



# CHINA REAL ESTATE GRP LTD.

(Company Reg. No. 200609901H)

## Financial Statements And Related Announcement for the Second Quarter Ended 31 December 2018

### PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

#### 1(a)(i) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	2nd Qtr Ended 31/12/18 S\$'000	31/12/17 S\$'000	Increase/ (decrease) %	Half-Year Ended 31/12/18 S\$'000	31/12/17 S\$'000	Increase/ (decrease) %
Revenue		2,277	4,642	(50.9)	5,313	8,918	(40.4)
Cost of services		<u>(2,154)</u>	<u>(4,174)</u>	(48.4)	<u>(5,014)</u>	<u>(8,079)</u>	(37.9)
Gross profit		123	468	(73.7)	299	839	(64.4)
Other (loss)/gain, net		(35)	36	n.m.	(104)	(740)	(85.9)
Distribution and marketing expenses		(60)	(79)	(24.1)	(192)	(152)	26.3
Administrative expenses		(1,443)	(1,384)	4.3	(2,743)	(2,449)	12.0
Finance expenses		<u>(19)</u>	<u>(912)</u>	(97.9)	<u>(39)</u>	<u>(912)</u>	(95.7)
Loss before income tax		(1,434)	(1,871)	(23.4)	(2,779)	(3,414)	(18.6)
Income tax credit	A	<u>-</u>	<u>8</u>	n.m.	<u>-</u>	<u>13</u>	n.m.
<b>Total loss</b>	B	<u>(1,434)</u>	<u>(1,863)</u>	(23.0)	<u>(2,779)</u>	<u>(3,401)</u>	(18.3)
<b>Other comprehensive income:</b>							
Items that may be reclassified subsequently to profit or loss:							
Currency translation (loss)/gain from consolidation		<u>(265)</u>	<u>7</u>	n.m.	<u>(1,700)</u>	<u>7</u>	n.m.
<b>Other comprehensive (loss)/income, net of tax</b>		<u>(265)</u>	<u>7</u>	n.m.	<u>(1,700)</u>	<u>7</u>	n.m.
<b>Total comprehensive loss</b>		<u>(1,699)</u>	<u>(1,856)</u>	(8.5)	<u>(4,479)</u>	<u>(3,394)</u>	32.0

n.m. = Not meaningful.

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any statements or opinions made or reports contained in this announcement.*

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	2nd Qtr Ended		Increase/	Half-Year Ended		Increase/
Note	31/12/18	31/12/17	(decrease)	31/12/18	31/12/17	(decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Loss attributable to:						
Equity holders of the Company	(1,387)	(1,592)	(12.9)	(2,674)	(3,130)	(14.6)
Non-controlling interests	(47)	(271)	(82.7)	(105)	(271)	(61.3)
	<u>(1,434)</u>	<u>(1,863)</u>	(23.0)	<u>(2,779)</u>	<u>(3,401)</u>	(18.3)
Total comprehensive loss attributable to:						
Equity holders of the Company	(1,644)	(1,593)	3.2	(4,045)	(3,131)	29.2
Non-controlling interests	(55)	(263)	(79.1)	(434)	(263)	65.0
	<u>(1,699)</u>	<u>(1,856)</u>	(8.5)	<u>(4,479)</u>	<u>(3,394)</u>	32.0

### 1(a)(ii) Notes to statement of comprehensive income

#### A. Income tax credit

	2nd Qtr Ended		Increase/	Half-Year Ended		Increase/
	31/12/18	31/12/17	(decrease)	31/12/18	31/12/17	(decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax expense						
- Over provision in respect of prior years	-	3	n.m.	-	3	n.m.
- Deferred income tax	-	5	n.m.	-	10	n.m.
	<u>-</u>	<u>8</u>	n.m.	<u>-</u>	<u>13</u>	n.m.

#### B. The net loss is determined after (charging)/crediting the following:

	Note	2nd Qtr Ended		Increase/	Half-Year Ended		Increase/
		31/12/18	31/12/17	(decrease)	31/12/18	31/12/17	(decrease)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Foreign exchange loss	(i)	(16)	(115)	(86.1)	(194)	(146)	32.9
Investment Income:							
- Fair value loss on financial assets at fair value through profit or loss	(ii)	(131)	(162)	(19.1)	(281)	(1,236)	(77.3)
- Dividend income	(iii)	-	156	n.m.	173	341	(49.3)
Depreciation and amortisation	(iv)	(88)	(115)	(23.5)	(178)	(228)	(21.9)
Interest income:							
- Bank deposits		13	-	n.m.	40	-	n.m.
- Other receivable		-	76	n.m.	-	144	n.m.
Interest expense:							
- Borrowings		(19)	-	n.m.	(39)	-	n.m.
- Other payables	(v)	-	(912)	n.m.	-	(912)	n.m.
Operating lease expenses	(vi)	(300)	(238)	26.1	(568)	(455)	24.8

n.m. = Not meaningful.

#### Note (i)

The foreign exchange loss for the second quarter and half-year ended 31 December 2018 (“2QFY19” and “1HFY19” respectively) was due to the weakening of the underlying currency of the financial assets in Malaysia ringgit, against the reporting currency, Singapore Dollar.

Note (ii)

The Group reported a fair value loss of S\$281,000 on financial assets in 1HFY19, as compared to a loss of S\$1.2 million for the half-year ended 31 December 2017 (“1HFY18”). The loss is due mainly to the fluctuation in quoted prices of investments.

Note (iii)

The dividend income reported was derived from the financial assets at fair value through profit or loss.

Note (iv)

The lower depreciation and amortization was due to the lower level of depreciable assets and amortizable intangible assets during this period as compared to the corresponding period of the previous financial year.

Note (v)

The interest expenses in 1HFY18 were related to interest expenses incurred by a subsidiary corporation in the People’s Republic of China (the “PRC”) mainly on advances from its 28% shareholder, China Real Estate Group Union Ltd (“CREU”). The advances were fully repaid in February 2018.

Note (vi)

The increase in operating lease expenses was due to the rental of an office unit in Beijing, PRC.

**1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediate preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>31/12/2018</b>	<b>30/06/2018</b>	<b>31/12/2018</b>	<b>30/06/2018</b>
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	19,190	14,136	615	906
Financial assets, at fair value through profit or loss	9,413	11,524	9,413	11,524
Trade and other receivables	11,477	13,804	23,597	11,322
Other current assets	2,150	2,061	139	222
Financial assets, at fair value through other comprehensive income <sup>#</sup>	2,000	-	2,000	-
Available-for-sale financial assets <sup>#</sup>	-	2,000	-	2,000
	<u>44,230</u>	<u>43,525</u>	<u>35,764</u>	<u>25,974</u>
<b>Non-current assets</b>				
Development properties	9,151	7,996	-	-
Investment in subsidiary corporations	-	-	24,400	24,400
Property, plant and equipment	14,030	10,689	15	17
Intangible assets	639	639	-	-
	<u>23,820</u>	<u>19,324</u>	<u>24,415</u>	<u>24,417</u>
<b>Total assets</b>	<u>68,050</u>	<u>62,849</u>	<u>60,179</u>	<u>50,391</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	4,430	6,698	57	227
Borrowings	1,290	1,340	-	-
Current income tax liabilities	16	17	16	17
	<u>5,736</u>	<u>8,055</u>	<u>73</u>	<u>244</u>
<b>Non-current liabilities</b>				
Provisions	204	204	-	-
Deferred income tax liabilities	574	597	-	-
	<u>778</u>	<u>801</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>6,514</u>	<u>8,856</u>	<u>73</u>	<u>244</u>
<b>Net assets</b>	<u>61,536</u>	<u>53,993</u>	<u>60,106</u>	<u>50,147</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	195,731	183,709	195,731	183,709
Foreign currency translation reserve	(17,370)	(15,999)	(15,939)	(15,939)
Accumulated losses	(125,039)	(122,365)	(119,686)	(117,623)
	<u>53,322</u>	<u>45,345</u>	<u>60,106</u>	<u>50,147</u>
<b>Non-controlling interests</b>	<u>8,214</u>	<u>8,648</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u>61,536</u>	<u>53,993</u>	<u>60,106</u>	<u>50,147</u>

<sup>#</sup> Available-for-sale financial assets as at 30 June 2018 was reclassified to financial assets, at fair value through other comprehensive income on adoption of SFRS(I)9.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

Amount repayable in one year or less, or on demand

	<b>As at 31/12/2018</b>		<b>As at 30/06/2018</b>	
	<b>Secured</b> S\$'000	<b>Unsecured</b> S\$'000	<b>Secured</b> S\$'000	<b>Unsecured</b> S\$'000
Term loan	1,290	-	1,340	-

Amount repayable after one year

	<b>As at 31/12/2018</b>		<b>As at 30/06/2018</b>	
	<b>Secured</b> S\$'000	<b>Unsecured</b> S\$'000	<b>Secured</b> S\$'000	<b>Unsecured</b> S\$'000
Term loan	-	-	-	-

Details of any collateral

The Group was granted a term loan facility of up to RMB6,500,000 from a licensed bank on 6 February 2018 for working capital purposes. The term loan bears interest of 6% per annum and is secured against a piece of land, measuring 10,638 square metres located in Huzhou, PRC, owned by the Group. The term loan was fully drawdown on 28 February 2018 and is repayable on 25 February 2019.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>2nd Qtr Ended</b>		<b>Half-Year Ended</b>	
	<b>31/12/2018</b>	<b>31/12/2017</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Total loss	(1,434)	(1,863)	(2,779)	(3,401)
Adjustments for:				
Depreciation of property, plant and equipment	88	85	178	167
Amortisation of intangible assets	-	30	-	61
Loss on disposal of property, plant and equipment	-	-	9	-
Income tax credit	-	(8)	-	(13)
Interest income	(13)	(76)	(40)	(144)
Dividend income	-	(156)	(173)	(341)
Interest expense	19	912	39	912
Unrealised currency translation differences	(233)	(1)	(455)	(1)
	<u>(1,573)</u>	<u>(1,077)</u>	<u>(3,221)</u>	<u>(2,760)</u>
<b>Changes in working capital</b>				
Development properties	(144)	(1,631)	(1,464)	(1,631)
Trade and other receivables	543	3,102	1,951	5,009
Other current assets	(159)	(436)	(148)	(482)
Financial assets, at fair value through profit or loss	142	12,122	2,111	13,213
Trade and other payables	(669)	(1,905)	(2,189)	(1,887)
	<u>(1,860)</u>	<u>10,175</u>	<u>(2,960)</u>	<u>11,462</u>
<b>Cash (used in)/generated from operations</b>	<u>(1,860)</u>	<u>10,175</u>	<u>(2,960)</u>	<u>11,462</u>
Income tax (paid)/refunded	(1)	2	(1)	2
Interest received	13	-	40	-
	<u>(1,848)</u>	<u>10,177</u>	<u>(2,921)</u>	<u>11,464</u>
<b>Net cash (used in)/provided by operating activities</b>	<u>(1,848)</u>	<u>10,177</u>	<u>(2,921)</u>	<u>11,464</u>
<b>Cash flows from investing activities</b>				
Additions to property, plant and equipment	(2,403)	(12)	(3,923)	(13)
Dividend received	-	156	173	341
Net cash outflow from acquisition of subsidiary corporations	-	(10,272)	-	(10,272)
	<u>(2,403)</u>	<u>(10,128)</u>	<u>(3,750)</u>	<u>(9,944)</u>
<b>Net cash used in investing activities</b>	<u>(2,403)</u>	<u>(10,128)</u>	<u>(3,750)</u>	<u>(9,944)</u>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of new ordinary shares	-	2,877	12,291	2,877
Share issue expenses	-	-	(269)	-
Proceeds from issuance of new ordinary shares pursuant to exercise of warrants	-	-	-*	-
Interest paid	(19)	-	(39)	-
	<u>(19)</u>	<u>2,877</u>	<u>11,983</u>	<u>2,877</u>
<b>Net cash (used in)/provided by financing activities</b>	<u>(19)</u>	<u>2,877</u>	<u>11,983</u>	<u>2,877</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(4,270)</u>	<u>2,926</u>	<u>5,312</u>	<u>4,397</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>23,472</u>	<u>2,669</u>	<u>14,136</u>	<u>1,198</u>
<b>Effects of currency translation on cash and cash equivalents</b>	<u>(12)</u>	<u>-</u>	<u>(258)</u>	<u>-</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>19,190</u></u>	<u><u>5,595</u></u>	<u><u>19,190</u></u>	<u><u>5,595</u></u>

\* Less than S\$1,000

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalising issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	← Attributable to equity holders of the Company →					
	Share capital S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
<b>Group</b>						
<b>6 months ended 31 December 2018</b>						
Beginning of financial period	183,709	(15,999)	(122,365)	45,345	8,648	53,993
Total comprehensive loss	-	(1,371)	(2,674)	(4,045)	(434)	(4,479)
Issuance of new ordinary shares	12,291	-	-	12,291	-	12,291
Share issue expenses	(269)	-	-	(269)	-	(269)
Issuance of new ordinary shares pursuant to exercise of warrants	-*	-	-	-*	-	-*
End of financial period	<u>195,731</u>	<u>(17,370)</u>	<u>(125,039)</u>	<u>53,322</u>	<u>8,214</u>	<u>61,536</u>
<b>6 months ended 31 December 2017</b>						
Beginning of financial period	161,334	(15,939)	(117,528)	27,867	-	27,867
Total comprehensive loss	-	(1)	(3,130)	(3,131)	(263)	(3,394)
Acquisition of subsidiary corporations	-	-	-	-	4,174	4,174
Investment in the registered capital of subsidiary corporations by non-controlling interests	-	-	-	-	2,870	2,870
End of financial period	<u>161,334</u>	<u>(15,940)</u>	<u>(120,658)</u>	<u>24,736</u>	<u>6,781</u>	<u>31,517</u>

\* Less than S\$1,000

	Share capital S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
<b>Company</b>				
<b>6 months ended 31 December 2018</b>				
Beginning of financial period	183,709	(15,939)	(117,623)	50,147
Total comprehensive loss	-	-	(2,063)	(2,063)
Issuance of new ordinary shares	12,291	-	-	12,291
Share issue expenses	(269)	-	-	(269)
Issuance of new ordinary shares pursuant to exercise of warrants	-*	-	-	-*
	<u>195,731</u>	<u>(15,939)</u>	<u>(119,686)</u>	<u>60,106</u>
<b>6 months ended 31 December 2017</b>				
Beginning of financial period	161,334	(15,939)	(114,523)	30,872
Total comprehensive loss	-	-	(2,065)	(2,065)
	<u>161,334</u>	<u>(15,939)</u>	<u>(116,588)</u>	<u>28,807</u>

\* Less than S\$1,000

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.**

There is no change in the Company's share capital since the end of the previous reported period.

The Company did not have any treasury shares or subsidiary holdings as at 31 December 2018 and 31 December 2017.

The number of shares that may be issued on conversion of the Company's outstanding warrants as at the end of the financial period is as follows:

	31/12/2018	31/12/2017
- Warrants which expired on 16 July 2018 ("2013 Warrants")	-	10,559,328
- Warrants expiring on 6 May 2019 ("2014 Warrants")	1,325,578,711	773,282,530
- Warrants expiring on 19 November 2020 ("2015 Warrants")	4,443,277,094	2,592,005,566
- Warrants expiring 30 January 2023 ("2018 Warrants A")	10,009,570,061	-
- Warrants expiring 26 July 2023 ("2018 Warrants B")	6,145,168,199	-
	<u>21,923,594,065</u>	<u>3,375,847,424</u>



**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding financial year.**

	<b>31/12/2018</b>	<b>30/06/2018</b>
Total number of issued shares excluding treasury shares	<u>17,823,158,766</u>	<u>11,677,961,622</u>

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policies and methods of computation are consistent with those applied in the audited financial statements for the financial year ended 30 June 2018, except as disclosed in paragraph 5 below.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the Singapore IFRS-identical Financial Reporting Standards ("SFRS(I)") on 1 July 2018. The adoption of the SFRS(I) did not result in material changes to the Group's or the Company's accounting policies and had no material impact on the results under review. Where applicable, the presentation of the financial information has been amended to comply with these standards.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>Half-Year Ended</b>	
	<b>31/12/18</b>	<b>31/12/17</b>
Net loss attributable to equity holders of the Company (S\$'000)	<u>(2,674)</u>	<u>(3,130)</u>
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	<u>16,921,420</u>	<u>3,892,653</u>
Basic loss per share (cents per share)	<u>(0.02)</u>	<u>(0.08)</u>
	<b>2<sup>nd</sup> Quarter Ended</b>	
	<b>31/12/18</b>	<b>31/12/17</b>
Net loss attributable to equity holders of the Company (S\$'000)	<u>(1,387)</u>	<u>(1,592)</u>
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	<u>17,823,159</u>	<u>3,892,653</u>
Basic loss per share (cents per share)	<u>(0.01)</u>	<u>(0.04)</u>

As the Group was making losses for the financial periods ended 31 December 2018 and 2017, the dilutive potential shares from the warrants were anti-dilutive and no changes were made to the diluted loss per share.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital excluding treasury shares of the issuer at the end of the :-**

- (a) **current financial period reported on; and**  
 (b) **immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>31/12/2018</b>	<b>30/06/2018</b>	<b>31/12/2018</b>	<b>30/06/2018</b>
Net asset value per ordinary share	<u>S\$0.003</u>	<u>S\$0.004</u>	<u>S\$0.003</u>	<u>S\$0.004</u>

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
 (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**A. Review of Financial Performance**

**2QFY19 vs Second Quarter Ended 31 December 2017 ("2QFY18")**

*Revenue and gross profit*

The lower revenue in 2QFY19 was attributable mainly to the decrease in commissions earned from resale and new properties as well as commissions from international properties as compared with 2QFY18. In line

with the lower revenue, the Group recorded a lower gross profit of S\$123,000 in 2QFY19 as compared to S\$468,000 in 2QFY18.

#### *Distribution and marketing expenses*

The lower distribution and marketing expenses in 2QFY19 were due to lower marketing activities carried out during the period.

#### *Finance expenses*

The finance expenses in 2QFY19 were attributable to interest expenses from the term loan from a licensed bank. The finance expenses in 2QFY18 were due to advances from the 28% shareholder of a subsidiary corporation in the PRC. These advances were fully repaid in the financial year ended 30 June 2018.

#### *Net loss*

The Group reported a net loss of S\$1.4 million in 2QFY19 as compared with the net loss of S\$1.9 million posted in 2QFY18. The lower net loss was due mainly to the lower finance expenses as mentioned above.

### **1HFY19 vs 1HFY18**

#### *Revenue and gross profit*

The decrease in revenue in 1HFY19 was attributable mainly to the decrease in commissions from both local and international properties. In line with the revenue decline, the Group recorded a lower gross profit of S\$299,000 in 1HFY19 as compared with S\$839,000 in 1HFY18.

#### *Other loss, net*

The lower other loss, net reported in 1HFY19 were mainly due to lower fair value loss on financial assets through profit or loss as compared with 1HFY18.

#### *Distribution and marketing expenses*

The increase in distribution and marketing expenses in 1HFY19 was due to higher marketing activities carried out during the 6-month period.

#### *Finance expenses*

The decrease in finance expenses in 1HFY19 was due mainly to the repayment of interest bearing advances of a subsidiary corporation in the PRC in the previous financial year as mentioned above.

#### *Net loss*

The Group reported a net loss of S\$2.8 million in 1HFY19 as compared with the net loss of S\$3.4 million in 1HFY18. This was due mainly to lower other loss, net and finance expenses which were partially offset by lower gross profit and higher administrative expenses.

## **B. Review of Financial Position**

#### *Cash and cash equivalents*

The increase in cash and cash equivalents was due mainly to cash inflows of S\$12.0 million from the net proceeds of the 2018 Rights cum Warrants Issue B (as defined herein). This was partly offset by cash outflows of S\$2.9 million in operating activities and S\$3.9 million in additions to property, plant and equipment mainly for payment of construction costs for a hotel in Huzhou, PRC.

*Financial assets, at fair value through profit or loss*

The Group's financial assets, at fair value through profit or loss, consist mainly of shares quoted on Bursa Malaysia and Singapore Exchange. The drop was due mainly to the disposal of quoted shares.

*Trade and other receivables*

The drop in trade and other receivables was due mainly to the lower commission receivable as at 1HFY19.

*Development properties*

The increase in development properties was due mainly to the additional pre-development expenditure incurred for the development project in Huzhou, PRC.

*Property, plant and equipment*

The increase in property, plant and equipment was due to the payment of construction costs of a hotel in Huzhou, PRC.

*Trade and other payables*

The lower trade and other payables was due mainly to lower commission payable as at 1HFY19, corresponding to the lower commission receivable mentioned above.

**C. Review of Cash Flow**

In 1HFY19, the Group recorded an increase of S\$5.3 million in cash and cash equivalents. The increase was due mainly to the net proceeds of S\$12.0 million from the 2018 Rights cum Warrants Issue B (as defined herein).

This was offset by:

- i. net cash used in operating activities of S\$2.9 million. The negative cashflow from operating activities resulted from operating loss during the financial period;
- ii. net cash used in investing activities of S\$3.8 million. This was due to additional construction cost incurred for the hotel in Huzhou, PRC.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

**A. Real estate agency business and real estate related services**

The Singapore Government announced on 5 July 2018 that it would raise the Additional Buyer's Stamp Duty rates and tighten the loan-to-value limits on residential property purchases in an effort to cool the property market and keep housing price increases in line with economic fundamentals. This will likely continue to affect the underlying demand for residential properties in Singapore. The Singapore property market will also likely be affected by any adverse global economic conditions, such as growing world trade tensions, and changes in mortgage interest rates. The Group therefore expects operating conditions to be very challenging for the coming 12 months.

## B. Real estate development

The Group has obtained management rights over a land parcel located in Digang Town, Nanxun District, Zhejiang Province in Huzhou, PRC with a total site area of 320 hectares (the “Project Land”). On the Project Land, the Group is undertaking the development of waterside villas, island residences and townhouses which will focus on wellness and healthy living facilities, as well as hotels, leisure farm resorts and canal sightseeing facilities, which will feature the unique culture of the west of the Yangtze River, in Huzhou, PRC (the “Huzhou Project”). The regulators have approved the Huzhou Project regulator plan (控制性详细规划) in December 2018. Based on the approved Huzhou Project regulator plan, the Group is currently preparing the Huzhou Project development implementation plan and business plan.

In addition, the Group has obtained state-owned construction land use rights over a land parcel located next to the Project Land with a total site area of 10,638 square metres (the “Hotel Land”). A 114-room hotel is under construction on the Hotel Land. Barring any unforeseen circumstances, the hotel is expected to commence operations in the second quarter of 2019.

## 11. Dividend

If a decision regarding dividend has been made:

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividend for the current financial period reported on has been declared (recommended).

**(b)**

**(i) Amount per share ..... cents**

**(ii) Previous corresponding period ..... cents**

Not applicable.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

## 12. If no dividend has been declared/recommended, a statement to the effect and the reason(s) for the decision.

No dividend has been declared for the quarter ended 31 December 2018 because of losses incurred in the financial period ended 31 December 2018 and the financial position of the Company.

13. **If the Group has obtained a general mandate from shareholders for interested person transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained for the quarter ended 31 December 2018.

14. **Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results).**

Please refer to the confirmation given by Dato’ Dr. Choo Yeow Ming and Lee Keng Mun below.

15. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

The Company confirms that it has procured the undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

16. **Utilisation of Proceeds**

**A. Rights cum warrants issue completed on 20 November 2015 (“2015 Rights cum Warrants Issue”)**

On 20 November 2015, the Company issued 2,593,863,776 new ordinary shares at S\$0.005 per share pursuant to the 2015 Rights cum Warrants Issue and raised net proceeds of S\$12,618,700. The status in terms of utilisation of proceeds is as follows:

	<b>Actual utilisation S\$’000</b>	<b>As a percentage of net proceeds %</b>	<b>Proposed utilisation ratio %</b>
<b>Use of Proceeds</b>			
To fund the proposed expansion in new business of real estate agency and real estate-related services and support	6,870	54.4	30-70*
General working capital	<u>3,785</u>	<u>30.0</u>	10-30*
Total	<u>10,655</u>	<u>84.4</u>	

Note:

\* The proposed utilisation ratio as a percentage of net proceeds, after deducting all share issue expenses

With respect to the S\$3,785,000 used for general working capital, the breakdown is as follows:

<b>General working capital – Purpose of utilisation</b>	<b>Percentage utilised (%)</b>
Payment of employee compensation and directors’ fees	47.6
Payment of office overheads	29.3
Payment of professional fees and other compliance costs	<u>23.1</u>
<b>Total</b>	<u>100.0</u>

The use of the proceeds is in accordance with the stated use.

**B. Rights cum warrants issue completed on 31 January 2018 (“2018 Rights cum Warrants Issue A”)**

On 31 January 2018, the Company issued 7,785,307,748 new ordinary shares at S\$0.003 per share pursuant to the 2018 Rights cum Warrants Issue A and raised net proceeds of S\$22,375,000. The status in terms of utilisation of proceeds is as follows:

<b>Use of Proceeds</b>	<b>Actual utilisation S\$'000</b>	<b>As a percentage of net proceeds %</b>	<b>Proposed utilisation ratio %</b>
To fund the proposed expansion of the new business of property development and property investments	13,735	61.4	70-90*
General working capital	<u>862</u>	<u>3.9</u>	10-30*
Total	<u>14,597</u>	<u>65.3</u>	

Note:

\* The proposed utilisation ratio as a percentage of net proceeds, after deducting all share issue expenses.

With respect to the S\$862,000 used for general working capital, the breakdown is as follows:

<b>General working capital – Purpose of utilisation</b>	<b>Percentage utilised (%)</b>
Payment of employee compensation and directors' fees	35.3
Payment of office overheads	26.7
Payment of professional fees and other compliance costs	<u>38.0</u>
Total	<u>100.0</u>

The use of proceeds is in accordance with the stated use.

### **C. Rights cum warrants issue completed on 27 July 2018 (“2018 Rights cum Warrants Issue B”)**

On 27 July 2018, the Company issued 6,145,168,199 new ordinary shares at S\$0.002 per share pursuant to the 2018 Rights cum Warrants Issue B and raised net proceeds of S\$12,022,000. Except for the payment of share issue expenses, the proceeds from the 2018 Rights cum Warrants Issue B are unutilised as at the date of this announcement.

## **17. Whitewash waiver**

Capitalised terms used below, unless otherwise defined, shall have the same meanings as defined in the circular to shareholders of the Company dated 21 November 2017 (the “2017 Circular”).

In connection with the Rights cum Warrants Issue A, the Securities Industry Council of Singapore (the “SIC”) had on 6 November 2017 waived the obligation under Rule 14 of the Code for Mr Oei Hong Leong (“Mr Oei”) and his concert parties (the “Concert Party Group”) to make a Mandatory Offer for the Company in the event the Concert Party Group increases their aggregate shareholding in the Company to 30% or more based on the Company’s enlarged issued share capital as a result of:

- the subscription for Rights Shares (as defined in 2017 Circular) pursuant to the Sub-underwriting Commitment (as defined in 2017 Circular) or 2018 Rights cum Warrants Issue A,
- the exercise of 2018 Warrants A subscribed for pursuant to the Sub-underwriting Commitment or 2018 Rights cum Warrants Issue A, or
- the exercise of Adjustment Warrants (as defined in 2017 Circular),  
(the “Whitewash Waiver”).

Disclosure Note required under the Code

In the Extraordinary General Meeting held on 6 December 2017, the Shareholders of the Company approved, *inter alia*, (i) a rights cum warrants issue of up to 14,537,002,596 new ordinary shares with 14,537,002,596 warrants; and (ii) a Whitewash Resolution (as defined in 2017 Circular). The disclosures as required under Note 2, Section 2 of Appendix 1 of the Code are set out below:

- (a) the Shareholders (other than Mr. Hano Maeloa and Ms Oei Siu Hoa @ Sukmawati Widjaja, the concert parties of the Concert Party Group and parties not independent of them) approved the Whitewash Resolution waiving their rights to receive a mandatory general offer from the Concert Party Group in accordance with Rule 14 of the Code, in the event that the Concert Party Group's subscription of the Rights Shares and Warrant Shares (as defined in 2017 Circular) arising from the exercise of the 2018 Rights cum Warrants Issue A and/or the Adjustment Warrant Shares (as defined in 2017 Circular) arising from the exercise of the Adjustment Warrants (including (a) the subscription of up to 7,785,299,728 Rights Shares by Mr. Oei pursuant to the Sub-underwriting Commitment; and/or (b) the exercise of up to 7,785,299,728 2018 Warrants A subscribed by Mr. Oei under the Sub-underwriting Commitment) results in the Concert Party Group incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Code. To rely on the Whitewash Resolution, the acquisition of Rights Shares and 2018 Warrants A under the 2018 Rights cum Warrants Issue A by the Concert Party Group must be completed within three (3) months of the approval of the Whitewash Resolution, and (A) the acquisition of the Warrant Shares by the Concert Party Group upon the exercise of the 2018 Warrants A and (B) the acquisition of new Shares upon the exercise of the Adjustment Warrants by Mr. Hano Maeloa and Ms. Oei Siu Hoa @ Sukmawati Widjaja must be completed with five (5) years of the date of issue of the Warrants A (being 30 January 2023);
- (b) based on the latest available information, the Concert Party Group holds in aggregate:
  - (i) 6,609,033,775 Shares representing 37.42% of the voting rights in the capital of the Company; and
  - (ii) 342,046,608 2014 Warrants, 371,068,831 2015 Warrants, 5,228,472,227 2018 Warrants A and 2,197,820,126 2018 Warrants B (collectively, the "Convertibles");
- (c) the maximum potential voting rights of the Concert Party Group in the Company, assuming that only the Concert Party Group (but not other Shareholders) exercises their Convertibles in full is 57.04% (based on the enlarged share capital which includes the shares issued arising from the exercise of Convertibles held by the Concert Party Group);
- (d) having approved the Whitewash Resolution on 6 December 2017, Shareholders have waived their rights to a general offer from the Concert Party Group and their concert parties at the highest price paid by the Concert Party Group for Shares in the past 6 months preceding the commencement of the offer; and
- (e) having approved the Whitewash Resolution on 6 December 2017, Shareholders could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of (A) the 2018 Warrants A subscribed by the Concert Party Group pursuant to the Sub-underwriting Commitment or 2018 Rights cum Warrants Issue A and (B) the Adjustment Warrants to be issued to Mr Hano Maeloa and Ms Oei Siu Hoa @ Sukmawati Widjaja.

**BY ORDER OF THE BOARD**

**Lee Keng Mun**  
**Director/Chief Operating Officer**  
**14 February 2019**





## CHINA REAL ESTATE GRP LTD.

(Company Reg. No. 200609901H)

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### CONFIRMATION BY THE BOARD

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We, Dato' Dr. Choo Yeow Ming and Lee Keng Mun, being two of the directors of China Real Estate Grp Ltd. (the "Company"), do hereby confirm on behalf of the board of directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results for the second quarter ended 31 December 2018 to be false or misleading in any material respect.

### BY ORDER OF THE BOARD

(SIGNED)

Dato' Dr. Choo Yeow Ming  
Director

14 February 2019

(SIGNED)

Lee Keng Mun  
Director