

STARLAND HOLDINGS LIMITED



Company No. 201131382E

Unaudited Financial Statements And Dividend Announcement for the Six-Month Financial Period Ended 30/06/2018

This announcement has been prepared by Starland Holdings Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited. (the “Sponsor”) for compliance with the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	6 Months ended 30 June 2018	6 Months ended 30 June 2017	Change
	RMB'000	RMB'000	%
Revenue	16,920	56,457	-70.0
Cost of sales	(10,362)	(40,168)	-74.2
Gross profit	6,558	16,289	-59.7
Other operating income	13,603	179	NM
Interest income	670	698	-4.0
Other operating expenses	(4,538)	(6,570)	-30.9
Interest expense	(638)	(628)	1.6
Selling expenses	(203)	(521)	-61.0
Administrative expenses	(6,159)	(5,788)	6.4
Profit before income tax	9,293	3,659	NM
Income tax expense	(1,193)	(4,223)	-71.7
Net profit/(loss) after tax for the financial period	8,100	(564)	NM
Other Comprehensive Income <i>-Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences (at nil tax)	(12)	(601)	-98.0
Total comprehensive income for the financial period	8,088	(1,165)	NM

- 1(a)(ii) Notes to consolidated statement of comprehensive income.**

Profit/Loss for the financial period is arrived at after (charging)/crediting the following:

	6 Months ended 30 June 2018	6 Months ended 30 June 2017	Change
	RMB'000	RMB'000	%
Interest income	670	698	-4.0
Interest expense	(638)	(628)	1.6
Rental income	1,128	729	54.7
Depreciation and amortisation	(186)	(218)	-14.7
Fair value changes on held for trading equity securities	(5,242)	-	100
Gain from settlement agreements with ayondo	13,260	-	100
Writeback/(Expenses) relating to the ayondo acquisition	744	(6,435)	NM

NM = Not Meaningful

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 AND 30 JUNE 2018

	Group		Company	
	As at		As at	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
	RMB'000	RMB'000	RMB'000	RMB'000
		Restated**		
<i>Non-current assets</i>				
Equipment	101	138	11	13
Investment in subsidiaries	-	-	9,773	9,773
Deferred tax assets	805	846	-	-
Total non-current assets	906	984	9,784	9,786
<i>Current assets</i>				
Cash and bank balances	162,685	139,134	1,428	291
Trade receivables	530	4,964	-	-
Other receivables and deposits	2,227	2,646	6	25
Due from subsidiaries	-	-	83,564	15,186
Held for trading equity securities	2,958	-	2,958	-
Properties held for sale	83,251	65,200	-	-
Development properties	8,974	37,337	-	-
Total current assets	260,625	249,281	87,956	15,502
<i>Current liabilities</i>				
Trade payables	10	10	-	-
Due to subsidiaries	-	-	37,459	36,610
Due to ultimate holding company	19,346	18,776	19,346	18,776
Other payables and accruals	4,344	6,351	669	1,876
Advance receipt from sale of properties	9,088	11,189	-	-
Short-term loans	25,067	20,749	-	-
Income tax payable	35,848	22,989	-	-
Total current liabilities	93,703	80,064	57,474	57,262
Net current assets/(liabilities)	166,922	169,217	30,482	(41,760)
<i>Non-current liabilities</i>				
Deferred tax liabilities	2,505	9,498	-	-
Total non-current liabilities	2,505	9,498	-	-
Net assets/(liabilities)	165,323	160,703	40,266	(31,974)
<i>Capital and reserves</i>				
Share capital	24,471	24,471	24,471	24,471
Capital reserve	99,027	99,027	-	-
Merger reserve	628	628	628	628
Statutory reserve	7,930	7,930	-	-
Translation reserve	(12)	(144)	(739)	(195)
Retained earnings/(accumulated losses)	33,279	28,791	15,906	(56,878)
Total capital and reserves	165,323	160,703	40,266	(31,974)

**** Restated due to the adoption of SFRS(I) 1, please refer to paragraph 5 for details.**

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

Amount repayable in one year or less, or on demand

Group			
As at 30/06/2018		As at 31/12/2017	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
25,067	-	20,749	-

Amount repayable after one year

Group			
As at 30/06/2018		As at 30/12/2017	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

Details of any collateral

Land Loan Facility

The Group has obtained a land loan facility (the "**Facility**") of S\$4,128,000 for a property development project in Singapore. The deadline for the repayment of the Facility has been extended to 30 November 2018. As at 30 June 2018, the Group has an outstanding land loan of S\$3,360,000 (RMB16,323,000).

The Facility is secured and guaranteed by the following:-

- a) First legal mortgage over the acquired property in Singapore and the proposed development to be erected thereon;
- b) Fixed deposit of S\$779,000 (RMB3,788,000) pledged with the bank;
- c) Existing legal assignment of all rights, title and interests in the construction contract, insurance policies, performance bonds (if any), tenancy agreements and sales and purchase agreements in respect of the proposed development; and
- d) A corporate guarantee for S\$4,128,000 (RMB20,053,000) by the Company.

Money Market Loan

The Group has also obtained a Money Market Loan (the “MML”) of S\$1,800,000 from the United Overseas Bank for general working capital purposes. The Group has an outstanding balance of S\$1,800,000 (approximately RMB8,744,000) as at 30 June 2018.

The MML is secured and guaranteed by the following:-

- a) Standby Letter of Credit for not less than RMB10,000,000 issued by the United Overseas Bank (China) Limited, Chengdu Branch; and
- b) A corporate guarantee for S\$1,800,000 (approximately RMB8,744,000) by the Company; and
- c) Fixed deposits of RMB10,839,000 pledged with the bank.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	6 months ended	6 months ended
	30 Jun 2018	30 Jun 2017
	RMB'000	RMB'000
Operating activities		
Profit before income tax	9,293	3,659
Adjustments for:		
Depreciation of equipment	35	68
Amortisation of land use right	151	150
Fair value changes on held for trading equity securities	5,242	-
Interest income	(670)	(698)
Interest expense	638	628
Gain from conversion settlement agreement with ayondo	(8,269)	-
Operating cash flows before movements in working capital	6,402	3,807
(Increase)/decrease in properties held for sale	(18,051)	39,522
Decrease/(Increase) in development properties	28,138	(38)
Decrease/(Increase) in trade and other receivables and deposits	4,853	(5,866)
Decrease in other payables and accruals	(4,107)	(2,467)
Cash flows generated from operations	17,253	34,958
Interest received	670	698
Interest paid	(638)	(628)
Income tax refund/(paid)	4,712	(28,935)
Net cash generated from operating activities	21,997	6,093
Financing activities		
Decrease/(increase) in bank deposits pledged	10	(184)
Dividend paid	(3,468)	-
Due to/(repayment to) ultimate holding company	570	(2,580)
Proceeds from drawdown of bank borrowings	4,302	5,760
Repayment of bank borrowing	-	(4,433)
Net cash generated from/ (used in) financing activities	1,414	(1,437)
Effects of foreign exchange rate changes	150	(275)
Net increase in cash and cash equivalents	23,411	4,381
Cash and cash equivalents at beginning of financial period	124,497	61,000
Cash and cash equivalents at end of financial period*	148,058	65,381
* Note to consolidated statement of cash flows		
Cash and bank balances	162,685	105,276
Less deposits pledged	(14,627)	(39,895)
	148,058	65,381

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	Equity attributable to owners of the parent						
	Share capital	Capital reserve	Merger reserve	Statutory reserve	Translation reserve	Retained earnings/(accumulated losses)	Total
6 months ended 30 June 2017	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2017	24,471	99,027	628	7,742	(943)	24,863	155,788
Impact of adoption of SFRS(I) 1	-	-	-	-	943	(943)	-
Restated balance at 1 January 2017	24,471	99,027	628	7,742	-	23,920	155,788
Total comprehensive income for the financial period	-	-	-	-	(601)	(564)	(1,165)
Transfer to statutory reserve	-	-	-	81	-	(81)	-
Balance as at 30 June 2017	24,471	99,027	628	7,823	(601)	23,275	154,623
6 months ended 30 June 2018							
Balance at 1 January 2018	24,471	99,027	628	7,930	(144)	28,791	160,703
Dividend	-	-	-	-	-	(3,468)	(3,468)
Total comprehensive income for the financial period	-	-	-	-	(12)	8,100	8,088
Impact of adoption of SFRS(I) 1	-	-	-	-	144	(144)	-
Balance as at 30 June 2018	24,471	99,027	628	7,930	(12)	33,279	165,323
Company	Share capital	Capital reserve	Merger reserve	Statutory reserve	Translation reserve	Accumulated losses	Total
6 months ended 30 June 2017	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2017	24,471	-	628	-	(184)	(44,982)	(20,067)
Total comprehensive income for the financial year	-	-	-	-	(228)	(9,287)	(9,515)
Balance as at 30 June 2017	24,471	-	628	-	(412)	(54,269)	(29,582)
6 months ended 30 June 2018							
Balance at 1 January 2018	24,471	-	628	-	(195)	(56,878)	(31,974)
Dividend	-	-	-	-	-	(3,468)	(3,468)
Total comprehensive income for the financial year	-	-	-	-	(544)	76,252	75,708
Balance as at 30 June 2018	24,471	-	628	-	(739)	15,906	40,266

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

The Company's share capital remained unchanged at RMB24,471,000 comprising 144,733,000 shares as at 30 June 2018 and 31 December 2017.

The Company did not have any outstanding convertibles as at 30 June 2018 and 30 June 2017.

The Company did not have any treasury shares and subsidiary holdings as at 30 June 2018 and 30 June 2017.

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

	Company	
	30 June 2018	31 December 2017
Total number of issued shares	144,733,000	144,733,000

The Company did not have any treasury shares as at 30 June 2018 and 31 December 2017.

- 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 thereon.**

Not applicable.

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

Not applicable.

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

The figures have not been audited or reviewed by the 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.

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

Except for the adoption of Singapore Financial Reporting Standards (“FRS”) that is effective for the current financial period/year as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as in the most recent audited financial statements for the financial year ended 31 December 2017.

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.

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) (“SFRS(I)”), a new financial reporting framework identical to International Financial Reporting Standards. The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2017.

SFRS(I) 1 allows a first-time adopter to zeroise the cumulative translation differences for all foreign operations that existed at the date of transition to SFRS(I)s and the gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to SFRS(I)s and shall include later translation differences.

The impact on the Group’s financial statements arising from the adoption of SFRS(I) 1 is disclosed in 1d(i) statement of changes in equity - Group.

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

	Group	
	6 months ended 30 June	
Earnings/(loss) per share (RMB)	2018	2017
- Based on weighted average number of shares in issue	0.06	(0.00)
- Based on fully diluted basis ⁽¹⁾	0.06	(0.00)
Weighted average number of shares during the financial period applicable to basic and diluted earnings/(loss) per share ('000)	144,733	144,733

Note:-

1) The basic and diluted earnings and loss per share for the respective financial period under review were the same as the Company did not have potentially dilutive ordinary shares as at 30 June 2018 and as at 30 June 2017 respectively.

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

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

	Group	
	30/06/2018	31/12/2017
Net Asset Value Per Ordinary Share		

- Based on issued share capital at the end of financial period (RMB)	1.14	1.11
- Number of ordinary shares at the end of financial period ('000)	144,733	144,733
	Company	
	30/06/2018	31/12/2017
Net Asset Value Per Ordinary Share		
- Based on issued share capital at the end of financial period (RMB)	0.28	(0.22)
- Number of ordinary shares at the end of financial year ('000)	144,733	144,733

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

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2018 ("1HY2018") vs. Six months ended 30 June 2017 ("1HY2017")

Revenue

Our revenue is derived from the sale of properties, sale of carpark space, property management income and rental income from leasing of our properties. The following table shows the breakdown of the revenue:

	1HY2018	1HY2017
	RMB'000	RMB'000
Sales of properties	15,803	55,004
Property management income	-	805
Rental income	1,117	648
	16,920	56,457

Sales of properties

The Group sold 23 residential units and 31 carpark spaces for the Singapore Garden Project, during 1HY2018 as compared to the Group's sales of 107 residential units and 6 carpark spaces for Singapore Garden Project, 1 commercial unit and 2 carpark spaces for University Town Project in 1HY2017. The decrease in sale of properties in 1HY2018 as compared to 1HY2017 is because the Company did not participate in any property show in 1HY2018 given that it only had 70 residential units, 32 commercial units and 214 carpark lots remaining unsold as at 1 January 2018 (beginning of 1HY2018).

The revenue from the sale of properties was RMB15.8 million and accounted for 93.4% of the Group's total revenue for 1HY2018 as compared to revenue amounting to RMB55.0 million which accounted for 97.4% in 1HY2017.

After taking into account the sales in 1HY2018, the remaining unsold units as at 30 June 2018 are 4 commercial units and 37 carpark spaces for University Town Project and 47 residential units, 28 commercial units and 146 carpark spaces for Singapore Garden Project.

Property management income and rental income

We outsourced our property management to third party with effect from January 2018 and as a result, there is no property management income for 1HY2018.

Rental income for 1HY2018 was RMB1.1 million and accounted for 6.6% of the Group's total revenue for 1HY2018, as compared to RMB0.6 million for 1HY2017 which accounted for 1.1% of the Group's total revenue for 1HY2017. The Group's rental income is derived from the leasing of the Group's commercial units at both University Town Project and Singapore Garden Project.

We leased out 14 commercial units of the Singapore Garden Project during 1HY2018 as compared to 3 commercial units during 1HY2017, which resulted in the increase in rental income for 1HY2018 as compared to 1HY2017.

Cost of sales

Cost of sales mainly comprises costs incurred directly for our property development activities. It is determined by apportionment of the total land costs and development costs during the development period with such apportionment based on the gross floor area of which the properties have been successfully delivered to the customers.

Costs of sales decreased by RMB29.8 million in 1HY2018 as compared to 1HY2017 due to lower revenue recorded in 1HY2018.

Gross profit and Profit margin

Gross profit decreased from RMB16.3 million in 1HY2017 to RMB6.6 million in 1HY2018. This is in line with the lower revenue in 1HY2018.

Gross profit margin improved from 28.9% in 1HY2017 to 38.8% in 1HY2018. This is due to higher contribution from rental income in 1HY2018 (6.6%) as compared to 1HY2017 (1.1%).

Other operating income

Other operating income increased by RMB13.4 million in 1HY2018 as compared to 1HY2017. This is mainly due to a recovery of expenses incurred in prior years in connection with the proposed acquisition of equity interest of ayondo Holding AG ("ayondo") in 1HY2018, as announced by the Company on 23 March 2018. It includes a cash receipt of approximately RMB5.2 million as well as approximately 6.5 million ayondo shares (equivalent to approximately RMB8.3 million of held for trading equity securities) as settlement of expenses incurred in connection with the proposed acquisition of the equity interest of ayondo.

Interest income

Interest income decreased by RMB0.03million in 1HY2018 as compared to 1HY2017 due to withdrawal of fixed deposit for payment of withholding tax resulting in lesser interest income .

Other operating expenses

Other operating expenses of RMB4.5 million in 1HY2018 was RMB2.0 million lower than in 1HY2017. The decrease is due to (i) the absence of RMB6.4 million expenses incurred in 1HY2017 in relation to the acquisition of equity interest in ayondo, (ii) a RMB0.7 million writeback of expenses in relation to the acquisition of equity interest in ayondo, and partially

offset by a RMB5.2 million fair value changes on held for trading equity securities in 1HY2018 following the fair value adjustment on ayondo shares in 1HY2018.

The Group's selling expenses comprise mainly sales and marketing staff costs, advertisement and promotional expenses and documentation charges for property transfers. The decrease of selling expenses by RMB0.3 million in 1HY2018 as compared to 1HY2017 is in line with the decrease in sales in 1HY2018.

Administrative expenses comprise mainly staff costs, depreciation, management fee payable to ultimate holding company, travelling and transport, and professional expenses. Administrative expenses increased by RMB0.4 million, or 6.4% mainly attributable to renovation of new office during 1HY2018 following the shifting from rented office to our Singapore Garden project as part of the Group's cost saving measures.

Income tax expenses

Income tax expenses related to enterprise income tax and land appreciation tax in the People's Republic of China (the "PRC") as well as provision of withholding tax on undistributed profits of the PRC subsidiaries. The decrease in income tax expense of RMB3.0 million is mainly attributable to lower corporate tax in 1HY2018 as compared to 1HY2017.

Balance Sheet

Non-current assets

As at 30 June 2018, non-current assets of RMB0.9 million consist of equipment and deferred tax assets.

Current assets

As at 30 June 2018, current assets amounted to RMB260.6 million mainly consist of cash and cash equivalents, trade receivable, other receivables and deposits, held for trading equity securities, properties held for sale and development properties.

Trade receivables decreased by RMB4.4 million to RMB0.5 million as at 30 June 2018. This is mainly due to lower sale of residential units of the Singapore Garden project in 1HY2018 as compared to 1HY2017 and higher collection of receivables in 1HY2018.

Other receivables and deposits decreased by RMB0.42 million as at 30 June 2018 as compared to 31 December 2017 mainly due to the reversal of prepayment following the settlement of expenses by ayondo.

Equity securities held in ayondo of RMB3.0 million relates to the receipt of approximately 6.5 million ayondo shares as settlement of expenses incurred in connection with the proposed acquisition of the equity interest of ayondo equivalent to approximately RMB8.3 million and offset by RMB5.2 million fair value adjustment on ayondo shares.

Properties held for sale comprise the completed but unsold units of Singapore Garden Project, University Town Project in China, and Jalan Nipah project in Singapore, which amounted to RMB46.1 million, RMB9.0 million and RMB28.2 million respectively as at 30 June 2018. The increase of RMB18.1 million in properties held for sale was due to reclassification of Jalan Nipah project amounting to RMB28.2 million from development properties to properties held

for sale following the completion of construction and partially offset by a RMB10.1 million of sale of properties in the Singapore Garden Project and University Town Project in 1HY2018.

Development properties amounted to RMB9.0 and RMB37.3 million as at 30 June 2018 and 31 December 2017 respectively. The decrease in development properties is mainly due to RMB28.2 million reclassification from development properties to properties held for sale following the completion of construction of Jalan Nipah project.

Current liabilities

As at 30 June 2018, current liabilities of RMB93.7 million consisted of trade payables, due to ultimate holding company, other payables and accruals, advance receipt from sale of properties, short-term loans and income tax payable.

Other payables and accruals, which mainly comprise deposits from tenants, advance rental and accrued expenses, decreased by RMB2.0 million mainly attributable to the absence of professional fees accrued in relation to the ayondo acquisition.

Advance receipt from sale of properties for the Singapore Garden Project decreased by RMB2.1 million to RMB9.1 million as at 30 June 2018 mainly due to lesser advance deposits collected from buyers arising from lesser units available for sale in 1HY2018.

Short-term loans amounted to RMB25.1 million and RMB20.7 million as at 30 June 2018 and 31 December 2017, respectively. The increase is mainly due to new short-term loans drawn down during 1HY2018.

Income tax payable increased by RMB12.9 million in 1HY2018 due to reclassification of RMB5.2 million from deferred tax liabilities to income tax payable and a RMB6.9 million refund of Land Appreciation Tax (“LAT”) by the authority which the Company had prepaid for the prior years. The RMB5.2 million reclassification from deferred tax liabilities to income tax payable is a result of dividend declaration by subsidiaries in 1HY2018. Prior to the dividend declaration, withholding tax on the undistributed profits was provided as deferred tax liabilities. With the dividend declaration by the subsidiaries the withholding tax is reclassified to income tax payable in 1HY2018.

Non-Current Liabilities

As at 30 June 2018, non-current liabilities of RMB2.5 million consisted of deferred tax liabilities. Deferred tax liabilities decreased by RMB7 million on 30 June 2018 as compared to 31 December 2017 largely due to the reclassification of RMB5.2 million withholding tax on dividend declared by subsidiaries of the Company in 1HY2018 and a RMB1.7 million reduction in LAT provision in 1HY2018.

Shareholders' equity

Shareholders' equity consists of issued share capital, capital reserve, merger reserve, statutory reserve and retained earnings. As at 30 June 2018, shareholders' equity amounted to RMB165.3 million.

Cash Flow

For 1HY2018, net cash generated from operating activities of RMB22.0 million was mainly attributable to the following:

- (a) Gain from conversion settlement agreement with ayondo of RMB8.3 million, offset by the fair value changes on held for trading equity securities of RMB5.2 million.
- (b) Increase in properties held for sale of RMB18.1 million due to reclassification from development properties offset by continual sale of Singapore Garden Project.
- (c) Decrease in development properties due to reclassification to properties held for sale following completion of the Jalan Nipah project.
- (d) Decrease in trade and other receivables and deposits of RMB4.9 million.
- (e) Net income tax refund of RMB4.7 million due to LAT refund of RMB6.9 million, partially offset by income tax paid amounting to RMB2.2 million.

Net cash flow generated from financing activities amounted to RMB1.5 million in 1HY2018, which was mainly due to proceeds of RMB4.3 million from drawdown of bank borrowings and partially offset by RMB3.5 million dividend paid during 1HY2018.

As at 30 June 2018, cash and cash equivalents were at RMB148.1 million.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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.

The Group has launched all blocks of residential units of Singapore Garden Project. The Group will continue to sell the residual residential, commercial units and carpark spaces of Singapore Garden Project as well as the commercial units and carpark spaces of the University Town Project.

In the Fuling District of Chongqing, where our completed property projects are located, the demand side remains challenging.

11. Dividend

If a decision regarding dividend has been made:-

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

No dividend has been declared for 1HY2018.

(b) Amount per share (cents) and previous corresponding period (cents).

No dividend has been declared for 1HY2017.

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

Not applicable.

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

Not applicable.

- (e) **The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

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

No dividend has been declared for 1HY2018.

13. **Confirmation pursuant to Rule 720(1) of the Catalist Rules**

The Company has procured the undertakings from all its Directors and executive officers (in the format set out in Appendix 7H) as required under Rule 720(1) of the Catalist Rules.

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

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920	Aggregated value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000
GRP Limited -Management fee expense	\$210,000 (RMB1,020,000)	-

The Group does not have a general mandate for IPT.

15. **Confirmation pursuant to Rule 705(5) of the Catalist Rules**

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors that may render the unaudited financial statements for the six months ended 30 June 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Peng Peck Yen
Executive Director
13 August 2018