for using the equity method	19	(32,422)	(1,814)
Loss before income tax		(583,930)	(107,903)
Income tax credit	11	80,292	12,780
Loss for the financial year from continuing operations		(503,638)	(95,123)
Discontinued operations			
Loss for the financial year from discontinued operations	12(a)	(660)	(803)
Loss for the financial year		(504,298)	(95,926)
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss			
Currency translation gains on translating foreign operations		1,717	305
Other comprehensive income for the financial year, net of tax		1,717	305
Total comprehensive loss for the financial year		(502,581)	(95,621)
Loss for the financial year attributable to:			
Owners of the parent		(384,999)	(75,960)
Non-controlling interests		(119,299)	(19,966)
		(504,298)	(95,926)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Total comprehensive loss for the financial year attributable to:			
Owners of the parent		(383,282)	(75,655)
Non-controlling interests		(119,299)	(19,966)
		(502,581)	(95,621)
Total comprehensive loss attributable to equity shareholders arises from:			
Continuing operations		(382,919)	(75,213)
Discontinued operations	12(a)	(363)	(442)
		(383,282)	(75,655)
Loss per share from continuing and discontinued operations attributable to the owners of the parent during the financial year (RMB (Fen) per share)			
Basic and diluted loss per share			
From continuing operations	13	(750.80)	(156.11)
From discontinued operations	13	(0.71)	(0.91)
From loss for the financial year		(751.51)	(157.02)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	Group		Company	
		2015	2014	2015	2014
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	258,756	268,520	–	–
Intangible assets	15	122	122	–	–
Investment properties	16	32,100	33,100	–	–
Goodwill arising on consolidation	17	20,303	20,303	–	–
Investments in subsidiaries	18	–	–	196,000	220,000
Investments in associates	19	–	99,603	–	–
Deferred income tax assets	20	982	839	–	–
		312,263	422,487	196,000	220,000
Current assets					
Development properties	21	1,098,156	1,279,634	–	–
Inventories	22	4,009	1,140	–	–
Trade and other receivables	23	102,732	467,964	504,603	514,274
Cash and cash equivalents	25	18,861	54,665	1	*
		1,223,758	1,803,403	504,604	514,274
Assets of disposal group classified as held for sale	12(d)	–	8,413	–	–
		1,223,758	1,811,816	504,604	514,274
LIABLITIES					
Current liabilities					
Borrowings	26	424,891	452,762	–	–
Loan payables	27	–	147,623	–	–
Trade and other payables	28	479,672	363,722	129,329	140,327
Current income tax liabilities		14,896	12,315	–	–
		919,459	976,422	129,329	140,327
Liabilities of disposal group classified as held for sale	12(d)	–	474	–	–
		919,459	976,896	129,329	140,327
Net current assets		304,299	834,920	375,275	373,947
Total assets less current liabilities		616,562	1,257,407	571,275	593,947

* *Less than RMB1,000*

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	Group 2015 RMB'000	Group 2014 RMB'000	Company 2015 RMB'000	Company 2014 RMB'000
Non-current liabilities					
Borrowings	26	68,513	109,869	–	–
Deferred income tax liabilities	20	65,352	159,138	–	–
		133,865	269,007	–	–
Net assets		482,697	988,400	571,275	593,947
EQUITY					
Equity attributable to owners of the parent					
Share capital	29(a)	257,321	257,321	257,321	257,321
Reserves	30	656,433	657,390	630,285	631,309
Accumulated losses		(638,254)	(257,838)	(316,331)	(294,683)
		275,500	656,873	571,275	593,947
Non-controlling interests		207,197	331,527	–	–
TOTAL EQUITY		482,697	988,400	571,275	593,947

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Loss before income tax including discontinued operations		(584,590)	(108,706)
Adjustments for:			
- Depreciation of property, plant and equipment		8,627	8,542
- Development properties write-down	10	357,480	51,072
- Impairment loss of property, plant and equipment	10	14,121	–
- Impairment loss of investment in associates	10	68,898	–
- Interest expenses		50,110	40,876
- Interest income		(19,847)	(28,653)
- Employee share option expense	9	2,405	4,249
- Fair value losses on investment properties	7	1,000	–
- Gain on additions to investments in an associate	7	–	(92)
- Gain on disposal of property, plant and equipment	7	–	(12)
- Loss on disposal of subsidiaries	7	2,930	–
- Provision for foreseeable losses		–	1,187
- Share of losses of associates		32,422	1,814
- Unrealised currency translation (gain)/loss		(3,259)	2,048
		(69,703)	(27,675)
Changes in working capital			
- Development properties		(69,213)	(31,250)
- Inventories		(2,869)	531
- Trade and other receivables		63,153	48,795
- Trade and other payables		39,474	(66,475)
Cash used in from operations		(39,158)	(76,074)
Interest paid		(30,315)	–
PRC income tax paid		(10,286)	(19,016)
Net cash used in operating activities		(79,759)	(95,090)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Cash flows from investing activities			
Disposal of subsidiaries, net of cash disposed of	25	(389)	–
Payments for consideration of acquisition of subsidiaries		–	(157,860)
Payments for acquisition of non-controlling interests	18	(150)	–
Decrease/(increase) of restricted bank balances pledged		255	(968)
Interest received		5,954	14,100
Purchases of property, plant and equipment		(15,020)	(35,716)
Proceeds from disposal of property, plant and equipment		–	12
Capital contribution to an associate		–	(3,980)
Loans to a non-related party		–	(73,000)
Loans to associates		(2,834)	(5,124)
Repayment of loan receivables		150,000	–
Repayment of other receivables from a third party		173,000	–
Net cash provided by/(used in) investing activities		310,816	(262,536)
Cash flows from financing activities			
Interest and other finance expenses paid		(46,036)	(36,303)
Proceeds from issuance of ordinary shares		–	38,126
Proceeds from borrowings			
- non-related parties		493,551	545,900
- related parties		50,200	75,000
Repayments of borrowings			
- non-related parties		(764,483)	(168,790)
- related parties		–	(75,000)
Dividends paid to owners of the parent		–	(15,342)
Net cash (used in)/provided by financing activities		(266,768)	363,591
Net (decrease)/increase in cash and cash equivalents		(35,711)	5,965
Cash and cash equivalents			
Beginning of financial year		51,465	45,500
Effects of exchange rate changes on cash and cash equivalents		124	*
End of financial year	25	15,878	51,465

* *Less than RMB1,000*

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

	Attributable to owners of the parent											
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Statutory reserves* RMB'000	Capital redemption reserve RMB'000	Currency translation reserve RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
2015												
Beginning of financial year	257,321	46,060	565,589	7,764	22,660	8,324	(3,864)	10,857	(257,838)	656,873	331,527	988,400
Total comprehensive income/ (loss) for the financial year	–	–	–	–	–	–	1,717	–	(384,999)	(383,282)	(119,299)	(502,581)
Transfer	–	–	–	–	2,074	–	–	–	(2,074)	–	–	–
Disposal of subsidiaries	–	–	–	–	(3,228)	–	–	–	3,228	–	(5,377)	(5,377)
Effects of acquiring non-controlling interests in subsidiary (Note 18)	–	–	–	(496)	–	–	–	–	–	(496)	346	(150)
Share option lapsed	–	–	–	–	–	–	–	(3,429)	3,429	–	–	–
Recognition of share-based payments	–	–	–	–	–	–	–	2,405	–	2,405	–	2,405
End of financial year	257,321	46,060	565,589	7,268	21,506	8,324	(2,147)	9,833	(638,254)	275,500	207,197	482,697
2014												
Beginning of financial year	219,943	45,312	565,589	7,764	21,450	8,324	(4,169)	6,608	(165,326)	705,495	351,493	1,056,988
Total comprehensive income/ (loss) for the financial year	–	–	–	–	–	–	305	–	(75,960)	(75,655)	(19,966)	(95,621)
Dividends paid	–	–	–	–	–	–	–	–	(15,342)	(15,342)	–	(15,342)
Proceeds from shares issued	37,378	748	–	–	–	–	–	–	–	38,126	–	38,126
Transfer	–	–	–	–	1,210	–	–	–	(1,210)	–	–	–
Recognition of share-based payments	–	–	–	–	–	–	–	4,249	–	4,249	–	4,249
End of financial year	257,321	46,060	565,589	7,764	22,660	8,324	(3,864)	10,857	(257,838)	656,873	331,527	988,400

* *As stipulated by the relevant laws and regulations for foreign investment enterprises in PRC, the PRC subsidiaries of the Group are required to provide for statutory surplus reserve fund and voluntary contribution of enterprise expansion fund. Appropriations to such reserve funds are made out of a total of 10.5% of net profit after tax of the statutory financial statements of the PRC subsidiaries and the amount and allocation basis are decided by their respective board of directors annually. The statutory surplus reserve fund can be used to make up prior year losses of the PRC subsidiaries, if any, and can be applied to convert into capital by means of capitalisation issue. The enterprise expansion fund is used for expanding the capital base of the PRC subsidiaries by means of capitalisation. The appropriations to the statutory surplus reserve fund and enterprise expansion fund are reflected in the statutory reserves under shareholders' funds.*

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

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

1. General information

China International Holdings Limited (the "Company") is listed on the main board of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Company is an exempted company incorporated in Bermuda with limited liability under the Companies Act of Bermuda.

The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business is in the People's Republic of China (the "PRC").

The principal activities of the Company are those of investment holding. The principal activities of its subsidiaries and associates are disclosed in Note 18 and Note 19 respectively to the financial statements.

2. Summary of significant accounting policies

These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of China International Holdings Limited and its subsidiaries (the "Group").

2.1 Basis of preparation

(i) Compliance with International Financial Reporting Standards ("IFRS")

The consolidated financial statements of the Group have been prepared in accordance with IFRS and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

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

(ii) Historical cost convention

The financial statements have been prepared under the historical cost basis, except for the following:

- investment properties – measured at fair value
- assets held for sale – measured at fair value less cost of disposal

(iii) New and amended standards adopted by the Group

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2. Summary of significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

(iii) New and amended standards adopted by the Group (Cont'd)

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2015, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Annual Improvements 2010-2012 Cycle

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

  The Group has not applied the aggregation criteria in IFRS 8.12.

- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

  This amendments is not relevant for the Group as it does not report to the chief operating decision maker a reconciliation of segments assets and liabilities.

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

2. Summary of significant accounting policies (Cont'd)

2.2 Principles of consolidation and equity accounting (Cont'd)

(a) Subsidiaries (Cont'd)

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (c) below), after initially being recognised at cost.

(c) Equity methods

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

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

2. Summary of significant accounting policies (Cont'd)

2.2 Principles of consolidation and equity accounting (Cont'd)

(d) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(e) Related parties

A related party is a person or entity that is related to the Group.

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

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

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

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies:

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

2. Summary of significant accounting policies (Cont'd)

2.2 Principles of consolidation and equity accounting (Cont'd)

(e) Related parties (Cont'd)

(B) (Cont'd)

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

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(vi) The entity is controlled or jointly controlled by a person identified in (A).

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

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

2.3 Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2. Summary of significant accounting policies (Cont'd)

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance expenses. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(c) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting peiod;
- income and expenses for statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

2. Summary of significant accounting policies (Cont'd)

2.5 Foreign currency translation (Cont'd)

(c) Group companies (Cont'd)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Land development construction contracts

Revenue from construction and upgrade services is recognised under the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for each contract. When the outcome of a construction and upgrade services cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is expected to be recoverable.

(ii) Water supply income

Water supply income is recognised based on water supplied during the financial year.

(iii) Construction of water pipeline

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for the contract; and revenue from a cost plus contract is recognised by reference to the recoverable costs incurred during the period plus an appropriate proportion of the total fee, measured by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract.

2. Summary of significant accounting policies (Cont'd)

2.6 Revenue recognition (Cont'd)

(iii) Construction of water pipeline (Cont'd)

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is expected to be recoverable.

(iv) Revenue on sale of development properties held for sale

Revenue from sale of development properties held for sale in respect of sale and purchase agreements entered into prior to completion of construction is recognised when the properties are delivered to the buyers, such transfer generally occurs when the property units are completed and delivered to the buyers. Revenue is recognised upon completion of construction. No revenue is recognised when there is significant uncertainty as to the collectability of consideration due or the possible return of units sold.

(v) Revenue from real estate management

Revenue from real estate management is recognised when the services are rendered.

(vi) Interest income

Interest income is recognised using the effective interest method.

(vii) Rental income

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

(viii) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.7 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. Summary of significant accounting policies (Cont'd)

2.7 Income tax (Cont'd)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.8 Leases

(i) Where the Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (Note 36). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2. Summary of significant accounting policies (Cont'd)

2.8 Leases (Cont'd)

(ii) Where the Group is the lessor

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term (Note 16). The respective leased assets are included in the statement of financial position based on their nature.

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

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

The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

2.10 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value, less cash subject to restriction. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2. Summary of significant accounting policies (Cont'd)

2.12 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amount is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current asset.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.13 Inventories

Inventories for construction contracts, comprising raw materials and consumables, are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Net realisable value is determined by reference to the underlying specific contracts in progress in which the inventories will ultimately be used.

2.14 Construction contracts

A construction contract is defined by IAS 11, 'Construction contracts', as a contract specifically negotiated for the construction of an asset.

On the statement of financial position, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings, the balance is presented as "Gross amount due from customers for construction contracts"; a contract represents a liability where the opposite is the case, the balance is presented as "Gross amount due to customers for construction contracts".

The Group uses the "percentage-of-completion method", to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

When the outcome of a construction contract can be estimated reliably, and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion.

Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable.

2. Summary of significant accounting policies (Cont'd)

2.14 Construction contracts (Cont'd)

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

2.15 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs of disposal, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

2.16 Financial assets

(a) Classification

The Group classifies its financial assets as loans and receivables.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2. Summary of significant accounting policies (Cont'd)

2.16 Financial assets (Cont'd)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial assets.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest on loans and receivables calculated using the effective interest method is recognised in the statement of comprehensive income as part of revenue from continuing operations.

(d) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

Impairment testing of trade receivables is described in Note 4(b).

2. Summary of significant accounting policies (Cont'd)

2.17 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.18 Financial guarantee

A subsidiary of the Company has issued corporate guarantees to banks for borrowings of certain buyers for purchases of properties for development. These guarantees are financial guarantees as they require the Group to reimburse the banks if the buyers fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Group's statement of financial position.

Financial guarantees are subsequently amortised to statement of comprehensive income over the period of the buyers' borrowings, unless it is probable that the Group will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Group's statement of financial position.

2.19 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of comprehensive income during the reporting period in which they are incurred.

Freehold land is not depreciated. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

	Useful lives
Leasehold land and buildings	20 years
Water plant and its ancillary facilities	20 years
Plant and machinery	10 years
Office equipment	5 years
Motor vehicles	5 years

2. Summary of significant accounting policies (Cont'd)

2.19 Property, plant and equipment (Cont'd)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Construction in progress represents water plant and its ancillary facilities and convention centre under construction, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount. These are included in statement of comprehensive income.

2.20 Investment properties

Investment properties, principally leasehold office buildings, are held for long-term rentals yields and/or for capital appreciation. They are carried at fair value. Changes in fair values are presented in statement of comprehensive income as part of other income – net.

Investment properties are initially recognised at cost including all direct costs attributable to the property and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis.

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

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in statement of comprehensive income.

2.21 Intangible assets

(a) Goodwill

The excess of (i) consideration transferred, amount of any non-controlling interest in the acquired entity, and the acquisition-date fair value of any previous equity interest in the acquired entity over the (ii) fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in statement of comprehensive income as a gain from bargain purchase.

2. Summary of significant accounting policies (Cont'd)

2.21 Intangible assets (Cont'd)

(a) Goodwill (Cont'd)

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(b) Operating and toll collection rights of toll bridges and its ancillary facilities under the service concession arrangements

Service concession arrangements represent the rights by which the local government grants a contract for the respective operating and toll collection rights for Zouwei bridge and its ancillary facilities (the "Toll bridges and its ancillary facilities") for a period of 25 years from the date of commencement of its operation in February 1999. Upon expiration of the concession period, the Toll bridges and its ancillary facilities shall be transferred to the local government without compensation. The Toll bridges and its ancillary facilities under the service concession arrangements are stated at cost, i.e. the fair value of the consideration received or receivable in exchange for the services provided under the service concession arrangements, less accumulated amortisation and any impairment losses.

The Toll bridges and its ancillary facilities are classified as "assets of disposal group held for sale" in the statement of financial position.

(c) Computer software

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

2. Summary of significant accounting policies (Cont'd)

2.21 Intangible assets (Cont'd)

(c) Computer software (Cont'd)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

2.22 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.23 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2. Summary of significant accounting policies (Cont'd)

2.23 Borrowings (Cont'd)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of comprehensive income as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in statement of comprehensive income, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.24 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.25 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2. Summary of significant accounting policies (Cont'd)

2.26 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Pension obligations

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group is required to provide certain staff pension benefits to their employees under existing PRC regulations. Pension contributions are provided at rates stipulated by the PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees.

Contributions to Mandatory Provident Fund, a defined contribution retirement scheme, as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised as expenses in statement of comprehensive income as and when incurred.

The Group has no further payment obligations once the contributions have been paid. Pension contributions are recognised as employee benefit expense in the period in which the related services are performed. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

2. Summary of significant accounting policies (Cont'd)

2.26 Employee benefits (Cont'd)

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the CIHL Share Option Scheme (the "2010 Scheme").

The fair value of options granted under the 2010 Scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

(a) including any market performance conditions (eg the entity's share price);

(b) excluding the impact of any service and non-market performance vesting conditions (eg profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

(c) including the impact of any non-vesting conditions (eg the requirement for employees to save).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in statement of comprehensive income, with a corresponding adjustment to equity.

(v) Performance shares

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of entity's share on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

2. Summary of significant accounting policies (Cont'd)

2.27 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Shares held by the Company's Employee Share Trust are disclosed as treasury shares and deducted from contributed equity.

2.28 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.29 Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral and natural resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure ("EEE") is charged to statement of comprehensive income as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

EEE incurred on licences where a resource has not yet been established is expensed as incurred until sufficient evaluation has occurred in order to establish a resource. Costs expensed during this phase are included in 'Other operating expenses' in the statement of profit or loss and other comprehensive income.

2. Summary of significant accounting policies (Cont'd)

2.29 Exploration and evaluation expenditure (Cont'd)

Upon the establishment of a resource (at which point, the Group considers it probable that economic benefits will be realised), the Group capitalises any further evaluation expenditure incurred for the particular licence as exploration and evaluation assets ("EEA") up to the point when a reserve is established. Capitalised exploration and evaluation expenditure is considered to be a tangible asset.

Exploration and evaluation assets acquired in a business combination are initially recognised at fair value, including resources and exploration potential that is considered to represent value beyond proven and probable reserves. Similarly, the costs associated with acquiring an EEA (that does not represent a business) are also capitalised. They are subsequently measured at cost less accumulated impairment. Once reserves are established and development is sanctioned, EEA are tested for impairment and transferred to 'Mines under construction' which is a sub-category of 'Mine properties'. No amortisation is charged during the exploration and evaluation phase.

In determining whether there is an impairment of the exploration and evaluation assets in accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources", the management assessed whether any key impairment indicators which indicates that there is impairment on its exploration and evaluation assets including:

(i) The period for which the associates has the right to explore in the specific area has expired during the financial year or will expire in the near future, and is not expected to be renewed;

(ii) Substantive expenditure on further exploration for and evaluation of oil and gas and gold resources in the specific area is neither budgeted nor planned;

(iii) Exploration for and evaluation of oil and gas and gold resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the associates have decided to discontinue such activities in the specific area; and

(iv) Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

3. Going concern

The Group recorded a gross loss of RMB293,734,000 (2014: RMB14,319,000), net loss of RMB504,298,000 (2014: RMB95,926,000) and net cash outflows from its operating activities of RMB79,759,000 (2014: RMB95,090,000) for the financial year ended 31 December 2015. As at 31 December 2015, the Group has current borrowings of RMB424,891,000 (2014: RMB452,762,000) due within 12 months from the end of the reporting period with cash and cash equivalents of RMB18,861,000 (2014: RMB54,665,000). These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

Notwithstanding with the above, the financial statements have been prepared on a going concern basis upon considering the following:

(i) The Group is expecting a repayment of approximately RMB33,080,000 by a local government agency in respect of the residential relocation development projects in Men Tou Gou District, out of which an amount of RMB20,314,000 has been received in January 2016;

(ii) The Group has available land use rights and properties under development that can be mortgaged for additional borrowings. As at 31 December 2015, the Group has pledged land use rights and properties under development of amount RMB634,301,000 as security for short-term borrowings;

(iii) The Group currently still has an undrawn borrowing facility of RMB169,800,000. The Group is also in the process of negotiating with certain financial institutions to obtain new borrowing facilities of RMB200,000,000 and to roll over its current borrowing of RMB383,535,000 for another year. The directors have evaluated all the relevant facts available to them and are of the opinion that the Group have good track records or relationships with financial institutions which enhance the Group's ability to continue and/or obtain new credit facilities to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future; and

(iv) The Group is able to continue in the current operational existence to generate sufficient cash flows to discharge their liabilities in the normal course of business for the next twelve months.

Accordingly, the financial statements have been prepared on a going concern basis.

The validity of the going concern assumption on which these financial statements are prepared depends on the assumptions and measures taken above. If the Group and the Company are unable to continue their operational existences and/or unable to maintain their credit facilities, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. The financial statements do not include any adjustment which may arise from this uncertainty.

4. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management team then establishes the detailed policies such as risk identification and measurement and exposure limits.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in PRC. The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are principally denominated in the Hong Kong dollar ("HKD") and United States dollar ("USD"). The Group does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will closely monitor its foreign currency exposure and consider hedging significant foreign currency exposure should the need arise.

At 31 December 2015, if the HKD had weakened/strengthened by 5% (2014: 5%) against the RMB with all other variables held constant, the recalculated post-tax profit for the financial year would have been RMB34,000 (2014: RMB7,236,000) lower/higher, mainly as a result of foreign exchange gains/losses on translation of HKD-denominated loan payable. Profit is less sensitive to movement in HKD/RMB exchange rates in 2015 than 2014 because the HKD-denominated loan payable has been repaid in 2015.

At 31 December 2015, if the USD had weakened/strengthened by 5% (2014: 5%) against the RMB with all other variables held constant, the recalculated post-tax profit for the financial year would have been RMB3,811,000 (2014: RMB3,330,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of USD-denominated loans to an associate.

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risks arises primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

4. Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(ii) Cash flow and fair value interest rate risks (Cont'd)

The table below sets out the carrying amounts as at 31 December, by maturity or re-pricing, whichever is earlier, of the financial instruments of the Group that are exposed to interest rate risk:

	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Total RMB'000
2015			
Financial assets			
Fixed rate			
Bank deposits	4,027	–	4,027
Floating rate			
Bank deposits	14,728	–	14,728
Financial liabilities			
Fixed rate			
Borrowings	424,891	68,513	493,404
2014			
Financial assets			
Fixed rate			
Bank deposits	5,013	–	5,013
Trade and other receivables	397,052	–	397,052
	402,065	–	402,065
Floating rate			
Bank deposits	49,597	–	49,597
Financial liabilities			
Fixed rate			
Loan payables	147,623	–	147,623
Borrowings	452,762	109,869	562,631
	600,385	109,869	710,254

The Group is not exposed to changes in interest rates for fixed rate financial assets and financial liabilities, and the impact of the exposure to interest rate risk from financial assets at variable rate is not significant.

The Company does not have exposure to interest rate risk as it does not hold variable rate financial assets and liabilities.

4. Financial risk management (Cont'd)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group conducts credit evaluations on customers and borrowers and establishes an allowance for doubtful accounts based on estimates, factors surrounding the credit risks of specific borrower and customer and any other relevant information.

The details of the Group's exposure to credit risk in relation to the Group's financial assets are described as follows:

(i) Cash and cash equivalents

Bank deposits are placed with banks with high credit-ratings.

(ii) Due from non-controlling shareholders of subsidiaries and associates

When loans are granted to related parties, advance assessment is being made by the management on the recoverability of the loans, and whenever possible, security is required.

(iii) Trade receivables

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management. Note 23 to the financial statements provides further disclosure on credit risk.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial instruments presented on the statement of financial position, except as follows:

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Financial guarantees		
Guarantees in respect of mortgage facilities for certain buyers	43,614	90,850

4. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

For properties that are still under construction, a subsidiary of the Company, Yichang Xinshougang Property Development Company Limited ("XSG"), provides guarantees to local government authority and certain financial institutions in connection with the buyers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. If a buyer defaults on the payment of its mortgage during the term of the guarantee, the financial institutions holding the mortgage may demand XSG to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, XSG is able to retain the buyer's deposit and sell the property to recover any amounts paid by XSG to the financial institutions. Unless the selling price drops more than 30%, which is remote, XSG would not be in a loss position in selling those properties out. In this regard, the management considers that the credit risk is significantly reduced.

Details of the financial guarantees are disclosed in Note 34 to the financial statements.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient funds to enable the Group and the Company to meet contractual and financial obligations and the availability of funding through credit facilities. At the end of the reporting period, assets held by the Group and the Company for maintaining liquidity risk included cash and cash equivalents as disclosed in Note 25 to the financial statements.

To manage liquidity risk, the Group and the Company monitors its net operating cash flow and maintains a level of cash and cash equivalents, deemed adequate by management for working capital purposes so as to mitigate the effectiveness of cash flows.

The table below analyses the non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

4. Financial risk management (Cont'd)

(c) Liquidity risk (Cont'd)

	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Total RMB'000
Group			
2015			
Trade and other payables	371,310	–	371,310
Borrowings	476,013	74,167	550,180
Financial guarantees	43,614	–	43,614
	890,937	74,167	965,104
2014			
Trade and other payables	340,813	–	340,813
Loan payables	148,659	–	148,659
Borrowings	516,373	123,832	640,205
Financial guarantees	90,850	–	90,850
	1,096,695	123,832	1,220,527
Company			
2015			
Other payables	129,329	–	129,329
2014			
Other payables	140,327	–	140,327

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, repurchase shares, raise new debts, redeem existing debts or sell assets to reduce debts.

Management monitors capital based on the return on shareholders' fund. The return on shareholders' fund was Nil (2014: Nil) for the current financial year ended 31 December 2015.

4. Financial risk management (Cont'd)

(d) Capital risk (Cont'd)

The return on shareholders' fund is calculated as net profit attributable to owners of the parent divided by shareholders' equity.

According to the Rule 723 of the Listing Manual of the SGX-ST, at least 10% of the Company's shares should be held in the hands of the public.

Apart from the above, the Group and the Company are not subject to any other externally imposed capital requirements.

(e) Fair value estimation

The fair value measurement hierarchy have been defined as follows:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

(ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

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

See Note 12 for disclosure of the disposal group classified as held for sale and Note 16 for disclosure of the investment properties that are both measured at fair value. The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purpose is estimated based on quoted market price or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximate their fair values.

4. Financial risk management (Cont'd)

(f) Offsetting financial assets and financial liabilities

	Gross amounts of recognised financial assets/ (liabilities) RMB'000	Gross amounts of recognised financial liabilities/ (assets) set off in the statement of financial position RMB'000	Net amounts of financial assets/ (liabilities) presented in the statement of financial position RMB'000
Group			
As at 31 December 2015			
Due from non-controlling shareholders of subsidiaries	10,091	–	10,091
Due to non-controlling shareholders of subsidiaries	(167,088)	–	(167,088)
As at 31 December 2014			
Due from non-controlling shareholders of subsidiaries	14,591	(4,500)	10,091
Due to non-controlling shareholders of subsidiaries	(179,928)	4,500	175,428
Company			
As at 31 December 2015			
Due from subsidiaries	893,693	(389,145)	504,548
Due to subsidiaries	(516,247)	389,145	(127,102)
As at 31 December 2014			
Due from subsidiaries	912,545	(398,324)	514,221
Due to subsidiaries	(536,319)	398,324	(137,995)

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

4. Financial risk management (Cont'd)

(g) Financial instruments by category

The aggregate carrying amounts of the different categories of financial instruments are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Assets as per statement of financial position				
Trade and other receivables (1)	79,274	455,994	504,602	514,272
Cash and cash equivalents	18,861	54,665	1	*
Loans and receivables	98,135	510,659	504,603	514,272
Liabilities as per statement of financial position				
Loan payables	-	147,623	-	-
Borrowings	493,404	562,631	-	-
Trade and other payables excluding non-financial liabilities (2)	371,310	340,813	129,329	140,327
Financial liabilities at amortised cost	864,714	1,051,067	129,329	140,327

* *Less than RMB1,000*
(1) *Excluding prepayments*
(2) *Excluding receipts in advance and gross amount due to customers for construction contracts*

5. Critical accounting estimates and assumptions

Estimates and assumptions 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 makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

5. Critical accounting estimates and judgements (Cont'd)

(a) Impairment of trade and other receivables

The Group makes impairment loss for bad and doubtful debts (Note 23), including amount due from associates, based on assessments of the recoverability of trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of uncollectible debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and allowance for impairment charge in the period in which such estimate has been changed.

If the net present values of estimated cash flows had been lower by 10% from management's estimates for all past due but not impaired loans and receivables, the Group's allowance for impairment would have been higher by RMB199,000 (2014: RMB530,000).

The impairment of trade receivables and other receivables as at 31 December 2015 was approximately RMB7,186,000 and RMB92,740,000 (2014: RMB8,617,000 and RMB6,670,000) respectively.

(b) Estimated impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The recoverable amount of goodwill and where applicable, cash-generating units ("CGUs"), have been based on value in use calculations. These calculations require the use of estimates (Note 17).

If the estimated growth rate used in the value in use calculation for this CGU had declined by 27.42% (2014: 24.36%), estimated pre-tax discount rate applied to the discounted cash flows for this CGU had raised by 14.03% (2014: 12.05%), the recoverable amount of the CGU would equal to the carrying amount.

(c) 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 percentage-of-completion method. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant judgement is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making these judgement, management evaluates by relying on past experience.

If the construction costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's revenue and profit would have been lower/higher by approximately RMB1,341,000 and RMB1,641,000 (2014: RMB417,000 and RMB692,000) respectively.

5. Critical accounting estimates and judgements (Cont'd)

(d) Impairment of investments in associates

At the end of the reporting period, the recoverable amounts of the Group's interests in its associates, Future Trillion Holdings Limited ("Future Trillion") and its subsidiaries (the "Future Trillion Group") and Liuhe Conty Yukun Mining Co. Ltd. ("Liuhe"), are determined by reference to the exploration and evaluation expenditure ("EEE") capitalised by the associates.

The application of the Group's accounting policy for EEE requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's EEE or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions. The determination of a resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates directly impact when the Group defers EEE. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off to the statement of comprehensive income in the period when the new information becomes available.

In determining whether there is an impairment of the exploration and evaluation assets in accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources", the management assessed whether any key impairment indicators which indicates that there is impairment on its exploration and evaluation assets including:

(i) The period for which the associates has the right to explore in the specific area has expired during the financial year or will expire in the near future, and is not expected to be renewed;

(ii) Substantive expenditure on further exploration for and evaluation of oil and gas and gold resources in the specific area is neither budgeted nor planned;

(iii) Exploration for and evaluation of oil and gas and gold resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the associates have decided to discontinue such activities in the specific area; and

(iv) Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

5. Critical accounting estimates and judgements (Cont'd)

(d) Impairment of investments in associates (Cont'd)

Management assesses whether interests in associates have suffered any impairment based on both quantitative and qualitative criteria. Such assessments include various estimates and assumptions, the financial health, cashflow projection and future prospects of the respective associates. In assessing the recoverable amount of investments in associates, the entire carrying amounts of the investments including goodwill is tested as a single asset.

At the end of the reporting period, the net carrying amount of interests in respective associates, comprising the net of the equity investments in associates and other receivables are as follows:

	2015 RMB'000	2014 RMB'000
Interests in Future Trillion Group	24,617	54,163
Other receivables	76,102	66,596
	100,719	120,759
Interests in Liuhe	44,281	45,440
Other receivables	9,968	8,874
	54,249	54,314
Impairment loss	(154,968)	–
	–	175,073

As set out in Note 19 to the financial statements, the Group has fully impaired its investments in associates.

The Group have also impaired an amount of RMB86,070,000 due from associates which is included in the total impairment loss of RMB92,740,000 as disclosed in Note 23(h) and Note 5(a).

(e) Fair value of assets of disposal group classified as held for sale

The carrying amount of the assets of disposal group classified as held for sales as at 31 December 2014 was RMB8,413,000. The management performed the valuation of the assets of disposal group held for sale based on the discussion with local government authority to assess the likelihood of compensation, with reference to the guidelines issued by the Department of Transportation of PRC. As such, this is a valuation technique within Level 3 of the fair value hierarchy, using unobservable inputs.

An impairment loss of RMB9,324,000 was recognised on the re-measurement of the assets of disposal group held for sale in 2013, resulting in the carrying amount of the assets of disposal group held for sale being written down to its fair value of RMB8,411,000. There is no change in the valuation technique in 2014.

5. Critical accounting estimates and judgements (Cont'd)

(e) Fair value of assets of disposal group classified as held for sale (Cont'd)

The Group disposed of its assets of disposal group classified as held for sale on 10 November 2015.

(f) Estimation of net realisable value for development properties

The Group makes a write down of its development properties after taking into account the Group's recent experience in estimating net realisable values of completed units and properties under development by reference to comparable properties, timing of sale launches, location of property, expected net selling prices and development expenditure. Market conditions may, however change, which may affect the future selling prices on the remaining unsold residential units of the development properties and accordingly, the carrying amounts of development properties for sale may have to be further written down in future periods.

In view of slowdown in the property sales, management have write-down the development properties of approximately RMB357,480,000 (2014: RMB51,072,000) as at 31 December 2015. The carrying amount of the development properties held for sale was RMB167,265,000 (2014: RMB182,990,000) as at 31 December 2015.

If the net realisable value had been lower/higher by 10% from management's estimate, the development properties write-down would have been higher/lower by RMB35,748,000 (2014: RMB5,107,000).

6. Revenue

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Revenue from:		
- land development	3,735	-
- supply of gray water	31,120	28,720
- construction of water pipeline	62,335	27,600
- sale of development properties	18,504	51,873
- real estate management	678	890
	116,372	109,083

7. Other income - net

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Currency translation gains/(losses), net	797	(1,508)
Fair value losses on investment properties	(1,000)	-
Gain on disposals of property, plant and equipment	-	12
Gain on additions investments in an associate	-	93
Interest income from:		
- banks	1,636	255
- loans to non-related parties	13,061	23,843
- loans to associates	5,150	4,555
Loss on disposal of subsidiaries (Note 25)	(2,930)	-
Rental income from investment properties (Note 16)	1,248	1,245
Other	785	(354)
	18,747	28,141

8. Finance expenses

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Interest expense on:		
- bank borrowings	12,411	14,123
- loans from non-related parties	64,234	27,444
- loan from a related party (Note 31(a))	1,310	1,967
- penalty for breach of contract	2,470	–
Currency translation loss	2,967	2,178
	83,392	45,712
Amount capitalised	(30,315)	(2,658)
	53,077	43,054

9. Employee benefit expense

	Group	
	2015	2014
	RMB'000	RMB'000
Salaries, allowances and bonuses	17,303	16,095
Pension costs of defined contribution plans	4,935	5,048
Employee share option expense (Note 29(b))	2,405	4,249
Other staff welfare	43	37
	24,686	25,429

Employee benefit expense of RMB3,154,000 (2014: RMB3,764,000) was capitalised as cost of development properties.

10. Loss before income tax

The Group's loss before income tax is arrived at after charging the following:

	Group	
	2015	2014
	RMB'000	RMB'000
Included in cost of sales and services provided:		
Cost of inventories consumed	8,356	8,214
Cost of property development activities	28,866	43,289
Depreciation of property, plant and equipment	5,520	5,408
Development properties write-down (Note 21)	357,480	51,072
Reversal of development properties write down (Note 21)	(8,281)	-
Employee benefit expense	1,654	1,398
Utility costs	1,911	1,751
Water pipeline installation and construction costs	12,781	9,520
Included in selling and marketing expenses:		
Depreciation of property, plant and equipment	214	227
Employee benefit expense	426	390

10. Loss before income tax (Cont'd)

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Included in administrative and other operating expenses:		
Advertising costs	3,854	6,175
Fees on audit services paid/payable to:		
- auditor of the Company	823	945
- other auditors	77	95
Fees on non-audit services paid/payable to*:		
- other auditors	160	254
Depreciation of property, plant and equipment	2,893	2,907
Impairment loss of property, plant and equipment (Note 14)	14,121	–
Employee benefit expense	19,452	19,877
Impairment loss of		
- trade receivables (Note 23(a))	–	8,617
- other receivables (Note 23(d))	–	4,331
- amount due from associates (Note 23(h))	86,070	–
- investments in associates (Note 19)	68,898	–
Legal and professional fees	4,050	8,248
Loss incurred as guarantor (Note 4(b))	3,943	4,933
Marketing agent fees	1,043	921
Operating lease rental payments	1,062	1,031
Penalty on breach of contract	283	3,391
Travelling costs	1,432	1,979
Utility costs	1,155	726

* No non-audit services fees paid/payable to independent auditor of the Company during the current and prior financial years.

11. Income tax expense

Tax expense attributable to loss is made up of:

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
From continuing operations		
Loss for the financial year		
Current income tax – PRC enterprise income tax	13,305	4,452
Deferred income tax	(92,934)	(16,430)
	(79,629)	(11,978)
Under/(over) provision in prior financial years		
Current income tax – PRC enterprise income tax	332	(476)
Deferred income tax	(995)	(326)
Total income tax credit attributable to continuing operations	(80,292)	(12,780)

Pursuant to relevant laws and regulations in PRC, subsidiaries in PRC are required to pay PRC enterprise income tax at a standard rate of 25% (2014: 25%).

No provision for income tax of Hong Kong entities since there is no assessable profit for the current and prior financial years.

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries, in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

11. Income tax expense (Cont'd)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rate of the principal place of operation of the Group as follows:

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Loss before income tax from		
- continuing operations	(583,930)	(107,903)
- discontinued operations	(660)	(803)
	(584,590)	(108,706)
Share of losses of associates net of tax	32,422	1,814
Loss before tax and share of losses of associates	(552,168)	(106,892)
Tax calculated at PRC income tax rate of 25% (2014: 25%)	(138,042)	(26,723)
Tax effects of:		
- Income not subject to tax	(1,811)	(1,186)
- Expenses not deductible for tax purposes	50,865	11,658
- Under/(over) provision of tax in prior years	332	(476)
- Tax losses for which no deferred income tax asset was recognised	8,367	4,080
- Other	(3)	(133)
Income tax credit	(80,292)	(12,780)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of approximately RMB53,132,000 (2014: RMB19,664,000) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses can be carried forward up to a period of 5 years.

12. Discontinued operations and disposal group classified as held for sale

CCI Andi Bridges Co., Ltd ("Zuowei"), a 60% equity-owned subsidiary of the Group has been granted a 25 years of concession rights on toll collection on 25 December 1998. The Group is only entitled to 55% of the profit or loss due to a profit sharing agreement with the non-controlling shareholder.

On 2 January 2013, the Company announced that Zuowei has been notified by Hebei Provincial Government to cease its toll charging operations effective from 31 December 2012.

12. Discontinued operations and disposal group classified as held for sale (Cont'd)

As such, the assets and liabilities related to Zuowei, except for the property, plant and equipment, which are not associated with the toll charging operations, are classified as disposal group classified as held for sale in the statement of financial position, and the entire results from Zuowei are presented separately on the statement of comprehensive income as "Discontinued operations".

On 10 November 2015, the Company disposed of Zuowei together with its immediate holding corporation, Hebei Bridges Investments Limited ("HBIL"), for a cash consideration of RMB1,000 (See Note 25).

The financial performance and cash flow information presented are for the 11 months ended 10 November 2015 (2015 column) and the financial year ended 31 December 2014.

(a) The results of discontinued operations and the re-measurement of the disposal group are as follows:

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Other operating expenses	(660)	(803)
Loss before and after income tax from discontinued operations	(660)	(803)
Loss for the financial year from discontinued operations	(660)	(803)
Total comprehensive loss attributable to equity shareholders	(363)	(442)

(b) The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Operating cash outflows	(38)	(28)
Total cash outflows	(38)	(28)

12. Discontinued operations and disposal group classified as held for sale (Cont'd)

(c) The carrying amounts of assets and liabilities as at the date of disposal (11 November 2015) were:

	Group 2015 RMB'000
Intangible asset [1]	8,368
Prepayments, deposits and other receivables	7
Cash and bank balances (Note 25)	390
Total assets	8,765
Other payables and accruals	787
Total liabilities	787
Net assets	7,978

(d) The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2014:

	Group	
	2015 RMB'000	2014 RMB'000
Assets classified as held for sale		
Intangible asset [1]	–	8,368
Prepayments, deposits and other receivables	–	7
Cash and bank balances	–	38
Total assets of disposal group held for sale	–	8,413
Liabilities directly associated with assets classified as held for sale		
Other payables and accruals	–	474

(1) Pursuant to the service concession arrangement signed with local government, the Group was allowed to operate and generate toll income from Zuowei bridge and its ancillary facilities for a period of 25 years from the date of commencement of its operation in February 1999. Upon expiration of the concession period, the Zuowei bridge and its ancillary facilities shall be transferred to the local government without compensation.

Valuation of assets of disposal group classified as held for sale

Assets of disposal group classified as held for sale were written down to their fair value less costs of disposal of RMB8,413,000 as at 31 December 2014. This is a non-recurring fair value which had been measured using unobservable inputs with reference to the guidelines issued by the Department of Transportation of PRC, and is therefore within the Level 3 of the fair value hierarchy.

12. Discontinued operations and disposal group classified as held for sale (Cont'd)

(d) (Cont'd)

Valuation processes of the Group

The finance team of the Group performs the valuation of the assets of disposal group classified as held for sale based on the discussion with local government authority to assess the likelihood of compensation, with reference to the guidelines issued by the Department of Transportation of PRC, and reports directly to the chief financial officer ("CFO") and the Audit Committee ("AC"). Discussions of valuation processes and results are held between the CFO, AC and the finance team at the end of the reporting period.

13. Loss per share

Basic

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

Diluted

Diluted loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding and to assume the deemed exercise of the share options outstanding during the financial year have been issued at no consideration.

The share options of 3,850,000[1] (2014: 98,500,000) are anti-dilutive as (i) the Group recorded loss for the financial year ended 31 December 2015 and (ii) the exercise price of the share options was higher than the average market price of the Company's ordinary shares during the financial year ended 31 December 2015.

The calculation of basic and diluted loss per share is as follows:

	2015	**2014**
Loss attributable to owners of the parent (RMB'000)		
- continuing operations	(384,636)	(75,518)
- discontinued operations	(363)	(442)
	(384,999)	(75,960)
Weighted average number of ordinary shares in issue ('000)	51,230	48,374[2]
Basic and diluted loss per share (RMB (Fen))		
- continuing operations	(750.80)	(156.11)
- discontinued operations	(0.71)	(0.91)
	(751.51)	(157.02)

13. Loss per share (Cont'd)

(1) Number of shares had been adjusted pursuant to the share consolidation exercise.

(2) Comparative figures for loss per share have been adjusted for the share consolidation exercise and are computed assuming that the share consolidation exercise was held and effective as at 31 December 2014.

14. Property, plant and equipment

	Leasehold land and buildings	Water plant and its ancillary facilities	Plant and machinery	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group							
2015							
Cost							
Beginning of financial year	37,073	96,034	265	3,796	11,333	156,454	304,955
Transfer	–	5,045	–	–	–	(5,045)	–
Additions	–	–	–	153	586	14,281	15,020
Disposal of subsidiaries (Note 25)	(4,410)	–	(56)	(1,265)	(946)	–	(6,677)
End of financial year	32,663	101,079	209	2,684	10,973	165,690	313,298
Accumulated depreciation and impairment losses							
Beginning of financial year	10,003	16,765	183	2,539	6,945	–	36,435
Depreciation charge	1,717	5,498	25	513	1,808	–	9,561
Disposal of subsidiaries (Note 25)	(3,405)		(56)	(1,243)	(871)	–	(5,575)
Impairment loss (Note 10)	–	–	–	–	–	14,121	14,121
End of financial year	8,315	22,263	152	1,809	7,882	14,121	54,542
Net book value							
End of financial year	24,348	78,816	57	875	3,091	151,569	258,756

The carrying amount of construction in progress of a convention centre was written down to its recoverable amount of RMB148,000,000 (2014: RMB154,869,000), which was determined by reference to the building's fair value less costs of disposal.

The convention centre is under reportable segment of property development. The fair value is within Level 2 of the fair value hierarchy.

14. Property, plant and equipment (Cont'd)

Level 2 fair values of the convention centre have been generally derived using the fair value less costs of disposal by making reference to discount rate and selling price. The discount rate is based on China's bank prime lending rate in 2015. Selling price is derived by making reference to sales evidence as available in the market. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size.

The valuations are performed by Roma Appraisals Limited, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the building being valued.

The impairment loss is included in administrative expenses in the statement of comprehensive income.

	Leasehold land and buildings	Water plant and its ancillary facilities	Plant and machinery	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group							
2014							
Cost							
Beginning of financial year	36,724	94,594	265	3,648	10,504	91,938	237,673
Transfer	–	1,440	–	–	–	(1,440)	–
Additions	349	–	–	148	954	65,956	67,407
Disposals	–	–	–	–	(125)	–	(125)
End of financial year	37,073	96,034	265	3,796	11,333	156,454	304,955
Accumulated depreciation							
Beginning of financial year	8,339	11,386	154	2,037	5,120	–	27,036
Depreciation charge	1,664	5,379	29	502	1,950	–	9,524
Disposals	–	–	–	–	(125)	–	(125)
End of financial year	10,003	16,765	183	2,539	6,945	–	36,435
Net book value							
End of financial year	27,070	79,269	82	1,257	4,388	156,454	268,520

Depreciation charge of RMB934,000 (2014: RMB982,000) has been capitalised as cost of development properties.

Included in additions are construction costs accrued for the construction in progress amounting to RMBNil (2014: RMB31,691,000).

14. Property, plant and equipment (Cont'd)

The Group's leasehold land and buildings are located in PRC.

In March 2006, CIHL (Tianjin) Water Development Company Limited ("Water Development") obtained approval from the local government agency, to authorise the use of the parcel of land directly associated with water plant and its ancillary facilities for the purpose of supplying gray water for a period of 50 years. As at 31 December 2015, the legal title for the use of the above-mentioned parcel of land has not transferred to Water Development. Notwithstanding the fact that the Group has not obtained the relevant legal title of the land use rights, management considers that the Group obtained the right to use through contractual arrangement with the local government agency.

Construction in progress represents construction of ancillary facilities of water supply services and convention centre of subsidiaries, Water Development and XSG respectively.

Collaterised borrowing is secured on the Group's land and buildings and ancillary facilities of the water supply services with carrying amounts of RMB14,903,000 and RMB41,953,000 (2014: RMB16,074,000 and RMB45,033,000) respectively (Note 26).

15. Intangible assets

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Cost		
Beginning and end of financial year	122	122
Accumulated amortisation		
Beginning and end of financial year	–	–
Net book value		
End of financial year	122	122

Intangible assets of the Group represents computer software.

16. Investment properties

	Group	
	2015	2014
	RMB'000	RMB'000
Beginning of financial year	33,100	33,100
Fair value loss recognised in profit or loss	(1,000)	–
End of financial year	32,100	33,100

The Group's investment properties are located in Beijing, PRC and are held as office building to generate rental income.

Investment properties are leased to a non-related party under operating leases (Note 36(b)).

Investment properties are mortgaged to secure collaterised borrowing (Note 26).

Amounts are recognised in profit or loss for investment properties:

	Group	
	2015	2014
	RMB'000	RMB'000
Rental income (Note 7)	1,248	1,245
Direct operating expenses (including repairs and maintenance)	290	189

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

Location	Description	Existing use	Tenure	Unexpired term of lease
Webok-times Center, No.17 Zhongguancun South Main Street, Haidian District, Beijing, PRC	5 office units at level 21 of a 23-storey office building	Office	Leasehold	56 years

16. Investment properties (Cont'd)

Fair value hierarchy

	Fair value measurement using		
	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements			
Investment properties:			
31 December 2015			
- Office buildings - PRC	–	32,100	–
31 December 2014			
- Office buildings - PRC	–	33,100	–

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties have been generally derived using the market value approach, by making reference to sales evidence as available in the market. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is the selling price per square metre.

Investment properties are carried at fair value which has been determined based on valuations performed at the end of the reporting period. The valuations are based on the properties' highest-and-best-use, performed by Roma Appraisals Limited, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

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

17. Goodwill arising on consolidation

	Group	
	2015 RMB'000	2014 RMB'000
Cost and carrying amount		
Beginning and end of financial year	20,303	20,303

17. Goodwill arising on consolidation (Cont'd)

Goodwill arising from business combination is allocated to water supply service cash-generating unit ("CGU") comprising CIHL (Tianjin) Water Development Co., Limited ("Water Development") in PRC at acquisition. This CGU is expected to benefit from that business combination.

The recoverable amount of the CGU was determined based on fair value less costs of disposal calculations.

Key assumptions used for fair value less costs of disposal

	Group	
	2015	**2014**
	%	**%**
Gross margin[1]	54-69	66-67
Revenue growth rate[2]		
- Water supply income	33	32
- Construction of water pipeline	–	–
Discount rate[3]	20	32

(1) Budgeted gross margin
(2) Revenue growth rate used for extrapolation of future revenue
(3) Pre-tax discount rate applied to the pre-tax cash flows projections

In assessing whether an impairment is required, the carrying amount of the CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less cost of disposal and value in use. Given the nature of the CGU's activities, information on the fair value of the CGU is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, the fair value less costs of disposal is determined based on the net present value of the future estimated cash flows expected to be generated from the continued use of the CGU (based on the most recent plans), including any expansion projects, and its eventual disposal, using assumptions a market participant may take into account. These cash flows were discounted using a pre-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the CGU.

The key assumptions for the fair value less costs of disposal calculations are those regarding the discount rate, growth rate, budgeted gross margin and revenue during the period. The management estimates discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rate is based on long-term average economic growth rate of the geographical area in which the businesses of the CGU operate. Budgeted gross margin and revenue are based on past performance and expectations on market development.

The finance team prepares cash flow forecasts derived from the most recent financial budgets approved by the management covering a ten-year period with a growth rate of 33% (2014: 32%). Discount rate of approximately 17.35% (2014: 25.53%) was used for the cash flow forecasts as at 31 December 2015.

17. Goodwill arising on consolidation (Cont'd)

Management is of the opinion that a ten-year period is appropriate as the rights to use the parcel of land associated with water plant and its ancillary facilities for supplying of gray water are more than ten years and the nature of the business of this CGU is considered fairly stable.

If the estimated growth rate used in the fair value less costs of disposal calculation for this CGU had declined by 27.42% (2014: 24.36%), estimated pre-tax discount rate applied to the discounted cash flows for this CGU had raised by 14.03% (2014: 12.05%), the recoverable amount of the CGU would equal to the carrying amount.

18. Investments in subsidiaries

	Company	
	2015	**2014**
	RMB'000	**RMB'000**
Unlisted investments, at cost		
Beginning of financial year	264,011	264,060
Disposal	(24,000)	(49)
End of financial year	240,011	264,011
Less: Impairment losses	(44,011)	(44,011)
	196,000	220,000

Movement in allowance for impairment of investment in subsidiaries:

	Company	
	2015	**2014**
	RMB'000	**RMB'000**
Beginning and end of financial year	44,011	44,011

An allowance for impairment loss was made in respect of the Company's investment in certain loss making subsidiaries to the recoverable amounts, taking into consideration the financial conditions of the subsidiaries.

18. Investments in subsidiaries (Cont'd)

The Group's principal subsidiaries at 31 December 2015 and 2014 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

	Name of companies	Principal activities	Place of business/ incorporation	Issued and paid-up capital	Ownership interest held by parent*		Ownership interest held by the Group		Ownership interest held by non-controlling interests	
					2015	2014	2015	2014	2015	2014
					%	%	%	%	%	%
	Held by the Company									
(b)(n)	Hebei Bridges Investments Limited ("HBIL")	Investment holding	Samoa	US$2,891,567	–	100	–	100	–	–
(b)	Tianjin Bridges Investments Limited ("TBIL")	Investment holding	Samoa	US$28,915,663	100	100	100	100	–	–
(a)(c)	China Infrastructure Management (Hong Kong) Limited ("CIMHK")	Provision of management services to the Group	Hong Kong	HK$10,000	100	100	100	100	–	–
(b)	China (Tianjin) Water Resources Limited ("CTWRL")	Investment holding	Samoa	US$1	100	100	100	100	–	–
(a)(b)	CIHL Development Limited ("CHIL Dev")	Investment holding	Samoa	US$1	100	100	100	100	–	–
(a)(b)(q)	Pinnacle China Ltd ("PCL")	Investment holding	British Virgin Islands	US$1	100	100	100	100	–	–

18. Investment in subsidiaries (Cont'd)

Name of companies	Principal activities	Place of incorporation/ establishment	Issued and paid-up capital	Proportion of ordinary shares directly held by parent*		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
				2015	2014	2015	2014	2015	2014
				%	%	%	%	%	%
Held by HBIL									
(d)(n) CCI Andi Bridges Co., Ltd ("Zuowei")	Toll bridge operations and management	PRC	US$2,410,000	–	–	–	60	–	40
Held by TBIL									
(e)(o) CIH Haimen (Tianjin) Enterprise Limited ("Haimen")	Dormant	PRC	RMB48,000,000	–	–	75	75	25	25
Held by CTWRL									
(f)(o) CIHL (Tianjin) Water Development Co., Ltd. ("Water Development")	Construction of water pipeline and supply of gray water	PRC	RMB60,000,000	–	–	60	60	40	40
Held by CHIL Dev									
(g)(o) CIHL (Tianjin) City Development Limited ("XZCID")	Investment holding and property investment	PRC	RMB50,000,000	–	–	100	100	–	–
Held by XZCID									
(h)(o) Beijing Kaiyuanwanjia Management Consulting Limited ("KYWJ")	Investment holding	PRC	RMB4,444,445	–	–	55	55	45	45
(i)(o) Tianjin CIHL Xinzhong Real Estate Development Co., Limited. ("XZPD")	Property development	PRC	RMB30,000,000	–	–	100	100	–	–

18. Investment in subsidiaries (Cont'd)

	Name of companies	Principal activities	Place of incorporation/ establishment	Issued and paid-up capital	Proportion of ordinary shares directly held by parent*		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
					2015	2014	2015	2014	2015	2014
					%	%	%	%	%	%
Held by XZCID (cont'd)										
(j)(o)	Beijing Shiji Longquan Real Estate Development Co., Limited ("SJLQ")	Provision of engineering and land leveling service for preliminary land development projects	PRC	RMB10,000,000	–	–	100	100	–	–
Held by KYWJ										
(k) *(m)* *(o)*	Yichang Xinshougang Property Development Company Limited ("XSG")	Property development and asset management	PRC	RMB120,000,000	–	–	55	55	45	45
Held by XSG										
(b)(l)	Yichang Zhong Xiang Property Management Company Limited ("ZX")	Real estate management	PRC	RMB500,000	–	–	55.0	38.5	45.0	61.5
(b)(p)	Yichang Jiaye Hotel Management Co., Limited	Dormant	PRC	–	–	–	100	–	–	–
(b)(p)	Yichang Xiecheng Exhibition Services Co., Limited	Dormant	PRC	–	–	–	100	–	–	–

* *Parent is referring to the Company*

18. Investments in subsidiaries (Cont'd)

(a) *Reviewed by Nexia TS Public Accounting Corporation, Singapore, for consolidation purposes.*

(b) *Not required to be audited under the laws of country of incorporation.*

(c) *Not required to be audited under the laws of country of incorporation. However, the Group has appointed Andrew K.C. Lai & Company, Hong Kong as auditor of CIMHK.*

(d) *Audited by Zhangjiakou Zhangyuan Certified Public Accountants Co., Ltd., PRC. The Group is only entitled to 55% of the profit or loss due to a profit sharing agreement with the non-controlling shareholder.*

(e) *Audited by CHW CPA Limited Liability Partnership, PRC.*

(f) *Audited by BDO Zhonglian Mindu Shu Lun Pan Certified Public Accountants Co., Ltd., PRC.*

(g) *Audited by Beijing Zhong Sheng Jia Hua Certified Public Accountants Co., Ltd., PRC. XZCID operates a branch office* 天津新中城市實業發展有限公司北京工程管理分公司 *("XZCID Beijing Branch") with statutory registration in Beijing, PRC.*

(h) *Audited by Beijing XingHua Certified Public Accountants, PRC.*

(i) *Audited by Tianjin ChengTai Certified Public Accountants Co. Ltd., PRC.*

(j) *Audited by Beijing ZhongYanTong Certified Public Accountant Co., Ltd., PRC.*

(k) *Audited by Hubei HuaShen Certified Public Accountants Co., Ltd., PRC.*

(l) *On 30 June 2015, XSG acquired the remaining 30% equity interest of ZX from existing non-controlling shareholder for a purchase consideration of RMB150,000, thereby making it a wholly-owned subsidiary.*

(m) *The ordinary shares of XSG have been pledged to a financial institution as a security for short-term borrowings of the Group (Note 26(b)).*

(n) *Disposed of during the financial year.*

(o) *Audited by Shanghai Nexia TS Certified Public Accountants, PRC, for consolidation purposes.*

(p) *Newly incorporated subsidiaries during the financial year.*

(q) *Shareholding transferred from the Company to CIMHK at the end of the reporting period. On 31 January 2016, the shareholding was further transferred from CIMHK to XZCID.*

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and associates would not compromise the standard and effectiveness of the audit of the consolidated financial statements.

18. Investments in subsidiaries (Cont'd)

Carrying amount of non-controlling interests

	Group	
	2015	2014
	RMB'000	RMB'000
KYWJ and its subsidiaries ("KYWJ Group")	107,898	243,427
Water Development	81,161	63,827
Other subsidiaries with non-controlling interests	18,138	24,273
	207,197	331,527

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised statement of financial position

	Water Development		KYWJ Group	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December				
Current				
Assets	282,606	247,615	875,185	1,059,765
Liabilities	(103,487)	(69,669)	(732,598)	(530,689)
Total current net assets	179,119	177,946	142,587	529,076
Non-current				
Assets	92,305	91,500	157,666	165,728
Liabilities	(68,513)	(109,869)	(60,975)	(153,517)
Total non-current net assets/ (liabilities)	23,792	(18,369)	96,691	12,211
Net assets	202,911	159,577	239,278	541,287
Accumulated NCI	81,161	63,827	107,898	243,427

18. Investments in subsidiaries (Cont'd)

Summarised statement of comprehensive income

	Water Development		KYWJ Group	
	2015	**2014**	**2015**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Revenue	93,455	56,320	19,182	52,763
Profit/(loss) before income tax	57,587	19,551	(395,492)	(72,469)
Income tax (expense)/credit	(14,254)	(2,436)	93,633	15,153
Profit/(loss) for the financial year	43,333	17,115	(301,859)	(57,316)
Profit/(loss) for the financial year allocated to non-controlling interests	17,334	6,846	(135,875)	(25,894)

Summarised cash flows

	Water Development		KYWJ Group	
	2015	**2014**	**2015**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Cash flows from operating activities				
Cash generated from/(used in) operations	83,425	32,186	(78,271)	(82,192)
PRC income tax paid	(8,589)	(813)	(1,364)	(16,455)
Net cash generated from/(used in) operating activities	74,836	31,373	(79,635)	(98,647)
Net cash used in investing activities	(35,765)	(6,194)	(8,374)	(32,378)
Net cash (used in)/provided by financing activities	(38,207)	(35,297)	83,800	120,500
Net increase/(decrease) in cash and cash equivalents	864	(10,118)	(4,209)	(10,525)
Cash and cash equivalents				
Beginning of financial year	10,402	20,520	4,356	14,881
End of financial year	11,266	10,402	147	4,356

18. Investments in subsidiaries (Cont'd)

Transactions with non-controlling interests

On 30 June 2015, the Group acquired the remaining 30% of the issued shares of ZX for RMB150,000. Immediately prior to the purchase, the carrying amount of the existing 30% non-controlling interests in ZX was a deficit of RMB346,000. The Group recognised an increase in non-controlling interests of RMB346,000 and a decrease in equity attributable to owners of the parent of RMB496,000. The effect on the equity attributable to the owners of the parent during the financial year is summarised as follows:

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Carrying amount of non-controlling interests acquired	(346)	–
Consideration paid to non-controlling interests	(150)	–
Deficit of consideration paid recognised in the transactions with non-controlling interests reserve within equity	(496)	–

There was no transaction with non-controlling interests for the financial year ended 31 December 2014.

19. Investments in associates

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Beginning of financial year	99,603	97,040
Share of losses for the financial year	(32,422)	(1,814)
Other comprehensive income	1,717	304
Addition to investment in an associate	–	4,073
Impairment loss on investments in associates	(68,898)	–
End of financial year	–	99,603

		Group	
	Note	**2015**	**2014**
		RMB'000	**RMB'000**
Unlisted investments in associates			
Investment in Future Trillion Group	(i)	–	54,163
Investment in Liuhe	(ii)	–	45,440
		–	99,603

There are no contingent liabilities relating to the Group's interest in the associates.

19. Investments in associates (Cont'd)

(i) Investment in Future Trillion Group

	Group 2015 RMB'000	Group 2014 RMB'000
Unlisted investments		
Share of net assets (including goodwill of RMB40,876,000 (2014: RMB41,020,000))	24,617	54,163
Impairment loss on investment in associates	(24,617)	–
	–	54,163

Set out below are the associates of the Group as at 31 December 2015 and 2014. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of companies	Principal activities	Place of business/ country of incorporation	Issued and paid up capital	Equity holding 2015	Equity holding 2014
				%	%
(a)(b) Future Trillion Holdings Limited ("FT")	Investment holding	British Virgin Islands	US$3,055	34.53	34.53
Held by FT					
(a)(c) MKS Limited ("MKS")	Provision for oil and gas exploration	Independent State of Papua New Guinea	Kina7,257,000	28.35	28.35

(a) Reviewed by Nexia TS Public Accounting Corporation, Singapore, for consolidation purposes.

(b) Not required to be audited under the laws of country of incorporation.

(c) Audited by A & A Registered Public Accountant, Papua New Guinea.

The tables below provide summarised financial information for Future Trillion Group. The information disclosed reflects the amounts presented in the financial statements of the associates and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

19. Investments in associates (Cont'd)

(i) Investment in Future Trillion Group (Cont'd)

Summarised statement of financial position

	2015 RMB'000	2014 RMB'000
As at 31 December		
Current		
Cash and cash equivalents	355	469
Other current assets	54	56
Total current assets	409	525
Total current liabilities	60,210	63,403
Non-current		
Assets	16	106,079
Net (liabilities)/assets	(59,785)	43,201
Less: Non-controlling interests	12,699	(5,138)
Net (liabilites)/assets	(47,086)	38,063
Reconciliation to carrying amounts		
Opening net assets 1 January	43,201	48,923
Loss for the financial year	(109,404)	(3,903)
Other comprehensive income/(loss)	6,418	(1,819)
Closing net (liabilities)/assets	(59,785)	43,201
Less: Non-controlling interests	12,699	(5,138)
Closing net (liabilities)/assets	(47,086)	38,063
Group's share in %	34.53%	34.53%
Group's share	(16,259)	13,143
Goodwill	40,876	41,020
Impairment loss on investments in associates	(24,617)	–
Carrying amount	–	54,163

19. Investments in associates (Cont'd)

(i) Investment in Future Trillion Group (Cont'd)

Summarised statement of comprehensive income

	2015 RMB'000	2014 RMB'000
For the financial year ended 31 December		
Revenue	–	–
Depreciation and amortisation	–	–
Interest income	–	–
Interest expense	(4,053)	(3,627)
Loss for the financial year	(109,404)	(3,903)
Other comprehensive income/(loss)	6,418	(1,819)
Total comprehensive loss	(102,986)	(5,722)
Loss for the financial year allocated to non-controlling interests	(18,867)	(49)
Share of loss of associate	(31,263)	(1,331)

Future Trillion Group obtained an exploration right license of an oil and gas exploration project in June 2008. The exploration right license was expired in June 2014 and the first extension license was granted on 22 December 2014 for a period of 5 years. Details of the exploration right license are as follows:

Name of license	Location	Area of license	Expiration date
Petroleum Prospecting License (License number: 294)	Independent State of Papua New Guinea	Approximately 2,600 km^2	March 2020

Future Trillion Group undertook several exploration tasks during the last financial year ended 31 December 2014. Based on integration of the new surface geology data, the re-processing and re-interpretation of seismic data, and the construction of 3D subsurface structure models, a re-evaluation of the entire license area provides a more prospective view for the license and a more confident interpretation model for Tumuli structure. As a result, the Tumuli structure is considered to be more reliable, the level of geological risk has been reduced and a number of new structures are identified for future exploration to increase the resources in the area covered by the license.

19. Investments in associates (Cont'd)

(i) Investment in Future Trillion Group (Cont'd)

The project is still in exploration stage, the future prospect of the Group's investment in Future Trillion Group is largely dependent on the discovery of the existence of economic viable resources of the oil and gas exploration project. Further exploration will be needed to ensure the Tumuli structure contains economically viable resources by drilling and to improve the geological maturity of new identified structures by geological survey and seismic acquisition.

During the financial year, MKS expensed off approximately RMB104,970,000 of exploration and evaluation expenditure. The board of directors of MKS assessed that it is not commercially viable to continue exploration, after taking into consideration depressed oil and gas prices, the inability of MKS to obtain additional funds and the difficulty in meeting the conditions as set out in exploration license, which is expected to expire in 2020.

As a result, the Group has shared the losses from Future Trillion Group of RMB31,263,000, made an impairment loss of RMB24,617,000 on the remaining carrying amount of Future Trillion Group, and made an allowance for impairment of the amount due from Future Trillion Group of RMB76,102,000 (Note 23(h)).

(ii) Investment in Liuhe

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Unlisted investments		
Share of net assets	27,237	28,396
Goodwill	17,044	17,044
Impairment loss on investment in associate	(44,281)	–
	–	45,440

Set out below are the associate of the Group as at 31 December 2015 and 2014. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of Companies	**Principal activities**	**Place of business/ country of incorporation**	**Issued and paid up capital**	**Equity holding 2015**	**Equity holding 2014**
			RMB'000	**%**	**%**
(a)(b) LiuHe County YuKun Mining Co. Ltd. ("Liuhe") ("柳河县钰坤矿业有限公司")	Gold exploration and production	PRC	83,356	20.054	20.054

19. Investments in associates (Cont'd)

(ii) Investment in Liuhe (Cont'd)

(a) Audited by Shanghai Nexia TS Certified Public Accountants, PRC, for Group consolidation purposes.

(b) Not required to be audited under the laws of country of incorporation.

The associate, Liuhe, pledged its ordinary shares of RMB64,000,000 to a bank as security for bank borrowings since the financial year ended 31 December 2013.

The tables below provide summarised financial information for Liuhe. The information disclosed reflects the amounts presented in the financial statements of the associate and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarised statement of financial position

	2015 RMB'000	2014 RMB'000
As at 31 December		
Current		
Cash and cash equivalents	43	677
Other current assets (excluding cash)	5,694	5,597
Total current assets	5,737	6,274
Total current liabilities	138,659	89,613
Non-current		
Assets	301,796	266,995
Financial liabilities	11,000	20,000
Other liabilities	22,000	22,000
Total non-current liabilities	33,000	42,000
Net assets	135,874	141,656
Reconciliation to carrying amounts:		
Opening net assets 1 January	141,598	124,652
Proceeds from increase in share capital	–	19,356
Loss for the financial year	(5,782)	(2,410)
Closing net assets	135,816	141,598
Group's share in %	20.054%	20.054%
Group's share	27,237	28,396
Goodwill	17,044	17,044
Impairment loss on investment in associate	(44,281)	–
Carrying amount	–	45,440

19. Investments in associates (Cont'd)

(ii) Investment in Liuhe (Cont'd)

During the financial year, management assessed the recoverable of investment in Liuhe. In view of the weak commodity prices, additional funds required to continue with the actual production, the expected increase in mining costs and poor trial production results and based on a valuation conducted by an independent valuer, management is of the view that there will be insufficient cash flows over the life of the mining project to recover the Group's investment in Liuhe. Hence, an impairment loss of RMB44,281,000 was made for the carrying amount of the investment and made an allowance for impairment of the amount due from Liuhe of RMB9,968,000 (Note 23(h)).

Summarised statement of comprehensive income

	2015 RMB'000	2014 RMB'000
For the financial year ended 31 December		
Revenue	4,787	–
Depreciation	117	41
Interest income	–	10
Interest expense[1]	–	–
Loss for the financial year	(5,782)	(2,410)
Share of loss of associate	(1,159)	(483)
Gain on additions to investment	–	92

(1) Borrowing costs of RMB13,933,983 (2014: RMB7,028,199) was capitalised in property, plant and equipment for financial year ended 31 December 2015. Interest rate range from 12%-15% (2014: 12%-15%) were used, representing the borrowing costs of the loans used to finance the operations.

Liuhe holds a mining right license and an exploration right license in the surrounding area associated with the mining right expiring in November 2017 and exploration right expiring in June 2016 and June 2017 respectively. During the financial year, Liuhe completed several geological and technical studies to establish the existence of proved and probable mine reserve estimates of the surrounding area of the existing mining license, and has substantially completed construction of production facilities at the mining site, and commenced test run production since the end of financial year 31 December 2014.

19. Investments in associates (Cont'd)

(ii) Investment in Liuhe (Cont'd)

Details of the exploration and mining right licenses are as follows:

Name of license	Location	Mining capacity	Area of license	Expiration date
Mining right license (“采矿许可证”) (License number: C2200002010124120089728)	PRC	99,000 ton/year	1.28km²	November 2017
Exploration right license (“矿产资源勘查许可证”) (License number: T22120101202043010)	PRC	N/A	26.81km²	June 2016
Exploration right license (“矿产资源勘查许可证”) (License number: T22520140602049892)	PRC	N/A	1.96km²	June 2017

20. Deferred income tax

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

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Deferred tax assets:		
To be recovered within 12 months	982	839
Deferred tax liabilities:		
To be settled within 12 months	(5,435)	(16,349)
To be settled after more than 12 months	(59,917)	(142,789)
	(65,352)	(159,138)
Deferred tax liabilities – net	(64,370)	(158,299)

20. Deferred income tax (Cont'd)

Movement in the deferred income tax account is as follows:

	Group 2015 RMB'000	Group 2014 RMB'000
Beginning of financial year	158,299	175,055
Credited to profit or loss	(93,929)	(16,756)
End of financial year	64,370	158,299

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

Deferred tax liabilities	Accelerated tax depreciation RMB'000	Fair value gains on investment properties RMB'000	Fair value gains on development properties and property, plant and equipment RMB'000	Other RMB'000	Total RMB'000
Group					
2015					
Beginning of financial year	437	4,833	153,517	351	159,138
Credited to profit or loss	(994)	(250)	(92,542)	–	(93,786)
End of financial year	(557)	4,583	60,975	351	65,352
2014					
Beginning of financial year	763	4,833	169,813	351	175,760
Credited to profit or loss	(326)	–	(16,296)	–	(16,622)
End of financial year	437	4,833	153,517	351	159,138

Deferred tax assets	Accelerated tax depreciation RMB'000
Group	
2015	
Beginning of financial year	(839)
Credited to profit or loss	(143)
End of financial year	(982)
2014	
Beginning of financial year	(705)
Credited to profit or loss	(134)
End of financial year	(839)

20. Deferred income tax (Cont'd)

Deferred income tax liabilities of RMB7,724,000 (2014: RMB6,948,000) have not been recognised for withholding taxes that would be payable on unremitted earnings of the Group's subsidiaries (established in PRC) as the Group is in a position to control the timing of the remittance of earning and it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

21. Development properties

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Properties held for sale	167,265	182,990
Properties under development	930,891	1,096,644
	1,098,156	1,279,634

The cost of development properties recognised as an expense in "cost of sales and services provided" includes a write-down of RMB357,480,000 (2014: RMB 51,072,000).

The Group makes a write-down of its development properties after taking into account the Group's recent experience in estimating net realisable values of completed units and properties under development by reference to comparable properties, timing of sale launches, location of property, expected net selling prices and development expenditure. There could be changes in future market conditions which may affect the future selling prices on the remaining unsold residential units of the development properties and accordingly, the carrying amount of development properties may have to be further written down in future periods.

The Group reversed RMB8,281,000 (2014: RMBNil) of a previous development properties write down in December 2014. The Group has sold the properties that were written down to individual buyers in China above the net realisable value. The amount reversed has been included in "cost of sales and services provided".

Development properties of RMB791,891,000 (2014: RMB1,010,301,000) are expected to be recovered after more than 12 months.

Interest expense of RMB30,315,000 (2014: RMB2,658,000) was capitalised as cost of development properties.

The land use rights and properties under development amounted to RMB634,301,000 (2014: RMB702,979,000) has been pledged as security for short-term borrowings of the Group (Note 26).

21. Development properties (Cont'd)

As at 31 December 2015, the development properties held by the Group are as follows:

Location	Description	Tenure	Stage of completion 2015	Stage of completion 2014	Expected date of completion	Total approximate site area (sq. m)	Total gross floor area (sq. m)	Main usage	Group's effective interest in the property
Meiziya Village, Xiaoxita, Yiling District, Yichang City, Hubei Province, PRC	The property is subjected to a right to use of land till (i) 28 December 2076 for residential purpose; and	Leasehold	26.0%	17.8%	Before 2020	530,722	666,744*	Residential and commercial	55%
	(ii) 28 December 2046 for commercial, tourism and convention purpose.					23,060	48,515	Hotel	
						553,782	715,259		
Tianjin City, PRC	The property is subjected to a right to use of land till 14 December 2080	Leasehold	Note (a)	Note (a)	Before September 2018	121,779	20,477 Note (a)	Residential	100%

(a) In August 2010, the Group acquired the land use rights of a parcel of land located in Tianjin, PRC, for property development through public auction at a consideration of RMB200,000,000. As at 31 December 2015, the property development project has started its initial construction works for phase 1 in September 2015. The gross floor area of 20,477 square metre is the estimated gross area of phase 1 development, phase 2 was under preliminary design stage and no substantial construction works have been commenced subsequent to the end of the reporting period.

* *As at 31 December 2015, approximate 88,910 square metre (2014: 77,782 square metre) has been sold.*

22. Inventories

	Group 2015 RMB'000	Group 2014 RMB'000
Raw materials for construction of water pipeline	4,009	1,140

The cost of inventories recognised as an expense and included in water pipeline installation and construction costs in "cost of sales and services provided" amounted to RMB4,697,000 (2014: RMB4,143,000).

23. Trade and other receivables

	Note	Group 2015 RMB'000	Group 2014 RMB'000	Company 2015 RMB'000	Company 2014 RMB'000
Trade receivables	(a)	9,178	14,083	–	–
Bill receivables	(b)	2,350	–	–	–
		11,528	14,083	–	–
Less: Allowance for impairment		(7,186)	(8,617)	–	–
		4,342	5,466	–	–
Gross amounts due from customers for construction contracts	24	15,628	15,472	–	–
Other receivables					
- Loan to a non-related party	(c)	–	150,000	–	–
- Non-related parties	(d)	51,186	204,248	–	–
Less: Allowance for impairment		(6,670)	(6,670)	–	–
		44,516	197,578	–	–
- Associates	(h)	86,070	75,470	–	–
Less: Allowance for impairment		(86,070)	–	–	–
		-	75,470	–	–
- Non-controlling shareholders of subsidiaries	(e)	10,091	10,091	–	–
- Subsidiaries	(f)	-	-	540,197	529,600
Less: Allowance for impairment		-	-	(35,649)	(15,379)
		-	-	504,548	514,221
Prepayments	(g)	23,458	11,970	1	2
Deposits		4,697	1,917	54	51
		102,732	467,964	504,603	514,274

23. Trade and other receivables (Cont'd)

Trade and other receivables are mainly denominated in Renminbi.

(a) Trade receivables

The Group offers 0 to 30 days (2014: 0 to 30 days) credit terms to customers for water supply service and for sale of development properties. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management.

The trade receivables of the Group comprise 7 debtors (2014: 7 debtors) that individually represent 5% to 19% (2014: 6% to 19%) of trade receivables.

Allowance for impairment of trade receivables of RMBNil (2014: RMB8,617,000) has been made during the financial year ended 31 December 2015. Impaired trade receivables relate to long outstanding which have been past due more than a year and/or the customers that are in financial difficulty and managmenet is of the view that payments are not forthcoming.

As at 31 December 2015, trade receivables of RMB1,992,000 (2014: RMB5,300,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. Management believes that the amounts that are past due are collectible, based on historic payment behaviour and credit-worthiness of the customers.

The aging analysis of trade receivables that were past due but not impaired is as follows:

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
0 to 30 days	–	2,730
More than 30 days	1,992	2,570
	1,992	5,300

23. Trade and other receivables (Cont'd)

(a) Trade receivables (Cont'd)

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Gross	7,186	8,617
Less: Allowance for impairment	(7,186)	(8,617)
	–	–
At 1 January	8,617	–
Impairment loss recognised during the financial year (Note 10)	–	8,617
Receivables written off during the financial year as uncollectible	(1,431)	–
At 31 December	7,186	8,617

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the trade receivables. The development properties sold to customers were held as security until settlement of the outstanding trade receivables from the customers, amounted to RMB1,227,000 (2014: RMB4,533,000).

(b) Bills receivable

Bills receivable have a maturity period of 180 - 365 days and will be converted into cash upon maturity. There was no bills receivable as at 31 December 2014.

(c) Loan to a non-related party

On 9 April 2012, the Group entered into loan arrangements with a non-related party to extend a loan of RMB150,000,000. This loan is unsecured, interest-bearing at 9.25% (2014: 9.25%) per annum and has been fully repaid on 9 April 2015.

23. Trade and other receivables (Cont'd)

(d) Other receivables - non-related parties

The Group's other receivables as at 31 December 2014 include an amount of RMB173,000,000 receivable from a local government agency in relation to an agreement entered into on 31 July 2012, on a cost-plus project management fee and the cost of project financing basis. The Re-development Centre is a PRC governmental agency under the District Government of Men Tou Gou, Beijing, and is responsible for the residential relocation development projects in Men Tou Gou District ("Men Tou Gou Project"). The project is situated in an area of approximately 32,300 square meters in Men Tou Gou District. The Group is responsible for the provision of project financing, site preparation and the construction of 119,500 square metres of relocation housing on the site. The project is funded entirely from internal sources of the Group. This amount is unsecured, interest bearing at 6.15% to 12.00% (2014: 6.15% to 12.00%) per annum. The fair value of this amount approximates its carrying amounts.

During the financial year ended 31 December 2014, the local government agency decided to terminate the arrangement. On 30 April 2015, the local government agency repaid the full amount of RMB173,000,000.

The Group's other receivables as at 31 December 2015 include an interest receivables of RMB29,344,000 (2014: RMB19,180,000) from the Men Tou Gou Project.

The carrying amount of other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Gross	6,670	6,670
Less: Allowance for impairment	(6,670)	(6,670)
	–	–
At 1 January	6,670	2,538
Allowance made (Note 10)	–	4,331
Allowance utilised	–	(199)
At 31 December	6,670	6,670

Included in other receivables is an amount of RMB4,132,000 (2014: RMB4,132,000) arises from amount owing by a non-related party relating to the Men Tou Gou project, the amount was long overdue and the management has assessed the recoverability and is of the opinion that payments are not forthcoming. Hence, an allowance for impairment has been made by the Group.

23. Trade and other receivables (Cont'd)

(e) Due from non-controlling shareholders of subsidiaries

The amounts due from non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand.

(f) Due from subsidiaries

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

	Company	
	2015	**2014**
	RMB'000	**RMB'000**
Due from subsidiaries	540,197	529,600
Less: Allowance for impairment	(35,649)	(15,379)
	504,548	514,221

Movement in allowance for impairment of amount due from subsidiaries:

	Company	
	2015	**2014**
	RMB'000	**RMB'000**
Beginning of financial year	15,379	15,379
Allowance made	20,270	–
End of financial year	35,649	15,379

Management assessed the recoverability of the amount due from subsidiaries and is of the opinion that payments are not forthcoming. Hence, an allowance for impairment was made in full amount for the loss making subsidiaries.

(g) Prepayments

The prepayments includes a prepaid construction cost of RMB21,754,000 (2014: RMB6,892,000) in relation to properties development.

23. Trade and other receivables (Cont'd)

(h) Due from associates

(i) Due from Future Trillion of approximately RMBNil (2014: RMB65,616,000) is denominated in United Stated Dollars, and is secured by equity interests in Future Trillion Group held by its controlling shareholder and corporate guarantee executed by the controlling shareholder of Future Trillion, bears interest at 6% (2014: 6%) per annum and is repayable in 2016; and

(ii) Due from Liuhe of approximately RMBNil (2014: RMB8,436,000) is denominated in Renminbi, and is unsecured, bears interest at 12% to 15% (2014: 12% to 15%) per annum and is repayable in 2016.

The carrying amount of the amount due from associates individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Gross	86,070	–
Less: Allowance for impairment	(86,070)	–
	–	–
At 1 January	–	–
Allowance made (Note 10)	86,070	–
At 31 December	86,070	–

Management assessed the recoverability of the amount due from associates and is of the opinion that payments are not forthcoming. Hence, an impairment loss was made in full amount (Note 19).

24. Gross amounts due from/(to) customers for construction contracts

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
The aggregate costs incurred and recognised profits (less recognised losses) to date	34,715	22,299
Less: Progress billings	(25,440)	(11,068)
	9,275	11,231
Gross amount due from customers for construction contracts (Note 23)	15,628	15,472
Gross amount due to customers for construction contracts (Note 28)	(6,353)	(4,241)
	9,275	11,231

24. Gross amounts due from/(to) customers for construction contracts (Cont'd)

Advances received in respect of construction contracts of approximately RMB21,421,000 (2014: RMB7,412,000) is included in receipts in advance (Note 28).

25. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	15,878	51,427	1	*
Restricted bank balances	2,983	3,238	–	-
	18,861	54,665	1	*

* *Less than RMB1,000*

Details of restricted bank balances are as follow:

	Group	
	2015	2014
	RMB'000	RMB'000
Restricted bank balances for sale of development properties (a)	2,839	3,095
Restricted bank balances for a land development project (b)	144	143
	2,983	3,238

(a) Amounts represent cash deposited in certain banks as guarantee deposits for the mortgage loan facilities granted by the banks to the buyers of the Group's development properties. Such guarantee will be released after the loan has been settled or issuance of the real estate ownership certificate to the buyers, whichever is earlier.

(b) Restricted bank balances of approximately RMB144,000 (2014: RMB143,000) is placed for securing the performance and fund utilisation for a land development project of the Group.

25. Cash and cash equivalents (Cont'd)

The total cash and bank balances are denominated in the following currencies:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Renminbi	17,870	51,971	1	-
Hong Kong Dollar	859	2,668	-	-
United States Dollar	118	7	-	-
Singapore Dollar	14	19	-	*
	18,861	54,665	1	*

* *Less than RMB1,000*

Renminbi is not freely convertible to other currencies as such amounts were held by the subsidiaries located in PRC. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies only through banks that are authorised to conduct foreign exchange business. These local exchange control regulations imposed restriction on exporting capital from the country, other than through normal dividends.

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Cash and bank balances (as above)	18,861	54,665
Less: Restricted bank balances	(2,983)	(3,238)
Cash held by discontinued operations (Note 12(b))	–	38
Cash and cash equivalents per consolidated statement of cash flows	15,878	51,465

<u>Disposal of subsidiaries</u>

On 10 November 2015, the Company disposed of its entire interest in Hebei Bridges Investments Limited and its subsidiary, CCI Andi Bridges Co., Ltd (collectively "HBIL Group") for a cash consideration of RMB1,000.

25. Cash and cash equivalents (Cont'd)

Disposal of subsidiaries (Cont'd)

The effects of the disposal on the cash flows of HBIL Group were:

	2015
	RMB'000
Carrying amounts of assets and liabilities disposed of	
Property, plant & equipment (Note 14)	1,102
Asset of disposal group classified as held for sale (Note 12(c))	
- Cash and cash equivalents	390
- Others	8,375
	8,765
Total assets	9,867
Liabilities of disposal group classified as held for sale (Note 12(c))	787
Current income tax liabilities	772
Total liabilities	1,559
Net assets derecognised	8,308
Less: Non-controlling interests	(5,377)
Net assets disposed of	2,931

The aggregate cash outflows arising from the disposal of HBIL Group:

	2015
	RMB'000
Net assets disposed of (as above)	2,931
Loss on disposal (Note 7)	(2,930)
Consideration received from disposal	1
Less: Cash and cash equivalents in subsidiaries disposed of	(390)
Net cash outflow on disposal	(389)

26. Borrowings

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Unsecured borrowing		
Short-term borrowing – a related party	50,200	–
Secured borrowing		
Current		
Collaterised borrowing – a non-related party	41,356	38,207
Short-term borrowings – a non-related party	333,335	414,555
	424,891	452,762
Non-current		
Collaterised borrowing – a non-related party	68,513	109,869
Total borrowings	493,404	562,631

Collaterised borrowing and short-term borrowings are denominated in Renminbi.

(a) Collaterised borrowing

In 2013, the Group entered into a series of transactions with several parties, which involved a bank, a trust company and a finance lease company. Under this arrangement, the ancillary facilities of the water supply services of the Group and its entire pipeline network ("water plant assets") are sold and leaseback from the finance lease company. The sales proceeds amounted to approximately RMB200,000,000 and the lease rental and period are as follows:

Quarterly rental	:	RMB12,320,000
Lease period	:	27 June 2013 to 28 June 2018
Effective interest rate	:	8.32%

However, the sales proceeds are financed by a bank, through the finance lease company. The lease payments to the finance lease company will be paid to the bank via a trust company. Water plant assets are pledged to the trust company.

The ancillary facilities of the water supply services are specialised in nature and it is unlikely that a third party would be able to use and operate the assets.

The Group still retains all the risks and rewards incident to ownership of the underlying assets and enjoys substantially the same rights to their uses as before the arrangement. A repurchase agreement is included in the arrangement for the Group to buy back the assets at nominal value at the end of the lease term.

26. Borrowings (Cont'd)

(a) Collaterised borrowing (Cont'd)

Although the arrangement is in the legal form of a lease, management concluded that the arrangement is in substance a collateralised borrowing, because the assets of the arrangement are indispensable and the Group is bound to buy back the assets at the end of the lease term. Therefore, at inception of the arrangement, the Group recognised a liability at an amount equal to the fair value of the sales consideration, net of transactions costs and subsequently carried at amortised cost.

Certain land and buildings (Note 14) and investment properties of the Group (Note 16) are pledged as security for this collaterised borrowing.

The Group is not significantly exposed to interest rate risk for this borrowing.

At the end of the reporting period, the fair value of non-current collaterised borrowing approximates its carrying amount. The fair value is determined from the cash flow analysis, discounted at annual market borrowing rate of 8.85% (2014: 8.32%) of an equivalent instrument at the end of the reporting period which management expects to be available to the Group. The fair value is within Level 2 of the fair value hierarchy.

(b) Short-term borrowings

Short term borrowing from a related party is unsecured, interest bearing at 8.35% per annum.

Short-term borrowings from a non-related party are secured over the share equity in one of the subsidiaries held by the Group, Yichang Xinshougang Property Development Company Limited; land use rights and development properties of the Group (Note 21).

27. Loan payables

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Current		
Loans from non-related parties	–	147,623

On 9 April 2012, the Group entered into loan arrangements with two non-related parties to secure loans for amounts of HK$159,400,000 and HK$25,199,000 respectively. These loans are unsecured, interest-bearing at 2.25% (2014: 2.25%) per annum and has been fully repaid on 9 April 2015.

28. Trade and other payables

		Group		Company	
	Note	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Trade payables		22,509	27,265	–	–
Gross amount due to customers for construction contracts	24	6,353	4,241	–	–
Accruals	(a)	156,864	92,238	1,066	1,171
Other payables					
- Non-related parties	(b)	24,849	45,882	1,161	1,161
- Non-controlling shareholders of subsidiaries	(c)	167,088	175,428	–	–
- Subsidiaries	(d)	–	–	127,102	137,995
Receipts in advance from					
- Supply of gray water		11,285	7,503	–	–
- Construction of water pipeline	24	21,421	7,412	–	–
- Sale of development properties		69,303	3,753	–	–
		479,672	363,722	129,329	140,327

Trade payables generally have credit terms ranging from 0 to 30 days.

Trade and other payables are mainly denominated in Renminbi.

(a) Included in accruals are land appreciation tax and accrued construction costs of RMB16,384,000 and RMB129,973,000 (2014: RMB28,062,000 and RMB54,434,000) respectively relating to the property development segment.

(b) Other payables to non-related parties include guarantee of mortgage facilities for property development, payable land use tax and refundable deposits received from buyers for purchases of properties under development of the Group amounting to RMB7,066,000, RMB1,326,000 and RMB4,150,000 (2014: RMB4,366,000, RMB1,394,000 and RMB19,690,000) respectively.

(c) Due to non-controlling shareholders of subsidiaries

The amounts due to non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand.

28. Trade and other payables (Cont'd)

(d) Due to subsidiaries

The amounts due to subsidiaries are unsecured, interest-free and and repayable on demand.

29. Share capital

(a) Ordinary shares

	Group and Company	
	2015	**2014**
	S$'000	**S$'000**
Authorised:		
1,000,000,000[(1)] (FY2014: 20,000,000,000) ordinary shares of S$1.00[(1)] (FY2014: S$0.05) each	1,000,000	1,000,000

	Group and Company	
	2015	**2014**
	S$	**S$**
Issued and fully paid:		
Share price of each ordinary share		
Beginning of financial year	0.05	0.05
Effect of share consolidation	0.95	–
End of financial year	1.00	0.05

	Group and Company	
	Number of shares	**Amount**
	'000	**RMB'000**
2015		
Beginning of financial year	1,024,604	257,321
Effect of share consolidation	(973,374)	–
End of financial year	51,230	257,321
2014		
Beginning of financial year	874,604	219,943
Shares issued	150,000	37,378
End of financial year	1,024,604	257,321

(1) Number of shares and par value had been adjusted pursuant to the share consolidation exercise.

29. Share capital (Cont'd)

(a) Ordinary shares (Cont'd)

On 27 April 2014, the Company issued 150,000,000 ordinary shares at a premium of S$150,000, equivalent to RMB748,000 for a total cash consideration of S$7,650,000, equivalent to RMB38,126,000. The ordinary shares issued have the same rights as the other shares in issue.

All issued ordinary shares were fully paid. The par value for these ordinary shares is S$1.00(1) (2014: S$0.05).

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

On 20 August 2015, the Company has completed a share consolidation exercise to consolidate every twenty ordinary shares in the capital of the Company held by the shareholders into one consolidated share, so as to comply with the Minimum Trading Price ("MTP") requirement as implemented by the Singapore Exchange Securities Trading Limited (the "SGX-ST") as an additional continuing listing requirement. The issued share capital of the Company as at 31 December 2015 comprises 51,230,187 consolidated shares, after disregarding any fraction of consolidated shares arising from the share consolidation exercise.

(b) Share options

The Group adopted CIHL Share Option Scheme (the "2010 Scheme") on 8 March 2010 and details of the specific categories of share options granted under the 2010 Scheme are as follows:

Date of grant	**Vesting period(3)**	**Exercise period**	**Exercise price(3)**
			S$
8 March 2010(2)	50% of 1,000,000 options to be vested on 8 March 2011	8 March 2011 to 7 March 2015	1.50
	50% of 1,000,000 options to be vested on 8 March 2012	8 March 2012 to 7 March 2015	1.50
17 May 2010(2)	50% of 150,000 options to be vested on 17 May 2011	17 May 2011 to 16 May 2015	1.74
	50% of 150,000 options to be vested on 17 May 2012	17 May 2012 to 16 May 2015	1.74
19 July 2010(2)	50% of 75,000 options to be vested on 19 July 2011	19 July 2011 to 18 July 2015	1.58
	50% of 75,000 options to be vested on 19 July 2012	19 July 2012 to 18 July 2015	1.58

29. Share capital (Cont'd)

(b) Share options (Cont'd)

Date of grant	Vesting period(3)	Exercise period	Exercise price(3)
			S$
2 June 2011	50% of 1,225,000 options to be vested on 2 June 2012	2 June 2012 to 1 June 2016	1.04
	50% of 1,225,000 options to be vested on 2 June 2013	2 June 2013 to 1 June 2016	1.04
10 March 2014	50% of 2,700,000 options to be vested on 10 March 2015	10 March 2015 to 9 March 2019	0.904
	50% of 2,700,000 options to be vested on 10 March 2016	10 March 2016 to 9 March 2019	0.904

(2) Lapsed during the financial year

(3) Number of shares options and exercise price had been adjusted pursuant to share consolidation exercise.

Under the 2010 Scheme, if the share options remain unexercised after a period of 5 years from the date of grant, the share options expire. Share options are forfeited if the employee leaves the Group before the share options vest. Share options previously vested would be lapsed immediately if the employee leaves the Group, unless the remuneration committee otherwise approved.

Movement in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2015		2014	
	Number of share options	Weighted average exercise price(3)	Number of share options	Weighted average exercise price
	'000	S$	'000	S$
Outstanding at the beginning of financial year	4,925(3)	1.0740	44,500	0.0641
Granted	–	–	54,000	0.0452
Expired	(1,075)(3)	1.5391	–	–
Outstanding at the end of financial year	3,850(3)	0.9446	98,500	0.0537
Exercisable at the end of financial year	2,500	0.9666	44,500	0.0641

29. Share capital (Cont'd)

(b) Share options (Cont'd)

At the end of the reporting period, the outstanding share options have a weighted average remaining contractual life of 2.36 years (2014: 2.68 years) and the exercise prices range from S$0.904 to S$1.04 (2014: S$0.0452 to S$0.087).

The share-based payments to directors and executives recognised in profit or loss for the financial year ended 31 December 2015 was approximately RMB2,405,000 (2014: RMB4,249,000) (Note 9).

These fair values were calculated using the Binomial model. The fair value of share options granted in 2014 was estimated to be S$1,447,000, equivalent to RMB6,989,000. The inputs into the model are as follows:

	8 March 2010	**17 May 2010**	**19 July 2010**	**2 June 2011**	**10 March 2014**
Share price	S$0.0769	S$0.085	S$0.075	S$0.052	S$0.046
Exercise price	S$0.075	S$0.087	S$0.079	S$0.052	S$0.0452
Expected volatility	70.26%	69.80%	69.79%	65.80%	102.305%
Expected life	5 years	5 years	5 years	5 years	5 years
Risk free rates	1.50%	1.01%	0.75%	1.02%	1.443%
Expected dividend yield	4.19%	4.19%	4.19%	4.22%	7.61%
Exercise Multiple	2 times	2 times	2 times	2.2 and 2.8 times	–
Employee exit rate	7.10%	7.10%	7.10%	0% and 13%	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 5 years. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non-transferability, excise restriction and behavioral considerations.

29. Share capital (Cont'd)

(C) CIHL Performance Share Plan (the "PSP")

The PSP was approved by the shareholders of the Company at a Special General Meeting held on 8 March 2010. The PSP shall complement the 2010 Scheme and serve as an additional and flexible incentive tool.

Under the rules of the PSP, all directors and employees of the Group as well as the employees of associates are eligible to participate in the PSP at the absolute discretion of the Remuneration Committee.

The total number of shares over which shares to be issued under the PSP, together with the number of shares issued under the 2010 Scheme shall not exceed 15% of the issued share capital of the Company at any time.

The Remuneration Committee is charged with the administration of the PSP in accordance with the rules of the PSP. The Remuneration Committee administering the PSP comprises the directors, Mr Shan Chang, Mr Chee Teck Kwong Patrick and Mr Teo Woon Keng John.

None of the directors in the committee participated in any deliberation or decision in respect of shares granted to himself.

The number of shares to be offered to a participant shall be determined at the discretion of the Remuneration Committee provided that:

(i) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates shall not exceed 25% of the 2010 Scheme; and

(ii) the number of shares which may be offered to each participant who is a controlling shareholder or their associates shall not exceed 10% of the 2010 Scheme.

No shares had been granted to any participant since the commencement of the PSP.

30. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(b) Company

	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Capital redemption reserve RMB'000	Share option reserve RMB'000	Total reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
2015								
Beginning of financial year	46,060	565,589	479	8,324	10,857	631,309	(294,683)	336,626
Total comprehensive loss for the financial year	–	–	–	–	–	–	(25,077)	(25,077)
Share option lapsed	–	–	–	–	(3,429)	(3,429)	3,429	–
Recognition of share-based payments	–	–	–	–	2,405	2,405	–	2,405
End of financial year	46,060	565,589	479	8,324	9,833	630,285	(316,331)	313,954
2014								
Beginning of financial year	45,312	565,589	479	8,324	6,608	626,312	(268,120)	358,192
Total comprehensive loss for the financial year	–	–	–	–	–	–	(11,221)	(11,221)
Proceeds from shares issued	748	–	–	–	–	748	–	748
Payment of dividends	–	–	–	–	–	–	(15,342)	(15,342)
Recognition of share-based payments	–	–	–	–	4,249	4,249	–	4,249
End of financial year	46,060	565,589	479	8,324	10,857	631,309	(294,683)	336,626

30. Reserves (Cont'd)

(c) Nature and purpose of reserves

(i) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up for unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premium payable on repurchase of shares.

(ii) Contributed surplus

The contributed surplus of the Company and the Group represents the balance of the amount of credit arising from the capital reduction pursuant to a special resolution passed on 10 May 2004 for the reduction of issued and paid-up share capital of the Company from S$0.20 to S$0.05 on each of the 751,987,750 issued and paid-up shares.

(iii) Share options reserve

The fair value of the actual or estimated number of unexercised share options granted to employees of the Company and the Group are recognised in accordance with the accounting policy adopted for share-based payments as set out in Note 2.26(iv) to the financial statements.

(iv) Capital redemption reserve

Capital redemption reserve arises from the reduction of the nominal value of the issued share capital of the Company upon the cancellation of the repurchased shares.

Contributed surplus, share option reserve and capital redemption reserve are non-distributable.

31. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions were carried out between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	2015 RMB'000	2014 RMB'000
Related parties		
- Cash received on behalf of the Group	8,942	14,398
- Architectural service fee paid/payable	1,230	3,718
- Borrowings	50,200	75,000
- Interest expense paid/payable	1,310	1,967
Associates		
- Interest income received/receivable	5,150	4,555

31. Related party transactions (Cont'd)

(a) Sales and purchases of goods and services (Cont'd)

Other related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2014 and 2015, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from the end of the reporting period are disclosed in Note 23 and Note 28 respectively.

(b) Key management compensation

Key management includes directors (executive and non-executive) and chief financial officer. The compensation paid/payable to key management is as follows:

	Group	
	2015	**2014**
	RMB'000	**RMB'000**
Directors' fees	1,247	1,800
Salaries, allowances and bonuses	3,161	2,819
Pension costs of defined contribution plans	14	13
Share option expense	2,405	4,249
	6,827	8,881

Included in the total key management compensation is directors' remuneration of the Company amounting to RMB6,226,000 (2014: RMB8,291,000).

32. Segment information

For management purpose, the Group is organised into business units based on its products and services and has three reportable segments as follows:

Water supply services	-	Construction of water pipeline and supply of gray water
Land development	-	Provision of engineering and land leveling service for preliminary land development projects
Property development	-	Development and sale of properties

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

The other segment include investment segment which identifies new investment opportunities locally and oversea that has the potential to increase revenue streams and produce good returns on investments.

The accounting policies of the operating segments are the same as those set out in Note 2 to the financial statements.

32. Segment information (Cont'd)

	Continuing operations				Discontinued operations	
	Water supply services RMB'000	Land development RMB'000	Property development RMB'000	All other segments RMB'000	Toll collection RMB'000	Total RMB'000
Financial year ended 31 December 2015						
Total segment revenue	93,455	3,735	18,504	2,678	–	118,372
Inter-segment revenue	–	–	–	(2,000)	–	(2,000)
Revenue from external parties	93,455	3,735	18,504	678	–	116,372
Segment results	63,010	3,735	(359,561)	(918)	–	(293,734)
Interest income	321	9,479	33	10,014	–	19,847
Rental income	–	–	–	1,248	–	1,248
Other income	–	–	–	785	–	785
Administrative expenses	–	–	–	(183,404)	–	(183,404)
Other operating expenses	(6,356)	(5,761)	(12,022)	(8,920)	(660)	(33,719)
Selling and marketing expenses	–	–	(6,981)	–	–	(6,981)
Fair value loss on investment properties	–	–	–	(1,000)	–	(1,000)
Loss on disposal of subsidiaries	–	–	–	(2,930)	–	(2,930)
Currency translation gain	–	–	–	797	–	797
Finance expenses	–	(17,346)	(2,469)	(33,262)	–	(53,077)
Share of net losses of associates	–	–	–	(32,422)	–	(32,422)
Income tax (expense)/credit	(14,254)	–	93,713	833	–	80,292
Loss for the financial year						(504,298)
Depreciation and amortisation	(6,471)	(43)	(847)	(1,237)	(29)	(8,627)
Impairment loss of investment in associates	–	–	–	(68,898)	–	(68,898)
Impairment of trade and other receivables	–	–	–	(86,070)	–	(86,070)

32. Segment information (Cont'd)

	Continuing operations				
	Water supply services RMB'000	Land development RMB'000	Property development RMB'000	All other segments RMB'000	Total RMB'000
Financial year ended 31 December 2015 (Cont'd)					
Write-down of development properties	–	–	(357,480)	–	(357,480)
Reversal of development properties write-down	–	–	8,281	–	8,281
Share option expense	–	–	–	(2,405)	(2,405)
As at 31 December 2015					
Total assets	130,917	52,010	1,266,286	86,808	1,536,021
Total assets includes:					
Property, plant and equipment	90,190	65	130,871	37,630	258,756
Intangible assets	122	–	–	–	122
Goodwill arising on consolidation	20,303	–	–	–	20,303
Investment properties	–	–	–	32,100	32,100
Deferred income tax assets	961	–	–	21	982
Inventories and development properties	4,009	–	1,098,156	–	1,102,165
Trade and other receivables	4,066	49,231	34,335	15,100	102,732
Cash and cash equivalents	11,266	2,714	2,924	1,957	18,861
Total assets					1,536,021
Addition to non-current assets	7,133	–	7,363	524	15,020
Total liabilities	171,999	5,984	303,850	571,491	1,053,324
Total liabilities includes:					
Short-term borrowings	41,356	–	–	383,535	424,891
Loan payables	68,513	–	–	–	68,513
Trade and other payables	52,585	5,463	320,082	101,542	479,672
Current income tax liabilities	9,545	521	(1,227)	6,057	14,896
Deferred income tax liabilities	–	–	60,975	4,377	65,352
Total liabilities					1,053,324

32. Segment information (Cont'd)

	Continuing operations				Discontinued operations	
	Water supply services RMB'000	**Land development RMB'000**	**Property development RMB'000**	**All other segments RMB'000**	**Toll collection RMB'000**	**Total RMB'000**
Financial year ended 31 December 2014						
Total segment revenue	56,320	–	51,873	2,013	–	110,206
Inter-segment revenue	–	–	–	(1,123)	–	(1,123)
Revenue from external parties	56,320	–	51,873	890	–	109,083
Segment results	28,772	–	(42,487)	(604)	–	(14,319)
Interest income	159	10,783	31	17,680	–	28,653
Rental income	–	–	–	1,245	–	1,245
Other expense	–	–	–	(249)	–	(249)
Administrative expenses	–	–	–	(21,289)	–	(21,289)
Other operating expenses	(9,680)	(7,081)	(19,845)	(10,094)	(803)	(47,503)
Selling and marketing expenses	–	–	(8,868)	–	–	(8,868)
Currency translation loss	–	–	–	(1,508)	–	(1,508)
Finance expenses	–	(8,066)	–	(34,988)	–	(43,054)
Share of net losses of associates	–	–	–	(1,814)	–	(1,814)
Income tax (expense)/credit	(2,436)	–	15,170	46	–	12,780
Loss for the financial year						(95,926)
Depreciation and amortisation	(6,254)	(51)	(761)	(1,476)	–	(8,542)
Impairment of trade and other receivables	(4,340)	(4,331)	(4,277)	–	–	(12,948)
Write-down of development properties	–	–	(51,072)	–	–	(51,072)
Share option expense	–	–	–	(4,249)	–	(4,249)

32. Segment information (Cont'd)

	Continuing operations				Discontinued operations	
	Water supply services RMB'000	**Land development RMB'000**	**Property development RMB'000**	**All other segments RMB'000**	**Toll collection RMB'000**	**Total RMB'000**
As at 31 December 2014						
Total assets	124,162	213,586	1,470,160	417,982	8,413	2,234,303
Total assets includes:						
Property, plant and equipment	89,616	109	165,793	13,002	–	268,520
Intangible assets	122	–	–	–	8,368	8,490
Goodwill arising on consolidation	20,303	–	–	–	–	20,303
Investment properties	–	–	–	33,100	–	33,100
Investment in associates	–	–	–	99,603	–	99,603
Deferred income tax assets	818	–	–	21	–	839
Inventories and development properties	1,140	–	1,279,634	–	–	1,280,774
Trade and other receivables	1,761	211,365	17,458	237,380	7	467,971
Cash and cash equivalents	10,402	2,112	7,275	34,876	38	54,703
Total assets						2,234,303
Addition to non-current assets	4,081	–	63,319	7	–	67,407
Total liabilities	179,538	107,276	384,746	573,869	474	1,245,903
Total liabilities includes:						
Short-term borrowings	38,207	100,000	–	314,555	–	452,762
Loan payables	–	–	–	147,623	–	147,623
Trade and other payables	27,724	6,755	230,001	99,242	474	364,196
Current income tax liabilities	3,738	521	1,228	6,828	–	12,315
Long-term loan borrowings	109,869	–	–	–	–	109,869
Deferred income tax liabilities	–	–	153,517	5,621	–	159,138
Total liabilities						1,245,903

32. Segment information (Cont'd)

Geographical information

	Revenue		Non-current assets	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Hong Kong	–	–	12	13
PRC except Hong Kong	116,372	109,083	312,251	368,311
Overseas	–	–	–	54,163
	116,372	109,083	312,263	422,487

In presenting the geographical information, revenue is based on the geographical locations of the customers which the revenue are derived from.

Inter-segment sales are carried out based on agreed term.

Revenue from major customers

Revenue of RMB10,015,000 and RMB10,971,000 (2014: RMB8,871,000) are derived from two (FY2014: one) external customer. These revenues are attributable to the water supply services (FY2014: property development) segment.

33. Dividends

	2015	2014
	RMB'000	RMB'000
Ordinary dividends declared and paid		
Final tax exempt (one-tier) dividend paid in respect of the previous financial year of Nil Singapore cents (2014: 0.35 Singapore cents) per share	-	15,342

34. Contingent liabilities

	2015	2014
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain buyers	43,614	90,850

34. Contingent liabilities (Cont'd)

A subsidiary corporation of the Group, Yichang Xinshougang Property Development Company Limited ("XSG"), was in cooperation with local government authority and certain financial institutions to arrange mortgage loan facility for its buyers of property and to provide guarantees to secure obligations for such buyers on repayments. As at 31 December 2015, the outstanding guarantees amounted to RMB43,614,000 (2014: RMB90,850,000). Such guarantees will be discharged upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within three months after the buyers take possession of the relevant property; and (ii) the satisfaction of the relevant mortgage loans by buyers.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, XSG is responsible to repay the outstanding mortgage principals together with any accrued interest and penalty owed by the defaulted buyers to the financial institutions, and XSG is entitled to take over the legal title and possession of the related properties. XSG's guarantee starts from the dates the financial institutions grant the mortgage loans.

During the current financial year, financial institutions have filed court cases against XSG to claim for mortgage loan as two property buyers have defaulted payment against the financial institution. XSG is likely liable for outstanding mortgage principals together with the accrued interest and penalties owed by defaulted buyers to the financial institutions based on the precedent case in FY2014. Hence, an amount of RMB3,943,000 (Note 10), has been recognised as an expense in "other operating expenses" in the statement of comprehensive income during the financial year ended 31 December 2015.

During the last financial year ended 31 December 2014, a property buyer defaulted payment against the financial institution and as a result, the financial institution filed a claim against XSG. Based on the verdict, XSG is obliged to repay the financial institution for the outstanding mortgage principals and accrued interest owed by the defaulted buyer to the financial institution. The estimated loss incurred as guarantor amounted to RMB4,933,000 (Note 10) has been recognised as an expense in "other operating expenses" in the statement of comprehensive income during the financial year ended 31 December 2014.

No further provision has been made for the remaining guarantees as it is likely that the net realisable value of the related properties will be able to repay the outstanding mortgage principals together with the accrued interest and penalty in case of any default in payments. As at the end of the reporting period, management is not aware of any default that required further provision.

35. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2015 RMB'000	2014 RMB'000
Computer software	326	326

36. Lease commitments

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

The Group leases an administrative office from a non-related party under non-cancellable operating lease agreements. The lease terms are negotiated for an average term of 2 years (2014: 2 years), and the lease agreements are renewable at the end of the lease period at market rate. The rental expenditure charged to profit or loss during the financial year is disclosed in Note 10.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2015 RMB'000	2014 RMB'000
Not later than one year	476	1,054
Between one and five years	932	–
	1,408	1,054

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

The Group leases premises to a non-related party under non-cancellable operating leases. The lessees are required to pay absolute fixed annual increase to the lease payments.

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

	2015 RMB'000	2014 RMB'000
Not later than one year	1,319	1,319

37. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2016 or later periods and which the Group has not early adopted:

IFRS/IAS No.	Title	Effective for annual periods beginning on or after
Annual improvements 2014	IFRS 5, "Non-current assets held for sale and discontinued operations" IFRS 7, "Financial instruments: Disclosures" IAS 19, "Employee benefits" IAS 34, "Interim financial reporting"	1 January 2016
IFRS 10	Amendments to IFRS 10 , "Consolidated financial statements" regarding the application of consolidation exception	1 January 2016
IFRS 11	Amendment to IFRS 11, "Joint arrangements" regarding the accounting for acquisition of an interest in a joint operation	1 January 2016
IFRS 12	Amendments to IFRS 12, "Disclosure of interest in other entities" regarding the application of consolidation exception	1 January 2016
IFRS 14	Regulatory deferral accounts	1 January 2016
IAS 1	Amendments to IAS 1, "Presentation of financial statements" regarding disclosure initiative	1 January 2016
IAS 16	Amendment to IAS 16, "Property, plant and equipment" regarding bearer plants	1 January 2016
IAS 38	Amendment to IAS 38, "Intangible assets" regarding the clarification of acceptable methods of depreciation and amortisation	1 January 2016
IAS 27	Amendment to IAS 27, "Separate financial statements" regarding the equity method	1 January 2016
IAS 28	Amendment to IAS 28, "Investments in associates and joint ventures" regarding the application of the consolidation exception	1 January 2016
IAS 41	Amendment to IAS 41, "Agriculture" regarding the bearer plants	1 January 2016
IAS 7	Amendments to IAS 7, "Statement of Cash Flows" regarding disclosure initiative	1 January 2017

37. New or revised accounting standards and interpretations (Cont'd)

IFRS/IAS No.	Title	Effective for annual periods beginning on or after
IAS 12	Amendments to IAS 12, "Income taxes" regarding the recognition of deferred tax assets for unrealised losses	1 January 2017
IFRS 9	Financial Instruments	1 January 2018
IFRS15	Amendments to IFRS 15, "Revenue from contracts with customers"	1 January 2018
IFRS16	Leases	1 January 2019

At this stage, the Group is not able to estimate the impact of the new rules on the group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

38. Approval of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 1 April 2016.

SHAREHOLDING STATISTICS

As at 23 March 2016

Authorised Share Capital	:	S$1,000,000,000
Issued and Paid Up Capital	:	S$51,230,187
Class of Shares	:	Ordinary Shares of S$1.00
Voting rights	:	One vote per share

As at 23 March 2016, the Company did not hold any treasury shares.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UOB KAY HIAN PRIVATE LIMITED	14,732,481	28.76
2	CITIBANK NOMINEES SINGAPORE PTE LTD	11,003,306	21.48
3	RAFFLES NOMINEES (PTE) LIMITED	7,528,523	14.70
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,644,250	5.16
5	OCBC SECURITIES PRIVATE LIMITED	1,396,700	2.73
6	HONG LEONG FINANCE NOMINEES PTE LTD	922,050	1.80
7	CHAN SIN MIAN	825,850	1.61
8	YE TIANYUN	750,000	1.46
9	ABN AMRO CLEARING BANK N.V.	290,000	0.57
10	LIM CHER HENG	270,495	0.53
11	HENG SEE ENG	227,855	0.44
12	FONG WENG KHIANG	225,000	0.44
13	WONG CHEONG SHEK	186,300	0.36
14	CIMB SECURITIES (SINGAPORE) PTE. LTD.	172,000	0.34
15	HEE LEE SET	150,000	0.29
16	QUAH WEE LAI	150,000	0.29
17	TEOH GAIK LIEW	127,500	0.25
18	LEOW FAN SIEW	125,000	0.24
19	MAYBANK KIM ENG SECURITIES PTE. LTD.	121,657	0.24
20	MAK CHEE FONG	113,700	0.22
	TOTAL	**41,962,667**	**81.91**

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	2,767	32.29	138,162	0.27
100 - 1,000	4,542	53.00	1,439,371	2.81
1,001 - 10,000	1,074	12.53	3,413,888	6.66
10,001 - 1,000,000	182	2.12	8,933,502	17.44
1,000,001 AND ABOVE	5	0.06	37,305,260	72.82
TOTAL	**8,570**	**100.00**	**51,230,183**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Wellful Holdings Limited	14,569,231	28.44	–	–
China Construction Group Inc	11,001,256	21.47	–	–
Wisdom Accord Limited	7,500,000	14.64	–	–
Lin Rongqiang (1)	–	–	14,569,231	28.44
China Construction Holdings Limited (2)	–	–	11,001,256	21.47
Fok Hei Yu (3)	–	–	11,001,256	21.47
John Howard Batchelor (3)	–	–	11,001,256	21.47
Zheng Dagang (4)	–	–	7,500,000	14.64

Footnote:

(1) The sole shareholder of Wellful Holdings Limited is Lin Rongqiang holding 100% of the total issued share capital. Therefore, Lin Rongqiang is deemed to be interested in the 14,569,231 shares beneficially owned by Wellful Holdings Limited by virtue of Section 4 of the Securities and Futures Act (Cap.289).

(2) The sole shareholder of China Construction Group Inc is China Construction Holdings Limited, holding 100% of the total issued share capital. Therefore, China Construction Holdings Limited is deemed to be interested in the 11,001,256 shares beneficially owned by China Construction Group Inc by virtue of Section 4 of the Securities and Futures Act (Cap.289).

(3) By way of a deed of appointment dated 28 August 2013, Mr. Fok Hei Yu and Mr. John Howard Batchelor were jointly severally appointed as receivers over 100% of the shares in China Construction Group Inc, a company incorporated under the law of Bermuda.

China Construction Group Inc in turn holds 11,001,256 shares (representing 21.47% of the shareholding) in China International Holding Limited. Pursuant to Section 4 of the Securities and Future Act (Cap 289), Mr. Fok Hei Yu and Mr. John Howard Batchelor are deemed to have an interest in the shares in China International Holdings Limited.

(4) The sole shareholder of Wisdom Accord Limited is Zheng Dagang, holding 100% of the total issued share capital. Therefore, Zheng Dagang is deemed to be interested in the 7,500,000 shares benefi cially owned by Wisdom Accord Limited by virtue of Section 4 of the Securities and Futures Act (Cap.289).

According to the Company’s record as at 23 March 2016, approximately 35.20% of the Company’s shares are held in the hands of the public. Thus, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CHINA INTERNATIONAL HOLDINGS LIMITED (the ***Company***) will be held at Copthorne King's Hotel Singapore, Queen Room Level 2, 403 Havelock Road, Singapore 169632 on Friday, 29 April 2016 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to the Company's Bye-Law at the forthcoming Annual General Meeting:

2.1	Mr Teo Woon Keng John	[Retiring under Bye-Law 107(B)]	**(Resolution 2)**
2.2	Mr Zhu Jun	[Retiring under Bye-Law 104]	**(Resolution 3)**
2.3	Mr Shen Xia	[Retiring under Bye-Law 104]	**(Resolution 4)**

3. To approve the payment of Directors' fees of RMB1,300,000 for the financial year ending 31 December 2016 (2015: RMB1,300,000). **(Resolution 5)**

4. To re-appoint Messrs Nexia TS Public Accounting Corporation, as the independent auditor of the Company and authorise the Directors to fix their remuneration. **(Resolution 6)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

6. **Authority to issue shares**

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (***SGX-ST***), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company (***shares***) whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, ***Instruments***) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

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

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of Instruments, made or granted to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company as at the time this Resolution is passed, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 7)**

[See Explanatory Note (i)]

7. **Authority to issue shares under the CIHL Share Option Scheme**

That the Directors of the Company be authorised and empowered to offer and grant options under the CIHL Share Option Scheme (***the 2010 Scheme***) and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the 2010 Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the 2010 Scheme and such other share-based incentive scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 8)**

8. **Authority to issue shares under the CIHL Performance Share Plan**

That the Directors of the Company be authorised and empowered to offer and grant awards under the CIHL Performance Share Plan (***the Plan***) and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Plan and such other share-based incentive scheme (including the CIHL Share Option Scheme) shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 9)**

By Order of the Board

Claudia Teo Kwee Yee
Company Secretary

Singapore, 13 April 2016

Explanatory Notes:

(i) The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

(ii) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors of the Company, from date of this Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme and such other share-based incentive scheme up to a number not exceeding in total (for the entire duration of the Scheme) 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(iii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company, from date of this Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of awards under the Plan and such other share-based incentive scheme (including CIH Share Option Scheme) up to a number not exceeding in total (for the entire duration of the Plan) 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. If a member of the Company, being a Depositor (as defined in the Bye-Laws of the Company) whose name appears in the Depository Register (as defined in the Bye-Laws of the Company) wishes to attend and vote at the Annual General Meeting, then he/she/it should complete the proxy form and deposit the duly completed proxy form at the office of the Company’s Singapore Transfer Agent, Boardroom Corporate & Advisory Services (Pte) Ltd at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 at least 48 hours before the time of the Annual General Meeting.

2. If a Depositor wishes to appoint a proxy/proxies, the proxy form must be deposited at the office of the Company’s Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services (Pte) Ltd at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 at least 48 hours before the time appointed for holding the Annual General Meeting. Delivery of the proxy form shall not preclude him from attending and voting in person at the Annual General Meeting and in such event, the proxy form shall be deemed to be revoked.

PERSONAL DATA PRIVACY

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

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