STAYING FOCUSED

ANNUAL REPORT 2019

China Real Estate Grp Ltd.

中国房地产集团有限公司

CHEERY

CONTENTS

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

The contact person for the Sponsor is Mr Ng Joo Khin.
Telephone number: 6389 3000
Email: jookhin.ng@morganlewis.com

STAYING FOCUSED

Unwavering in our resolve and undeterred by headwinds, we have made steady progress towards realising our vision to establish China Real Estate Grp Ltd. ("CREG") as a significant and distinctive property developer in China's third- and fourth-tier cities which are fast emerging as a key driver of the country's consumer sector.

China's rapidly growing domestic tourism market, including domestic cultural tourism, also augurs well for the Group's projects in Huzhou in Zhejiang province. Huzhou is strategically located south of Lake Tai (太湖), and borders Jiaxing to the east, Hangzhou to the south and the provinces of Anhui and Jiangsu to the west and north respectively.

The Group's 113-room luxury boutique Cheery Hotel Huzhou (湖州祈悦酒店) is currently fully operational and construction works of Phase 1 of the Huzhou Project will commence once the development implementation and business plans are finalised and approved. Phase 1 is expected to involve 6.7 ha of residential land and 1.8 ha of commercial land. We will also build and upgrade the facilities to promote cultural tourism in and around the city - our site is close to Huzhou's mulberry fish pond (桑基鱼塘), one of the PRC's most important agriculture cultural heritages, and Digangcun (荻港村), a village with more than 1,000 years of history.

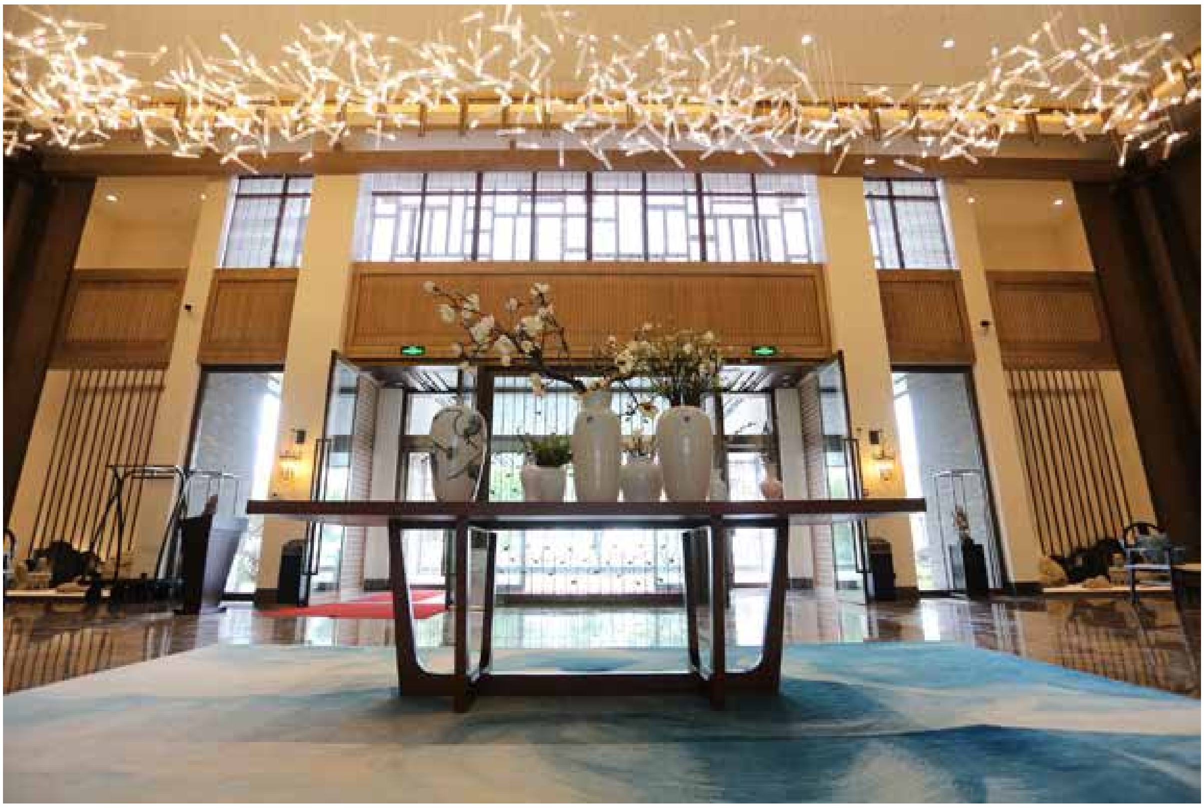
Now that we have exited the real estate agency business, CREG will be able to fully focus its attention and resources to nurture and grow its real estate businesses in China.

CORPORATE PROFILE

China Real Estate Grp Ltd. ("CREG" and together with its subsidiaries, the "Group") has pushed ahead with its strategy to become a regional real estate lifestyle developer in China.

The Huzhou Project is the Group's first foray into China, after it gained majority control of two property companies in Huzhou, Zhejiang province in 2017. Initial land preparation work has already begun on the leisure-cum-lifestyle integrated development which will focus on family recreational and modern living aspirations as well as their overall wellness. The mixed development of prime residential and commercial properties with a variety of innovative leisure and wellness-related choices will include waterside villas, island residences and townhouses, health apartments, as well as a yacht club. When completed, the Huzhou Project is slated to transform the area into a lifestyle hub featuring the unique culture of the ancient city of Huzhou.

The Group owns and operates a 113-room luxury riverside boutique hotel, Cheery Hotel Huzhou (湖州祈悦酒店), which is strategically sited adjacent to the Huzhou Project.



CORPORATE STRUCTURE

China Real Estate Grp Ltd.
中国房地产集团有限公司

- Asia-Pacific Real Estate Agency Pte. Ltd. — 100%
  - APS Technology Pte. Ltd. — 100%
  - Global Overseas Chinese Real Estate .Net Pte. Ltd. — 100%
  - Global Alliance Property Pte. Ltd. — 100%
- Asia-Pacific Real Estate (Beijing) Information Advisory Co., Ltd — 100%
- Huzhou Dixi Gengdu Ecological Agriculture Development Co., Ltd — 72%
  - Huzhou Bihai Silver Beach Resort Management Co., Ltd — 100%
- Zhongfang Lianhe Grand Canal Cultural Tourism Group Co., Ltd — 72%
  - Zhejiang Zhongfang Yashe Hotel Management Co., Ltd — 100%
  - Zhejiang Zhongfang Ludizhou Properties Management Co., Ltd — 100%
  - Zhejiang Zhongfang Ludizhou Real Estate Agency Co., Ltd — 100%
  - Zhejiang Zhongfang Ludizhou Real Estate Development Co., Ltd — 100%
  - Huzhou Ludi Wetland Tourism Development Co., Ltd — 100%

CHAIRMAN'S STATEMENT

Dear Shareholders,

The global economic climate turned a few degrees cooler over the last 12 months, exacerbated by the ongoing Sino-US trade war. Nevertheless, the Chinese economy continued to expand, albeit at a slower pace of 6.3% in the first six months of 2019 and is expected to end the year at 6.2%[1]. While this is slower than 2018's 6.6%, the size of China's economy has grown at a compound rate of 10.5% pa[2], from just over US$6 trillion in 2010 to US$13.6 trillion in 2018.

China is today the world's second largest economy where consumption, including its rapidly growing domestic tourism sector, has become a locomotive of growth as a result of steady urbanisation and improved livelihoods of the people. According to the Ministry of Culture and Tourism, the country recorded a total of 5.54 billion domestic tourist trips in 2018, an increase of 10.8% year-on-year, while tourism receipts rose 12.3% to RMB5.13 trillion[3]. In fact, with a new found enthusiasm towards ancient culture, a recent survey has found that cultural tourism is now regarded as a favorite activity for life among the Chinese and is expected to be a new engine for China's tourism development[4].

We are therefore confident of our prospects in China over the medium to long term, despite the economic headwinds.

Focused on China

We continue to hold fast to our vision to establish China Real Estate Grp Ltd. ("CREG" and together with its subsidiaries, the "Group") as a significant and distinctive property developer, meeting the lifestyle and cultural tourism expectations of China's growing urbanised and middle class population.

During the financial year ended 30 June 2019 ("FY2019"), the Group made a key decision to exit the real estate agency business held by Global Alliance Property Pte. Ltd ("GAP"). In a strategic collaboration with PropNex Realty Pte. Ltd ("PropNex") announced in February 2019, GAP's agents have the option to operate under PropNex. This move allows CREG to focus our attention and resources to develop and manage our projects in China well, and realise our vision.

With respect to this, I am pleased to report that our first project, the recently completed 113-room luxury boutique Cheery Hotel Huzhou (湖州祈悦酒店) is now fully operational. The riverside hotel is strategically sited adjacent to our Huzhou Project[5] and will benefit from business and local leisure travellers to the city.

As for the Huzhou Project, the Group is currently in the midst of preparing the development implementation and business plans. Once these are approved, we shall embark on the development of this 320-hectare site in Zhejiang province.

[1] *China's National Bureau of Statistics and the World Economic Outlook, July 2019, International Monetary Fund.*
[2] *Trading Economics at tradingeconomics.com/china/gdp*
[3] *Xinhuanet, 30 January 2019*
[4] *Xinhuanet, 9 August 2019*
[5] *In October 2017, the Group acquired a 72% equity stake in Huzhou Dixi Gengdu Ecological Agriculture Development Co.,Ltd (湖州荻溪耕读生态农业发展有限公司) and Huzhou Shaoxi Yuyin Culture Industry Co. Ltd.(湖州苕溪渔隐文化产业有限公司, now known as Zhongfang Lianhe Grand Canal Cultural Tourism Group Co.) Ltd which are real estate developers in the PRC and are engaged in the development of waterside villas, island residences and townhouses with a focus on wellbeing and healthy living facilities in Huzhou, PRC.*

Looking Ahead

Although the estimated 40% share of private consumption in China's nominal GDP still lags that of major economies like the US and the European Union[6], it is a sizeable growth driver. As the Chinese economy is expecting continued downward pressure in the second half of 2019, the National Development and Reform Commission, China's state planner, has said that it would roll out a plan to boost disposable income in 2019 and 2020 to spur private consumption[7].

While these measures offer some reprieve in the near to medium term, the Group will stay focused on building up the brand and clientele of the Cheery Hotel Huzhou. The other chief priority will be to get the first phase of the Huzhou Project off the ground in the coming months.

Both projects will give the Group a good platform to build its expertise and branding in China. At the same time, we shall also consider opportunities in other cultural tourism projects that may arise in China which are in line with our strategy and vision.

Acknowledgments and Appreciation

The Board and I would like to thank Mr Hano Maeloa and Mr Zhang Wenqing, who stepped down as Non-Executive Directors during the year, for their invaluable contributions to CREG.

On behalf of the Board, I would also like to thank our shareholders, clients and business associates for their patience and trust in us to wisely and prudently take the Group forward and build a sustainable future.

To all our staff and management, thank you for your continued support, perseverance and hard work. Together, we shall establish CREG as a reputable developer of leisure-cum-lifestyle properties in China and the region.

Dato' Dr Choo Yeow Ming
Chairman

[6] *Invesco Investment Insights, April 2019; and www.ceicdata.com, CEIC Data*
[7] *Reuters Business News, 16 August 2019*

OPERATIONS REVIEW

Revenue and Profit

China Real Estate Grp Ltd. ("CREG" and together with its subsidiaries, the "Group") reported a revenue of S$7.7 million in the financial year ended 30 June 2019 ("FY2019") against S$16.1 million previously due to the discontinuation of the real estate agency business operations of Global Alliance Property Pte. Ltd. ("GAP") during the year.

The Group remained in the black with a gross profit of S$273,000 but the net attributable loss came to S$6.4 million against the S$5.2 million loss for the financial year ended 30 June 2018 ("FY 2018"), largely due to the other losses of S$663,000 compared with a gain of S$569,000 previously.

The other losses reported in FY2019 were mainly attributable to the fair value loss on financial assets at FVPL of S$629,000, impairment loss on financial assets at amortised cost of S$247,000, foreign exchange loss of S$829,000, and loss on disposal of financial assets at FVPL of S$121,000. These losses were partially offset by dividend income of S$378,000, interest income from bank deposits of S$54,000, rental income of S$135,000, write back of commission payable of S$226,000 and reversal of provision of reinstatement cost of S$189,000.

Staying Focused

Aligning our Business with our Vision

During the year, the Group made a strategic decision to focus its resources and efforts to establish itself as a reputable real estate developer in China, focusing on third- and fourth-tier cities. This aspiration is embodied in the company's name change to China Real Estate Grp Ltd. on 3 August 2018. Since then, the Group has taken resolute steps to align its business with its vision.

Century 21 (AsPac) Realty Pte. Ltd., a wholly-owned indirect subsidiary of CREG, was struck off the Register of Companies pursuant to Section 344A of the Companies Act, Cap. 50 of Singapore with effect from 5 November 2018.

On 20 February 2019, CREG announced that its wholly-owned indirect subsidiary, GAP had entered into a strategic collaboration with PropNex Realty Pte. Ltd. ("PropNex") that gave the sales agents of GAP the option to operate under PropNex once GAP's business is discontinued.

Although GAP's Estate Agency Licence, and therefore its business, was terminated on 12 April 2019, the real estate agency has continued to honour its obligations under commission agreements which were entered into prior to the termination of its licence.

Progress in China

In China, the Group is involved in two real estate development properties in Huzhou, Zhejiang province - a 320 hectare land parcel (the "Project Land") located in Digang Town in Nanxun District where CREG has obtained management rights; and a 10,638m^2 site (the "Hotel Land") located next to the Project Land where the Group has obtained state-owned construction land use rights.

The Group's first project, the 113-room luxury boutique Cheery Hotel Huzhou (湖州祈悦酒店), which is situated next to the Project Land, is currently fully operational. The four-star riverside hotel boasts two modern and stylishly furnished food & beverage outlets and a spacious ballroom suitable for hosting various functions and events. The hotel is expected to cater to business and local travellers to the city.

As for the Project Land, the Group plans to transform about 66 hectares of the land into a leisure-cum-lifestyle hub with hotels, waterside villas, island residences and townhouses as well as ultra-modern commercial centres over three phases (the "Huzhou Project"). Digang Town, where the project is situated, and its surrounding area, has a rich and unique cultural legacy with historical landmarks such as the famous mulberry fish pond (桑基鱼塘), one of the PRC's most important agriculture cultural heritage sites, and Digangcun (荻港村), a village with more than 1,000 years of history. The Huzhou Project will therefore incorporate and feature the unique culture of the region in its development.

We are currently in the midst of preparing the development implementation plan and business plan for the Huzhou Project. We plan to commence Phase 1 construction works once these plans are finalised and approved by the relevant authorities.

Progress in Capital Management

The Group continued to exercise prudence in capital management, especially that of its working capital.

On 27 July 2018, CREG completed the two-for-one rights cum warrants issue with the rights shares priced at S$0.002 apiece (the "2018 Rights cum Warrants Issue B"). Each warrant, which comes free with every two rights shares, is convertible into a new ordinary share in CREG at an exercise price of S$0.002 over a period of five years.

As a result of this exercise, CREG issued 6,145,168,199 new ordinary shares and raised net proceeds of S$12.0 million. As at end June 2019, S$8.4 million has mainly been utilised to fund the construction of Cheery Hotel Huzhou, which is in line with the planned use of proceeds.

The Group also fully repaid the term loan of RMB6.5 million on 21 February 2019. The loan facility from a licenced bank carried an interest rate of 6% per annum and was fully drawn down on 28 February 2018. As at end June 2019, the Group had cash and cash equivalents of S$6.9 million and zero bank borrowing.

SIGNIFICANT EVENTS

DATE	FINANCIAL CALENDAR
29 Oct 2018	Annual General Meeting
13 Nov 2018	Announcement of 1QFY2019 Financial Results
14 Feb 2019	Announcement of 2QFY2019 Financial Results
14 May 2019	Announcement of 3QFY2019 Financial Results
28 Aug 2019	Announcement of FY2019 Financial Results

DATE	SIGNIFICANT ANNOUNCEMENTS
25 Jul 2018	Proposed renounceable Rights cum Warrants issue of up to 47,928,572,362 new ordinary shares of the Company with up to 47,928,572,362 free detachable warrants: • Two Rights Shares at S$0.002 apiece, for every one existing Share held. • One free Warrant for every one Rights Share subscribed, convertible into one Share at an exercise price of S$0.002 per Warrant. (the "2018 Rights cum Warrants Issue B") The 2018 Rights cum Warrants Issue B received valid acceptances and excess applications for a total of 12,300,617,463 Rights Shares with 12,300,617,463 Warrants, representing approximately 52.67% of the total number of 23,355,923,244 Rights Shares with 23,355,923,244 Warrants available under the 2018 Rights cum Warrants Issue B. Valid excess applications for a total of 7,427,757,726 2018 Rights Shares with 7,427,757,726 Warrants were received. To avoid placing Mr. Oei Hong Leong in the position of incurring a mandatory general offer obligation under the Singapore Code on Take-overs and Merger as a result of the other shareholders not taking up their Rights Shares with Warrants entitlement fully, the Company has scaled down his application for the Rights Shares with Warrants and will not be accepting valid excess applications for a total of 6,155,449,264 Rights Shares with 6,155,449,264 Warrants.
03 Aug 2018	The Company changed its name to China Real Estate Grp Ltd.
12 Sep 2018	Announced the resignation of Mr Hano Maeloa as a Non-Executive Director.
14 Nov 2018	A wholly-owned indirect subsidiary of the Company, Century 21 (AsPac) Realty Pte. Ltd. ("Century 21"), has been struck off the Register of Companies pursuant to Section 344A of the Companies Act, Cap. 50 of Singapore with effect from 5 November 2018.
20 Feb 2019	A wholly-owned indirect subsidiary of the Company, Global Alliance Property Pte. Ltd. ("GAP"), has entered into a strategic collaboration with PropNex Realty Pte. Ltd. ("PropNex") pursuant to which GAP will discontinue its real estate agency business and the sales agents of GAP will thereafter have the option to operate under PropNex.
13 Mar 2019	Announced the resignation of Mr Zhang Wenqing as a Non-Executive Director.
5 Apr 2019	Announced the Notice of Expiry of W190506 Warrants. The W190506 Warrants were expired on 5.00 p.m. on Monday 6 May 2019.

BOARD OF DIRECTORS

Dato' Dr Choo Yeow Ming

Chairman and Chief Executive Officer ("CEO")

Dato' Choo was appointed as Director of CREG since 6 July 2006. As CEO, he is responsible for the overall operations, management, strategic planning and business development of the Group. A lawyer by training, Dato' Choo obtained his law degrees from the University of Malaya, the Chicago-Kent College of Law and the Harvard University Law School. Thereafter, Dato' Choo practiced as an attorney in Chicago, Minneapolis, New York and Hong Kong, specialising in capital market transactions, mergers and acquisitions. Dato' Choo was a partner at Winthrop Stimson Putnam & Roberts (now known as Pillsbury Winthrop) from 1992 to 2001, before becoming the executive chairman of Capital Strategic Investment Limited, which is listed on the Hong Kong Exchanges and Clearing Limited. In that role, Dato' Choo took overall management responsibility for Capital Strategic Investment Limited before he stepped down in 2005.

Lee Keng Mun

Executive Director and Chief Operating Officer ("COO")

Mr Lee was appointed to the Board on 14 November 2012. In his role, he is responsible for overseeing the Group's business and operations, which include but are not limited to business development, finance, administration, corporate secretarial functions, corporate governance and communication.

Mr Lee joined the Company in November 2007 as Group Financial Controller and was promoted to the post of Chief Financial Officer in November 2009, a role he continued to assume after his appointment to the Board, and COO in December 2016. Before joining the Group, he was with the assurance and advisory business services division of Ernst & Young Singapore from January 2007 to October 2007. He was with Deloitte & Touche Malaysia from May 1997 to February 2005. From March 2005 to December 2006, he joined as senior manager of a listed company of Bursa Malaysia. Mr Lee holds a Bachelor of Accounting from the University of Malaya and is a member of the Institute of Singapore Chartered Accountants and the Malaysian Institute of Accountants.

Lum Moy Foong

Non-Executive Director

Ms Lum was appointed to the Board on 22 March 2018. She graduated with a Bachelor of Business (Accountancy) from the Royal Melbourne Institute of Technology, Australia. She has more than 25 years of experience in handling the finance, corporate affairs, legal and corporate secretary matters of public listed companies and private limited companies. She is currently the chief financial officer and executive director of a non-listed public company.

Dr Lam Lee G.

Lead Independent Director

Dr Lam was appointed to the Board on 5 June 2007. He is chairman of Hong Kong Cyberport Management Company Limited, non-executive chairman – Hong Kong and ASEAN Region and Chief Adviser to Macquarie Infrastructure and Real Assets Asia, a member of the Hong Kong Special Administrative Region Government's Committee on Innovation, Technology and Re-Industrialization, and the Court of the City University of Hong Kong, a convenor of the Panel of Advisors on Building Management Disputes of the Hong Kong Special Administrative Region Government Home Affairs Department, president of the United Nations Economic and Social Commission for Asia and the Pacific Sustainable Network Executive Council and chairman of its Task Force on Banking and Finance, vice chairman of Pacific Basin Economic Council, a member of the Hong Kong Trade Development Council Belt and Road Committee and convenor of its Digital Silk Road Working Group, chairman of the Innovation and Technology Committee and a Board member of the Belt and Road General Chamber of Commerce, a member of the Sir Murray MacLehose Trust Fund Investment Advisory Committee, a member of the Advisory Board of the Hong Kong Investor Relations Association, a honorary advisor to the Hong Kong Business Angel Network, honorary chairman – Asia-Pacific of CMA Australia, chairman of Monte Jade Science and Technology Association of Hong Kong and president of Hong Kong-ASEAN Economic Cooperation Foundation.

BOARD OF DIRECTORS

Dr Lam holds a Bachelor of Science in Sciences and Mathematics, a Master of Science in Systems Science, and a Master of Business Administration, all from the University of Ottawa in Canada, a LLB (Hons) in law from Manchester Metropolitan University in the United Kingdom, a LLM in law from the University of Wolverhampton in the United Kingdom, a Master of Public Administration and a Doctor of Philosophy from the University of Hong Kong, Dr Lam is a solicitor of the High Court of Hong Kong (and formerly a member of the Hong Kong Bar), an Accredited Mediator of the Centre for Effective Dispute Resolution, a Fellow of Certified Management Accountants (CMA) Australia, the Institution of Public Accountants, the Institution of Financial Accountants, the Hong Kong Institute of Arbitrators, and the Hong Kong Institute of Directors, and an Honorary Fellow of Certified Public Accountants (CPA) Australia, the Hong Kong Institution of Facility Management and the University of Hong Kong School of Professional and Continuing Education.

Chew Soo Lin

Independent Director

Mr Chew was appointed to the Board on 5 June 2007. He qualified as an U.K. Chartered Accountant in 1971 and worked with international audit firms in England and Singapore till 1978 when he joined the Khong Guan group of companies. Mr Chew is currently the executive chairman of Khong Guan Limited. Mr Chew was previously deputy managing director of Khong Guan Holdings (Malaysia) Bhd and executive director of United Malayan Flour Mills Bhd, which were public listed companies in Malaysia.

Yap Siean Sin

Independent Director

Mr Yap was appointed to the Board on 5 June 2007. Mr Yap holds postgraduate qualifications in architecture as well as in town planning. Mr Yap has extensive experience as a consultant architect, town planner and also business management of numerous construction and property development projects in Malaysia, Singapore and China. He is a corporate member of the Royal Institute of British Architects, Malaysian Institute of Town Planners, Malaysian Institute of Architects, British Institute of Interior Design, and an Associate Member of the British Institute of Building Engineers.

Lien Kait Long

Independent Director

Mr Lien was appointed to the Board on 16 May 2018. He holds a Bachelor of Commerce in Accountancy from Nanyang University (Singapore) and is a fellow of both the Institute of Singapore Chartered Accountants and CPA Australia. He has held a number of senior management positions as well as executive directorships in various public and private corporations in Singapore, Hong Kong and China. Currently, he serves as an independent director on the board of several Singapore and Chinese companies listed on the Singapore Exchange. The listed companies he has current and prior experience in are from diverse industries, including manufacturing, renewable energy, oil and gas service providers, consumer goods, property and packaging products.

KEY MANAGEMENT

Joey Wu
Group Financial Controller

Ms Wu joined the Company in July 2009 as Project Accountant and was promoted to Group Financial Controller in December 2016. She started her career in Ernst & Young and has more than 30 years of management and finance experience in a various industries, including fast-moving consumer goods and leisure industries.

Ms Wu has held managerial positions in companies like Visa International (Asia-Pacific), LLC, Burberry (Singapore) Distribution Co Pte Ltd and Pernod Ricard Singapore Pte Ltd. She holds a Bachelor of Accountancy degree from the National University of Singapore and is a member of the Institute of Singapore Chartered Accountants.

Wang Yi
CEO of the Group's property development business in China

Mr Wang Yi (王毅) is the CEO of the Group's property development business in China and is responsible for its overall vision, strategy and execution. Mr Wang has extensive experience in property development in China. He joined China Real Estate Development Union Investments (中房联合集团) ("CRED") in 1984 and has held various positions within the CRED group of companies. He was an engineer in CRED Beijing, the deputy manager of Zhongfang Beidaihe Company (中房北戴河公司), the manager of CRED's sales department and the manager of Zhongfang Hainan Company (中房海南公司). Mr Wang graduated with a degree from the Beijing Institute of Construction Engineering (北京建筑工程学院).

FINANCIAL HIGHLIGHTS

Key Financial Ratios	FY2017	FY2018	FY2019
Loss per share (S$ cents)	**(0.17)**	**(0.07)**	**(0.03)**
Continuing Operations	*(0.16)*	*(0.07)*	*(0.03)*
Discontinued Operations	*(0.01)*	–	-
Net Asset Value per share (S$)	**0.007**	**0.004**	**0.003**

Income Statement (S$ million)	FY2017	FY2018	FY2019
Revenue	**16.6**	**16.1**	**7.7**
Continuing Operations	*16.3*	*16.1*	*7.7*
Discontinued Operations	*0.3*	–	-
Net Loss attributable to equity holders of the Company	**(6.6)**	**(4.8)**	**(6.0)**
Continuing Operations	*(6.4)*	*(4.8)*	*(6.0)*
Discontinued Operations	*(0.2)*	–	-

Balance Sheet (S$ million)	FY2017	FY2018	FY2019
Total assets	33.3	62.8	62.6
Total liabilities	5.4	8.9	4.5
Shareholders’ equity	27.9	45.3	50.3
Net cash	1.2	12.8	6.9

CORPORATE GOVERNANCE REPORT

China Real Estate Grp Ltd. (the "Company") and its subsidiaries (the "Group") are committed to maintaining a high standard of corporate governance and has put in place self-regulatory corporate practices to protect the interests of its shareholders and enhance long-term shareholder value.

This Corporate Governance Report describes the Company's corporate governance processes and activities that are currently in place for the financial year ended 30 June 2019, with special reference to the relevant provisions of the Code of Corporate Governance 2012 (the "Code").

In line with the Code, the Board of Directors (the "Board") hereby confirms that the Company has generally adhered to the principles and guidelines of the Code and deviations from any guidelines of the Code are disclosed and explained in this report.

BOARD MATTERS

The Board's Conduct of 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 objective and Management remains accountable to the Board.

The Board comprises:

Dato' Dr Choo Yeow Ming (Chairman and Chief Executive Officer)
Lee Keng Mun (Executive Director and Chief Operating Officer)
Lum Moy Foong (Non-Executive Director)
Dr Lam Lee G. (Lead Independent Director)
Chew Soo Lin (Independent Director)
Yap Siean Sin (Independent Director)
Lien Kait Long (Independent Director)

The Board oversees the affairs of the Group and focuses on strategies and policies, with particular attention paid to growth and financial performance. It delegates the formulation of business policies and day-to-day management to the executive directors. The Board is responsible for:

1. providing entrepreneurial leadership, setting strategic directions and long-term goals of the Group, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;

2. establishing a framework of prudent and effective controls that enables risk to be assessed and managed, including safeguarding of shareholders' interests and the Group's interests;

3. reviewing and evaluating Management performance towards achieving set organisational goals;

4. identifying the key stakeholder groups and recognising that their perceptions affect the Group's reputation;

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

6. considering sustainability issues, e.g. environmental, social and governance aspects, as part of its strategic formulation;

7. ensuring the Group's compliance with laws, regulations, policies, directives, guidelines and internal code of conduct; and

8. reviewing and approving quarterly, half-year and full-year results announcements.

The Directors of the Company are of the view that they have objectively discharged their duties and responsibilities at all times as fiduciaries in the interest of the Company.

The Board also delegates certain of its functions to the Audit, Nominating and Remuneration Committees and these functions are described separately under the various sections below that cover each committee. Each committee has its own defined terms of reference and operating procedures. Each of these committees reports its activities regularly to the Board.

The Board meets at least four times a year to review and deliberate on the key activities and business strategies of the Group, including reviewing and approving acquisition and financial performance, and to endorse the release of the interim and annual results. Ad hoc meetings are held as and when circumstances require, such as to address significant transactions or issues. Where physical meetings are not possible, timely communication with members of the Board and Board Committees are carried out through electronic means and circulation of written resolution for approval of the Board or the relevant Board Committees. The Company's Constitution allow a board meeting to be conducted by way of a telephone conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear one another.

The number of meetings held in respect of the financial year ended 30 June 2019 and the attendance of the directors are set out in the table below:

Directors' Attendance at Board and Board Committee Meetings								
	Board Meeting		**Audit Committee Meeting**		**Nominating Committee Meeting**		**Remuneration Committee Meeting**	
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Dato' Dr Choo Yeow Ming	4	3	4	3(1)	1	1	1	1(1)
Lee Keng Mun	4	4	4	4(1)	1	1(1)	1	1(1)
Lum Moy Foong	4	4	4	3(1)	-	-	-	-
Dr Lam Lee G.	4	4	4	4	1	1	1	1
Chew Soo Lin	4	4	4	4	1	1	1	1
Yap Siean Sin	4	4	4	4	1	1(1)	1	1
Lien Kait Long	4	4	4	4(1)	1	1(1)	1	1(1)
Hano Maeloa(2)	4	1	-	-	-	-	-	-
Zhang Wenqing(3)	4	0	-	-	-	-	-	-

(1) By invitation.
(2) Mr Hano Maeloa ceased to be a Non-Executive Director on 12 September 2018.
(3) Mr Zhang Wenqing ceased to be a Non-Executive Director on 13 March 2019.

The Company has adopted internal guidelines setting forth matters that require Board approval, examples of which include corporate plans, material acquisitions and disposals of assets, share issuances, dividends and other returns to shareholders. All Directors objectively take part in decisions affecting the interests of the Company. Clear directions have been imposed on the Management that such matters must be approved by the Board.

When new directors are appointed, the Company provides a formal letter to the new directors setting out their duties and obligations. In addition, the new directors undergo an orientation programme where the Chief Executive Officer briefs them on the Group's business, policies and governance practices to ensure that they are familiar with these areas. Directors and key management personnel are encouraged to undergo, at the Company's expense, relevant training to enhance their skills and knowledge, particularly regarding new laws, regulations and changing risks that affect the Group's operations. Other areas where training is provided include governance practices as well as accounting, legal and industry-specific knowledge.

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, taking into account the nature and scope of the Group's operations and the impact of the number of Directors upon effectiveness in decision making, is of the view that the current board size of seven Directors of which majority of the Directors are independent, is appropriate. The Board exercises judgment on corporate affairs objectively and independently, in particular, from Management and no individual or small group of individuals dominates the Board's decision-making.

The Independent Directors consist of respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary. These competencies include accounting, finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge. None of the Independent Directors have any relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be perceived to interfere, with the exercise of their independent business judgment in the best interests of the Company. None of the Independent Directors fall within the circumstances described in Rule 406(3)(d) of the Listing Manual Section B: Rules of Catalist (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited (the "SGX"). The Nominating Committee ("NC") deliberates annually to determine the independence of a Director bearing in mind the salient factors as set out under the Code as well as all other relevant circumstances and facts. Each of the Independent Directors has confirmed that he considers himself as independent having regard to the factors set out under the Code. The NC has reviewed, determined and confirmed the independence of all the Independent Directors.

The Non-Executive Director constructively challenges and helps develop proposals for strategy, and also reviews the performance of Management in meeting, agreed goals and objectives, and monitor the reporting of performance.

The Board continually reviews its size and composition with a view towards the refreshing of the Board and to strike the appropriate balance and diversify of skills, experience, and knowledge of the Company to support the Group's businesses and strategy.

CORPORATE GOVERNANCE REPORT

Board membership is refreshed progressively and in an orderly manner, bearing in mind the contributions from longstanding directors who have over time developed an understanding and insight into the Group's businesses.

To meet the changing challenges in the industry and countries which the Group operates in, such reviews, which include considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on an annual basis to ensure that the Board dynamics remain optimal.

Even though Dr Lam Lee G., Mr Chew Soo Lin and Mr Yap Siean Sin have served on the Board for more than nine years, the NC, with the concurrence of the Board, is of the view that in assessing the independence of the Independent Directors, one should consider the substance of their independent judgement, professionalism, integrity and the objectivity and not merely based on the number of years which they have served on the Board. In view of this, having considered the above and weighing the need for progressive refreshing of the Board, the NC and the Board have determined that Dr Lam Lee G., Mr Chew Soo Lin and Mr Yap Siean Sin's tenure in office have not affected their independence or ability to bring about independent and considered judgement to bear in the discharge of their duties as members of the Board.

They provide a strong independent element on the Board, being free from any business or other relationship, which could materially interfere with the exercise of their judgement. These Directors continue to provide stability to the Board and the Company has benefited greatly from the presence of individuals who are independent and with integrity and specialised knowledge and experience in their own field. Furthermore, their length of service on the Board has not only allowed them to gain valuable insight into the Group, its business, markets and industry, but has also given them the opportunity to bring the full breadth and depth of their business experience to the Company.

The Non-Executive Director and Independent Directors meet as and when necessary and at least once a year without the presence of the Management.

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 Chairman of the Company, Dato' Dr Choo Yeow Ming, is also the Group Chief Executive Officer ("CEO"). As Chairman, he is responsible for the effective workings of the Board. The responsibilities of the Chairman include:

1. leading the Board to ensuring its effectiveness in all aspects of its role;

2. setting the agenda and ensuring that information flow and timing are adequate for discussion of all agenda items, in particular strategic issues;

3. promoting a culture of openness and debate at the Board;

4. ensuring that the directors receive complete, adequate and timely information;

5. ensuring effective communication with shareholders;

6. encouraging constructive relations within the Board and between the Board and Management;

7. facilitating the effective contribution of the Non-Executive Director in particular; and

8. promoting high standards of corporate governance.

In his role as CEO, Dato' Choo is the most senior executive in the Group and holds executive responsibility for the Group's business. He is assisted by Executive Director, Lee Keng Mun in the management of day-to-day operations. Mr Lee is not related to Dato' Choo. In addition, the Board has established various committees that are made up of mainly independent directors. The Board has demonstrated that it is able to exercise independent decision-making.

As the Chairman and the CEO are the same person, the Board has appointed Dr Lam Lee G. as the Lead Independent Director as recommended under the Code. He is the principal liaison person on board issues between the Independent Directors and Executive Chairman. Dr Lam would be available to shareholders if they have concerns in situations where contact through the normal channels of Chairman and CEO or the COO has failed to resolve the issue or for which such contact is inappropriate.

The Lead Independent Director meets the other Independent Directors periodically without the presence of Executive Directors.

All the Board Committees are chaired by Independent Director and more than half of the Board consists of Non-Executive Directors. In view of the above, the NC, with concurrence of the Board is of the opinion that Dato' Choo's dual roles as the Chairman and CEO of the Company do not affect the independence of the Board.

Board Membership

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

The members of the NC are as follows:

Dr Lam Lee G. (Chairman)
Dato' Dr Choo Yeow Ming (Member)
Chew Soo Lin (Member)

The majority of the NC members, including the Chairman of the NC are independent. The NC is scheduled to meet at least once a year. The NC is regulated by a set of terms of reference and its role is to establish a formal and transparent process for:

1. making recommendations to the Board on all Board appointments;

2. the re-nomination of the directors for re-election following their retirement pursuant to the Company's Constitution, having regard to each such director's past contribution and performance, skillset and his ability for his future contribution;

3. determining annually whether or not a director is independent in accordance with the guidelines set out in the Code;

4. deciding whether or not a director is able to and has adequately carried out his duties as a director;

5. subject to the Board's approval, deciding on how the Board's performance is to be evaluated and proposing objective performance criteria that address how the Board has enhanced long-term shareholder value;

6. carrying out the process (to be implemented by the Board) to assess the effectiveness of the Board as a whole and the contribution by each individual director to the effectiveness of the Board;

7. reviewing and making recommendation to the Board on relevant matters relating to the succession plans of the Board in particular the Chairman and the CEO; and

8. reviewing and making recommendations to the Board on the training and professional development programme for the Board.

In the selection and nomination for new directors, the NC identifies the key attributes that an incoming director should have, based on attributes of the existing Board and the requirements of the Group. After endorsement by the Board of the key attributes, the NC taps the resources of the directors' personal contacts for recommendations of potential candidates. The potential candidates will go through a shortlisting process. Interviews are then set up with the shortlisted candidates for the NC to assess them before a decision is made.

New directors are appointed by way of a board resolution, after the NC has approved their nominations. Such new directors submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company.

According to the provisions of the Constitution of the Company, all Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years. The NC has recommended and the Board has agreed the Executive Chairman and Chief Executive Officer, Dato' Dr Choo Yeow Ming, and the Independent Directors, Mr Chew Soo Lin and Mr Yap Siean Sin are to retire pursuant to Article 91 of the Company's Constitution. Dato' Choo and Mr Chew, being eligible and having consented, will be nominated for re-appointment at the forthcoming AGM. Mr Yap will not seek re-election at the forthcoming AGM. The information required under Rule 720(5) of the Catalist Rules on the Directors nominated for re-election are set out in Appendix A to this corporate governance report.

In recommending the above Directors for re-appointment, the NC has given regard to the results of the Board's assessment in respect of their competencies in fulfilling their responsibilities as Directors to the Board.

The directors named above do not have any relationship (including immediate family relationship) with other directors, the Company or its 10% shareholders.

CORPORATE GOVERNANCE REPORT

All directors are required to declare their board representations as at the date of this annual report. The date of initial appointment and last re-election of each director to the Board together with his directorships in other listed companies, both current and those held over in the preceding three years, are set out below:

Name of Director	Date of first appointment to the Board	Date of last re-election as Director	Current directorships in other listed companies	Past directorships in other listed companies (preceding three years)	Other principal commitments
Dato' Dr Choo Yeow Ming	6 July 2006	30 October 2017	N.A.	IPC Corporation Limited	N.A.
Lee Keng Mun	14 November 2012	29 October 2018	Arion Entertainment Singapore Limited	N.A.	N.A.
Lum Moy Foong	22 March 2018	29 October 2018	N.A.	N.A.	Oei Hong Leong Art Museum Limited
Dr Lam Lee G.	5 June 2007	29 October 2018	Adamas Finance Asia Limited Aurum Pacific (China) Group Limited AustChina Holdings Limited China LNG Group Limited China Shandong High-Speed Financial Group Limited CSI Properties Limited Elife Holdings Limited Glorious Sun Enterprises Limited Haitong Securities Company Limited Hang Pin Living Technology Company Limited Hsin Chong Group Holdings Limited Huarong Investment Stock Corporation Limited JCG Investment Holdings Ltd Kidsland International Holdings Limited	Green Leader Holdings Group Limited Roma Group Limited Rowsley Ltd Vietnam Equity Holding Xi'an Haitian Antena Holdings Company Limited	Chiu Yang Residents' Association of Hong Kong Limited Digital Transaction Limited Hong Kong-ASEAN Economic Cooperation Foundation Limited Hong Kong Cyberport Management Company Hong Kong Strategy Limited Hong Kong SWATOW Merchants Association Limited Hong Kong-Vietnam Chamber of Commerce Limited

CORPORATE GOVERNANCE REPORT

Name of Director	Date of first appointment to the Board	Date of last re-election as Director	Current directorships in other listed companies	Past directorships in other listed companies (preceding three years)	Other principal commitments
			Mei Ah Entertainment Group Limited Mingfa Group (International) Company Limited National Arts Entertainment and Culture Group Limited Singapore eDevelopment Ltd Sunwah International Limited Sunwah Kingsway Capital Holdings Limited Thomson Medical Group Limited Tianda Pharmaceuticals Limited TMC Life Sciences Berhad Top Global Limited Vongroup Limited		Monte Jade Science and Technology Association of Hong Kong Limited Murray, Lam & Kan Capital Limited Pacific Basin Economic Council Limited Poly Opulence Limited TechMatrix Research Centre Limited The Australian Chamber of Commerce in Hong Kong The Chinese General Chamber of Commerce The Hong Kong Real Property Federation The Overseas Teo Chew Entrepreneurs Association Limited The University of Hong Kong School of Professional and Continuing Education Alumni Limited Zhuhai Da Heng Qin Company Limited

Name of Director	Date of first appointment to the Board	Date of last re-election as Director	Current directorships in other listed companies	Past directorships in other listed companies (preceding three years)	Other principal commitments
Chew Soo Lin	5 June 2007	31 October 2016	Khong Guan Limited Duty Free International Limited MTQ Corporation Limited Kim Hin Joo (Malaysia) Berhad	China Medical (International) Group Limited (now known as JCG Investment Holdings Ltd)	Cepheus Corporation Pte Ltd Khong Guan Group Pte Ltd United Malayan Flour (1996) Sdn Bhd
Yap Siean Sin	5 June 2007	31 October 2016	JCG Investment Holdings Ltd	N.A.	Spring Rise Pte Ltd Cavacole (S) Pte Ltd Cosmos Gateway Sdn. Bhd. Snap Innovations Sdn. Bhd. Pacific Coast Pte. Ltd. Huizhou Energy Sdn. Bhd. WTE Holdings Pte. Ltd. Indusplex Sdn. Bhd. Spring Malaysia (MM2H) Sdn. Bhd. Timur Baiduri Sdn. Bhd. Arealink Corporation Sdn. Bhd. Seni Rancang (M) Sdn. Bhd. Moi Siean Holdings Sdn. Bhd.

Name of Director	Date of first appointment to the Board	Date of last re-election as Director	Current directorships in other listed companies	Past directorships in other listed companies (preceding three years)	Other principal commitments
					Jururancang YSS (Sole Proprietorship) Arkitek Seni Perundung. (Sole Proprietorship)
Lien Kait Long	16 May 2018	29 October 2018	Falcon Energy Group Limited China Jishan Holdings Limited Tat Seng Packaging Group Ltd Renewable Energy Asia Group Limited (share suspended since 2015) China Enterprises Limited (listed in OTC USA)	8Telecom International Holdings Co Ltd Viking Offshore & Marine Ltd Pacific Healthcare Holdings Ltd Hanwell Holdings Limited IPC Corporation Limited	Nil

The Company has guidelines in place to address the issue of competing time commitments faced by Directors serving on multiple boards and the Board has adopted a general guideline that the maximum number of listed company board representations which any director may hold is six. Any exception to this guideline should be specifically approved by the NC, giving regard to whether the particular director would still be able to devote sufficient time and attention to the affairs of the Company, taking into consideration the director's number of listed company board representations and his other principal commitments. Currently, the only Director with more than six listed company board representations is Dr Lam. Dr Lam attended all of the Board and committee meetings and has provided constructive inputs in the meetings. As such, the NC is satisfied that sufficient time and attention was given and due responsibilities were discharged by Dr Lam for the affairs of the Company.

There are no Alternate Directors appointed by the Company.

Profiles of the Directors are found on pages 9 and 10 of this Annual Report.

Board Performance

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

The NC has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the contribution of individual directors. The appraisal process focuses on a set of performance criteria that includes evaluation of the Board composition and size, provision of information to the Board, the Board process, the Board accountability, performance benchmarks and the Board's standards of conduct. Such performance criteria are approved by the Board and they address how the Board has enhanced long-term shareholder value. The performance criteria do not change unless circumstances make it necessary and a decision to change them would be justified by the Board.

A review of the Board's performance is conducted by the NC annually. Each NC member will be required to complete an appraisal form to be returned to the NC Chairman for evaluation. Based on the evaluation results, the NC Chairman will present his recommendations to the Board. The objective of the evaluation exercise is to obtain constructive feedback from each NC member to continually improve the Board's performance. Recommendations to further enhance effectiveness of the Board are implemented as appropriate.

Access to Information

Principle 6: In order to fulfill 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.

In order to ensure that the Board is able to fulfill its responsibilities, Management provides Board members with management accounts of the Group and regular updates on the financial position of the Company. In addition, all relevant information on material events and transactions is circulated to Directors as and when they arise. The Board members have separate and independent access to Management. Whenever necessary, senior management staff will be invited to attend the Board meetings and AC meetings to answer queries and provide detailed insights into their areas of operations. A quarterly report of the Group's activities is also provided to the Directors.

The Board members have separate and independent access to the Company Secretary. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its committees and between Management and non-executive Directors, advising the Board on all governance matters, while also facilitating orientation and assisting professional development as required. The Company Secretary attends all Board meetings and meetings of Board Committees. The Company Secretary assists the Board in ensuring that Board procedures and relevant rules and regulations are complied with. The Board decides on the appointment and removal of the Company Secretary.

The Board, either individually or as a group, in the discharge of its duties, has access to independent professional advice, if necessary, at the Company's expense.

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:

Chew Soo Lin (Chairman)
Dr Lam Lee G. (Member)
Yap Siean Sin (Member)

The RC is made up entirely of independent non-executive Directors so as to minimize the risk of any potential conflict of interest. The RC is scheduled to meet at least once a year. The RC is regulated by a set of terms of reference and has access to independent professional advice inside and outside the Company, if necessary, in respect of the remuneration of all Directors and key management personnel.

The RC's main duties are:

1. recommending to the Board a remuneration framework for each Directors (Executive and Independent) and key management personnel;

2. determining the appropriateness of the remuneration packages for each Director (Executive and Independent) and key management personnel;

3. reviewing the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous; and

4. considering all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind.

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 Company adopts a formal and transparent procedure for developing policy on key management personnel remuneration and for fixing remuneration packages of individual Directors. No Director is involved in deciding his own remuneration. In setting remuneration packages, the Company takes into account pay and employment conditions of comparable companies in the same or similar industries, as well as the Group's relative performance and the performance of individual Director or key management personnel.

Executive Directors do not receive Directors' fees. The remuneration policy for Executive Directors and key management personnel consists of fixed cash component and an annual variable component. The fixed component includes salary, pension fund contributions, annual wage supplement and other allowances. The variable component comprises bonus and profit sharing, payable on the achievement of corporate and individual performance targets. The Company has no long-term incentive schemes involving the offer of shares or granting of options as it considers that admininistering such scheme is not cost effective currently.

The Company has entered into service agreements (the "Service Agreements") with the Executive Directors, Dato' Dr Choo Yeow Ming and Mr Lee Keng Mun. The Service Agreements can be terminated by either party giving not less than three months' notice. The Company and both parties have the option to pay salary in lieu of any required period of notice. Except for such payment in lieu of notice as provided for under the Service Agreement, no compensation or damages are payable by the Company to Dato' Dr Choo Yeow Ming and Mr Lee Keng Mun in respect of their respective termination in accordance with the terms of the respective Service Agreement.

The Non-Executive and Independent Directors do not have any service contracts. They are paid a basic fee and additional fees for serving on any of the Committees. In determining the quantum of such fees, factors such as frequency of meetings, time spent and the responsibilities of the Directors are taken into account. The Board recommends payment of such fees on a quarterly basis to be approved by shareholders at the AGM of the Company.

The current service agreement entered with the Executive Directors are approved by the RC and they do not contain contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances such as misstatement of financial results, or misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself of remedies against the Executive Directors in the event of such breaches of fiduciary duties. The RC may, if necessary in the future, consider the use of such contractual provisions as may be appropriate.

Disclosure on Remuneration

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

In view of competitive pressure for talent in the industry and confidentiality issues, the Board, on review, decided not to disclose the remuneration of the Company's Directors and key management personnel in dollar amounts. As such, the Board has deviated from complying with relevant guideline of the Code. The breakdown, showing the level and mix of each individual director's remuneration paid or payable in bands of S$250,000 for the financial year ended 30 June 2019 is as follows:

CORPORATE GOVERNANCE REPORT

Name of Director	Remuneration Band S$	Fixed Salary %	Annual Wage Supplement %	Director Fees %	Total %
Dato' Dr Choo Yeow Ming	250,000 – 499,999	92	8	-	100
Lee Keng Mun	< 250,000	92	8	-	100
Lum Moy Foong	< 250,000	-	-	100	100
Dr Lam Lee G	< 250,000	-	-	100	100
Chew Soo Lin	< 250,000	-	-	100	100
Yap Siean Sin	< 250,000	-	-	100	100
Lien Kait Long	< 250,000	-	-	100	100
Hano Maeloa(1)	< 250,000	-	-	100	100
Zhang Wenqing(2)	< 250,000	-	-	100	100

(1) Mr Hano Maeloa ceased to be a Non-Executive Director on 12 September 2018.
(2) Mr Zhang Wenqing ceased to be a Non-Executive Director on 13 March 2019.

The Company has only two key management personnel (who are not Directors or the CEO) and the disclosure of their remuneration in bands of S$250,000 for the financial year ended 30 June 2019 is as follows:

Name of Key Management	Remuneration Band S$	Fixed Salary %	Annual Wage Supplement %	Allowance %	Total %
Wang Yi	< 250,000	93	-	7	100
Wu Joey	< 250,000	92	8	-	100

In financial year ended 30 June 2019, the aggregate amount of remuneration paid to the above key management personnel was approximately S$248,000.

There is no employee of the Group who is an immediate family member of any Director or the CEO whose remuneration exceeds S$50,000 for the financial year ended 30 June 2019.

No termination or retirement benefits or post-employment benefits were granted to the Directors, the CEO or key management personnel in the course of financial year ended 30 June 2019.

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 understands its accountability to the shareholders regarding the Group's performance. The objective of presenting annual financial statements and quarterly announcements to shareholders is to provide shareholders with a detailed and balanced analysis and explanation of the Group's financial position and prospects.

The Board is committed to ensuring compliance with legislative and regulatory requirements including but not limited to requirements under the Catalist Rules.

Management understands its role to provide all members of the Board with balanced and understandable management accounts on a monthly basis of the Group'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 the Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's asset, 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 is committed to maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems.

The Board reviews annually the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls. The AC, on behalf of the Board, review the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management policies and system established by management. This process ensures that such systems are sound and adequate in providing reasonable assurance of the adequacy and effectiveness of the Group's internal controls, in addressing financial, operational, compliance and information technology risks and of the Group's risk management systems. While no cost-effective internal control system can provide absolute assurance against loss and misstatement, the Group's internal controls and systems have been designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected against, proper accounting records are maintained and financial information used within the business and for publication is reasonable and accurate.

The Board has received assurance from the CEO and COO (who also oversees the finance function of the Group):

1. that the financial records have been properly maintained and that the financial statements give a true and fair view of the Company's operations and finances; and

2. effective risk management and internal control systems have been put in place.

At present, the Board relies on the internal auditor, the external audit reports and management letter prepared by the external auditor to highlight any material non-compliance or weaknesses in internal control. There were no major weaknesses in internal controls highlighted by the Group's external auditor or the internal auditor for the attention of the AC for financial year ended 30 June 2019.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls are adequate and effective to address financial, operational, compliance and information technology risks, and that risk management systems are adequate and effective in the Group's current business environment.

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 comprised entirely of Independent Non-Executive Directors, namely:

Yap Siean Sin (Chairman)
Dr Lam Lee G. (Member)
Chew Soo Lin (Member)

The Board considers that the members of the AC are appropriately qualified to discharge their responsibilities. All members of the AC have many years of experience in senior management positions and have accounting or related financial management expertise and experience.

The AC is scheduled to meet at least four times a year. The AC is regulated by a written set of terms of reference and has carried out its duties, according to the terms of reference as follows:

1. reviewing the audit plans and reports of the Company's internal and external auditors;

2. reviewing the financial statements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going-concern statement and compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

3. reviewing internal controls and procedures and ensuring co-ordination between the external auditors and Management, reviewing the assistance given by Management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters that auditors might wish to discuss (in the absence of Management where necessary);

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

5. reviewing and evaluating the independence and performance of the external auditors;

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

7. reviewing and approving interested person transactions, if any, that fall within the scope of Chapter 9 of the Catalist Rules;

8. reviewing any potential conflicts of interest and ensuring that procedures for resolving such conflicts are sufficient and strictly adhered to by the Company;

9. reviewing the Company's foreign exchange exposure and procedures to manage its foreign currency risk;

10. reviewing the effectiveness and adequacy of internal controls, including financial, operational, compliance and information technology controls;

11. reviewing the effectiveness of the Group's internal audit function;

12. reviewing significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;

13. reviewing the adequacy of the Company's business risk management process;

14. reviewing arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions;

15. undertaking other such reviews or projects as might be requested by the Board and reporting to the Board its findings from time to time on matters that arise and require the attention of the AC; and

16. generally undertaking other such functions or duties as might be required by statute or the Catalist Rules and by amendments made thereto from time to time.

In addition to the above, the AC has explicit authority to investigate any matter within its terms of reference, full access to Management and its cooperation, and full discretion to invite any Director or key management personnel to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The external auditor provides regular updates and periodic briefings to the AC regarding changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and their corresponding impact on the financial statements, if any.

The Company does not have any whistle-blowing policy. However, staff of the Company was informed about various avenues, including the chairman of the AC, to report on possible improprieties in matters of financial reporting or other matters.

During the financial year ended 30 June 2019, the AC reviewed and approved the internal and external audit plans and financial results. The AC met once with the external and internal auditors without the presence of Management.

Having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement director assigned to the audit, the firm's other engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit, the Board and the AC are of the opinion that a suitable auditing firm has been appointed to meet the auditing obligations of the Company and its significant subsidiaries. The Company has complied with Rules 712 and 715 of the Catalist Rules.

The AC assesses the independence of the external auditor annually. The aggregate amount of fees paid/payable to the external auditor for the financial year ended 30 June 2019 was:

	S$'000
Audit fees	76
Non-audit fees	14
Total fees	90

The AC has reviewed the non-audit services rendered by the external auditor for the financial year ended 30 June 2019, and is satisfied that the nature and extent of such services has not impaired the independence and objectivity of the external auditor.

Having reviewed, amongst others, the scope and quality of the audit and the independence of the external auditor, the AC recommended and the Board approved that Nexia TS Public Accounting Corporation be nominated for re-appointment as external auditor of the Company at the forthcoming AGM.

Internal Audit

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

The Company has established an internal audit function that is independent of the activities it audits. As recommended by the AC, the Company has outsourced the internal audit function to an independent corporation, Crowe Horwath First Trust Risk Advisory Pte Ltd ("Crowe Horwath"). The AC approves the appointment, termination, evaluation and compensation of the internal auditor. The internal auditor reports to the Chairman of the AC on audit matters and to the CEO for administrative matters. The internal audit plan was approved by the AC and the results of the audit findings were submitted to the AC for its review.

The AC reviews annually the scope and results of the internal audit. During the financial year ended 30 June 2019, Crowe Horwath reviewed key internal controls in selected areas as advised by the AC and reported its findings together with recommendations on areas for improvement to the AC for review and approval, so as to improve the development of better and more effective internal controls. The AC is satisfied that the Group's internal audit function is independent, effective and adequately resourced, and has appropriate standing within the Group. The AC is also satisfied that the internal auditor meets the standards set by internationally recognised professional bodies, including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to change in the Group's business that could have a material impact on the share price and value.

The Company strongly encourages shareholder participation during the general meetings of shareholders. Shareholders are able to proactively engage the Board and Management regarding the Group's business activities. Shareholders are informed of the rules, including voting procedures that govern general meetings of shareholders.

Registered shareholders including corporations, unable to attend the AGM are provided with an option to appoint up to two proxies. The Company also allows corporations which provide nominee or custodial services to appoint more than two proxies. These allow shareholders who hold shares through corporations to attend and participate in the AGM as proxies.

Communication with Shareholders

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

In line with the Company's obligations for continuing disclosure, the Board's policy is for shareholders to be informed of all major developments and transactions that have an impact on the Group.

The Company does not practice selective disclosure. The Board will communicate pertinent information to its shareholders on a regular and timely basis through:

1. the Company's annual report, which is prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future development and other disclosures required by the Singapore Companies Act and the Singapore Financial Reporting Standards (International);

2. quarterly and full year financial statements containing a summary of the financial information and affairs of the Group. These are announced via the SGXNET;

3. notices of annual general meetings and extraordinary general meetings;

4. analysts' briefings;

5. announcements via SGXNET regarding major developments that affect the Group; and

6. the Group website at www.chinarealestategroup.com from which shareholders can access information on the Group. The website provides, *inter alia*, all publicly disclosed financial information, corporate announcements, annual reports, and profiles of the Group.

The Company will hold an AGM in October 2019. Such AGMs represent its principal forum of dialogue and interaction with shareholders. The Company will consider the use of other forums set out in the Code as and when such needs arise.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the directors might deem appropriate. The Board is not recommending any dividends for financial year ended 30 June 2019 because of losses incurred and the financial position of the Company.

Conduct of Shareholder Meetings

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

Shareholders are encouraged to attend the AGM as this is the principal forum for any dialogue they may have with the Directors and Management of the Company.

The Company's Annual Report, together with the notice of the AGM, is despatched to shareholders at least 14 days before the AGM. Every matters requiring shareholders' approval at general meetings is proposed as a separate resolution. Each item of special business included on the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

The Constitution of the Company allow a member of the Company to appoint one or two proxies to attend and vote instead of the member. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company records minutes of all AGMs. These are available to shareholders upon request.

At the Company's AGM, shareholders are given the opportunity to voice their views and ask Directors or Management questions regarding the Company. The chairmen of the AC, RC and NC and the external auditor will normally be present at the AGM and other general meetings of shareholders to assist the Board in addressing shareholders' questions.

The Company has introduced the system of voting by poll and the results of each resolution put to vote at the AGM are announced with details of the percentage voting in favour and against.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Currently, the Group does not have in place CSR policies or practices. However, the Group will consider ad hoc practices when it arises.

DEALINGS IN SECURITIES

In compliance with the best practices introduced by the SGX-ST, the Company has devised its own internal compliance code to provide guidance to its officers. Directors and employees of the Company are advised not to deal in the Company's shares on short term considerations or when they are in the possession of unpublished price-sensitive information. The Company prohibits dealings in its shares by its officers and employees during the period commencing two weeks before the 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 results.

MATERIAL CONTRACTS

There were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the CEO, directors or controlling shareholders that subsisted at the end of the financial year or had been entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transaction with interested parties within the definition of Chapter 9 of the Catalist Rules and it has set out procedures to review and approve all interested person transactions.

The AC will meet quarterly to review interested person transactions, if any.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000) and transactions conducted under shareholder's mandate pursuant to Rule 920 of the Catalist Rules	Aggregate value of all interested person transactions conducted under shareholder's mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)
-	-	-

RISK MANAGEMENT AND PROCESSES

The Company does not have a Risk Management Committee. However, Management regularly reviews the Group's business and operational activities to identify areas involving significant business risks as well as appropriate measures to control and mitigate such risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

SPONSORSHIP

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company is Stamford Corporate Services Pte Ltd ("SCSPL").

For the financial year ended 30 June 2019, the Sponsor did not provide any other non-sponsor services to the Company and no non-sponsor fees were paid during the financial year. However, Morgan Lewis Stamford which is an affiliate of SCSPL, was paid an amount of S$79,000 for legal services provided to the Company for the financial year ended 30 June 2019.

SUSTAINABILITY REPORT

The Company is working towards the issuance of the sustainability report by 30 November 2019 and such report will be made available to shareholders on the SGXNet.

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:

Use of Proceeds	**Actual utilisation S$'000**	**As a percentage of net proceeds %**	**Proposed utilisation ratio %**
To fund the proposed expansion in new business of real estate agency and real estate-related services and support	7,040	55.8	30-70*
General working capital	3,785	30.0	10-30*
Total	10,825	85.8	

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:

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

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

As reported by the Company in the financial statements and related announcement for the third quarter ended 31 March 2019, the Group has ceased its business of real estate agency and real estate-related services. In view of this, the Company intends to re-allocate the balance net proceeds of S$1,793,700 ("Balance Net Proceeds") towards general working capital (for the purposes above) and to fund the proposed expansion of the new business of property development and property investments.

The Board considers the abovementioned re-allocation as advantageous to the Company, and in the best interests of the Company and its shareholders as a whole.

The Company will make periodic announcements via SGXNET on the utilisation of the Balance Net Proceeds as and when they are materially disbursed, and will provide a status report on the use of Balance Net Proceeds in its annual report.

B. Rights cum warrants issue completed on 31 January 2018 (the "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:

Use of Proceeds	Actual utilisation S$'000	As a percentage of net proceeds %	Proposed utilisation ratio %
To fund the proposed expansion of the new business of property development and property investments	20,138	90.0	70-90*
General working capital	1,931	8.6	10-30*
Total	22,069	98.6	

Note:

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

With respect to the S$1,931,000 used for general working capital, the breakdown is as follows:

General working capital – Purpose of utilisation	Percentage utilised (%)
Payment of employee compensation and directors' fees	48.4
Payment of office overheads	27.4
Payment of professional fees and other compliance costs	24.2
Total	100.0

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

C. Rights cum warrants issue completed on 27 July 2018 (the "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. The status in terms of utilisation of proceeds is as follows:

Use of Proceeds	Actual utilisation S$'000	As a percentage of net proceeds %	Proposed utilisation ratio %
To fund the proposed expansion of the new business of property development and property investments	8,355	69.5	50-80*
Funding growth and expansion	-	-	10-30*
General working capital	-	-	10-30*
Total	8,355	69.5	

Note:

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

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

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 2018 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 Singapore Code on Take-overs and Mergers (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:

(a) 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,

(b) the exercise of 2018 Warrants A subscribed for pursuant to the Sub-underwriting Commitment or 2018 Rights cum Warrants Issue A, or

(c) the exercise of Adjustment Warrants (as defined in 2017 Circular),

(the "Whitewash Waiver").

<u>Disclosure Note required under the Code</u>

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) 6,669,033,775 Shares representing 37.42% of the voting rights in the capital of the Company; and

 (ii) 371,068,831 2015 Warrants (as defined in 2017 Circular), 5,228,472,227 2018 Warrants A and 2,197,820,126 warrants expiring on 26 July 2018 ("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) exercise their Convertibles in full is 55.72% (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.

CORPORATE GOVERNANCE – APPENDIX A

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the Directors nominated for re-election at the forthcoming AGM is set out below.

Name of person	Dato' Dr Choo Yeow Ming	Chew Soo Lin
Date Of Appointment	6 July 2006	5 June 2007
Date of last re-appointment (if applicable)	30 October 2017	31 October 2016
Age	66	71
Country Of Principal Residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of the Company has accepted the Nominating Committee's recommendation, which has reviewed and considered Dato' Dr Choo Yeow Ming's contribution as Executive Chairman and CEO of the Company, and has recommended that Dato' Dr Choo Yeow Ming be re-elected as Director of the Company	The Board of the Company has accepted the Nominating Committee's recommendation, which has reviewed and considered Mr. Chew Soo Lin's contribution as Independent Director, Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee of the Company, and has recommended that Mr. Chew Soo Lin be re-elected as Director of the Company
Whether appointment is executive, and if so, the area of responsibility	Executive. Dato' Dr Choo Yeow Ming is responsible for the overall operations, management, strategic planning and business development of the Group	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Chief Executive Officer	Non-Executive Independent Director. Chairman of Remuneration Committee and a member of Audit Committee and Nominating Committee
Professional Qualifications	Law degree from the University of Malaya, the Chicago-Kent College of Law and Harvard University Law School	Chartered Accountant
Working experience and occupation(s) during the past 10 years	Executive Chairman and Chief Executive Officer of the Company	Executive Chairman of Khong Guan Limited Executive Director of Khong Guan Group of Companies

CORPORATE GOVERNANCE – APPENDIX A

Name of person	Dato' Dr Choo Yeow Ming	Chew Soo Lin
Shareholding interest in the listed issuer and its subsidiaries	824,969,332 ordinary shares in the Company (Direct Interest) 352,479,500 ordinary shares in the Company (Deemed Interest) 501,862,484 warrants (W201119) in the Company (Direct Interest) 398,819,310 warrants (W201119) in the Company (Deemed Interest)	32,400,036 ordinary shares in the Company (Direct Interest) 4,114,137 warrants (W201119) in the Company (Direct Interest) 9,257,040 warrants (W230130) in the Company (Direct Interest) 21,600,000 warrants (W230726) in the Company (Direct Interest)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8) Past (for the last 5 years) Present	Present 1. China Leap Limited 2. Orient Achieve Limited 3. Seymour Pacific Limited 4. Summers Overseas Limited Past 5 years N.A.	Present 1. Borneo Biscuit Factory Sdn Bhd 2. Cepheus Corporation Pte Ltd 3. Cereal Products (M) Sdn Berhad 4. Duty Free International Limited 5. Far East Biscuit Factory (China) Ltd 6. Far East Biscuit Factory (Hong Kong) Limited 7. Federal Oats Mills Sdn Bhd

CORPORATE GOVERNANCE – APPENDIX A

Name of person	Dato' Dr Choo Yeow Ming	Chew Soo Lin
		8. Inter-Ocean Shipping Co Pte Ltd 9. Khian Guan Biscuit Manufacturing Company Sdn Berhad 10. Khong Guan Biscuit and Confectionery Manufacturing Company Limited 11. Khong Guan Biscuit Factory (Borneo) Sendirian Berhad 12. Khong Guan Biscuit Factory (Johore) Sdn Bhd 13. Khong Guan Biscuit Factory (Singapore) Private Limited 14. Khong Guan Development Pte Ltd 15. Khong Guan Enterprises Sdn Berhad 16. Khong Guan Food Products Pte Ltd 17. Khong Guan Group Pte Ltd 18. Khong Guan Land Pte Ltd 19. Khong Guan Limited 20. Khong Guan Management Sdn Bhd 21. Khong Guan Overseas Investment Limited 22. Khong Guan Trading Pte Ltd 23. Khong Guan Vegetable Oil Refinery Sdn Bhd 24. Kim Hin Joo (Malaysia) Berhad 25. Leong Hong Oil Mill Sdn Bhd 26. Lian Seng Hang Sdn Bhd 27. MTQ Corporation Limited 28. Shanghai Eastern Asia Food Products Co. Ltd 29. Singuan Realty Pte Ltd 30. Swee Hin Chan Company Sdn Berhad 31. Tau Meng Investment Pte Ltd

CORPORATE GOVERNANCE – APPENDIX A

Name of person	Dato' Dr Choo Yeow Ming	Chew Soo Lin
		32. Tong Guan Foods Products Sdn Bhd 33. United Malayan Flour (1996) Sdn Bhd 34. Victus Marketing Pte Ltd 35. Yinyu Pte Ltd <u>Past 5 years</u> 1. China Medical (International) Group Limited (now known as JCG Investment Holdings Ltd) 2. Borneo Can Sendirian Berhad 3. Poh Seng Trading (Ipoh) Sdn Bhd 4. Tianjin Charming Food Stuff Co Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, general manager or other officer of equivalent rank. **If the answer to any question is "yes", full details must be given.**		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

Name of person	Dato' Dr Choo Yeow Ming	Chew Soo Lin
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

CORPORATE GOVERNANCE – APPENDIX A

Name of person	Dato' Dr Choo Yeow Ming	Chew Soo Lin
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

CORPORATE GOVERNANCE – APPENDIX A

Name of person	Dato' Dr Choo Yeow Ming	Chew Soo Lin
(f) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No

CORPORATE GOVERNANCE – APPENDIX A

Name of person	Dato' Dr Choo Yeow Ming	Chew Soo Lin
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Name of person	Dato' Dr Choo Yeow Ming	Chew Soo Lin
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange?	N.A. This relates to re-appointment of Director.	N.A. This relates to re-appointment of Director.
If Yes, please provide details of prior experience.	N.A.	N.A.
If No, Please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

Note:

N.A. – Not Applicable

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2019 and the balance sheet of the Company as at 30 June 2019.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 59 to 140 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2019 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, 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:

Dato' Dr Choo Yeow Ming
Dr. Lam Lee G.
Chew Soo Lin
Yap Siean Sin
Lee Keng Mun
Lum Moy Foong
Lien Kait Long

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Directors' interests in shares or debentures

(a) 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		Holdings in which the director is deemed to have an interest	
	At 1.7.18	**At 30.6.19**	**At 1.7.18**	**At 30.6.19**
Company				
(No. of ordinary shares)				
Dato' Dr Choo Yeow Ming	824,969,332	824,969,332	352,479,500	352,479,500
Chew Soo Lin	10,800,036	32,400,036	-	-
Lien Kait Long	11,500,500	34,501,500	-	-
(No. of warrants expiring on 6 May 2019)				
Chew Soo Lin	7,149,918	-	-	-
(No. of warrants expiring on 19 November 2020)				
Dato' Dr Choo Yeow Ming	390,341,825	501,862,484	310,196,244	398,819,310
Chew Soo Lin	3,199,920	4,114,137	-	-
(No. of warrants expiring on 30 January 2023)				
Chew Soo Lin	7,200,000	9,257,040	-	-
Lien Kait Long	11,000,000	14,142,700	-	-
(No. of warrants expiring on 26 July 2023)				
Chew Soo Lin	-	21,600,000	-	-
Lien Kait Long	-	23,001,000	-	-

(b) The directors' interests in the ordinary shares and warrants of the Company as at 21 July 2019 were the same as those as at 30 June 2019.

Share options

The Company has not implemented any share option or share schemes.

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

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

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

Audit Committee

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

Yap Siean Sin (Chairman)
Dr Lam Lee G.
Chew Soo Lin

All members of the AC were independent non-executive directors.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the AC carried out the following:

- Reviews the audit plans of the internal auditor and independent auditor of the Company and the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the internal auditor and independent auditor;

- Reviews the quarterly and annual financial statements and the independent auditor's report on the annual financial statements of the Company before their submission to the Board of Directors;

- Reviews the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;

- Meets with the independent auditor, internal auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Reviews the nature and extent of non-audit services provided by the independent auditor;

Audit Committee (continued)

- Recommends to the Board of Directors the nomination of independent auditor and terms of engagement including remuneration;

- Reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and

- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual (Section B: Rules of Catalist).

The AC convened four meetings during the financial year. The AC has also met with the internal auditor and independent auditor, without the presence of the Company's management, at least once a year.

The AC has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, 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

....	....
Dato' Dr Choo Yeow Ming	**Lee Keng Mun**
Director	*Director*

7 October 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHINA REAL ESTATE GRP LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of China Real Estate Grp Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 30 June 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 59 to 140.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters (continued)

(1) Revenue recognition
[Refer to Notes 2.2 and 4]

Area of focus

The Group's revenue is mainly derived from commission income of real estate agency services which is recognised when the Group has transferred the control of a promised service to the customers. For the financial year ended 30 June 2019, the Group recognised revenue of S$7,660,000.

We focused on this area as a key audit matter because of (1) the adoption of new revenue recognition standard – SFRS(I) 15 *Revenue from Contracts with Customers* represents a change in accounting principles which requires management to assess the financial implication of the implementation of the new standard, as well as the completeness of transition disclosures; and (2) there is a presumed fraud risk with regards to revenue recognition and revenue is one of the key performance indicators of the Group. In addition, there is inherent risk that revenue could be misstated and recorded in the incorrect accounting period due to large volume of transactions.

How our audit addressed the area of focus

In obtaining sufficient audit evidence, we:

- reviewed the terms and conditions of the contracts, along with discussion with management, to assess the Group's revenue recognition policy in accordance with SFRS(I) 15, in particular the identification of performance obligations, the timing of revenue recognition (i.e. at a point in time or over time), and to identify the financial impact of each revenue streams on the adoption of the new standard;
- understood, evaluated and validated key controls over the sales and receivables cycle;
- performed test of details by verifying to the supporting documents, i.e. option to purchase forms/tenancy agreements, commission agreements and invoices;
- performed cut-off test to ascertain that the revenue has been accurately taken up in the correct financial year;
- reviewed credit notes issued after the financial year end to ascertain whether any rebates issued after the financial year relating to commission income during the financial year have been recorded in the correct financial year; and
- reviewed journal entries posted to revenue accounts to identify if there are any unusual or irregular items.

Key Audit Matters (continued)

(2) Development properties and property, plant and equipment – building under construction
[Refer to Notes 2.5, 2.6, 17 and 19]

Area of focus

The Group has diversified into real estate development business in China to undertake development of waterside villas, island residences and townhouses which will focus on wellness and healthy living facilities (collectively, the "Huzhou Project").

As at 30 June 2019, the Group recorded development properties and building under construction classified under property, plant and equipment ("PPE") amounting to S$10,283,000 and S$21,709,000 respectively, which represented 51% of the total assets of the Group.

We focused on this area due to the following potential risks:

(a) Development properties

The costs incurred to fulfill a contract might not meet the definition of asset under SFRS(I) 15 that may cause overstatement of costs capitalised as development properties.

(b) Building under construction classified under PPE

The physical progress of the building under construction might not align with the capitalised costs.

How our audit addressed the area of focus

In obtaining sufficient audit evidence, we:

- reviewed the nature of development expenditure to ensure the appropriateness of the capitalisation of the development costs and building under construction;
- performed site visit to ascertain the progress of the building under construction; and
- reviewed the substantive test performed by component auditor to verify the supporting documents of the capitalised development costs and construction costs, by verifying to vendors' contracts and invoices.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

Report on Other Legal and Regulatory Requirements

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

The engagement director on the audit resulting in this independent auditor's report is Lee Look Ling.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

7 October 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 S$'000	2018 S$'000
Revenue	4	**7,660**	16,052
Cost of services		**(7,387)**	(14,936)
Gross profit		**273**	1,116
Other gains and losses, net			
- Interest income from:			
• bank deposits		**54**	8
• other receivables		**-**	173
- Impairment loss on financial assets at amortised cost	29(b)	**(247)**	-
- Others	7	**(470)**	388
Expenses			
- Distribution and marketing		**(247)**	(339)
- Administrative		**(5,727)**	(5,790)
- Finance	8	**(53)**	(772)
Loss before income tax		**(6,417)**	(5,216)
Income tax credit	9(a)	**-**	22
Net loss		**(6,417)**	(5,194)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation loss arising from consolidation	26	**(1,068)**	(60)
Items that will not be reclassified subsequently to profit or loss:			
Currency translation loss arising from consolidation		**(386)**	(20)
Other comprehensive loss, net of tax		**(1,454)**	(80)
Total comprehensive loss		**(7,871)**	(5,274)
Loss attributable to:			
Equity holders of the Company		**(6,032)**	(4,837)
Non-controlling interests		**(385)**	(357)
		(6,417)	(5,194)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(7,100)**	(4,897)
Non-controlling interests		**(771)**	(377)
		(7,871)	(5,274)

Loss per share for loss attributable to equity holders of the Company (cents per share)

	Note	2019	2018
Basic and diluted loss per share	10	**(0.03)**	(0.07)

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

BALANCE SHEET – GROUP

AS AT 30 JUNE 2019

	Note	Group 30 June 2019 S$'000	Group 30 June 2018 S$'000	Group 1 July 2017 S$'000
ASSETS				
Current assets				
Cash and cash equivalents	11	**6,874**	14,136	1,198
Financial assets, at FVPL	12	**7,811**	11,524	15,024
Trade and other receivables	13	**11,406**	13,804	13,022
Other current assets	14	**2,268**	2,061	399
Available-for-sale financial assets	15	**-**	2,000	2,000
Financial assets, at FVOCI	16	**2,000**	-	-
		30,359	43,525	31,643
Non-current assets				
Development properties	17	**10,283**	7,996	-
Property, plant and equipment	19	**21,992**	10,689	574
Intangible assets	20	**-**	639	1,096
		32,275	19,324	1,670
Total assets		**62,634**	62,849	33,313
LIABILITIES				
Current liabilities				
Trade and other payables	21	**3,902**	6,698	5,205
Borrowings	22	**-**	1,340	-
Current income tax liabilities	9(b)	**16**	17	16
		3,918	8,055	5,221
Non-current liabilities				
Provisions	23	**-**	204	204
Deferred income tax liabilities	24	**570**	597	21
		570	801	225
Total liabilities		**4,488**	8,856	5,446
Net assets		**58,146**	53,993	27,867
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	25	**195,733**	183,709	161,334
Foreign currency translation reserve	26	**(17,067)**	(15,999)	(15,939)
Fair value reserve	27	**(4,000)**	-	-
Accumulated losses		**(124,397)**	(122,365)	(117,528)
		50,269	45,345	27,867
Non-controlling interests	18	**7,877**	8,648	-
Total equity		**58,146**	53,993	27,867

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

BALANCE SHEET – COMPANY

AS AT 30 JUNE 2019

	Note	Company 30 June 2019 S$'000	2018 S$'000	1 July 2017 S$'000
ASSETS				
Current assets				
Cash and cash equivalents	11	**633**	906	1,044
Financial assets, at FVPL	12	**7,811**	11,524	15,024
Trade and other receivables	13	**6,255**	11,322	12,739
Other current assets	14	**136**	222	130
Available-for-sale financial assets	15	**-**	2,000	2,000
Financial assets, at FVOCI	16	**2,000**	-	-
		16,835	25,974	30,937
Non-current assets				
Trade and other receivables	13	**12,504**	-	-
Investment in subsidiary corporations	18	**24,400**	24,400	-*
Property, plant and equipment	19	**12**	17	10
		36,916	24,417	10
Total assets		**53,751**	50,391	30,947
LIABILITIES				
Current liabilities				
Trade and other payables	21	**120**	227	59
Current income tax liabilities	9(b)	**16**	17	16
Total liabilities		**136**	244	75
Net assets		**53,615**	50,147	30,872
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	25	**195,733**	183,709	161,334
Foreign currency translation reserve	26	**(15,939)**	(15,939)	(15,939)
Fair value reserve	27	**(4,000)**	-	-
Accumulated losses		**(122,179)**	(117,623)	(114,523)
Total equity		**53,615**	50,147	30,872

** Less than S$1,000*

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	← Attributable to equity holders of the Company				→		
		Share capital S$'000	Foreign currency translation reserve S$'000	Fair value reserve S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
2019								
Balance as at 30 June 2018		**183,709**	**(15,999)**	**-**	**(122,365)**	**45,345**	**8,648**	**53,993**
Adoption of SFRS(I) 9	2.1(a)(i)	-	-	(4,000)	4,000	-	-	-
Balance as at 1 July 2018		**183,709**	**(15,999)**	**(4,000)**	**(118,365)**	**45,345**	**8,648**	**53,993**
Total comprehensive loss for the financial year		-	(1,068)	-	(6,032)	(7,100)	(771)	(7,871)
Issue of new ordinary shares pursuant to exercise of warrants	25	3	-	-	-	3	-	3
Issue of new ordinary shares	25	12,290	-	-	-	12,290	-	12,290
Share issue expenses	25	(269)	-	-	-	(269)	-	(269)
Balance as at 30 June 2019		**195,733**	**(17,067)**	**(4,000)**	**(124,397)**	**50,269**	**7,877**	**58,146**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		Attributable to equity holders of the Company						
	Note	Share capital S$'000	Foreign currency translation reserve S$'000	Fair value reserve S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
2018								
Balance as at 1 July 2017		161,334	(15,939)	-	(117,528)	27,867	-	27,867
Total comprehensive loss for the financial year		-	(60)	-	(4,837)	(4,897)	(377)	(5,274)
Acquisition of subsidiary corporations	32(g)	-	-	-	-	-	4,925	4,925
Investment in the registered capital of subsidiary corporations by non-controlling interests	18	-	-	-	-	-	4,100	4,100
Issue of new ordinary shares pursuant to exercise of warrants	25	-*	-	-	-	-*	-	-*
Issue of new ordinary shares	25	23,356	-	-	-	23,356	-	23,356
Share issue expenses	25	(981)	-	-	-	(981)	-	(981)
Balance as at 30 June 2018		**183,709**	**(15,999)**	**-**	**(122,365)**	**45,345**	**8,648**	**53,993**

* *Less than S$1,000*

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 S$'000	2018 S$'000
Cash flows from operating activities			
Net loss		**(6,417)**	(5,194)
Adjustments for:			
- Income tax credit	9(a)	**-**	(22)
- Interest expense	8	**53**	772
- Interest income		**(54)**	(181)
- Dividend income	7	**(378)**	(436)
- Depreciation of property, plant and equipment	5	**284**	343
- Amortisation of intangible assets	5	**-**	72
- Gain on disposal of property, plant and equipment	7	**(76)**	-
- Allowance for impairment of goodwill	5	**639**	385
- Gain on bargain purchase	7	**-**	(879)
- Reversal of provision of reinstatement cost	7	**(189)**	-
- Unrealised currency translation differences		**(170)**	-
		(6,308)	(5,140)
Change in working capital, net of effects from acquisition of subsidiary corporations:			
- Development properties		**(2,689)**	(365)
- Trade and other receivables		**1,937**	11,477
- Financial assets, at FVPL		**3,713**	3,500
- Other current assets		**(286)**	(356)
- Trade and other payables		**(2,692)**	(9,403)
- Provisions		**(15)**	-
Cash used in operations		**(6,340)**	(287)
- Income tax (paid)/refunded, net		**(1)**	2
- Interest received		**54**	621
Net cash (used in)/provided by operating activities		**(6,287)**	336
Cash flows from investing activities			
- Additions to property, plant and equipment		**(12,082)**	(3,761)
- Acquisitions of subsidiary corporations, net of cash acquired	32(b)	**-**	(10,272)
- Proceeds from disposal of property, plant and equipment		**100**	-
- Dividends received		**378**	436
Net cash used in investing activities		**(11,604)**	(13,597)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 S$'000	2018 S$'000
Cash flows from financing activities			
- Proceeds from issuance of new ordinary shares	25	**12,290**	23,356
- Share issue expenses	25	**(269)**	(981)
- Proceeds from investments in the registered capital of subsidiary corporations from non-controlling interests	18	**-**	4,100
- Proceeds from issuance of ordinary shares pursuant to exercise of warrants	25	**3**	-*
- Drawdown of borrowings	22	**-**	1,328
- Repayment of borrowings	22	**(1,351)**	(1,436)
Net cash provided by financing activities		**10,673**	26,367
Net (decrease)/increase in cash and cash equivalents		**(7,218)**	13,106
Cash and cash equivalents			
Beginning of financial year		**14,136**	1,198
Effects of currency translation on cash and cash equivalents		**(44)**	(168)
End of financial year	11	**6,874**	14,136

** Less than S$1,000*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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

The financial statements of the Group and the Company for the financial year ended 30 June 2019 were authorised for issue in accordance with a resolution of directors on 7 October 2019.

1 General information

China Real Estate Grp Ltd. (the "Company") was incorporated as a public company limited by shares, in Singapore on 6 July 2006 and is listed on the Catalist Board of Singapore Exchange Securities Trading Limited ("SGX-ST") on 31 August 2007.

The principal place of operation is at 1 Scotts Road, #20-07 Shaw Centre, Singapore 228208 and the registered office is at 8 Robinson Road, #03-00 ASO Building, Singapore 048544.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary corporations are disclosed in Note 18.

2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below. The financial statements are presented in Singapore Dollar and have been rounded to the nearest thousand, unless otherwise stated.

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

Adoption of SFRS(I)

As required by the listing requirements of SGX-ST, the Group has adopted SFRS(I) on 1 July 2018. The financial statements for the financial year ended 30 June 2019 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 30 June 2018 were prepared in accordance with Singapore Financial Reporting Standards ("FRS").

In adopting SFRS(I) on 1 July 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I).*

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 30 June 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening consolidated balance sheet has been prepared as at 1 July 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Adoption of SFRS(I) (continued)

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Adoption of SRFS(I) 9 *Financial Instruments*

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 July 2018. Accordingly, the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 30 June 2018. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under FRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within the scope of SFRS(I) 9.

The accounting policies for financial instruments under SFRS(I) 9 is as disclosed in Note 2.11 to the financial statements.

Classification and measurement of financial assets

For financial assets held by the Group and the Company on 1 July 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under SFRS(I) 9. The reclassifications resulting from management's assessment are disclosed below.

	←Financial assets→		Fair value reserve	Accumulated losses
	AFS	FVOCI		
	S$'000	S$'000	S$'000	S$'000
Balance as at 30 June 2018 – before adoption of SFRS(I) 9	2,000	-	-	(122,365)
Reclassifiy investments from available-for-sale to FVOCI	(2,000)	2,000	(4,000)	4,000
Balance as at 1 July 2018 – after adoption of SFRS(I) 9	-	2,000	(4,000)	(118,365)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Adoption of SFRS(I) (continued)

(a) Optional exemptions applied (continued)

(i) Adoption of SRFS(I) 9 *Financial Instruments* (continued)

Equity investments reclassified from available-for-sale to FVOCI

The Group has elected to recognise changes in the fair value of all its equity investments not held for trading and previously classified as available-for-sale, in other comprehensive income. As a result, assets with a fair value of S$2,000,000 were reclassified from "available-for-sale financial assets" to "financial assets, at FVOCI" on 1 July 2018. Impairment loss of S$4,000,000 previously recognised in accumulated losses was reclassified to fair value reserve on the same date.

Loans and receivables reclassified to amortised cost

Cash and cash equivalents, trade and other receivables and other refundable deposits that were classified as loans and receivables under FRS 39 are now classified at amortised cost.

Impairment of financial assets

The Group has the following financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- Trade receivables; and
- Other receivables at amortised costs (including amounts due from subsidiary corporations and related parties).

The impairment methodology under FRS and SFRS(I) for each of these classes of financial assets is different. The impairment methodology for each of these classes of financial assets under SFRS(I) 9 is as disclosed in Notes 2.11 and 29(b) to the financial statements respectively.

(ii) Adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

The Group has elected to apply the transition provisions under paragraph C5 of SFRS(I) 15 at 1 July 2018. The adoption of SRFS(I) 15 did not result in any adjustments to the previously issued SFRS financial statements. The accounting policies under SFRS(I) 15 are disclosed in Note 2.2 to the financial statements.

(b) There were no material adjustments to the Group's consolidated balance sheet, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows arising from the transition from FRS to SFRS(I).

2 Summary of significant accounting policies (continued)

2.2 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation ("PO") by transferring promised goods or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied over time or at a point in time. The amount of revenue recognised is the amount allocated to the satisfied PO.

Real estate agency services:

(a) Commission income

Revenue from real estate agency is recognised at a point in time in the period in which the services are rendered and the Group has transferred the control of the promised services to the customers.

Prior to 1 July 2018, revenue from commission is recognised when the services are rendered and are contractively billable.

(b) Management services fee income

Management services fee income is recognised at point in time when the Group has satisfied its PO by rendering the services to customer.

Prior to 1 July 2018, management services fee income is recognised upon the rendering of management services.

Other revenue:

(c) Interest income

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

(d) Dividend income

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

(e) Rental income

Rental income from leasing of workstations and office premises is accounted for based on a straight-line basis over the lease terms stipulated in the contracts.

2 Summary of significant accounting policies (continued)

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Government grants relating to expenses are shown separately as "other gains and losses, net".

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

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

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

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

(ii) Acquisitions

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

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

2 Summary of significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisitions (continued)

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals

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

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

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 Summary of significant accounting policies (continued)

2.5 Property, plant and equipment

(a) *Measurement*

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(b) *Components of costs*

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

(c) *Depreciation*

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Renovation	3 – 10 years
Office equipment, furniture and fittings	5 – 10 years
Transport vehicles	4 years

Building under construction is not subject to depreciation.

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

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

(d) *Subsequent expenditure*

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

(e) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and losses, net". Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

2 Summary of significant accounting policies (continued)

2.6 Development properties

Development properties are those properties which are held with the intention for development and sale in the ordinary course of business. They are stated at the lower of cost plus a portion of attributable profit (where appropriate) less progress billings and the estimated net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the land and properties.

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

2.7 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. If those amounts are less than the fair value of the identifiable net assets of the subsidiary corporations acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

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

(b) Franchise rights

Franchise rights that have finite useful lives are initially stated at cost, which represents fair value at the date of acquisition and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost is amortised to profit or loss over their estimated useful lives of 2 years using the straight-line method.

The amortisation period and amortisation method of intangible assets are reviewed at least once at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2 Summary of significant accounting policies (continued)

2.7 Intangible assets (continued)

(b) Franchise rights (continued)

Franchise rights that have indefinite useful lives are initially stated at cost, which represents fair value at the date of acquisition and are not subjected to amortisation but tested at least annually for impairment and carried at cost less accumulated impairment losses. The useful life of the franchise rights is estimated to be indefinite because management believes there is no foreseeable limit to the period over which the franchise rights is expected to generate the cash inflows for the Group. The useful life of an intangible asset with indefinite useful life is reviewed at each balance sheet date to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.9 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.10 Impairment of non-financial assets

(a) Goodwill

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

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

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

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

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

2 Summary of significant accounting policies (continued)

2.10 Impairment of non-financial assets (continued)

(b) *Intangible assets*
Property, plant and equipment
Investments in subsidiary corporations

Intangible assets with finite useful lives, property, plant and equipment and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is indication that the intangible assets may be impaired.

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as revaluation decrease.

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

2.11 Financial assets

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

(a) *Classification*

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

2 Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

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

(a) Classification (continued)

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 13), "other current assets" (Note 14) and "cash and cash equivalents" (Note 11) on the balance sheet.

(iii) Available-for-sale financial assets

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

(b) Recognition and derecognition

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

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

2 Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

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

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

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

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

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

(e) Impairment

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

(i) Loans and receivables

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

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

2 Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

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

(e) Impairment (continued)

(i) Loans and receivables (continued)

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

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.11(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

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

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

(f) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

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

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

2 Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

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

(f) Classification and measurement (continued)

At initial recognition

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

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset, the subsequent measurement is as follows:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

(ii) Equity investments

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

2 Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

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

(g) Impairment

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

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Note 29(b) to the financial statements provides further disclosure on the impairment policy.

(h) Recognition and derecognition

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

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

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

2.12 Offsetting of financial instruments

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

2.13 Trade and other payables

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

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

2 Summary of significant accounting policies (continued)

2.14 Borrowings

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

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

2.15 Fair value estimation of financial assets and liabilities

The fair value of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) is based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.16 Leases

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

Lessee – Operating leases

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

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

2.17 Income taxes

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

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

2 Summary of significant accounting policies (continued)

2.17 Income taxes (continued)

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

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

Deferred income tax is measured:

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

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

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

2.18 Provisions

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

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

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

2 Summary of significant accounting policies (continued)

2.19 Employee compensation

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

(a) Defined contribution plans

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

(b) *Pension benefits*

The Group is required to provide certain staff pension benefits to their employees under existing People's Republic of China ("PRC") regulations. Pension contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiary corporations' employees. The Group has no further payment obligations once the contributions have been paid. Pension contributions are recognised as expenses in the period in which the related services are performed.

2.20 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(b) Transactions and balances

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

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

2 Summary of significant accounting policies (continued)

2.20 Currency translation (continued)

(b) Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expense". All other foreign exchange translation gains and losses impacting profit or loss are presented in the income statement within "other gains and losses, net".

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

(c) Translation of Group entities' financial statements

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

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

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

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

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

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.22 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.

2 Summary of significant accounting policies (continued)

2.23 Share capital

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

2.24 Dividends to Company's shareholders

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

3 Critical accounting estimates, assumptions and judgements

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

3.1 Impairment of trade receivables

As at 30 June 2019, the carrying amount of trade receivables before impairment loss is S$1,164,000.

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and the expected credit losses ("ECL") is a significant estimate. The amount of ECL is sensitive to changes in circumstances. The forecast economic conditions and Group's historical credit loss experience may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables are disclosed in Note 29(b) to the financial statements.

3.2 Impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The recoverable amounts of the Group's CGU have been determined based on the higher of the fair value less costs to sell or value-in-use calculations. If the carrying amounts exceed the recoverable amounts, an impairment loss is recognised to profit or loss for the differences.

Following the Group's decision to discontinue its real estate agency business operations, an impairment charge of S$639,000 (2018: S$385,000) for goodwill arose in the CGU, which fully impaired the goodwill.

4 Revenue

	Group	
	2019	2018
	S$'000	S$'000
At a point in time		
Commission income		
- Singapore	**7,660**	15,592
- Thailand	**-**	399
Management services fee income		
- PRC	**-**	61
	7,660	16,052

5 Expenses by nature

	Group	
	2019	2018
	S$'000	S$'000
Fees on audit services paid/payable to:		
- Auditor of the Company	**76**	93
Fees on non-audit services paid/payable to:		
- Auditor of the Company	**14**	-
- Other auditor	**20**	23
Allowance for impairment of goodwill [Note 20(a)]	**639**	385
Amortisation of intangible assets [Note 20(b)]	**-**	72
Advertising expenses	**179**	216
Commission expenses	**7,387**	14,936
Depreciation of property, plant and equipment (Note 19)	**284**	343
Donations	**4**	9
Employee compensation (Note 6)	**2,508**	2,408
Marketing expenses	**68**	-
Rental expenses on operating leases	**939**	1,080
Professional fees	**339**	297
Travelling expenses	**153**	228
Other expenses	**751**	975
Total cost of services, distribution and marketing costs and administrative expenses	**13,361**	21,065

6 Employee compensation

	Group	
	2019	2018
	S$'000	S$'000
Wages and salaries	**2,235**	2,095
Employer's contribution to defined contributions plans	**96**	148
Other short-term benefits	**177**	165
	2,508	2,408

7 Other gains and losses - others

	Group	
	2019	2018
	S$'000	S$'000
Bad debts written-off	**(15)**	-
Currency exchange loss - net	**(829)**	(56)
Dividend income	**378**	436
Event sponsorships	**-**	21
Fair value losses on financial assets, at FVPL	**(629)**	(1,234)
Franchise income	**-**	28
Government grant*	**-**	21
Gain on disposal of property, plant and equipment	**76**	-
Gain on bargain purchase [Note 32(f)]	**-**	879
(Loss)/gain on disposal of financial assets, at FVPL	**(121)**	82
Rental income	**135**	117
Recruitment and training fees from agents	**72**	63
Reversal of provision of reinstatement cost (Note 23)	**189**	-
Write back of commission payables	**226**	-
Others	**48**	31
	(470)	388

** There are no conditions attached to the government grant.*

8 Finance expenses

	Group	
	2019	2018
	S$'000	S$'000
Interest expense on:		
- Bank borrowings	**53**	-
- Other payable	**-**	772
	53	772

9 Income taxes

(a) Income tax credit

	Group	
	2019	2018
	S$'000	S$'000
Tax credit attributable to loss is made up of:		
Loss for the financial year:		
- Current income tax – Singapore	**-**	2
- Deferred income tax (Note 24)	**-**	(21)
	-	(19)
Over provision in previous financial years:		
- Current income tax – Singapore	**-**	(3)
	-	(22)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the standard rate of income tax in the countries where the Group operates as follows:

	Group	
	2019	2018
	S$'000	S$'000
Loss before tax	**(6,417)**	(5,216)
Tax calculated at tax rate of 17% (2018: 17%)	**(1,091)**	(887)
Effects of:		
- Different tax rate in other country	**(29)**	(114)
- Expenses not deductible for tax purposes	**966**	917
- Income not subject to tax	**(32)**	(103)
- Partial tax exemption and tax incentives	**(1)**	(2)
- Deferred tax assets not recognised	**187**	170
- Over provision in respect of previous financial years	**-**	(3)
Tax credit recognised in profit or loss	**-**	(22)

9 Income taxes (continued)

(b) Movement in current income tax liabilities

	Group		Company	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Beginning of financial year	**17**	16	**17**	16
Income tax (paid)/refunded	**(1)**	2	**(1)**	2
Income tax expense	**-**	2	**-**	2
Over provision in previous financial years	**-**	(3)	**-**	(3)
End of financial year	**16**	17	**16**	17

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 S$3,159,000 (2018: S$2,114,000) at the balance sheet date 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 Singapore. The tax losses have no expiry date.

10 Loss per share

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

Diluted loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Total	
	2019	2018
Net loss attributable to equity holders of the Company (S$'000)	**(6,032)**	(4,837)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	**17,368,950**	7,092,094
Effect of dilutive potential ordinary shares ('000)	**21,952,018**	5,912,403
Weighted average number of ordinary shares outstanding for diluted loss per share ('000)	**39,320,968**	13,004,497
Basic and diluted loss per share (cents per share)	**(0.03)**	(0.07)

10 Loss per share (continued)

As the Group is making losses for the financial years ended 30 June 2019 and 2018, the dilutive potential shares from the warrants are anti-dilutive and no changes are made to the diluted loss per share.

11 Cash and cash equivalents

	Group			Company		
	30 June		1 July	**30 June**		1 July
	2019	2018	2017	**2019**	2018	2017
	S$'000	S$'000	S$'000	**S$'000**	S$'000	S$'000
Cash at bank and on hand	**6,874**	14,136	1,198	633	906	1,044

12 Financial assets, at FVPL

	Group and Company		
	30 June		1 July
	2019	2018	2017
	S$'000	S$'000	S$'000
Held for trading			
Listed securities			
- Equity securities – Malaysia	**7,811**	7,924	14,355
- Equity securities – Singapore	**-**	512	669
- Equity securities – United States of America	**-**	3,088	-
	7,811	11,524	15,024

The instruments are all mandatorily measured at fair value through profit or loss.

The above investment relates to investment in quoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. The fair value of the security is based on closing quoted market prices on the last market day of the financial year end. The fair values are within level 1 of the fair value hierarchy.

13 Trade and other receivables

	Group			Company		
	30 June		1 July	30 June		1 July
	2019	2018	2017	**2019**	2018	2017
	S$'000	S$'000	S$'000	**S$'000**	S$'000	S$'000
Current						
Trade receivables						
- Non-related parties	**1,164**	3,835	4,652	**-**	-	-
Less: Loss allowance [Note 29(b)]						
- Non-related parties	**(247)**	-	-	**-**	-	-
Trade receivables – net	**917**	3,835	4,652	**-**	-	-
Other receivables						
- Non-related parties	**11,349**	11,843	9,803	**1,874**	1,874	9,781
- Value-added tax receivable	**1,014**	-	-	**-**	-	-
- Subsidiary corporations	**-**	-	-	**12,296**	11,322	4,391
	12,363	11,843	9,803	**14,170**	13,196	14,172
Less: Loss allowance [Note 29(b)]						
- Non-related parties	**(1,874)**	(1,874)	(1,874)	**(1,874)**	(1,874)	(1,874)
- Subsidiary corporations	**-**	-	-	**(6,041)**	-	-
Other receivables – net	**10,489**	9,969	7,929	**6,255**	11,322	12,298
Interest receivables						
- Non-related parties	**-**	-	441	**-**	-	441
	11,406	13,804	13,022	**6,255**	11,322	12,739
Non-current						
Other receivable						
- Subsidiary corporation	**-**	-	-	**12,504**	-	-
	11,406	13,804	13,022	**18,759**	11,322	12,739

Included in other receivables that are classified as current assets are the following:

(a) Amount due from non-related party – District Government of Nanxun District, Huzhou, City of Zhejiang Province, PRC of S$9,443,000 (30 June 2018: S$9,889,000; 1 July 2017: S$Nil) is reimbursement of infrastructure expenditure incurred by the Group. The amount is interest free and will be offset against the cost of acquisition of the development land in future.

13 Trade and other receivables (continued)

Included in other receivables that are classified as current assets are the following: (continued)

(b) Loan to a non-related party of S$1,874,000 (2018: S$1,874,000) which was to fund the costs to engage an independent qualified person to prepare the Australasian Joint Ore Reserves Committee ("JORC") report in relation to the proposed acquisition of 100% equity interest of Coeur Gold Armenia Ltd ("Coeur Gold"). Coeur Gold will use the JORC report to establish the existence of adequate resources with reasonable prospects for economic extraction in a defined area where it has exploration and exploitation on rights. The loan is unsecured, interest-free and repayable within 7 days upon termination or within 30 days upon completion of the proposed acquisition. This amount was fully impaired in the financial year ended 30 June 2016, in view of the aborted proposed acquisition and the collectability of the loan is doubtful.

(c) The non-trade amounts due from subsidiary corporations are unsecured, interest-free and are repayable on demand, except for the non-trade amount due from a subsidiary corporation of S$6,232,000 (30 June 2018: S$6,030,000; 1 July 2017: S$Nil) which bears interest of 8% per annum (30 June 2018: 8% per annum; 1 July 2017: Nil).

(d) On 11 January 2016, the Company entered into a conditional sale and purchase agreement (the "S&P Agreement") with 中房集团联合投资股份有限公司 ("中房联合投资") and 中房联合集团企业管理有限公司 ("中房企业管理") (together, the "Vendors") to acquire 100% of the rights and interests of and in 中房联合置业集团有限公司 ("中房联合置业").

During the financial year ended 30 June 2016, the Company provided working capital loan to 中房联合投资 amounting to S$5,500,000. The loan is secured against the equity interests of 中房联合置业's subsidiary corporations. The loan bears a fixed interest of 5% p.a. and is repayable on demand. The loan is fully repaid during the financial year ended 30 June 2018.

Included in other receivable that are classified as non-current assets is the non-trade amount due from a subsidiary corporation which is unsecured, bears interest of 8% per annum and is repayable by 20 August 2021.

The fair value of non-current other receivable is computed based on cash flows discounted at market borrowing rate. The fair value and market borrowing rates used are as follows:

	Company			Borrowing rate		
	30 June		1 July	**30 June**		1 July
	2019	2018	2017	**2019**	2018	2017
	S$'000	S$'000	S$'000			
Other receivable – subsidiary corporation	**13,046**	-	-	**6%**	-	-

14 Other current assets

	Group			Company		
	30 June		1 July	**30 June**		1 July
	2019	2018	2017	**2019**	2018	2017
	S$'000	S$'000	S$'000	**S$'000**	S$'000	S$'000
Deposits	**112**	245	232	**111**	111	108
Prepayments	**2,156**	1,816	167	**25**	111	22
	2,268	2,061	399	**136**	222	130

15 Available-for-sale financial assets

	Group and Company	
	2019	2018
	S$'000	S$'000
Beginning of financial year	**2,000**	2,000
Reclassification on adoption of SFRS(I) 9 at 1 July 2018 (Note 16)	**(2,000)**	-
End of financial year	**-**	2,000

	Group and Company		
	30 June		1 July
	2019	2018	2017
	S$'000	S$'000	S$'000
Unquoted equity securities – British Virgin Island	**-**	2,000	2,000

16 Financial assets, at FVOCI

	Group and Company	
	2019	2018
	S$'000	S$'000
Beginning of financial year	**-**	-
Reclassification on adoption of SFRS(I) 9 at 1 July 2018 (Note 15)	**2,000**	-
End of financial year	**2,000**	-
Unquoted equity securities – British Virgin Island	**2,000**	-

The financial assets at FVOCI represent 22.3% equity interest of a company that is engaged in mineral mining industry. Fair value of the unquoted equity securities is determined based on the bid price from the potential buyer as the management has the intention to dispose of the unquoted equity securities. The fair values are within level 3 of the fair values hierarchy.

16 Financial assets, at FVOCI (continued)

The investment does not meet the requirements as an associated company in accordance with SFRS(I) 1-28 *Investments in Associates and Joint Venture* as the Group and the Company do not have significant influence over the entity because the Group and the Company do not have representation on the board and do not participate in policy-making processes. As such, the Group and the Company has elected to measure the above financial asset at FVOCI due to management's intention to hold this financial asset for strategic investment purpose.

17 Development properties

	Group		
	30 June		1 July
	2019	2018	2017
	S$'000	S$'000	S$'000
Properties under development			
- Development expenditure incurred to date	**10,283**	7,996	-

Development properties are expected to be recovered after 12 months from the financial year ended 30 June 2019.

The subsidiary corporations in Huzhou have obtained management rights over a land parcel located in Digang Town, Nanxun District, Huzhou City of Zhejiang Province, 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 featuring the unique culture of the west of the Yangtze River, in Huzhou, PRC (the "Huzhou Project"). The Group is currently in the midst of preparing the Huzhou Project development implementation plan and business plan.

18 Investments in subsidiary corporations

	Company	
	2019	2018
	S$'000	S$'000
Equity investments at cost		
Beginning of financial year	**24,400**	-*
Incorporation of subsidiary corporation	**-**	2,070
Acquisition of subsidiary corporations [Note 32(a)]	**-**	11,786
Investment in the registered capital of subsidiary corporations	**-**	10,544
End of financial year	**24,400**	24,400

**Less than S$1,000*

18 Investments in subsidiary corporations (continued)

Details of subsidiary corporations are as follows:

Name of the company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent			Proportion of ordinary shares directly held by Group			Proportion of ordinary shares held by non-controlling interests		
			30 June		1 July	**30 June**		1 July	**30 June**		1 July
			2019	2018	2017	**2019**	2018	2017	**2019**	2018	2017
			%	%	%	**%**	%	%	**%**	%	%
Held by the Company											
Asia-Pacific Real Estate Agency Pte. Ltd.[(2)]	Investment holding	Singapore	**100**	100	100	**100**	100	100	**-**	-	-
Huzhou Dixi Gengdu Ecological Agriculture Development Co., Ltd ("Huzhou Agriculture Co") 湖州荻溪耕读生态农业发展有限公司[(3)]	Real estate developer	PRC	**72**	72	-	**72**	72	-	**28**	28	-
Zhongfang Lianhe Grand Canal Culture Tourism Group Co., Ltd ("Grand Canal Group") 中房联合大运河文化旅游集团有限公司[(3)]	Real estate developer	PRC	**72**	72	-	**72**	72	-	**28**	28	-
Asia-Pacific Real Estate (Beijing) Information Advisory Co., Ltd 亚太置地(北京)信息咨询有限公司[(2)]	Real estate related advisory services	PRC	**100**	100	-	**100**	100	-	**-**	-	-
Held by Asia-Pacific Real Estate Agency Pte. Ltd.											
APS Technology Pte. Ltd.[(2)]	Dormant	Singapore	**-**	-	-	**100**	100	100	**-**	-	-
Global Alliance Property Pte. Ltd.[(1)]	Real estate agency	Singapore	**-**	-	-	**100**	100	100	**-**	-	-
Global Overseas Chinese Real Estate.Net Pte. Ltd.[(2)]	Dormant	Singapore	**-**	-	-	**100**	100	100	**-**	-	-

18 Investments in subsidiary corporations (continued)

Details of subsidiary corporations are as follows: (continued)

Name of the company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent			Proportion of ordinary shares directly held by Group			Proportion of ordinary shares held by non-controlling interests		
			30 June		1 July	**30 June**		1 July	**30 June**		1 July
			2019	2018	2017	**2019**	2018	2017	**2019**	2018	2017
			%	%	%	**%**	%	%	**%**	%	%
Held by Global Alliance Property Pte. Ltd.											
Century 21 (AsPac) Realty Pte. Ltd.[(2),(4)]	Real estate agency	Singapore	**-**	-	-	**-**	100	100	**-**	-	-
Held by Huzhou Agriculture Co											
Huzhou Bihai Silver Beach Resort Management Co., Ltd 湖州碧海银滩度假村管理有限公司[(2)]	Hotel management	PRC	**-**	-	-	**72**	72	-	**28**	28	-
Held by Grand Canal Group											
Huzhou Ludi Wetland Tourism Development Co., Ltd 湖州芦荻湿地旅游发展有限公司[(2)]	Provision of tourism services	PRC	**-**	-	-	**72**	72	-	**28**	28	-
Zhejiang Zhongfang Yashe Hotel Management Co., Ltd. 浙江中房雅舍酒店管理有限公司[(2)]	Provision of hotel management and hospitality services	PRC	**-**	-	-	**72**	72	-	**28**	28	-
Zhejiang Zhongfang Ludizhou Properties Management Co., Ltd 浙江中房芦荻洲物业管理有限公司[(2)]	Provision of property management services	PRC	**-**	-	-	**72**	72	-	28	28	-

18 Investments in subsidiary corporations (continued)

Details of subsidiary corporations are as follows: (continued)

Name of the company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent			Proportion of ordinary shares directly held by Group			Proportion of ordinary shares held by non-controlling interests		
			30 June		1 July	**30 June**		1 July	**30 June**		1 July
			2019	2018	2017	**2019**	2018	2017	**2019**	2018	2017
			%	%	%	**%**	%	%	**%**	%	%
Held by Grand Canal Group (continued)											
Zhejiang Zhongfang Ludizhou Real Estate Agency Co., Ltd 浙江中房芦荻洲房地产经纪有限公司[(2)]	Real estate agency	PRC	**-**	-	-	**72**	72	-	**28**	28	-
Zhejiang Zhongfang Ludizhou Real Estate Development Co., Ltd 浙江中房芦荻洲房地产开发有限公司[(2)]	Real estate development	PRC	**-**	-	-	**72**	72	-	**28**	28	-

(1) Audited by Nexia TS Public Accounting Corporation, Singapore, an independent member firm of Nexia International.

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

(3) Audited by Shanghai Nexia TS Certified Public Accountants for consolidation purposes.

(4) This entity has completed the striking off application on 5 November 2018.

18 Investments in subsidiary corporations (continued)

Incorporation of subsidiary corporation

On 18 July 2017, the Company incorporated a wholly-owned subsidiary corporation, namely Asia-Pacific Real Estate (Beijing) Information Advisory Co., Ltd 亚太置地 (北京) 信息咨询有限公司, in PRC. The paid-up capital of the subsidiary corporation is RMB10,000,000 (equivalent to S$2,070,000). The principal activity of the subsidiary corporation is provision of real estate related advisory services.

Acquisition of subsidiary corporations

On 16 November 2017 ("date of acquisition"), the Company completed the acquisition of 72% equity interest in Huzhou Agriculture Co and Grand Canal Group (the "Huzhou Subsidiary Corporations") for a total consideration of RMB57,600,000 (equivalent to S$11,786,000). Upon the acquisition, the Huzhou Subsidiary Corporations became subsidiary corporations of the Group. The Huzhou Subsidiary Corporations are principally engaged in real estate development.

During the previous financial year, the Company had subscribed to the registered and issued share capital of the Huzhou Subsidiary Corporations amounting to S$10,544,000. The minority shareholder had also subscribed to the registered and issued share capital of the Huzhou Subsidiary Corporations amounting to S$4,100,000. There were no changes in terms of the shareholding of the Company in the Huzhou Subsidiary Corporations.

Significant restriction

Cash and cash equivalents of S$3,015,000 (30 June 2018: S$11,044,000; 1 July 2017: S$Nil) are held in PRC and are subject to local exchange control regulations. There local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Carrying value of non-controlling interests

	Group		
	30 June		1 July
	2019	2018	2017
	S$'000	S$'000	S$'000
Huzhou Subsidiary Corporations	**7,877**	8,648	-

18 Investments in subsidiary corporations (continued)

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

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

There were no material transactions with non-controlling interests for the financial year ended 30 June 2019.

Summarised balance sheet

	30 June	
	2019	2018
	S$'000	S$'000
Current		
Assets	**36,768**	22,628
Liabilities	**(17,539)**	(9,565)
Total current net assets	**19,229**	13,063
Non-current		
Assets	**21,408**	18,419
Liabilities	**(12,504)**	(597)
Total non-current net assets	**8,904**	17,822
Net assets	**28,133**	30,885

18 Investments in subsidiary corporations (continued)

Summarised statement of comprehensive income

	2019	2018
	S$'000	S$'000
Other income	**39**	11
Expenses		
- Administrative	**(321)**	(374)
- Finance	**(1,092)**	(913)
Loss before tax	**(1,374)**	(1,276)
Income tax expense	**-**	-
Net loss	**(1,374)**	(1,276)
Other comprehensive loss	**-**	-
Total comprehensive loss	**(1,374)**	(1,276)
Total comprehensive loss allocated to non-controlling interests	**(385)**	(357)

Summarised statement of cash flows

	2019	2018
	S$'000	S$'000
Cash flows from operating activities		
Cash (used in)/generated from operations	**(96)**	410
Depreciation of property, plant and equipment	**11**	21
Change in working capital	**(3,975)**	(722)
Net cash used in operating activities	**(4,060)**	(291)
Net cash used in investing activities	**(11,739)**	(3,748)
Net cash provided by financing activities	**7,986**	13,764
Net (decrease)/increase in cash and cash equivalents	**(7,813)**	9,725
Cash and cash equivalents at beginning of financial year/date of acquisition	**11,044**	1,514
Effect of currency translation on cash and cash equivalents	**(216)**	(195)
Cash and cash equivalents at end of financial year	**3,015**	11,044

19 Property, plant and equipment

	Renovation	Office equipment, furniture and fittings	Transport vehicles	Building under construction	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Group					
2019					
Cost					
Beginning of financial year	718	347	63	10,314	11,442
Additions	69	20	132	11,861	12,082
Disposals	(669)	(118)	-	-	(787)
Currency translation differences	(2)	(1)	(3)	(466)	(472)
End of financial year	116	248	192	21,709	22,265
Accumulated depreciation					
Beginning of financial year	482	271	-	-	753
Depreciation charge (Note 5)	222	42	20	-	284
Disposals	(657)	(106)	-	-	(763)
Currency translation differences	(1)	-	-	-	(1)
End of financial year	46	207	20	-	273
Net book value					
End of financial year	**70**	**41**	**172**	**21,709**	**21,992**

19 Property, plant and equipment (continued)

	Renovation	Office equipment, furniture and fittings	Transport vehicles	Building under construction	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Group					
2018					
Cost					
Beginning of financial year	668	353	-	-	1,021
Additions	4	22	59	3,676	3,761
Acquisition of subsidiary corporations [Note 32(c)]	45	9	4	6,594	6,652
Written-off	-	(37)	-	-	(37)
Currency translation differences	1	-*	-*	44	45
End of financial year	718	347	63	10,314	11,442
Accumulated depreciation					
Beginning of financial year	208	239	-	-	447
Depreciation charge (Note 5)	274	69	-	-	343
Written-off	-	(37)	-	-	(37)
Currency translation differences	-*	-*	-	-	-*
End of financial year	482	271	-	-	753
Net book value					
As at 30 June 2018	**236**	**76**	**63**	**10,314**	**10,689**
As at 1 July 2017	**460**	**114**	**-**	**-**	**574**

* *Less than S$1,000*

19 Property, plant and equipment (continued)

	Office equipment, furniture and fittings
	S$'000
Company	
2019	
Cost	
Beginning and end of financial year	144
Accumulated depreciation	
Beginning of financial year	127
Depreciation charge	5
End of financial year	132
Net book value	
End of financial year	**12**
2018	
Cost	
Beginning of financial year	147
Additions	12
Written-off	(15)
End of financial year	144
Accumulated depreciation	
Beginning of financial year	137
Depreciation charge	5
Written-off	(15)
End of financial year	127
Net book value	
As at 30 June 2018	**17**
As at 1 July 2017	**10**

Building under construction consists of a 113-room hotel under construction at Hefu Town, Huzhou City, Zhejiang Province of PRC. The leasehold land of the hotel with a carrying value of S$Nil (2018: S$1,340,000) have been pledged as collateral to secure the banking facilities of a subsidiary corporation (Note 22). The lease term of the land will expire on 18 October 2056.

20 Intangible assets

	Group		
	30 June		1 July
	2019	2018	2017
	S$'000	S$'000	S$'000
Goodwill [Note (a)]	**-**	639	1,024
Franchise rights [Note (b)]	**-**	-	72
	-	639	1,096

(a) Goodwill

	Group	
	2019	2018
	S$'000	S$'000
Cost		
Beginning of financial year	**1,024**	1,024
Written-off	**(385)**	-
End of financial year	**639**	1,024
Accumulated impairment		
Beginning of financial year	**385**	-
Impairment charge (Note 5)	**639**	385
Written-off	**(385)**	-
End of financial year	**639**	385
Net book value		
End of financial year	**-**	639

(b) Franchise rights

	Group	
	2019	2018
	S$'000	S$'000
Cost		
Beginning of financial year	**245**	245
Written-off	**(245)**	-
End of financial year	**-**	245
Accumulated amortisation		
Beginning of financial year	**245**	173
Amortisation charge (Note 5)	**-**	72
Written-off	**(245)**	-
End of financial year	**-**	245
Net book value		
End of financial year	**-**	-

20 Intangible assets (continued)

(c) Impairment test for goodwill

Goodwill acquired through business combination is allocated to the Group's CGUs identified according to countries of operation and business segments.

A segment-level summary of the goodwill allocation is as follows:

Group

	Real estate agency		
	30 June		1 July
	2019	2018	2017
	S$'000	S$'000	S$'000
Singapore	**-**	639	1,024

Real estate agency

An impairment charge of S$639,000 (2018: S$385,000) is included within "administrative expenses" in the statement of comprehensive income. The impairment charge in financial year ended 30 June 2019 has arisen following the Group's decision to discontinue its real estate agency business operations of Global Alliance Property Pte Ltd. The impairment charge in financial year ended 30 June 2018 has arisen from one of the real estate agency CGUs following a decision to commence the striking off application of the said CGU subsequent to the financial year ended 30 June 2018.

The recoverable amount of a CGU was determined based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the real estate agency in which the CGU operates.

Key assumptions used for value-in-use calculations are as follows:

30 June 2018	
Gross margin (budgeted gross margin)	6%
Growth rate (weighted average growth rate used to extrapolate cash flows beyond the budget period)	1%
Discount rate (pre-tax discount rate applied to the pre-tax cash-flow projections)	18%

1 July 2017	
Gross margin (budgeted gross margin)	8%
Growth rate (weighted average growth rate used to extrapolate cash flows beyond the budget period)	2%
Discount rate (pre-tax discount rate applied to the pre-tax cash-flow projections)	18%

20 Intangible assets (continued)

(c) Impairment test for goodwill (continued)

Management determined budgeted gross margin based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry reports. The discount rate used was pre-tax and reflected specific risks relating to the industry.

21 Trade and other payables

	Group			Company		
	30 June		1 July	**30 June**		1 July
	2019	2018	2017	**2019**	2018	2017
	S$'000	S$'000	S$'000	**S$'000**	S$'000	S$'000
Trade payables						
- Non-related parties	**985**	3,875	4,683	**-**	-	-
Other payables						
- Non-related parties	**2,457**	2,158	163	**-**	-	-
Accrued operating expenses	**426**	661	339	**120**	227	59
Deposits received	**-**	-	11	**-**	-	-
Advances received	**34**	4	9	**-**	-	-
	3,902	6,698	5,205	**120**	227	59

22 Borrowings

	Group	
	30 June	
	2019	2018
	S$'000	S$'000
Current		
Term loan	**-**	1,340

The term loan was secured against a leasehold land (Note 19). The term loan bore an interest rate of 6% per annum. The loan was fully repaid on 21 February 2019.

22 Borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities is as follows:

	Group	
	2019	2018
	S$'000	S$'000
Bank borrowings		
Beginning of financial year	**1,340**	-
Acquisition of subsidiary corporations [Note 32(c)]	**-**	1,436
Drawdown of term loan	**-**	1,328
Repayments	**(1,351)**	(1,436)
Non-cash changes		
- Interest expense	**53**	-
- Changes in foreign exchange	**(42)**	12
End of financial year	**-**	1,340

23 Provisions

	Group		
	30 June		1 July
	2019	2018	2017
	S$'000	S$'000	S$'000
Non-current			
Provision for reinstatement cost	**-**	204	204

Movement in provision for reinstatement cost is as follows:

	Group	
	2019	2018
	S$'000	S$'000
Beginning of financial year	**204**	204
Payment	**(15)**	-
Reversal (Note 7)	**(189)**	-
End of financial year	**-**	204

The provision relates to the Group's obligation to reinstate a leased premise to its original condition upon termination of the lease and is based on the Group's experience in similar situations. The provision was partially utilised during the financial year ended 30 June 2019 and the balance of the unutilised provision was reversed to profit or loss.

24 Deferred income taxes

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

	Group		
	30 June		1 July
	2019	2018	2017
	S$'000	S$'000	S$'000
Deferred income tax liabilities			
- To be settled within one year	**-**	-	21
- To be settled after one year	**570**	597	-
	570	597	21

Movement in deferred income tax account is as follows:

	Group	
	2019	2018
	S$'000	S$'000
Beginning of financial year	**597**	21
Acquisitions of subsidiary corporations [Note 32(c)]	**-**	593
Credited to profit and loss [Note 9(a)]	**-**	(21)
Currency translation differences	**(27)**	4
End of financial year	**570**	597

The deferred tax liabilities are recognised for:

(a) the fair value of building under construction arising from acquisition of subsidiary corporations during the financial year ended 30 June 2018; and

(b) the fair value of intangible assets arising from the acquisition of subsidiary corporations during the financial year ended 30 June 2016.

25 Share capital

	Number of ordinary shares	Amount
Group and Company	’000	S$’000
2019		
Beginning of financial year	11,677,962	183,709
Shares issued	6,146,222	12,293
Share issue expenses	-	(269)
End of financial year	**17,824,184**	**195,733**
2018		
Beginning of financial year	3,892,650	161,334
Shares issued	7,785,312	23,356
Share issue expenses	-	(981)
End of financial year	**11,677,962**	**183,709**

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

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

(a) Shares issued during the financial year

(i) Exercise of warrants

The Company issued in aggregate 1,053,837 new shares pursuant to the exercise of warrants for a total consideration of S$3,000:

- 28,945 new shares pursuant to the exercise of 28,945 2013 Warrants;
- 24,894 new shares pursuant to the exercise of 24,894 2014 Warrants;
- 999,998 new shares pursuant to the exercise of 999,998 2018 Warrants A.

(ii) 2018 Rights cum Warrants Issue B

On 4 May 2018, the Company announced that it would undertake a renouncement rights issue of up to 47,928,572,362 new ordinary shares in the capital of the Company (“2018 Rights Shares B”) at an issue price of S$0.002 for each 2018 Rights Shares B with up to 47,928,572,362 free detachable warrants (“2018 Warrants B”), each 2018 Warrants B carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S$0.002 for each new shares on the basis of two 2018 Rights Shares B for every one existing share held by the shareholders as at 3 July 2018, and one 2018 Warrant B given for every one 2018 Rights Shares B subscribed (“2018 Rights cum Warrants Issue B”). The 2018 Rights cum Warrants Issue B was completed during the financial year ended 30 June 2019 with the listing and quotation of 6,145,168,199 2018 Rights Shares B and 6,145,168,199 2018 Warrants B on the SGX-ST on 30 July 2018 and 31 July 2018 respectively for a total consideration of S$12,290,000.

25 Share capital (continued)

The newly issued shares rank *pari passu* in all respects with the previously issued shares.

(b) Shares issued in previous financial year

(i) Exercise of warrants

The Company issued in aggregate 4,010 new shares pursuant to the exercise of 2015 Warrants.

(ii) 2018 Rights cum Warrants Issue A

On 12 September 2017, the Company announced that it would undertake a renounceable partially-underwritten rights issue of up to 14,537,002,596 new ordinary shares in the capital of the Company ("2018 Rights Shares A") at an issue price of S$0.003 for each 2018 Rights Shares A with up to 14,537,002,596 free detachable warrants ("2018 Warrants A"), each 2018 Warrants A carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S$0.003 for each new shares on the basis of two 2018 Rights Shares A for every one existing share held by the shareholders as at 5 January 2018, and one 2018 Warrant A given for every one 2018 Rights Shares A subscribed ("2018 Rights cum Warrants Issue A"). The 2018 Rights cum Warrants Issue A was completed during the financial year ended 30 June 2018 with the listing and quotation of 7,785,307,748 2018 Rights Shares A and 7,785,307,748 2018 Warrants A on the SGX-ST on 1 February 2018 and 2 February 2018 respectively for a total consideration of S$23,356,000.

The newly issued shares rank *pari passu* in all respects with the previously issued shares.

25 Share capital (continued)

(c) Warrants

Movement in the number of unexercised warrants and their exercise price are as follows:

	Beginning of financial year	Issued during financial year	Adjustment during financial year	Lapsed during financial year	Exercised during financial year	End of financial year	Current exercise price S$	Expiry date
2019								
2013 Warrants	14,078,669	-	-	(14,049,724)	(28,945)	-	-	16.07.18
2014 Warrants	1,031,017,308	-	294,561,403	(1,325,553,817)	(24,894)	-	-	06.05.19
2015 Warrants	3,455,920,834	-	987,356,260	-	-	4,443,277,094	0.003	19.11.20
2018 Warrants A	7,785,307,748	-	2,224,262,313	-	(999,998)	10,008,570,063	0.002	30.01.23
2018 Warrants B	-	6,145,168,199	-	-	-	6,145,168,199	0.002	26.07.23
	12,286,324,559	6,145,168,199	3,506,179,976	(1,339,603,541)	(1,053,837)	20,597,015,356		
2018								
2013 Warrants	10,559,328	-	3,519,341	-	-	14,078,669	0.01	16.07.18
2014 Warrants	773,282,530	-	257,734,778	-	-	1,031,017,308	0.01	06.05.19
2015 Warrants	2,592,009,576	-	863,915,268	-	(4,010)	3,455,920,834	0.004	19.11.20
2018 Warrants A	-	7,785,307,748	-	-	-	7,785,307,748	0.003	30.01.23
	3,375,851,434	7,785,307,748	1,125,169,387	-	(4,010)	12,286,324,559		

25 Share capital (continued)

(c) Warrants (continued)

(i) 2015 Warrants

The Company had on 20 November 2015 issued 2,593,863,776 warrants, each warrant carrying the right to subscribe for one new ordinary share in the capital of the Company, at an exercise price of S$0.005 for each new share ("2015 Warrants"), pursuant to a rights cum warrants issue (the "2015 Rights cum Warrants Issue"). The 2015 Warrants will expire on 19 November 2020.

As a result of the 2018 Rights cum Warrants Issue A and pursuant to the deed poll, adjustments were made to the 2015 Warrants on 25 January 2018 such that:

(a) an additional 863,915,268 warrants were issued to then existing holders of the 2015 Warrants such that the number of additional warrants issued was calculated on the basis of 0.3333 warrants for every one existing 2015 Warrant held by each warrantholder; and

(b) the exercise price of each 2015 Warrant was adjusted from S$0.005 to S$0.004.

As a result of the 2018 Rights cum Warrants Issue B and pursuant to the deed poll, adjustments were made to the 2015 Warrants on 27 July 2018 such that:

(a) an additional 987,356,260 warrants were issued to then existing holders of the 2015 Warrants such that the number of additional warrants issued were calculated on the basis of 0.2857 warrants for every one existing 2015 Warrants held by each warrantholder;

(b) the exercise price of each 2015 Warrant was adjusted from S$0.004 to S$0.003.

(ii) 2018 Warrants A

The Company had on 31 January 2018 issued 7,785,307,748 2018 Warrants A, pursuant to the 2018 Rights cum Warrants Issue A. As a result of the 2018 Rights cum Warrant Issue B and pursuant to the deed poll, adjustments were made to the 2018 Warrants A on 27 July 2018 such that:

(a) an additional 2,224,262,313 warrants were issued to then existing holders of the 2018 Warrants A such that the number of additional warrants issued was calculated on the basis of 0.2857 warrants for every one existing 2018 Warrant A held by each warrantholder; and

(b) The exercise price of each 2018 Warrants A is adjusted from S$0.003 to S$0.002. The 2018 Warrants A will expire on 30 January 2023.

(iii) 2018 Warrants B

The Company had on 27 July 2018 issued 6,145,168,199 2018 Warrants B, pursuant to the 2018 Rights cum Warrants Issue B. The 2018 Warrants B will expire on 26 July 2023.

26 Foreign currency translation reserve

	Group		Company	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Beginning of financial year	**(15,999)**	(15,939)	**(15,939)**	(15,939)
Net currency translation differences of financial statements of foreign subsidiary corporations	**(1,068)**	(60)	**-**	-
End of financial year	**(17,067)**	(15,999)	**(15,939)**	(15,939)

The foreign currency translation reserve is non-distributable.

27 Fair value reserve

Fair value reserve relates to the movements in fair values of investments classified as FVOCI and is non-distributable.

28 Commitments

(a) Capital commitments

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

	Group		
	30 June		1 July
	2019	2018	2017
	S$'000	S$'000	S$'000
Plant and equipment	517	-	-

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

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

28 Commitments (continued)

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

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

	Group		
	30 June		1 July
	2019	2018	2017
	S$'000	S$'000	S$'000
Not later than one year	**418**	832	886
Between one and five years	**334**	752	433
	752	1,584	1,319

29 Financial risk management

Financial risk factors

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

The Board of Directors and Audit Committee is responsible for setting the objectives and underlying principles of financial risk management for the Group and further provide oversight to the effectiveness of the risk management process. This includes establishing policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

(a) Market risk

(i) Currency risk

The Group has transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of the Group's entities.

Currency risk arises within the entities in the Group when transactions are denominated in foreign currencies such as Renminbi ("RMB"), Malaysian Ringgit ("RM") and United States Dollar ("USD"). To manage the currency risk, the Group relies on natural hedging as a risk management tool and does not enter into derivative foreign exchange contracts to hedge its foreign currency risk.

29 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD S$'000	RMB S$'000	RM S$'000	USD S$'000	Other S$'000	Total S$'000
30 June 2019						
Financial assets						
Cash and cash equivalents	1,958	4,893	-	21	2	6,874
Financial assets, at FVPL	-	-	7,811	-	-	7,811
Financial assets, at FVOCI	2,000	-	-	-	-	2,000
Trade and other receivables	917	10,489	-	-	-	11,406
Other current assets	112	-	-	-	-	112
Intra-group receivables	30	18,736	-	-	-	18,766
	5,017	34,118	7,811	21	2	46,969
Financial liabilities						
Trade and other payables	(1,223)	(2,645)	-	-	-	(3,868)
Intra-group payables	(30)	(18,736)	-	-	-	(18,766)
	(1,253)	(21,381)	-	-	-	(22,634)
Net financial assets	3,764	12,737	7,811	21	2	24,335
Net financial assets denominated in the respective entities' functional currencies	(3,764)	(12,737)	-	-	-	(16,501)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	**-**	**-**	**7,811**	**21**	**2**	**7,834**

29 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD	RMB	RM	USD	Other	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
30 June 2018						
Financial assets						
Cash and cash equivalents	535	13,004	-	63	534	14,136
Financial assets, at FVPL	512	-	7,924	3,088	-	11,524
Available-for-sale financial assets	2,000	-	-	-	-	2,000
Trade and other receivables	3,587	9,932	15	-	270	13,804
Other current assets	244	1	-	-	-	245
Intra-group receivables	5,297	6,030	-	-	-	11,327
	12,175	28,967	7,939	3,151	804	53,036
Financial liabilities						
Trade and other payables	(4,536)	(2,091)	(9)	-	(58)	(6,694)
Borrowings	-	(1,340)	-	-	-	(1,340)
Intra-group payables	(5,297)	(6,030)	-	-	-	(11,327)
	(9,833)	(9,461)	(9)	-	(58)	(19,361)
Net financial assets	2,342	19,506	7,930	3,151	746	33,675
Net financial assets denominated in the respective entities' functional currencies	(2,342)	(19,506)	-	-	-	(21,848)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	**-**	**-**	**7,930**	**3,151**	**746**	**11,827**

29 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD S$'000	RM S$'000	USD S$'000	Other S$'000	Total S$'000
1 July 2017					
Financial assets					
Cash and cash equivalents	381	-	815	2	1,198
Financial assets, at FVPL	669	14,355	-	-	15,024
Available-for-sale financial assets	2,000	-	-	-	2,000
Trade and other receivables	10,543	2,416	-	63	13,022
Other current assets	232	-	-	-	232
Intra-group receivables	4,795	-	-	-	4,795
	18,620	16,771	815	65	36,271
Financial liabilities					
Trade and other payables	(5,164)	(7)	-	(25)	(5,196)
Intra-group payables	(4,795)	-	-	-	(4,795)
	(9,959)	(7)	-	(25)	(9,991)
Net financial assets	8,661	16,764	815	40	26,280
Net financial assets denominated in the respective entities' functional currencies	(8,661)	-	-	-	(8,661)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	**-**	**16,764**	**815**	**40**	**17,619**

29 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD S$'000	RMB S$'000	RM S$'000	USD S$'000	Other $'000	Total S$'000
30 June 2019						
Financial assets						
Cash and cash equivalents	610	-	-	21	2	633
Financial assets, at FVPL	-	-	7,811	-	-	7,811
Financial assets, at FVOCI	2,000	-	-	-	-	2,000
Trade and other receivables	22	18,737	-	-	-	18,759
Other current assets	111	-	-	-	-	111
	2,743	18,737	7,811	21	2	29,314
Financial liability						
Trade and other payables	(120)	-	-	-	-	(120)
Net financial assets	2,623	18,737	7,811	21	2	29,194
Net financial assets denominated in the Company's functional currency	(2,623)	-	-	-	-	(2,623)
Currency exposure of financial assets net of those denominated in the Company's functional currency	**-**	**18,737**	**7,811**	**21**	**2**	**26,571**

29 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD	RMB	RM	USD	Other	Total
	S$'000	S$'000	S$'000	S$'000	$'000	S$'000
30 June 2018						
Financial assets						
Cash and cash equivalents	309	-	-	63	534	906
Financial assets, at FVPL	512	-	7,924	3,088	-	11,524
Available-for-sale financial assets	2,000	-	-	-	-	2,000
Trade and other receivables	5,292	6,030	-	-	-	11,322
Other current assets	111	-	-	-	-	111
	8,224	6,030	7,924	3,151	534	25,863
Financial liability						
Trade and other payables	(227)	-	-	-	-	(227)
Net financial assets	7,997	6,030	7,924	3,151	534	25,636
Net financial assets denominated in the Company's functional currency	(7,997)	-	-	-	-	(7,997)
Currency exposure of financial assets net of those denominated in the Company's functional currency	**-**	**6,030**	**7,924**	**3,151**	**534**	**17,639**

29 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD	RM	USD	Other	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
1 July 2017					
Financial assets					
Cash and cash equivalents	227	-	815	2	1,044
Financial assets, at FVPL	669	14,355	-	-	15,024
Available-for-sale financial assets	2,000	-	-	-	2,000
Trade and other receivables	10,332	2,407	-	-	12,739
Other current assets	108	-	-	-	108
	13,336	16,762	815	2	30,915
Financial liabilities					
Trade and other payables	(59)	-	-	-	(59)
Net financial assets	13,277	16,762	815	2	30,856
Net financial assets denominated in the Company's functional currencies	(13,277)	-	-	-	(13,277)
Currency exposure of financial assets net of those denominated in the Company's functional currencies	**-**	**16,762**	**815**	**2**	**17,579**

29 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the RM, USD and RMB change against SGD by 3% (2018: 5%), 1% (2018: 1%) and 5% (2018: 1%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset position will be as follows:

	30 June		1 July
	2019	2018	2017
	S$'000	S$'000	S$'000
Group			
RM against SGD			
- Strengthened	**194**	396	696
- Weakened	**(194)**	(396)	(696)
USD against SGD			
- Strengthened	**-***	32	14
- Weakened	**-***	(32)	(14)
Company			
RM against SGD			
- Strengthened	**194**	396	696
- Weakened	**(194)**	(396)	(696)
USD against SGD			
- Strengthened	**-***	32	14
- Weakened	**-***	(32)	(14)
RMB against SGD			
- Strengthened	**936**	60	-
- Weakened	**(936)**	(60)	-

** Less than S$1,000*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

29 Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk

The Group and the Company are exposed to the underlying equity securities price risk arising from the investments held by the Group and the Company which are classified in the balance sheets as financial assets, at FVPL. These underlying securities are listed in Singapore, Malaysia and United States of America. To manage its price risk arising from investments in the securities, the Group and the Company diversified its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

If prices for the underlying equity securities listed in Singapore, Malaysia and United States of America had changed by Nil% (2018: 5%), 5% (2018: 5%) and Nil% (2018: 5%) respectively with all other variables including tax rate being held constant, the effects on loss after tax would have been:

	30 June		1 July
	2019	2018	2017
	S$'000	S$'000	S$'000
Group and Company			
Listed in Singapore			
- increased by	**-**	26	33
- decreased by	**-**	(26)	(33)
Listed in Malaysia			
- increased by	**390**	396	718
- decreased by	**(390)**	(396)	(718)
Listed in United States of America			
- increased by	**-**	154	-
- decreased by	**-**	(154)	-

(iii) Cash flow and fair value interest rate risk

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. As the Group has no significant interest bearing assets and variable-rate borrowings, the Group's income and expense are substantially independent of changes in market interest rates.

29 Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits, trade and other receivables and financial assets, at FVPL. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining cash deposits where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management at operating entity level based on on-going credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at operating entity level by the respective management.

The credit risk for trade and other receivables based on the information provided to key management is as follows:

	Group			Company		
	30 June		1 July	**30 June**		1 July
	2019	2018	2017	**2019**	2018	2017
	S$'000	S$'000	S$'000	**S$'000**	S$'000	S$'000
PRC	**10,489**	9,932	5,941	**18,737**	6,030	5,941
Thailand	**-**	237	63	**-**	-	-
Malaysia	**-**	15	2,416	**-**	-	2,407
Singapore	**917**	3,587	4,602	**22**	5,292	4,391
Europe	**-**	33	-	**-**	-	-
	11,406	13,804	13,022	**18,759**	11,322	12,739

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheets.

The movement in credit loss allowance are as follows:

	Trade receivables	**Other receivables**	**Total**
	S$'000	**S$'000**	**S$'000**
Group			
Beginning of financial year	-	1,874	1,874
Loss allowance recognised during the financial year	247	-	247
End of financial year (Note 13)	247	1,874	2,121

Cash and cash equivalents is subject to immaterial credit loss.

29 Financial risk management (continued)

(b) Credit risk (continued)

(i) Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the ECL, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the ECL rates, the Group considers purely historical loss rates for each category of customers which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

Trade receivables are written-off when there is no reasonable expectation of recovery. Based on the historical credit loss experience, the Group considers a financial asset as in default if the counterparty fails to make contractual payments within 180 days when they fall due which is derived based on the Group's historical information, and write-off the financial asset when there is no reasonable ground to recover the receivables after all enforcement activity has been taken by the Group.

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 30 June 2019 is set out in the provision matrix as follows:

	Gross amount S$'000	**Loss allowance S$'000**	**Carrying amount S$'000**
Group			
Not past due	54	-	54
< 30 days past due	86	-	86
30 days to 60 days past due	95	-	95
60 days to 90 days past due	320	-	320
90 days to 180 days past due	220	(95)	125
180 days to 365 days past due	132	(13)	119
> 365 days past due	257	(139)	118
	1,164	(247)	917

29 Financial risk management (continued)

(b) Credit risk (continued)

(ii) Other receivables

The Group and the Company use the general approach for assessment of ECLs for these financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, the loss allowance is measured at an amount equal to 12-month ECLs.

As at 30 June 2019, the Group and the Company performed an assessment of qualitative and quantitative factors which are indicative of the risk of default (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections, available press information and applying experienced credit judgement) and an assessment of impairment using the 12-month ECL basis on these financial assets. The Group and the Company concluded the loss allowance provided for other receivables is adequate and the loss allowance on other financial assets is insignificant.

29 Financial risk management (continued)

(b) Credit risk (continued)

(iii) Non-trade receivables from subsidiary corporations

Non-trade receivables from subsidiary corporations are provided mainly for short term funding requirements. The Company uses a similar approach as described in Note 29(b)(ii) for assessment of ECL for these receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The Company concluded that the loss allowance provided for non-trade receivables from subsidiary corporations is adequate. As at 30 June 2019, the Company has provided a loss allowance of S$6,041,000 as there is no reasonable ground to recover the receivables from these subsidiary corporations.

(iv) Credit risk exposure

Cash and cash equivalents are placed only with reputable licensed financial institutions with high credit-ratings.

Previous accounting policy for impairment of trade receivables and non-trade receivables

Prior to 1 July 2018, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written-off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments.

29 Financial risk management (continued)

(b) Credit risk (continued)

(iv) Credit risk exposure (continued)

The Group's credit risk exposure in relation to trade and other receivables under FRS 39 as at 30 June 2018 and 1 July 2017 is set out in the provision matrix as follows:

		Past due		
	Less than 3 months	**3 to 6 months**	**More than 6 months**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**
<u>**Group**</u>				
30 June 2018				
Trade receivables				
Gross carrying amount:				
- Not past due	-	-	-	1,076
- Past due but not impaired	2,339	118	302	2,759
				3,835
Less: Allowance for impairment (Note 13)				-
Net carrying amount				3,835
1 July 2017				
Trade receivables				
Gross carrying amount:				
- Not past due	-	-	-	12
- Past due but not impaired	1,661	252	2,727	4,640
				4,652
Less: Allowance for impairment (Note 13)				-
Net carrying amount				4,652

29 Financial risk management (continued)

(b) Credit risk (continued)

(iv) Credit risk exposure (continued)

The Group believes that the above amounts that are past due but not impaired are still collectible in full, based on historical payment behaviour and extensive analyses of customer credit risks, including underlying customers' credit ratings, when available. The carrying amount of non-trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group		Company	
	30 June 2018	1 July 2017	30 June 2018	1 July 2017
	S$'000	S$'000	S$'000	S$'000
Gross amount				
- past due > 1 year	1,874	1,874	1,874	1,874
Less: Allowance for impairment	(1,874)	(1,874)	(1,874)	(1,874)
	-	-	-	-
Beginning and end of financial year (Note 13)	1,874	1,874	1,874	1,874

An allowance for impairment has been made to profit or loss, as management determined the likelihood of recoverability is low and payments are not forthcoming.

Other than above, there were no credit loss allowance for other financial assets at amortised costs as at 30 June 2018 and 1 July 2017.

29 Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and cash equivalents as disclosed in Note 11 to the financial statements.

Management monitors rolling forecasts of the Group's and Company's liquidity reserve and cash and cash equivalents (Note 11) on the basis of expected cash flow. This is generally carried out in the operating entities of the Group in accordance with the practice and limits set by the Group.

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

	Less than 1 year
	S$'000
Group	
30 June 2019	
Trade and other payables	**3,868**
30 June 2018	
Trade and other payables	6,694
Borrowings	1,340
1 July 2017	
Trade and other payables	5,196
Company	
30 June 2019	
Trade and other payables	**120**
30 June 2018	
Trade and other payables	227
1 July 2017	
Trade and other payables	59

29 Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group's and the Company's strategies, which were unchanged since the financial year ended 30 June 2014, are to maintain gearing ratios within 30% to 40%.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group			Company		
	30 June		1 July	**30 June**		1 July
	2019	2018	2017	**2019**	2018	2017
	S$'000	S$'000	S$'000	**S$'000**	S$'000	S$'000
Net debt	**(2,972)**	(6,098)	4,007	**(513)**	(679)	(985)
Total equity	**58,146**	53,993	27,867	**53,615**	50,147	30,872
Total capital	**55,174**	47,895	31,874	**53,102**	49,468	29,887
Gearing ratio	**-***	-*	13%	**-***	-*	-*

* *Not meaningful*

The Group and the Company have no externally imposed capital requirements for the financial years ended 30 June 2019 and 2018.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(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 or the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

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

29 Financial risk management (continued)

(e) Fair value measurements (continued)

Group and Company	Level 1	Level 2	Level 3	Total
30 June 2019	S$'000	S$'000	S$'000	S$'000
Assets				
Financial assets, at FVPL	7,811	-	-	7,811
Financial assets, at FVOCI	-	-	2,000	2,000
	7,811	-	2,000	9,811
30 June 2018				
Assets				
Financial assets, at FVPL	11,524	-	-	11,524
Available-for-sale financial assets	-	-	2,000	2,000
	11,524	-	2,000	13,524
1 July 2017				
Assets				
Financial assets, at FVPL	15,024	-	-	15,024
Available-for-sale financial assets	-	-	2,000	2,000
	15,024	-	2,000	17,024

There were no transfers between Levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Valuation techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. Where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

29 Financial risk management (continued)

(e) Fair value measurements (continued)

Level 3 fair value measurement

As at 30 June 2017, in view that management had the intention to dispose of the financial assets, the fair value of the financial assets was determined based on the bid price from a potential buyer (the "Potential Buyer").

As at 30 June 2018 and 30 June 2019, the negotiation with the Potential Buyer on the terms and conditions of the disposal is still ongoing. As such, the fair value of the financial assets is determined based on the bid price from the Potential Buyer.

If the bid price had been 5% lower than the potential buyer's bid price, the Group and the Company would have recognised a further impairment loss of S$100,000 (2018: S$100,000).

The following table presents the changes in level 3 instruments:

	Financial asset, at FVOCI S$'000
Group and Company	
2019 and 2018	
Beginning and end of financial year	2,000

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Notes 12, 15 and 16 to the financial statements, except for the following:

	Group			Company		
	30 June		1 July	**30 June**		1 July
	2019	2018	2017	**2019**	2018	2017
	S$'000	S$'000	S$'000	**S$'000**	S$'000	S$'000
Loans and receivables	**-**	28,185	14,452	**-**	12,339	13,891
Financial assets at amortised cost	**18,392**	-	-	**19,503**	-	-
Financial liabilities at amortised cost	**3,868**	8,034	5,196	**120**	227	59

30 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Key management personnel compensation

	Group	
	2019	2018
	S$'000	S$'000
Wages and salaries	**881**	897
Employer's contribution to defined contribution plans	**33**	50
	914	947
Comprises amounts paid to:		
Directors		
- Wages and salaries	**633**	642
- Employer's contribution to defined contribution plans	**22**	27
	655	669
Other key management personnel	**259**	278
	914	947

31 Segment information

The management has determined the operating segments based on the reports reviewed by the management team that are used to make strategic decisions. The management team comprises the Chief Executive Officer, Chief Operating Officer and the heads of each business segment.

The management team considers the business from both a geographic and business segment perspective. The Group has 3 reportable operating segments: investment, real estate agency and real estate development. The segments offer different services, and are managed separately as they require different marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

a) Investment: Investment holding

b) Real estate agency: Provision of real estate agency services such as corporate and residential leasing, commercial and industrial sales, and residential sales and resale services

c) Real estate development: Property development activities and holding of property related assets

31 Segment information (continued)

The segment information provided to the management team for the reportable segments are as follows:

	Singapore		PRC	
	Investment	Real estate agency	Real estate development	Total
Group	S$'000	S$'000	S$'000	S$'000
30 June 2019				
Revenue from external parties	-	7,660	-	7,660
Gross profit	-	273	-	273
Other gains and losses, net				
- Interest income from bank deposits	28	-	26	54
- Impairment loss on financial assets at amortised cost	-	(247)	-	(247)
- Others	(1,264)	714	80	(470)
Distribution and marketing expenses	-	(247)	-	(247)
Administrative expenses	(2,459)	(2,104)	(1,164)	(5,727)
Finance expenses	-	-	(53)	(53)
Loss before income tax	(3,695)	(1,611)	(1,111)	(6,417)
Income tax expense	-	-	-	-
Net loss	(3,695)	(1,611)	(1,111)	(6,417)
Depreciation	(5)	(222)	(57)	(284)
Amortisation	-	-	-	-
Segment assets	10,592	997	51,045	62,634
Segment assets includes				
Additions to:				
- Property, plant and equipment	-	-	12,082	12,082
Segment liabilities	136	1,137	3,215	4,488

31 Segment information (continued)

The segment information provided to the management team for the reportable segments are as follows: (continued)

	Singapore		PRC	
	Investment	Real estate agency	Real estate development	Total
Group	S$'000	S$'000	S$'000	S$'000
30 June 2018				
Revenue from external parties	61	15,991	-	16,052
Gross profit	61	1,055	-	1,116
Other gains and losses, net				
- Interest income from bank deposits	8	-	-	8
- Interest income from other receivables	173	-	-	173
- Others	(772)	264	896	388
Distribution and marketing expenses	-	(339)	-	(339)
Administrative expenses	(2,571)	(2,588)	(631)	(5,790)
Finance expenses	-	-	(772)	(772)
Loss before income tax	(3,101)	(1,608)	(507)	(5,216)
Income tax credit	1	21	-	22
Net loss	(3,100)	(1,587)	(507)	(5,194)
Depreciation	(5)	(317)	(21)	(343)
Amortisation	-	(72)	-	(72)
Segment assets	14,670	5,282	42,897	62,849
Segment assets includes				
Additions to:				
- Property, plant and equipment	11	1	3,749	3,761
Segment liabilities	244	4,584	4,028	8,856

31 Segment information (continued)

Geographical information

The Group's two business segments operate in two main geographical areas:

- Singapore - the Company is headquartered and has operations in Singapore. The operations in this area are principally the provision of real estate agency services and investment holding;
- PRC - the operations in this area are principally in property development activities and holding of property related assets.

	Group 30 June 2019 S$'000	Group 30 June 2018 S$'000
Non-current assets		
Singapore	**14**	904
PRC	**32,261**	18,420
	32,275	19,324

Revenue from major services

There is no single external customer that contributed 10% or more of the revenue for the financial years ended 30 June 2019 and 2018.

32 Business combination

On 16 November 2017, the Company completed the acquisition of 72% equity interest in Huzhou Subsidiary Corporations for a total consideration of RMB57,600,000 (equivalent to S$11,786,000). Upon the acquisition, the Huzhou Subsidiary Corporations became subsidiary corporations of the Group. The Huzhou Subsidiary Corporations are principally engaged in real estate development.

Details of the considerations paid, the assets acquired and liabilities assumed and the effects on cash flows of the Group, at the date of acquisition are as follows:

(a) Purchase consideration

	Huzhou Subsidiary Corporations S$'000
Cash paid	11,786
Consideration transferred for the business	11,786

32 Business combination (continued)

(b) Effects on cash flows of the Group

	Huzhou Subsidiary Corporations S$'000
Cash paid (as above)	11,786
Less: Cash and cash equivalents in subsidiary corporations acquired	(1,514)
Cash outflow on acquisition	10,272

(c) Identifiable assets acquired and liabilities assumed at fair value

	Huzhou Subsidiary Corporations S$'000
Property, plant and equipment (Note 19)	6,652
Development properties	7,570
Other receivables	12,585
Other current assets	1,297
Cash and cash equivalents	1,514
Total assets	29,618
Other payables	(9,999)
Borrowings (Note 22)	(1,436)
Deferred tax liabilities (Note 24)	(593)
Total liabilities	(12,028)
Total identifiable net assets	17,590
Share of identifiable net assets (72%)	12,665
Less: Gain on bargain purchase	(879)
Consideration transferred for the business	11,786

(d) Acquisition-related costs

Acquisition-related costs of S$50,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

32 Business combination (continued)

(e) Acquired receivables

The fair value of other receivables is S$12,585,000.

(f) Gain on bargain purchase

The gain on bargain purchase of S$879,000 is included in "other gains and losses, net" in the consolidated statement of comprehensive income. The gain resulted from the consideration transferred of S$11,786,000 being lower than the share of fair values of identifiable net assets of S$12,665,000.

(g) Non-controlling interests

The non-controlling interests as at the acquisition date is S$4,925,000 which is determined based on the non-controlling interests' share of fair value of the Huzhou Subsidiary Corporations' identifiable net assets.

(h) Revenue and profit contribution

The Huzhou Subsidiary Corporations did not contribute revenue as the property development project is at the planning and design stage. The Huzhou Subsidiary Corporations contributed net loss of S$566,000 for the period from 16 November 2017 to 30 June 2018.

Had the Huzhou Subsidiary Corporations been consolidated from 1 July 2017, consolidated loss for the financial year ended 30 June 2018 would have been S$432,000.

33 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 July 2019 or later periods and which the Group has not early adopted:

<u>Effective for annual period beginning on or after 1 July 2019</u>

(a) SFRS(I) 16 *Leases*

SFRS(I) 16 will result in almost all leases being recognised on the balance sheets, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 July 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the financial year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

33 New or revised accounting standards and interpretations (continued)

Effective for annual period beginning on or after 1 July 2019 (continued)

(a) SFRS(I) 16 *Leases* (continued)

The Group's activities as a lessor are not material and the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of S$752,000 (Note 28). Of these commitments, approximately S$17,000 relate to short-term leases and low-value leases which will be recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments, the Group expects to recognise right-of-use assets and lease liabilities of approximately S$654,000 on 1 July 2019. The Group's net current assets will be S$385,000 lower due to classification of a portion of the liability as current liabilities.

The Group expects that net profit will decrease by approximately S$19,000 for the financial year ended 30 June 2020 as a result of adopting the new rules. The Group's operating cash flows will increase and financing cash flows will decrease by approximately S$407,000 as repayment of the principal portion of lease liabilities will be classified as cash flows from financing activities.

(b) SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments*

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

(i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;

(ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;

(iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;

(iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and

33 New or revised accounting standards and interpretations (continued)

Effective for annual period beginning on or after 1 July 2019 (continued)

(b) SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments* (continued)

(v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions on the adoption of the interpretation on 1 July 2019.

Effective for annual periods beginning on or after 1 January 2020

- Amendments to SFRS(I) 3 - *Business Combinations* – definition of a business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of material
- Amendments to References to the Conceptual Framework in SFRS(I) standards
- Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements

Effective for annual periods beginning on or after 1 January 2021

- SFRS(I) 17 *Insurance Contracts*

Effective date: to be determined*

- Amendments to SFRS(I) 10 and SFRS(I) 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* *The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015.*

STATISTICS OF SHAREHOLDINGS

AS AT 23 SEPTEMBER 2019

SHAREHOLDERS INFORMATION

Share Capital

Issued and fully paid-up capital	:	S$199,344,382
Number of shares issued	:	17,824,183,658
Number of treasury shares and subsidiary holdings	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per share

Distribution of Shareholders by Size of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	2,649	62.34	33,983	0.00
100 - 1,000	380	8.94	137,207	0.00
1,001 - 10,000	141	3.32	723,410	0.00
10,001 - 1,000,000	687	16.17	224,321,755	1.26
1,000,001 and above	392	9.23	17,598,967,303	98.74
TOTAL	**4,249**	**100.00**	**17,824,183,658**	**100.00**

	Twenty Largest Shareholders	No. of Shares	%
1	Oei Hong Leong	6,374,454,821	35.76
2	Phillip Securities Pte Ltd	1,632,548,747	9.16
3	DBS Nominees Pte Ltd	1,047,729,904	5.88
4	Hung Ying-Zhen @ Amy Ying-Fen Hung	954,300,000	5.35
5	Citibank Nominees Singapore Pte Ltd	657,829,113	3.69
6	Maybank Kim Eng Securities Pte. Ltd	657,451,585	3.69
7	Li Yujiao	393,683,333	2.21
8	RHB Securities Singapore Pte Ltd	281,706,100	1.58
9	Hano Maeloa	277,000,154	1.55
10	DBS Vickers Securities (Singapore) Pte Ltd	276,603,591	1.55
11	OCBC Securities Private Ltd	257,221,954	1.44
12	Goh Yeo Hwa	238,792,200	1.34
13	UOB Kay Hian Pte Ltd	177,795,843	1.00
14	Teo Choon Leng Jeffrey	166,000,000	0.93
15	Wong Say Yin	107,000,000	0.60
16	Ge Jianming	99,370,300	0.56
17	Ng Seng Hong	98,932,200	0.55
18	Ken Tan Khim Sing	93,900,000	0.53
19	Lee Theng Kiat	84,900,000	0.48
20	Ng Kai Man	83,293,999	0.47
	TOTAL	**13,960,513,844**	**78.32**

STATISTICS OF SHAREHOLDINGS

AS AT 23 SEPTEMBER 2019

Substantial Shareholders
(As recorded in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interest	
		No. of Shares	**%**	**No. of Shares**	**%**
1	Oei Hong Leong	6,374,454,821	35.76	-	-
2	Toh Soon Huat[(1)]	64,080,900	0.36	1,557,724,800	8.74
3	Choo Yeow Ming[(2) (3)]	824,969,332	4.63	352,479,500	1.98
4	Hung Ying-Zhen @ Amy Ying-Fen Hung	954,300,000	5.35	-	-

(1) Toh Soon Huat's deemed interest of 1,557,724,800 shares are held through nominees.

(2) Choo Yeow Ming's direct interest of 762,059,332 shares are held through nominees.

(3) Choo Yeow Ming is deemed interested in the shares held by his spouse. By virtue of section 7 of the Companies Act, he is also deemed to have an interest in shares held by Summers Overseas Limited and Orient Achieve Limited. These deemed interests are held through nominees.

Percentage of Shareholdings in Hand of Public

Based on information available to the Company, as at 23 September 2019, the percentage of shareholdings of the Company held in the hands of the public is approximately 43% and therefore Rule 723 of the Listing Manual is complied with.

STATISTICS OF SHAREHOLDINGS

AS AT 23 SEPTEMBER 2019

WARRANT HOLDERS' INFORMATION (W201119)

Distribution of Warrant Holders by Size of Warrant Holdings

Size of Warrantholdings	No. of Warrant Holders	%	No. of Warrants	%
1 - 99	5	0.88	112	0.00
100 - 1,000	24	4.24	5,391	0.00
1,001 - 10,000	27	4.77	95,225	0.00
10,001 - 1,000,000	301	53.18	105,941,380	2.39
1,000,001 and above	209	36.93	4,337,234,986	97.61
TOTAL	**566**	**100.00**	**4,443,277,094**	**100.00**

	Twenty Largest Warrant Holders	No. of Warrants	%
1	DBS Nominees Pte Ltd	639,387,345	14.39
2	Citibank Nominees Singapore Pte Ltd	636,268,789	14.32
3	Hano Maeloa	350,979,500	7.90
4	Goh Yeo Hwa	289,522,286	6.51
5	Phillip Securities Pte Ltd	147,881,221	3.33
6	UOB Kay Hian Pte Ltd	141,610,490	3.19
7	Ng Kai Man	114,281,585	2.57
8	Maybank Kim Eng Securities Pte. Ltd	109,029,596	2.45
9	Ge Jianming	106,747,801	2.40
10	Goh Yew Lay	96,853,645	2.18
11	Choo Yeow Ming	71,894,546	1.62
12	Teo Choon Leng Jeffrey	53,998,050	1.21
13	Goh Yeu Toh	53,595,206	1.21
14	Lim Soon Fang	51,426,714	1.16
15	Diana Sng Siew Khim	49,742,660	1.12
16	Leong Fook Weng	48,910,411	1.10
17	OCBC Securities Private Ltd	39,041,190	0.88
18	Ong Hock Khiow	37,712,923	0.85
19	Ken Tan Khim Sing	36,512,967	0.82
20	Tang Chwoon Hwee	35,998,853	0.81
	TOTAL	**3,111,395,778**	**70.02**

STATISTICS OF SHAREHOLDINGS

AS AT 23 SEPTEMBER 2019

WARRANT HOLDERS' INFORMATION (W230130)

Distribution of Warrant Holders by Size of Warrant Holdings

Size of Warrantholdings	No. of Warrant Holders	%	No. of Warrants	%
1 - 99	1	0.22	5	0.00
100 - 1,000	1	0.22	257	0.00
1,001 - 10,000	14	3.04	44,182	0.00
10,001 - 1,000,000	170	37.04	62,719,331	0.63
1,000,001 and above	273	59.48	9,945,806,288	99.37
TOTAL	**459**	**100.00**	**10,008,570,063**	**100.00**

	Twenty Largest Warrant Holders	No. of Warrants	%
1	Oei Hong Leong	5,228,472,227	52.24
2	Maybank Kim Eng Securities Pte. Ltd	490,264,281	4.90
3	Li Yujiao	428,566,666	4.28
4	Phillip Securities Pte Ltd	324,338,908	3.24
5	Goh Yeo Hwa	262,113,087	2.62
6	Teo Choon Leng Jeffrey	164,569,600	1.64
7	OCBC Securities Private Ltd	156,065,465	1.56
8	DBS Vickers Securities (Singapore) Pte Ltd	142,800,127	1.43
9	RHB Securities Singapore Pte Ltd	137,842,770	1.38
10	Sng Thiam Hock	90,256,140	0.90
11	UOB Kay Hian Pte Ltd	90,006,714	0.90
12	Ken Tan Khim Sing	80,484,820	0.80
13	Lim Sing Tat	77,141,871	0.77
14	Lee Theng Kiat	72,770,620	0.73
15	Goh Yew Lay	72,642,050	0.73
16	Wong Han Yew	70,970,640	0.71
17	Lee Ai Ni	64,285,000	0.64
18	Teo Siew Ngor	64,285,000	0.64
19	Tan Ng Kuang	61,376,746	0.61
20	DBS Nominees Pte Ltd	58,278,851	0.58
	TOTAL	**8,137,531,583**	**81.30**

WARRANT HOLDERS' INFORMATION (W230726)

Distribution of Warrant Holders by Size of Warrant Holdings

Size of Warrantholdings	No. of Warrant Holders	%	No. of Warrants	%
1 - 99	1	0.53	24	0.00
100 - 1,000	2	1.05	1,100	0.00
1,001 - 10,000	12	6.32	59,580	0.00
10,001 - 1,000,000	78	41.05	27,996,202	0.46
1,000,001 and above	97	51.05	6,117,111,293	99.54
TOTAL	**190**	**100.00**	**6,145,168,199**	**100.00**

	Twenty Largest Warrant Holders	No. of Warrants	%
1	Oei Hong Leong	2,197,820,126	35.77
2	Phillip Securities Pte Ltd	939,143,200	15.28
3	Hung Ying-Zhen @ Amy Ying-Fen Hung	900,000,000	14.65
4	Maybank Kim Eng Securities Pte.Ltd	252,002,200	4.10
5	DBS Nominees Pte Ltd	218,887,802	3.56
6	RHB Securities Singapore Pte Ltd	170,000,000	2.77
7	OCBC Securities Private Ltd	146,430,000	2.38
8	DBS Vickers Securities (Singapore) Pte Ltd	80,000,000	1.30
9	Wong Say Yin	74,000,002	1.21
10	Kua Sei Peng or Kee Puay Kiang	60,400,000	0.98
11	Gordon Tan Wee Teck	60,000,000	0.98
12	Chan Kheng Ann	56,560,000	0.92
13	Wong Han Yew	45,000,000	0.73
14	Toh Soon Huat	42,720,600	0.70
15	Boon Kia Heng Justin (Wen Jiaqing)	42,000,000	0.68
16	Boon Suan Aik	42,000,000	0.68
17	Lim Chin Choo @ Elizabeth Lim	42,000,000	0.68
18	Tang Soi Lik or Tang Ei Fun (Chen Yifen)	40,000,000	0.65
19	Citibank Nominees Singapore Pte Ltd	35,000,000	0.57
20	Tang Chong Sim	35,000,000	0.57
	TOTAL	**5,478,963,930**	**89.16**

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting ("**AGM**") of the Company will be held at Antica I, Level 2, Orchard Rendezvous Hotel, 1 Tanglin Road, Singapore 247905 on Wednesday, 30 October 2019 at 2.30 p.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2019 together with the Auditor's Report thereon. **Resolution 1**

2. To re-elect Dato' Dr Choo Yeow Ming, a Director retiring pursuant to Article 91 of the Company's Constitution. [See Explanatory Note 1] **Resolution 2**

3. To re-elect Mr Chew Soo Lin, a Director retiring pursuant to Article 91 of the Company's Constitution. [See Explanatory Note 2] **Resolution 3**

4. To record the retirement of Mr Yap Siean Sin, a director retiring pursuant to Article 91 of the Company's Constitution, who has decided not to seek for re-election and will retire at the conclusion of the Annual General Meeting [See Explanatory Note 3]

5. To approve payment of Directors' Fees of S$253,333 for the financial year ending 30 June 2020, payment to be made quarterly in arrears. **Resolution 4**

6. To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditor of the Company for the financial year ending 30 June 2020 and to authorise the Directors to fix their remuneration. **Resolution 5**

As Special Business

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution.

7. **SHARE ISSUE MANDATE**

   That pursuant to Section 161 of the Companies Act, Cap. 50, and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to allot and issue shares whether by way of rights, bonus or otherwise and 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, from time to time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, and (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (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 (a) above, the percentage of issued share capital shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of passing of this Resolution, after adjusting for (i) new shares arising from the conversion or exercise of the Instruments; (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of passing of this Resolution provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(d) unless previously revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or on the date by which the next AGM is required by law to be held, whichever is earlier.
[See Explanatory Note 4] **Resolution 6**

8. To transact any other business that may properly be transacted at an AGM.

By Order of the Board

Yap Wai Ming
Company Secretary

Singapore, 14 October 2019

NOTICE OF THE ANNUAL GENERAL MEETING

Explanatory Notes

(1) Resolution 2

Dato' Dr Choo Yeow Ming will, upon re-election as a Director of the Company, remain as the Executive Chairman, Chief Executive Officer and a member of the Nominating Committee.

(2) Resolution 3

Mr Chew Soo Lin will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. Mr Chew Soo Lin is considered by the Board to be independent for the purpose of Rule 704(7) of the Catalist Rules.

(3) Mr Yap Siean Sin ("Mr Yap") will retire as an Independent Director of the Company at the conclusion of the AGM. Upon Mr Yap's retirement, he will cease to be the Chairman of the Audit Committee and a member of the Remuneration Committee.

(4) Resolution 6

The Resolution 6 if passed, will empower the Directors to issue shares and/or Instruments (as defined above) in the capital of the Company. The aggregate number of shares to be issued pursuant to Resolution 6 (including shares to be issued in pursuance of Instruments made or granted) shall not exceed 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company with a sub-limit of 50% for shares issued other than on a pro-rata basis to shareholders (including shares to be issued in pursuance of Instruments made or granted pursuant to the said Resolution). For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued share capital will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for (i) new shares arising from the conversion or exercise of the Instruments; (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of passing of this Resolution provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

NOTICE OF THE ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the AGM of the Company is entitled to appoint not more than two proxies to attend in his stead. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy.

2. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a Relevant Intermediary is entitled to appoint one or more proxies to attend and vote at the AGM. A Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy must be deposited at the Office of the Share Registrar of the Company, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building Singapore 048544 not less than 48 hours before the time appointed for holding of the AGM. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

This pages has been intentionally left blank.

CHINA REAL ESTATE GRP LTD.

(Incorporated in the Republic of Singapore)
(Registration No. 200609901H)

PROXY FORM – ANNUAL GENERAL MEETING

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

I/We, ____ (name) of ____

____(address)

being a member/members of CHINA REAL ESTATE GRP LTD. (the "**Company**"), hereby appoint :

Name	**Address**	**NRIC/Passport No.**	**Proportion of Shareholdings**	
			No. of Shares	%

and/or (delete as appropriate)

Name	**Address**	**NRIC/Passport No.**	**Proportion of Shareholdings**	
			No. of Shares	%

or failing *him/her, the Chairman of the Annual General Meeting of the Company ("AGM"), as *my/our *proxy/ proxies to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held at Antica I, Level 2, Orchard Rendezvous Hotel, 1 Tanglin Road, Singapore 247905 on Wednesday, 30 October 2019 at 2.30 p.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM.)

Ordinary Resolutions	**ORDINARY BUSINESS**	**For**	**Against**
Resolution 1	To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2019, together with the Auditors' Report thereon.		
Resolution 2	To re-elect Dato' Dr Choo Yeow Ming, a Director retiring pursuant to Article 91 of the Company's Constitution.		
Resolution 3	To re-elect Mr Chew Soo Lin, a Director retiring pursuant to Article 91 of the Company's Constitution.		
Resolution 4	To approve payment of Directors' Fees for financial year ending 30 June 2020.		
Resolution 5	To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditor of the Company for the financial year ending 30 June 2020 and to authorize the directors to fix their remuneration.		
	SPECIAL BUSINESS		
Resolution 6	To approve the proposed share issue mandate.		

Date this ________ day of ________________ 2019

Total Number of Shares held in :	
CDP Register	
Register of Members	

____
Signature(s) of members(s) or Common Seal

IMPORTANT : PLEASE READ THE NOTES OVERLEAF

NOTES :

1. Please insert the total number of shares you hold. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company who is not a Relevant Intermediary is entitled to appoint not more than 2 proxies to attend, speak and vote on his behalf at the AGM. The proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, the member must specify the proportions of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

4. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise rights attached to a different share or shares held by him (which number or class of shares shall be specified).

5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

6. The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building Singapore 048544, not less than 48 hours before the time appointed for holding of the AGM.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

   * A Relevant Intermediary is:-

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and

   (c) Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

General :

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 October 2019.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Dr Choo Yeow Ming
Chairman & CEO

Lee Keng Mun
Executive Director & COO

Lum Moy Foong
Non-Executive Director

Dr Lam Lee G.
Lead Independent Director

Chew Soo Lin
Independent Director

Yap Siean Sin
Independent Director

Lien Kait Long
Independent Director

AUDIT COMMITTEE

Yap Siean Sin
Chairman

Chew Soo Lin
Dr Lam Lee G.

NOMINATING COMMITTEE

Dr Lam Lee G.
Chairman

Chew Soo Lin
Dato' Dr Choo Yeow Ming

REMUNERATION COMMITTEE

Chew Soo Lin
Chairman

Dr Lam Lee G.
Yap Siean Sin

COMPANY SECRETARY

Yap Wai Ming, LLB. (Hons)

REGISTERED OFFICE

8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: (65) 6538 0779
Fax: (65) 6438 7926

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

AUDITOR

Nexia TS Public Accounting Corporation
80 Robinson Road
#25-00
Singapore 068898
Director-in-charge: Lee Look Ling
Appointed since financial year ended 30 June 2016

INFORMATION ON SUBISDIARIES

Huzhou Dixi Gengdu Ecological Agriculture Development Co., Ltd
Zhongfang Lianhe Grand Canal Cultural Tourism Group Co., Ltd
Industry Area, Hefu Town
Huzhou City, Zhejiang Province
(Yang Dong Mining Area)
313017 People's Republic of China
Tel: (86) 57 2396 6901
Fax: (86) 57 2396 6903

Cheery Hotel Huzhou (湖州祈悦酒店)
No. 3 Huanhe Road, Hefu Town
Huzhou City, Zhejiang Province
313017 People's Republic of China
Tel: (86) 57 2331 6666

China Real Estate Grp Ltd.
中国房地产集团有限公司

1 Scotts Road, #20-07 Shaw Centre, Singapore 228208
Tel: +(65) 6735 4118 | Fax: +(65) 6735 6443
www.chinarealestategroup.com