



以人为本 稳定发展 房产先锋

*The Company is required to perform quarterly reporting on an ongoing basis from 7 February 2020. This arises from the modified opinion issued by the company's statutory auditor in the Company's latest audited financial statements for the financial year ended 31 December 2018.*

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2020 ("2Q2020")**

**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY ("1Q", "2Q", "3Q"&"4Q"), HALF-YEAR ("HY") AND FULL YEAR ("FY") RESULTS**

1(a)(i) *An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.*

*\*Please read the Consolidated Financial Statements in conjunction with the explanatory notes at the end of items 1(a)(i) and 1(b)(i)\**

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

	Actual CFS (As defined herein)					
	2Q2020	(Restated) 2Q2019	% Change	1H2020	(Restated) 1H2019	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Revenue	165,415	36,843	349%	204,249	53,294	283%
Cost of sales	(89,742)	(21,337)	321%	(114,940)	(34,533)	233%
<b>Gross profit</b>	<b>75,673</b>	<b>15,506</b>	<b>388%</b>	<b>89,309</b>	<b>18,761</b>	<b>376%</b>
Other incomes (expenses)	1,133	(85,329)	NM*	2,248	(53,404)	NM*
Selling and distribution expenses	(1,779)	(2,284)	(22%)	(2,406)	(2,631)	(9%)
Administrative expenses	(14,736)	(15,044)	(2%)	(26,345)	(28,704)	(8%)
Finance costs	(56,610)	(43,585)	30%	(110,737)	(91,084)	22%
<b>Profit (Loss) before income tax</b>	<b>3,681</b>	<b>(130,736)</b>	<b>NM*</b>	<b>(47,931)</b>	<b>(157,062)</b>	<b>(69%)</b>
Income tax expenses	(950)	(3)	NM*	(1,873)	(7)	NM*
<b>Net profit (loss) for the period</b>	<b>2,731</b>	<b>(130,739)</b>	<b>NM*</b>	<b>(49,804)</b>	<b>(157,069)</b>	<b>(68%)</b>
<b>Other comprehensive (loss) income</b>						
Currency translation difference	9,721	(934)	NM*	(17,614)	4,355	NM*
<b>Total Comprehensive profit (loss) for the period</b>	<b>12,452</b>	<b>(131,673)</b>	<b>NM*</b>	<b>(67,418)</b>	<b>(152,714)</b>	<b>(56%)</b>
<b>Profit (Loss) attributable to:</b>						
Equity holders of the Company	4,396	(130,863)	NM*	(46,618)	(154,577)	(70%)
Minority interest	(1,665)	124	NM*	(3,186)	(2,492)	28%
	<b>2,731</b>	<b>(130,739)</b>	<b>NM*</b>	<b>(49,804)</b>	<b>(157,069)</b>	<b>(68%)</b>
<b>Total comprehensive profit (loss) attributable to:</b>						
Equity holders of the Company	14,117	(131,797)	NM*	(64,232)	(150,222)	(57%)
Minority interest	(1,665)	124	NM*	(3,186)	(2,492)	28%
	<b>12,452</b>	<b>(131,673)</b>	<b>NM*</b>	<b>(67,418)</b>	<b>(152,714)</b>	<b>(56%)</b>



以人为本 稳定发展 房产先锋

#\_ In adopting Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) with effect from 1 January 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 31 December 2018

NM = Not meaningful

1(a)(ii) Profit before income tax is arrived at after charging/ (crediting):

	Actual Consolidated Statement of Comprehensive Income					
	2Q2020	(Restated) 2Q2019	% Change	1H2020	(Restated) 1H2019	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Depreciation	558	480	16%	1,123	1,049	7%
Interest expense	56,610	43,585	30%	110,737	91,084	22%
Interest income	(205)	(340)	(40%)	(422)	(580)	(27%)
Exchange (gain)/loss	(9,721)	934	NM*	17,614	(4,355)	NM*

NM = Not meaningful



以人为本 稳定发展 房产先锋

1(b)(i) A balance sheet (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year.

## STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30.06.2020 RMB'000	31.12.2019 RMB'000	30.06.2020 RMB'000	31.12.2019 RMB'000
<b>Assets</b>				
<b><u>Current assets</u></b>				
Cash and bank equivalents	12,596	15,897	28	30
Restricted cash and cash equivalents	10,000	20,000	-	-
Trade and other receivables	676,957	584,363	948,730	952,172
Contract assets	13,109	5,424	-	-
Prepaid leases	3,415	9,469	-	-
Inventories	500	503	-	-
Property held for sale	40,171	41,343	-	-
Development properties	944,315	1,037,408	-	-
Disposal group assets classified as held-for-sale	176,616	176,616	-	-
<b>Total current assets</b>	<b>1,877,679</b>	<b>1,891,023</b>	<b>948,758</b>	<b>952,202</b>
<b><u>Non-current Assets</u></b>				
Prepaid leases	2,682	2,956	-	-
Property, plant and equipment	22,403	23,665	-	-
Investment properties	2,120,650	2,123,413	-	-
Investment in an associate	45	45	-	-
Trade and other receivables	10,000	10,000	-	-
Financial asset, FVOCI	-	-	*	*
Deferred tax assets	19,017	19,017	-	-
<b>Total non-current assets</b>	<b>2,174,797</b>	<b>2,179,096</b>	<b>*</b>	<b>*</b>
<b>Total assets</b>	<b>4,052,476</b>	<b>4,070,119</b>	<b>948,758</b>	<b>952,202</b>
<b>Liabilities and shareholders' equity</b>				
<b><u>Current liabilities</u></b>				
Bank and other loans	1,458,488	1,470,077	-	-
Trade and other payables	785,425	755,787	95,742	94,905
Lease payables	32,817	30,600	-	-
Contract liabilities	80,000	80,000	-	-
Provisions	90,515	90,515	-	-
Tax payables	104,912	101,360	34,550	35,265
Liabilities directly associated with disposal assets classified as held-for-sale	174,616	174,616	-	-
<b>Total current liabilities</b>	<b>2,726,773</b>	<b>2,702,955</b>	<b>130,292</b>	<b>130,170</b>
<b><u>Non-current liabilities</u></b>				
Bank and other loans	362,076	334,919	-	-
Long term payables	156,645	157,845	-	-
Deferred tax liabilities	264,709	264,709	-	-
<b>Total non-current liabilities</b>	<b>783,430</b>	<b>757,473</b>	<b>-</b>	<b>-</b>
<b>Shareholders' equity</b>	<b>542,273</b>	<b>609,691</b>	<b>818,466</b>	<b>822,032</b>
<b>Total liabilities and Shareholders' equity</b>	<b>4,052,476</b>	<b>4,070,119</b>	<b>948,758</b>	<b>952,202</b>

\* Less than RMB 1,000



以人为本 稳定发展 房产先锋

1(b)(i) *A balance sheet (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year (continued).*

Explanatory Notes:

As announced on SGXNet on 21 April 2020, at the advice of the Company's auditors, the Company will cease to publish the proforma financial statements to illustrate what the current year/period's results will be like if common control was applied to the acquisitions during listing. Please refer to the SGX announcement for further details.

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

	Group CFS	
	30.06.2020	31.12.2019
	RMB'000	RMB'000
Amount repayable in one year or less, or on demand:		
Secured	1,458,488	1,470,077
<b>Sub-total (1)</b>	1,458,488	1,470,077
Amount repayable after one year:		
Secured	362,076	334,919
<b>Sub-total (2)</b>	362,076	334,919
<b>Total debt (1)+(2)</b>	<b>1,820,564</b>	<b>1,804,996</b>



以人为本 稳定发展 房产先锋

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

The following loans are still outstanding:

**(a) Bank loans**

1. Loans from a lender amounting to RMB 33,500,000 (2019: RMB 43,000,000) with effective interest rates from 5% to 8.5% (2019: 5% to 8.5%) per annum, are secured by property, plant and equipment and investment properties, restricted cash and cash equivalents and repayable in 2020.
2. Loans from a lender amounting to RMB 35,000,000 (2019: Nil) with an effective interest rate at 5% (2019: Nil) per annum, are secured by investment properties and repayable in 2022.
3. Loans from a lender amounting to RMB 375,000 (2019: 625,000) with an effective interest rate at 9.55% (2019: 9.55%) per annum, were unsecured and repayable in 2021.
4. Loans from a lender amounting to RMB 339,771,000 (2019: RMB 343,080,000) with effective interest rates from 6.86% to 7.35% (2019: 6.86% to 7.35%) per annum, are secured by a shareholder of the Group and its subsidiaries, land use rights of the Group, property, plant and equipment and investment properties and repayable in 2032 to 2036.
5. Loans from a lender amounting to RMB 15,000,000 (2019: RMB 15,000,000) with effective interest rates from 4.35% to 5.5% (2019: 4.35% to 5.5%) per annum, are secured by investment properties and repayable in 2020.

**(b) Other loans**

1. Loans from a lender amounting to RMB 1,060,271,000 (2019: RMB 1,046,505,000) with an effective interest rate 13.00% (2019: 11.00% to 13.00%) per annum and are secured by a shareholder of the Group and its subsidiaries, properties held for sale, development properties, land use rights of the Group and investment properties and repayable in 2020.
2. A loan from a lender amounting to RMB 41,050,000 (2019: RMB 40,339,000) is interest free, unsecured and repayable on demand.
3. To support the Group's operating cash flows requirements, the Group obtained loans from individuals and other non-financial institutions amounting to RMB 105,000,000. These loans bore average annual interest rates from 21.6% to 33.6%, secured either by a guarantee given by a subsidiary, secured over properties held for sale, land use rights or investment properties of the Group. These loans are repayable within the next twelve months.



以人为本 稳定发展 房产先锋

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

The following loans are still outstanding:

**(b) Other loans**

4. Loans from a lender amounting to RMB 190,597,000 (2019: RMB 190,597,000) with interest rates from 15% to 20% (2019: 15% to 20%) per annum, are secured by the shares of our subsidiaries.

The Company is aware of the lower interest rate environment globally and management will take the opportunity to re-negotiate for a lower interest rate with lenders, wherever possible, to lower the Company's effective cost of debt.



以人为本稳定发展房产先锋

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

	Group CFS			
	2Q2020	(Restated) 2Q2019	1H2020	(Restated) 1H2019
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>				
Profit (Loss) after tax	2,731	(130,739)	(49,804)	(157,069)
Adjustments for:				
Income tax expenses	950	3	1,873	7
Depreciation and amortization	558	480	1,123	1,049
Interest expense	56,610	43,585	110,737	91,084
Interest income	(205)	(340)	(422)	(580)
Unrealized exchange gain (loss)	9,721	(934)	(17,614)	4,355
<b>Operating profit (loss) before working capital changes</b>	<b>70,365</b>	<b>(87,945)</b>	<b>45,893</b>	<b>(61,154)</b>
Trade and other receivables	(69,415)	(23,807)	(86,266)	54,951
Contract assets	(7,877)	1,023	(7,685)	933
Inventories	3	(17)	3	(19)
Development properties	76,858	120,097	93,093	87,042
Properties held for sales	332	131	1,172	311
Trade and other payables	(3,175)	31,812	28,438	19,382
<b>Net cash generated from operations</b>	<b>67,091</b>	<b>41,294</b>	<b>74,648</b>	<b>101,446</b>
Interest paid	(56,610)	(43,585)	(110,737)	(91,084)
Interest received	205	340	422	580
Income taxes paid	1,428	745	1,679	-
<b>Net cash generated from (used in) operating activities</b>	<b>12,114</b>	<b>(1,206)</b>	<b>(33,988)</b>	<b>10,942</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of properties, plant and equipment, net	32	-	139	21
Decrease (increase) in investment property	2,815	(59)	2,763	397
Proceeds from (Increase in) disposal group assets classified as held-for-sale	-	(2,000)	-	4,000
Proceeds from disposal of financial assets, FVOCI	-	-	-	1,300
<b>Net cash (used in) generated by investing activities</b>	<b>2,847</b>	<b>(2,059)</b>	<b>2,902</b>	<b>5,718</b>
<b>Cash flows from financing activities</b>				
Decrease (increase) in fixed deposits restricted cash	-	64	10,000	(10,124)
Lease payables	245	(2,000)	2,217	(3,600)
(Repayment) Drawing of bank loans and other loans, net	(14,034)	64,239	15,568	45,792
<b>Net cash generated from (used in) financing activities</b>	<b>(13,789)</b>	<b>62,303</b>	<b>27,785</b>	<b>32,068</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>1,172</b>	<b>59,038</b>	<b>(3,301)</b>	<b>48,728</b>
<b>Cash and cash equivalents at the beginning of the periods</b>	<b>11,424</b>	<b>7,215</b>	<b>15,897</b>	<b>17,525</b>
<b>Cash and cash equivalents at the end of the periods</b>	<b>12,596</b>	<b>66,253</b>	<b>12,596</b>	<b>66,253</b>



以人为本稳定发展房产先锋

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

	Group CFS								
	Share Capital RMB'000	Retained Earnings RMB'000	Translation Reserve RMB'000	Statutory Reserve RMB'000	Capital Reserve RMB'000	Revaluation Reserve RMB'000	Attributable to equity holders of the Company RMB'000	Non-Controlling Interests RMB'000	Total RMB'000
<b>Balance as at 1 January 2019 (restated)</b>	909,831	(160,562)	(8,601)	23,886	86,726	-	851,280	(23,465)	827,815
Loss for the period	-	(154,577)	-	-	-	-	(154,577)	(2,492)	(157,069)
Other comprehensive profit for the period	-	-	4,355	-	-	-	4,355	-	4,355
<b>Balance as at 30 June 2019 (restated)</b>	909,831	(315,139)	(4,246)	23,886	86,726	-	701,058	(25,957)	675,101
<b>Balance as at 1 January 2020</b>	909,831	(366,503)	(13,787)	23,886	86,726	-	640,153	(30,462)	609,691
Loss for the period	-	(46,618)	-	-	-	-	(46,618)	(3,186)	(49,804)
Other comprehensive loss for the period	-	-	(17,614)	-	-	-	(17,614)	-	(17,614)
<b>Balance as at 30 June 2020</b>	909,831	(413,121)	(31,401)	23,886	86,726	-	575,921	(33,648)	542,273





以人为本 稳定发展 房产先锋

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

	Company			
	Share capital RMB'000	Accumulated losses RMB'000	Translation reserve RMB'000	Total RMB'000
<b>Balance as at 1 January 2019 (restated)</b>	909,831	(107,641)	25,625	827,815
Total comprehensive (loss) profit for the period	-	(9,133)	6,151	(2,982)
<b>Balance as at 30 June 2019 (restated)</b>	909,831	(116,774)	31,776	824,833
<b>Balance as at 1 January 2020</b>	909,831	(135,501)	47,702	822,032
Total comprehensive (loss) profit for the period	-	13,002	(16,568)	(3,566)
<b>Balance as at 31 March 2020</b>	909,831	(122,499)	31,134	818,466

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Nil

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

There are no treasury shares as at 30 June 2020 and 31 December 2019 respectively.

Number of ordinary shares and share capital of our Company as at the balance sheet dates:

	30.06.2020		31.12.2019	
	No of shares	S\$'000	No of shares	S\$'000
Issued and fully paid	74,999,688	143,750	74,999,688	143,750

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

Nil.



以人为本稳定发展房产先锋

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

The figures have neither been audited nor reviewed by the Company's auditors.

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

Not applicable.

- 3A *Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-*

*(a) Updates on the efforts taken to resolve each outstanding audit issue.*

*(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.*

*This is not required for any audit issue that a material uncertainty relating to going concern.*

Reference is made to pages 33 to 37 of the FY2018 Annual Report. Other than the issue of material uncertainty relating to the going concern assumption, the disclaimer of opinion by the Company's independent auditors arose from the following six (6) issues:

- (i) Opening balances
  - a) Legal matter – court's verdict on the act of bribery
  - b) Payment to political party in Malaysia
- (ii) Land costs of Elite Starhill Sdn. Bhd.
- (iii) Divestment of Profit Consortium Sdn. Bhd.
- (iv) Poly Ritz Green (Malaysia) Sdn Bhd
- (v) Expected Credit Loss of Other Receivables of RM43,534,000 (RMB72,366,000)
- (vi) Non-receipt of bank confirmations

(a) Updates on the efforts taken to resolve each outstanding audit issue.

- (i)(a) Legal matter – court's verdict on the act of bribery

The details of the lawsuit in China has been fully disclosed to the Board and to the existing auditors. The former CEO has also stepped down from his position with effect from 19 April 2018. Management considers this issue resolved and this will not have any impact on the current or comparative figures for FY2019.

- (i)(b) Payment to political party in Malaysia

Management considers this issue resolved and this will not have any impact on the current or comparative figures for FY2019.



以人为本 稳定发展 房产先锋

3.A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (continued):

(ii) Land costs of Elite Starhill Sdn. Bhd. (“Elite Starhill”)

The Land Purchase Agreement was signed on 26 June 2013 before the Company acquired Elite Starhill, as announced on 25 September 2015. The consideration amount was reached after extensive discussions between the seller and the buyer, where Debao Property Development (HK) Limited and Messrs Wong Siaw Puie and Koo Soon Khang entered into an arm’s length transaction. The consideration amount takes into account the net tangible assets of Elite Starhill, together with the potential developments in the Imbi Land thereon. As part of the payments were settled through management staff who have since resigned, the auditors could not ascertain the purpose for the amounts paid and could not perform alternative audit procedures. Nonetheless, the land cost can be cross-checked with government records. The Group will arrange for such records to be provided to the auditors during the FY2019 audit, and will also arrange for a face-to face meeting(s) between the auditors and management staff who have resigned to assist the auditors in clarifying their queries, if any.

It is noted that the warning letter sent by the local authorities stipulating that the Company had not complied with noise level regulations caused during construction was addressed to the Company’s subcontractor and not the Company. Construction has since resumed and the project commenced pre-sales in November 2019.

(iii) Divestment of Profit Consortium Sdn. Bhd.

The auditors could not verify that the land cost and various other costs paid through related parties were solely for that particular purpose. The Group was unable to arrange for the related parties to meet with the auditors during their fieldwork. The Group will arrange for face-to-face meeting(s) between the auditors and management staff who have resigned to assist the auditors to confirm the nature of payments. Also, we will arrange for a search of public records to provide evidence on the amount paid.



以人为本 稳定发展 房产先锋

3.A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (continued):

(iv) Poly Ritz Green (Malaysia) Sdn Bhd

Due to insufficient audit evidence, the independent auditors could not verify that the payments to the Group through related parties were solely for the agreed purpose. This was because the Group was unable to arrange for the related parties to meet with the auditors during the fieldwork. The Group will arrange for the related parties to meet with the auditors during the next audit fieldwork.

(v) Expected Credit Loss of Other Receivables of RM43,534,000 (RMB72,366,000)

The Company will work diligently with the independent auditors to appropriately account for its expected credit risk losses provisions for the upcoming audit for FY2019.



以人为本 稳定发展 房产先锋

3A *Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (continued):*

(vi) Non-receipt of bank confirmations

The Group had received 82% of the bank confirmations (by value) required by the independent auditors at the date of the audit report. The independent auditors required receipt of confirmation from all the banks to ascertain the carrying value and completeness of the bank balances, loan balances and any other banking arrangements which are required for disclosure for the financial year ended 31 December 2018. Management will place more attention on this audit procedure for the upcoming audit for FY2019. The Group has also urged the independent auditors to send out bank confirmations early in order to receive a timely response.

(c) *Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.*

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed in these financial statements.

The FY2019 audit is currently in progress. The Company will update shareholders when the audit is completed.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current period as compared with those used in the audited financial statements for the financial year ended 31 December 2018.



以人为本稳定发展房产先锋

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

The Group and Company have adopted the new and revised SFRS(I) applicable for the financial year beginning 1 January 2019. The impact of adopting the following SFRS(I) which is effective for financial year beginning 1 January 2019, is detailed as follows:

#### SFRS(I) 16 – Leases

The Group and Company adopted SFRS(I) 16 and elected modified retrospective method where the lease liability was measured at the present value of the remaining lease payments discounted using the incremental borrowing rate at the date of initial application. The Company adopted to measure the right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment relating to that lease recognized in the balance sheet as at 1 January 2019. In addition, the Group elected the following practical expedients:

- i) not to reassess whether a contract is, or contain a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- ii) to apply the exemption not to recognize right-of-use assets and lease liabilities to lease for which the lease term ends within 12 months as of 1 January 2019
- iii) to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

<b>Summary of impact:</b>	<b>RMB(million)</b>
Non-current assets	
Right-of-use assets	-
Non-current liabilities	
Lease liabilities	-
Current liabilities	
Lease liabilities	-

The FY2019 audit is currently in progress. The Company will update shareholders when the audit is completed.



以人为本稳定发展房产先锋

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

RMB fens	Group CFS			
	2Q2020	(Restated) 2Q2019	6M2020	(Restated) 6M2019
<b>Profit (Loss) Per Share</b>				
Basic (a)	5.86	(174.48)	(62.16)	(206.10)

(a) Earnings per share has been computed based on the issued and paid-up ordinary shares capital of 74,999,688 shares. Please refer to item 1(d)(iii).

7. *Net asset value (for the issue and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.*

RMB	Group		Company	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Net asset value per ordinary share based on issued share capital at end of financial year*	7.23	8.13	10.91	10.96

# In adopting SFRS(I) with effect from 1 January 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(1) effective as at 31 December 2018 .

\* Net asset value per share has been computed based on the issued and paid-up ordinary shares capital of 74,999,688 shares. Please refer to item 1(d)(iii)

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

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

## **Review based on our unaudited Actual Consolidated Financial Statements**

### **Income statement**

#### **Revenue**

The Group's revenue increased by RMB 150.9 million, or 283.1%, from RMB 53.3 million in 1H2019 to RMB 204.2 million in 1H2020. This was mainly due to an increase in property sale of BAY ONE for revenue by 139.3 million.



以人为本 稳定发展 房产先锋

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

### **Cost of Sales and Gross Profit**

Cost of sales increased by RMB 80.4 million, or 233.0%, from RMB 34.5 million in 1H2019 to RMB 114.9 million in 1H2020. This was mainly due to an increase in properties cost which are in line with the increase in properties sales.

In terms of gross profit margin, our overall gross profit margin increased from 35.3% in 1H2019 to 43.7% in 1H2020, as a result of the sale of properties that have a higher gross profit margin.

### **Other Income**

Other income mainly includes interest income, foreign exchange gain/loss and miscellaneous expenses offset by the surcharge income from property management services and other miscellaneous income.

Other income increased by RMB 55.6 million from RMB 53.4 million expense in 1H2019 to RMB 2.2 million gain in 1H2020. The increase is mainly due to the one-off disposal loss of Profit Consortium Sdn. Bhd. in 2Q2019 amounting to approximately RMB 59.1 million, partially offset by the gain in disposal of assets held for sales of approximately RMB 1.5 million in 2Q2019 and an increase in surcharge income of approximately RMB 1.4 million.

### **Selling and Distribution Expenses**

Selling expenses primarily include staff cost, advertising and promotion expenses, sales commissions, sales offices rental expenses and maintenance costs.

The selling and distribution expenses decreased by RMB 0.2 million in 1H2020 as compared to the previous corresponding period. The decrease in selling and distribution expenses in 1H2020 were due mainly to the Group's effort in reducing the advertising and promotion expenses.

### **Administrative Expenses**

Administrative expenses comprise various expenses such as salaries and staff-related expenses, utilities, depreciation charges for building and office equipment, telecommunication expenses, entertainment expenses, professional fees, travelling expenses and other general office overhead expenses.





以人为本稳定发展房产先锋

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

Administrative expenses decreased by RM 2.4 million or 8.4% from RMB 28.7 million in 1H2019 to RMB 26.3 million in 1H2020. It was mainly attributable to the Group's efforts to control the salary and bonus expenses, travelling expenses and other general office overhead expenses due to business slowdown and the outbreak of COVID-19.

#### **Finance Costs**

Finance cost, net of capitalised interest, recorded a RMB 110.7 million in 1H2020, while recorded a RMB 91.1 million in 1H2019. It was mainly due to the Group's outstanding loans with higher interest rate in 1H2020.

#### **Depreciation**

Depreciation relates to the depreciation charge on our properties, plant and equipment.

#### **Income Tax Expenses**

Income tax includes statutory enterprise income tax and land appreciation tax.

#### **Currency Translation Difference**

The Group has overseas subsidiaries in Hong Kong, Malaysia and Singapore. The translation differences arose from the difference in exchange rates on overseas assets and liabilities. The major components that caused translation difference (1) USD loan amounting to USD 150 million; (2) investment properties and development properties in Malaysian Ringgit; and (3) Other assets and liabilities in overseas currencies.

The currency translation gains in 2Q2020 is mainly due to the depreciation of RMB against MYR and RMB against SGD which led to gains in Malaysia and Singapore assets, together with the appreciation of RMB against USD which resulted in translation gains in our USD loan and liabilities.

#### **Net Loss**

The Group recorded a net loss of RMB 49.8 million in 1H2020, compared to a net loss of RMB 157.1 million in 1H2019.



以人为本 稳定发展 房产先锋

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

**Statement of Financial Position as at 30 June 2020**

**Current Assets**

Current assets comprise mainly development properties, cash and bank balances, restricted cash and cash equivalents, property held for sales and trade and other receivables. Current assets amounted to approximately RMB 1,877.7 million in 1H2020 compared to approximately RMB 1,891.0 million in FY2019.

The largest components of our current assets were development properties, property held for sales and trade and other receivables, which stood at RMB 1,661.4 million, as compared to RMB 1,663.1 million in FY2019.

Development properties, which include the cost of land, interest capitalized, and related costs, accounted for approximately RMB 944.3 million compared to RMB 1,037.4 million a year ago, the decrease was mainly due to the increased properties sales in BAY ONE, partially offset by the increase in development properties due to the continuing constructions in BAY ONE.

The Group's property held for sales decreased by RMB 1.1 million, from RMB 41.3 million in FY2019 to RMB 40.2 million in 1H2020.

In addition, restricted cash stood at RMB 10.0 million, 50.0% lower than RMB 20.0 million as in FY2019, which is the result of repayment of bank loans and thus released the related restricted cash.

Trade and other receivables stood at approximately RMB 677.0 million, which increased by 92.6 million compared to RMB 584.4 million in FY2019, which is the result of the increase in property sale of BAY ONE.



以人为本 稳定发展 房产先锋

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

#### **Non-current assets**

Non-current assets comprise mainly property, plant and equipment and investment properties. The amount stood at RMB 2,174.8 million compared to 2,179.1 million as at end of 1H2019.

The net book value of investment properties was approximately RMB 2,120.7 million. These are held to generate rental income and/or for capital appreciation. Our investment properties comprise mainly of our Debao Hotel Complex together with the adjacent land and underground car parks, commercial premises located in Debao Garden and Jiangnan Mingju, car parks located in Debao Garden, Tianjin Boulevard buildings and Sihui City Mall.

The Group has engaged a licensed valuer to perform a valuation appraisal of its properties for the audit, and the valuation work is in progress.

#### **Current liabilities**

Trade and other payables, which mainly comprise amounts payable to contractors and suppliers and advance receipts from property development sales, stood at approximately RMB 785.4 million, approximately 3.9% higher than RMB 755.8 million as at 31 December 2019. The increase in trade and other payables was mainly due to construction works in BAY ONE, offset by the settlement of trade and other payables for the period.

#### **Bank and Other Loans**

Please refer to item 1(b)(ii).



以人为本 稳定发展 房产先锋

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

### **Shareholders' equity**

Equity is comprised of share capital, translation reserve, non-controlling interest and retained earnings. The non-controlling interest pertains to

- a) 32% shareholding held by the minority interest in a PRC subsidiary, Guangxi Hezhou De Neng Mining Co., Ltd;
- b) 42.2% shareholding held by the minority interest in a PRC subsidiary, Tianjin Hotel Street Co., Ltd;
- c) 60% shareholding held by the minority interest in a PRC subsidiary, Foshan Nanhai Chuang Xin Tian Hotel Management Co., Ltd;
- d) 19% shareholding held by the minority interest in a PRC subsidiary, Sihui Debao Jiangnan Mingju Property Development Co., Ltd; and
- e) 50% shareholding held by the minority interest in a Malaysia subsidiary, Poly Ritz Green (Malaysia) Sdn. Bhd.

Shareholders' equity amounted to RMB 542.3 million, representing a decrease of RMB 67.4 million from RMB 609.7 million at 31 December 2019, due to the loss incurred in this period.

### **Cash flow statement**

The Group has a net cash outflow in operating activities of RMB 33.9 million in 1H2020, which comprises operating cash inflows before movements in working capital of RMB 45.9 million, in addition to net working capital generated from operations of RMB 28.8 million and adjusted by net use in finance cost and interest received as well as income tax of approximately RMB 108.6 million. The net working capital outflows were mainly due to net cash outflow by interest paid, offset by decrease in both development properties and trade and other payables during the current reporting period.

The net cash inflow in investing activities is RMB 2.9 million.

The Group recorded a net cash inflow in financing activities of RMB 27.7 million during 1H2020. This was mainly due to an increase in bank loans.

With the above, the Group has recorded a net decrease in cash and cash equivalents of RMB 3.3 million for 1H2020.



以人为本稳定发展房产先锋

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

The results are in line with the general prospect statement which was previously disclosed to shareholders in the results announcement for the financial year ended 31 December 2019.

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

### **Market Outlook**

As a result of the Government's policy to curb speculation, the property average selling price has stabilised. Transaction volumes have increased from 1.6 million sqm in 1Q2020 to 3.7 million sqm in 2Q2020, which is an increase of approximately 131.3%.

Although the contributions from the property development business in the PRC are gradually picking up in 2Q2020, we are cautiously monitoring the situation and the effect caused by the second wave of the COVID-19 outbreak. While China's economy has seen an uptick in 2Q2020, the Chinese Government cautioned that the economy remains volatile, caused largely, by the uncertain COVID-19 global situation. The Group will continue to consolidate its development operations to improve productivity, and make prudent investments.

As a result of the COVID-19 outbreak, the Chinese Government has encouraged landlords to provide rent relief to retail tenants, which has affected the Group's retail portfolio and resulted in lower rental income collected from the Group's retail units in the months from January to June 2020. The downward pressure on rent is expected to continue throughout 2020. Additionally, the Group has not received financial assistance from the Chinese Government as the Group is privately-owned. However, we are gradually recovering the outstanding rentals from the lessees. Given the recovering consumer confidence and the gradual resumption of work activity, the outlook for PRC's retail remains positive as the sector continues to innovate to adapt to the challenges brought about by COVID-19.



以人为本 稳定发展 房产先锋

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

As the COVID-19 pandemic shows little signs of abating, the Group conservatively expects to face volatile macro headwinds and foresees its full year results in 2020 to be impacted by the COVID-19 outbreak. The Group will continue to keep a keen eye on the volatile market conditions to ensure appropriate business agility. The Group believes that the Company's growth strategy will continue to be a solid foundation for long-term growth in the PRC.

### **Project Updates**

#### **Project in Malaysia**

1. Project Imbi ("The Landmark")  
The Landmark is a development project of twin residential towers. The towers are located in the CBD of Kuala Lumpur, opposite Tun Razak Exchange. Each tower consists of 73 floors and there are 1338 high-end service apartments in total. The towers have 2 swimming pools, a library, a mini golf park, a BBQ area, sky park and butler services to its residents. It also has a skyline restaurant to provide high end catering for its residents and the general public.
2. Project Kuchai Lama  
It is a development project which consists of 4 apartment towers. In total, it can provide 1128 mid class service apartments and 1948 car park lots. It is located in Kuchai Lama which is approximately 14 km from the center of Kuala Lumpur. The project has yet to commence.

The Group has submitted the shareholder circular for the disposal of the remaining 19% share in the Plaza Rakyat project in Malaysia on 25 February 2020. The Group is currently awaiting clearance from SGX to proceed with the disposal. As disclosed in our SGX announcement dated 24 September 2019, the Group has earmarked proceeds from the disposal to pay the dividends.

#### **Projects in China**

3. Tianjin Boulevard  
A development project which consists of a hotel and a shopping mall. Total redevelopment area is approximately 40,000 sq meters. All redevelopment work has been completed. Tianjin Boulevard project is expected to generate rental income till 2032.



以人为本 稳定发展 房产先锋

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

#### 4. Bay One Project

A residential and shopping mall development project comprising 4 tower apartments each of 20 floors and 1 tower of hotel and apartments. The project consists of 1778 apartments with 4 blocks of street style commercial blocks and 739 car parks. The towers are located in a Tier 4 city Sihui.

The accumulated sales/pre-sales (See Note 2 below) status of our projects as at 30 June 2020 are as follows:

Projects	Sales/Pre-sales Value - RMB'000	Sales/Pre-sales GFA - Sq m	Approximate ASP/Sq m – RMB	Estimated Percentage of Completion
The Landmark-Malaysia	69,455	2,255	30,800	10%
Jin Long Garden–South Zone	852,159	87,231	9,769	100%
Jiangnan Mingju Phases 5 and 6	1,003,515	146,595	6,845	100%
Sihui City Mall	377,480	58,229	6,483	100%
Sihui Bay One	164,617	19,418	8,478	46%
<b>Total</b>	<b>2,467,226</b>	<b>313,728</b>	<b>7,864</b>	<b>NA</b>

The accumulated sales/pre-sales (See Note 2 below) status of our projects for 1H2020 are as follows:

Projects	Sales/Pre-sales Value - RMB'000	Sales/Pre-sales GFA - Sq m	Approximate ASP/Sq m – RMB	Estimated Percentage of Completion
The Landmark-Malaysia	-	-	-	10%
Jin Long Garden – South Zone	6,047	604	10,012	100%
Jiangnan Mingju Phases 5 and 6	8,900	520	17,100	100%
Sihui City Mall	-	-	-	100%
Sihui Bay One	139,616	16,612	8,405	46%
<b>Total</b>	<b>154,563</b>	<b>17,736</b>	<b>8,715</b>	<b>NA</b>

The sales/pre-sales (See Note 2 below) of our projects for 2Q2020 are as follows:

Projects	Sales/Pre-sales Value - RMB'000	Sales/Pre-sales GFA - Sq m	Approximate ASP/Sq m – RMB	Estimated Percentage of Completion
The Landmark-Malaysia	-	-	-	10%
Jin Long Garden – South Zone	3,496	358	9,765	100%
Jiangnan Mingju Phases 5 and 6	8,900	520	17,100	100%
Sihui City Mall	-	-	-	100%
Sihui Bay One	123,853	14,725	8,411	46%
<b>Total</b>	<b>136,249</b>	<b>15,603</b>	<b>8,732</b>	<b>NA</b>

Sales for Jiangnan Mingju Phases 5 and 6 in 1H2020 have been recognised as revenue in the current reporting periods. The sales for Jin Long Garden – South Zone (Phase 2) (a 55% joint-ventured project) have also been recognised in 1H2020 when handed over.



*以人为本 稳定发展 房产先锋*

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

Notes

- (1) Source from Bureau of Housing and Urban-Rural Development of Foshan (<http://www.fsjw.gov.cn/zwgk/zdxxgk/fdsc/sjt/>).  
(2) Sales/pre-sales with certainty on receipt of purchase consideration, including those not ready for handover or key collections.  
(3) The Landmark Malaysia was previously known as Imbi project.

11. *Dividend*

(a) *Current Financial Period Reported on*

No dividend is proposed as the Company is loss-making for the year.

(b) *Corresponding Period of the Immediately Preceding Financial Year*

None.

(c) *Date payable*

Not applicable.

(d) *Books closure date*

Not applicable.

12. *If no dividend has been declared/recommended, a statement to that effect.*

The Group recorded a net loss for 1H2020.





以人为本 稳定发展 房产先锋

13. *Interested Person Transactions*

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 1H2020	Aggregate value of all interest person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000) 1H2020
Zhong Yu Xin <sup>(1)</sup>	S\$340,239 <sup>(2)</sup>	-
Yuan Le Sheng <sup>(3)</sup>	S\$ 59,130 <sup>(4)</sup>	-

Notes:

- (1) Mr. Zhong Yu Xin is the brother of our Executive Director and CEO, Mr. Zhong Yu Zhao.
- (2) Lease of Debao Hotel.
- (3) Mr. Yuan Le Sheng is the father of our Executive Director, Mr. Yuan Jia Jun and the Company's controlling shareholder
- (4) Consultancy fee

BY ORDER OF THE BOARD

Zhong Yu Zhao  
Executive Director and CEO  
14 August 2020

***Confirmation by the Board***

We, Zhong Yu Zhao and Yuan Jia Jun, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Management and Board of Directors which may render the three months ended 30 June 2020 results to be false or misleading in any material respect and we confirm that the Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual.

***On behalf of the Board of Directors***

Zhong Yu Zhao  
Executive Director and CEO

Yuan Jia Jun  
Executive Director

14 August 2020