



# CHINA REAL ESTATE GRP LTD.

(Company Reg. No. 200609901H)

## Full Year Financial Statements And Related Announcements for the Year Ended 30 June 2019

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

#### 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.

	Note	Financial Year Ended 30/06/2019 S\$'000	30/06/2018 S\$'000	Increase/ (decrease) %
Revenue		7,660	16,052	(52.3)
Cost of services		<u>(7,387)</u>	<u>(14,936)</u>	(50.5)
Gross profit		273	1,116	(75.5)
Other (losses)/gains, net		(416)	569	n.m.
Distribution and marketing expenses		(247)	(339)	(27.1)
Administrative expenses		(5,974)	(5,790)	3.2
Finance expense		<u>(53)</u>	<u>(772)</u>	(93.1)
Loss before income tax		(6,417)	(5,216)	23.0
Income tax credit	A	<u>-</u>	<u>22</u>	n.m.
<b>Total loss</b>	B	<u><u>(6,417)</u></u>	<u><u>(5,194)</u></u>	23.5
<b>Other comprehensive income:</b>				
Items that may be reclassified subsequently to profit or loss:				
Currency translation loss from consolidation		(1,068)	(60)	1,680.0
Items that will not be reclassified subsequently to profit or loss:				
Currency translation loss from consolidation		<u>(386)</u>	<u>(20)</u>	1,830.0
<b>Other comprehensive loss, net of tax:</b>		<u>(1,454)</u>	<u>(80)</u>	1,717.5
<b>Total comprehensive loss</b>		<u><u>(7,871)</u></u>	<u><u>(5,274)</u></u>	49.3

n.m. = Not meaningful.

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").*

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

*The contact person for the Sponsor is Mr Ng Joo Khin, Telephone number: 6389 3000. Email: [jookhin.ng@morganlewis.com](mailto:jookhin.ng@morganlewis.com)*

	Note	Financial Year Ended 30/06/2019 S\$'000	Financial Year Ended 30/06/2018 S\$'000	Increase/ (decrease) %
Loss attributable to:				
Equity holders of the Company		(6,032)	(4,837)	24.7
Non-controlling interests		<u>(385)</u>	<u>(357)</u>	7.8
		<u>(6,417)</u>	<u>(5,194)</u>	23.5
Total comprehensive loss attributable to:				
Equity holders of the Company		(7,100)	(4,897)	45.0
Non-controlling interests		<u>(771)</u>	<u>(377)</u>	104.5
		<u>(7,871)</u>	<u>(5,274)</u>	49.3

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

#### A. Income tax credit

	Note	Financial Year Ended 30/06/2019 S\$'000	Financial Year Ended 30/06/2018 S\$'000	Increase/ (decrease) %
Income tax expenses				
- Current year		-	(2)	n.m.
- Over provision in respect of prior year		-	3	n.m.
- Deferred income tax		<u>-</u>	<u>21</u>	n.m.
		<u>-</u>	<u>22</u>	n.m.

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

	Note	Financial Year Ended 30/06/2019 S\$'000	Financial Year Ended 30/06/2018 S\$'000	Increase/ (decrease) %
Interest income:				
- Bank deposits	(i)	54	8	575.0
- Other receivables		-	173	n.m.
Interest expense:				
- Borrowings	(ii)	(53)	-	n.m.
- Other payables		-	(772)	n.m.
Operating lease expenses	(iii)	(939)	(1,080)	(13.1)
Foreign exchange loss	(iv)	(828)	(56)	1,378.6
Investment income:				
- Fair value loss on financial assets at fair value through profit or loss	(v)	(629)	(1,234)	(49.0)
- Dividend income	(vi)	378	436	(13.3)
Allowance for impairment of goodwill	(vii)	(639)	(385)	66.0
Depreciation and amortisation	(viii)	(277)	(415)	(33.3)
Gain on disposal of property, plant and equipment		76	-	n.m.
Loss on disposal of financial assets	(ix)	(121)	-	n.m.
Gain from bargain purchase	(x)	-	879	n.m.
Allowance for impairment of trade and other receivables	(xi)	(247)	-	n.m.
Write back of commission payable	(xi)	207	-	n.m.

n.m. = Not meaningful.

#### Note (i)

Higher interest income from bank deposits in the financial year ended 30 June 2019 ("FY19") was in line with the higher amount of funds placed in bank deposits.

There was no interest income from other receivables in FY19 as the amount owing was fully repaid to the Company in the previous financial year.

Note (ii)

The interest expense from bank borrowings was in respect of a term loan of RMB6.5 million. The term loan was fully repaid during the financial year.

The interest expense from other payables in financial year ended 30 June 2018 (“FY18”) was due to interest expenses incurred by the subsidiary corporation in the People’s Republic of China (the “PRC”) mainly on advances from its 28% shareholder, China Real Estate Group Union Co., Ltd (“CREU”). The advances were fully repaid in FY18.

Note (iii)

The lower operating lease expenses in FY19 were due to the non-renewal of a subsidiary corporation’s office leases which expired on 31 March 2019.

Note (iv)

Higher foreign exchange loss was reported in FY19 due to the fluctuation of the underlying currencies of the Group’s financial assets in Malaysia Ringgit, and amounts due from PRC subsidiary corporations in Renminbi, against the reporting currency in Singapore Dollars.

Note (v)

Fair value loss arose from the fluctuation in the quoted price of financial assets at fair value through profit or loss.

Note (vi)

Dividend income was derived from quoted investments.

Note (vii)

The allowance for impairment of goodwill in FY19 was in respect of goodwill arising from the acquisition of indirect wholly-owned subsidiary corporation, Global Alliance Property Pte Ltd (“GAP”). The allowance for impairment of goodwill was made after the Group decided to discontinue the real estate agency business operations of GAP as announced on 20 February 2019.

The allowance for impairment of goodwill in FY18 was in respect of goodwill arising from the acquisition of another indirect wholly-owned subsidiary corporation, Century 21 (AsPac) Realty Pte Ltd, which was struck off on 5 November 2018.

Note (viii)

The lower depreciation and amortisation expenses were mainly due to lower depreciable assets resulting from the disposal of property, plant and equipment of GAP, the business of which the Group had decided to discontinue as announced on 20 February 2019.

Note (ix)

The loss on disposal of financial assets was in respect of disposal of quoted shares.

Note (x)

The gain from bargain purchase in FY18 arose from higher fair value of the net assets acquired over the purchase consideration of the 72% equity interest in two subsidiary corporations in Huzhou, PRC.

Note (xi)

The allowance for impairment of trade and other receivables was in respect of commission receivables which the collectability were doubtful. Correspondingly, the related commission payables of these doubtful commission receivables were written back.

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

	<b>Group</b>		<b>Company</b>	
	<b>30/06/2019</b>	<b>30/06/2018</b>	<b>30/06/2019</b>	<b>30/06/2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	6,874	14,136	633	906
Financial assets, at fair value through profit or loss	7,811	11,524	7,811	11,524
Trade and other receivables	11,406	13,804	18,759	11,322
Other current assets	2,268	2,061	136	222
Financial assets, at fair value through other comprehensive income <sup>#</sup>	2,000	-	2,000	-
Available-for-sale financial assets <sup>#</sup>	-	2,000	-	2,000
	<u>30,359</u>	<u>43,525</u>	<u>29,339</u>	<u>25,974</u>
<b>Non-current assets</b>				
Development properties	10,283	7,996	-	-
Investment in subsidiary corporations	-	-	24,400	24,400
Property, plant and equipment	21,992	10,689	12	17
Intangible assets	-	639	-	-
	<u>32,275</u>	<u>19,324</u>	<u>24,412</u>	<u>24,417</u>
<b>Total assets</b>	<u>62,634</u>	<u>62,849</u>	<u>53,751</u>	<u>50,391</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	3,902	6,698	120	227
Borrowings	-	1,340	-	-
Current income tax liabilities	16	17	16	17
	<u>3,918</u>	<u>8,055</u>	<u>136</u>	<u>244</u>
<b>Non-current liabilities</b>				
Provisions	-	204	-	-
Deferred income tax liabilities	570	597	-	-
	<u>570</u>	<u>801</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>4,488</u>	<u>8,856</u>	<u>136</u>	<u>244</u>
<b>Net assets</b>	<u>58,146</u>	<u>53,993</u>	<u>53,615</u>	<u>50,147</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	195,733	183,709	195,733	183,709
Foreign currency translation reserve	(17,067)	(15,999)	(15,939)	(15,939)
Fair value reserve	(4,000)	-	(4,000)	-
Accumulated losses	(124,397)	(122,365)	(122,179)	(117,623)
	<u>50,269</u>	<u>45,345</u>	<u>53,615</u>	<u>50,147</u>
<b>Non-controlling interests</b>	<u>7,877</u>	<u>8,648</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u>58,146</u>	<u>53,993</u>	<u>53,615</u>	<u>50,147</u>

<sup>#</sup> On 1 July 2018, the Group reclassified available-for-sale financial assets as at 30 June 2018 to financial assets, at fair value through other comprehensive income on adoption of SFRS(I)9.

**1(b)(ii) The aggregate amount of group’s borrowings and debt securities at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.**

Amount repayable in one year or less, or on demand

	<b>As at 30/06/2019</b>		<b>As at 30/06/2018</b>	
	<b>Secured</b> S\$'000	<b>Unsecured</b> S\$'000	<b>Secured</b> S\$'000	<b>Unsecured</b> S\$'000
Term loan	-	-	1,340	-

Amount repayable after one year

	<b>As at 30/06/2019</b>		<b>As at 30/06/2018</b>	
	<b>Secured</b> S\$'000	<b>Unsecured</b> S\$'000	<b>Secured</b> S\$'000	<b>Unsecured</b> S\$'000
Term loan	-	-	-	-

Details of any collateral

The Group was granted a term loan facility of up to RMB6,500,000 from a licensed bank on 6 February 2018 for working capital purposes. The term loan bears an interest of 6% per annum and is secured against a 10,638m<sup>2</sup> piece of land owned by the Group, in Huzhou, PRC. The term loan was fully drawn down on 28 February 2018 and was fully repaid on 21 February 2019.

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

	<b>Financial Year Ended</b>	
	<b>30/06/2019</b>	<b>30/06/2018</b>
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Total loss	(6,417)	(5,194)
Adjustments for:		
Income tax credit	-	(22)
Interest expense	53	772
Interest income	(54)	(181)
Dividend income	(378)	(436)
Depreciation of property, plant and equipment	284	343
Amortisation of intangible assets	-	72
Gain on disposal of property, plant and equipment	(76)	-
Allowance for impairment of goodwill	639	385
Gain from bargain purchase	-	(879)
Unrealised currency transaction differences	(170)	-
	<u>(6,119)</u>	<u>(5,140)</u>
Changes in working capital, net of effect from acquisition of subsidiary corporations:		
Development properties	(2,689)	(365)
Trade and other receivables	1,937	11,477
Other current assets	(286)	(356)
Financial assets, at fair value through profit or loss	3,713	3,500
Trade and other payables	(2,896)	(9,403)
	<u>(6,340)</u>	<u>(287)</u>
Cash used in operations	(6,340)	(287)
Income tax (paid)/refunded	(1)	2
Interest received	54	621
	<u>(6,287)</u>	<u>336</u>
<b>Net cash (used in)/from operating activities</b>	<u>(6,287)</u>	<u>336</u>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(12,082)	(3,761)
Acquisition of subsidiary corporations, net of cash acquired	-	(10,272)
Dividend received	378	436
Proceeds from disposal of fixed assets	100	-
	<u>(11,604)</u>	<u>(13,597)</u>
<b>Net cash used in investing activities</b>	<u>(11,604)</u>	<u>(13,597)</u>

	<b>Financial Year Ended</b>	
	<b>30/06/2019</b>	<b>30/06/2018</b>
	S\$'000	S\$'000
<b>Cash flows from financing activities</b>		
Proceeds from issuance of new ordinary shares	12,291	23,356
Share issue expenses	(269)	(981)
Proceeds from investments in the registered capital of subsidiary corporations by non-controlling interests	-	4,100
Proceeds from issuance of new shares pursuant to exercise of warrants	2	-*
Drawdown of borrowings	-	1,328
Repayment of borrowings	(1,298)	(1,436)
Interest paid	(53)	-
	<u>10,673</u>	<u>26,367</u>
<b>Net cash from financing activities</b>		
<b>Net (decrease)/increase in cash and cash equivalents</b>	(7,218)	13,106
<b>Cash and cash equivalents at the beginning of financial year</b>	14,136	1,198
<b>Effects of currency translation on cash and cash equivalents</b>	(44)	(168)
	<u>6,874</u>	<u>14,136</u>
<b>Cash and cash equivalents at the end of financial year</b>		

\*less than S\$1,000

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

	← Attributable to equity holders of the Company →				Total S\$'000	Non- controlling interest S\$'000	Total S\$'000
	Share capital S\$'000	Foreign currency translation reserve S\$'000	Fair value reserve S\$'000	Accumulated losses S\$'000			
<b>Group</b>							
<b>2019</b>							
Balance as at 30 June 2018	183,709	(15,999)	-	(122,365)	45,345	8,648	53,993
Adoption of SFRS(I)9	-	-	(4,000)	4,000	-	-	-
Balance as at 1 July 2018	<u>183,709</u>	<u>(15,999)</u>	<u>(4,000)</u>	<u>(118,365)</u>	<u>45,345</u>	<u>8,648</u>	<u>53,993</u>
Total comprehensive loss	-	(1,068)	-	(6,032)	(7,100)	(771)	(7,871)
Issuance of new ordinary shares	12,291	-	-	-	12,291	-	12,291
Share issue expenses	(269)	-	-	-	(269)	-	(269)
Issuance of new ordinary shares pursuant to exercise of warrants	2	-	-	-	2	-	2
Balance as at 30 June 2019	<u>195,733</u>	<u>(17,067)</u>	<u>(4,000)</u>	<u>(124,397)</u>	<u>50,269</u>	<u>7,877</u>	<u>58,146</u>
<b>2018</b>							
Balance as at 1 July 2017	161,334	(15,939)	-	(117,528)	27,867	-	27,867
Total comprehensive loss	-	(60)	-	(4,837)	(4,897)	(377)	(5,274)
Acquisition of subsidiary corporations	-	-	-	-	-	4,925	4,925
Investment in the registered capital of subsidiary corporations by non-controlling interests	-	-	-	-	-	4,100	4,100
Issuance of new ordinary shares	23,356	-	-	-	23,356	-	23,356
Share issue expenses	(981)	-	-	-	(981)	-	(981)
Issuance of new ordinary shares pursuant to exercise of warrants	-*	-	-	-	-*	-	*
Balance as at 30 June 2018	<u>183,709</u>	<u>(15,999)</u>	<u>-</u>	<u>(122,365)</u>	<u>45,345</u>	<u>8,648</u>	<u>53,993</u>

\*less than S\$1,000



<b>Company</b>	<b>Share capital</b> S\$'000	<b>Foreign currency reserve</b> S\$'000	<b>Fair value reserve</b> S\$'000	<b>Accumulated losses</b> S\$'000	<b>Total equity</b> S\$'000
<b>2019</b>					
Balance as at 30 June 2018	183,709	(15,939)	-	(117,623)	50,147
Adoption of SFRS(I)9	-	-	(4,000)	4,000	-
Balance as at 1 July 2018	<u>183,709</u>	<u>(15,939)</u>	<u>(4,000)</u>	<u>(113,623)</u>	<u>50,147</u>
Total comprehensive loss	-	-	-	(8,556)	(8,556)
Issue of new ordinary shares	12,291	-	-	-	12,291
Share issue expenses	(269)	-	-	-	(269)
Issuance of new ordinary shares pursuant to exercise of warrants	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Balance as at 30 June 2019	<u>195,733</u>	<u>(15,939)</u>	<u>(4,000)</u>	<u>(122,179)</u>	<u>53,615</u>
<b>2018</b>					
Balance as at 1 July 2017	161,334	(15,939)	-	(114,523)	30,872
Total comprehensive loss	-	-	-	(3,100)	(3,100)
Issue of new ordinary shares	23,356	-	-	-	23,356
Share issue expenses	(981)	-	-	-	(981)
Issuance of new ordinary shares pursuant to exercise of warrants	<u>-*</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-*</u>
Balance as at 30 June 2018	<u>183,709</u>	<u>(15,939)</u>	<u>-</u>	<u>(117,623)</u>	<u>50,147</u>

\*less than S\$1,000

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

The movement of the Company's share capital since the end of the previous period reported on is as follows:

	Number of issued shares
Balance at 31 March 2019	17,824,158,764
Issuance of new ordinary shares pursuant to the exercise of the 2014 Warrants (as defined herein)	<u>24,894</u>
Balance at 30 June 2019	<u>17,824,183,658</u>

The Company did not have any treasury shares or subsidiary holdings as at 30 June 2019 and 30 June 2018.

The number of shares that may be issued on conversion of the Company's outstanding warrants as at the end of the current financial period reported on and at the end of the corresponding period of the immediately preceding financial year:

	30/06/2019	30/06/2018
- Warrants which expired on 16 July 2018 ("2013 Warrants")	-	14,078,669
- Warrants which expired on 6 May 2019 ("2014 Warrants")	-	1,031,017,308
- Warrants expiring on 19 November 2020 ("2015 Warrants")	4,443,277,094	3,455,920,834
- Warrants expiring on 30 January 2023 ("2018 Warrants A")	10,008,570,063	7,785,307,748
- Warrants expiring on 26 July 2023 ("2018 Warrants B")	6,145,168,199	-
	<u>20,597,015,356</u>	<u>12,286,324,559</u>

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

	30/06/2019	30/06/2018
Total number of issued shares excluding treasury shares	<u>17,824,183,658</u>	<u>11,677,961,622</u>

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

Not applicable.

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

Not applicable.

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

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

**3. Where the figures have been audited or reviewed, a statement on whether there are any qualifications or emphasis of matter.**

Not applicable.

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

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

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

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

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

- (a) **based on the weighted average number of ordinary shares on issue; and**  
 (b) **on a fully diluted basis (detailing any adjustments made to the earnings).**

	<b>Financial Year Ended</b>	
	<b>30/06/2019</b>	<b>30/06/2018</b>
Net loss attributable to equity holders of the Company (S\$'000)	<u>(6,032)</u>	<u>(4,837)</u>
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	<u>17,368,950</u>	<u>7,092,094</u>
Basic loss per share (cents per share)	<u>(0.03)</u>	<u>(0.07)</u>

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

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

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

	<b>Group</b>		<b>Company</b>	
	<b>30/06/2019</b>	<b>30/06/2018</b>	<b>30/06/2019</b>	<b>30/06/2018</b>
Net asset value per ordinary share	<u>S\$0.003</u>	<u>S\$0.004</u>	<u>S\$0.003</u>	<u>S\$0.004</u>

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

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

**A. Review of Financial Performance**

**FY19 vs. FY18**

*Revenue, cost of services and gross profit*

The lower revenue, cost of services and gross profit in FY19 was attributable to the discontinuation of the real estate agency business operations of GAP. GAP's Estate Agency License was terminated on 12 April 2019 and GAP ceased to provide any real estate agency services with effect from the termination date. However, GAP will continue to honour its obligations under the commission agreements which were entered into prior to the termination of its license.

#### *Other (losses)/gains, net*

The other losses, net reported in FY19 were mainly attributable to the fair value loss on financial assets at fair value through profit or loss of S\$629,000, foreign exchange loss of S\$828,000, and loss on disposal of financial assets at fair value through profit or loss of S\$121,000. These gains 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\$207,000, and miscellaneous income of S\$236,000.

The other gains, net reported in FY18 was mainly attributable to the gain from bargain purchase of S\$79,000, dividend income of S\$436,000, interest income from other receivables of S\$173,000, rental income of S\$117,000 and miscellaneous income of S\$246,000. These incomes more than offset the fair value loss on financial assets at fair value through profit or loss of S\$1.2 million.

#### *Distribution and marketing expenses*

The lower distribution and marketing expenses were due to the discontinuation of the real estate agency business operations of the Group as mentioned above.

#### *Finance expense*

The finance expense in FY19 mainly related to interest expenses from the term loan from a licensed bank. This term loan was fully repaid in February 2019. The finance expense in FY18 was due to advances from the 28% shareholder of a subsidiary corporation in the PRC, CREU. These advances were fully repaid in FY18.

#### *Net loss*

The Group reported a net loss of S\$6.4 million in FY19, which was higher than the net loss of S\$5.2 million reported in FY18. This was due mainly to the lower revenue and gross profit, and higher other losses as mentioned above.

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

#### *Cash and cash equivalents*

The decrease in cash and cash equivalents was due mainly to cash outflows of S\$6.3 million in operating activities, \$12.1 million in additions to property, plant and equipment largely for payment of construction costs for a hotel in Huzhou, PRC, and repayment of the term loan of S\$1.3 million. This was partly offset by cash inflows of S\$12.0 million from the net proceeds of the 2018 Rights cum Warrant Issue B (as defined herein).

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

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

#### *Trade and other receivables*

The drop in trade and other receivables was due mainly to lower commission receivable as at year end.

#### *Other current assets*

The increase in other current assets was due mainly to higher prepaid construction cost.

#### *Development properties*

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

### *Property, plant and equipment*

The increase in property, plant and equipment was due to the additional construction costs incurred for a hotel in Huzhou, PRC.

### *Intangible assets*

The decrease in intangible assets was attributable mainly to an allowance for impairment of goodwill amounting to S\$639,000 with the discontinuation of the business and operations of GAP as announced on 20 February 2019.

### *Trade and other payables*

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

### *Borrowings*

The term loan from a licensed bank was fully repaid in February 2019.

### *Provisions*

The decrease in provision was attributable mainly to the reversal of provisions that were no longer required.

## **C. Review of Cash Flow**

The Group recorded a net decrease in cash and cash equivalents of S\$7.2 million. The decrease was primarily attributed to:

- i. net cash used in investing activities of S\$11.6 million. This was mainly due to additional construction cost incurred for the hotel in Huzhou, PRC;
- ii. net cash used in operating activities of S\$6.3 million. The cash outflow resulted from the operating loss during the financial year; and
- iii. repayment of term loan of S\$1.3 million.

This was partially offset by the net proceeds of S\$12.0 million from the 2018 Rights cum Warrants Issue B (as defined herein).

## **9. Where a forecast, or prospect statement has been made and disclosed to shareholders, any variances between the forecast and actual results has been explained.**

Not applicable.

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

The Group discontinued its real estate agency business operations in Singapore during the financial year and will focus solely on the real estate development business in the PRC.

The Group's first project is a 113-room hotel<sup>(1)</sup> in Huzhou, PRC. The construction of the hotel is at the final stage of completion and trial operations commenced on 1 August 2019. Barring any unforeseen circumstances, the hotel is expected to be fully operational at the end of 2019.

In addition, the Group also obtained management rights over a land parcel located in Digang Town, Nanxun District, Zhejiang Province in Huzhou, PRC, with a total site area of 320 hectares (the “Project Land”). On the Project Land, the Group is undertaking the development of waterside villas, island residences and townhouses which will focus on wellness and healthy living facilities, as well as hotels, leisure farm resorts and canal sightseeing facilities 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.

Note (1): The number of rooms was reduced from 114, as stated in previous results announcement, to 113 after two standard rooms are merged into one suite.

**11. If a decision regarding dividend has been made:**

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

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

**(b) (i) Amount per share ..... cents  
(ii) Previous corresponding period ..... cents**

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

No dividend has been declared for the year ended 30 June 2019 because of losses incurred in the financial year ended 30 June 2019 and the financial position of the Company.

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

No IPT mandate has been obtained for the financial year ended 30 June 2019.

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

Not applicable.

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

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

**PART II ADDITIONAL INFORMATION REQUIRED FOR FULL-YEAR ANNOUNCEMENT**

**16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The Group is organised into business units based on both geography and business segment. For FY19, the Group had three reportable operating segments: investment, real estate agency and real estate development.

	← Singapore →		PRC	Total S\$'000
	Investment S\$'000	Real estate agency S\$'000	Real estate development S\$'000	
<b>Group 2019</b>				
Revenue from external parties	-	7,660	-	7,660
Gross profit	-	273	-	273
Other (losses)/gains, net	(1,236)	714	106	(416)
Distribution and marketing expenses	-	(247)	-	(247)
Administrative expenses	(2,459)	(2,351)	(1,164)	(5,974)
Finance expense	-	-	(53)	(53)
Loss before income tax	(3,695)	(1,611)	(1,111)	(6,417)
Income tax expense	-	-	-	-
Total loss for the financial year	(3,695)	(1,611)	(1,111)	(6,417)
Depreciation	(5)	(222)	(50)	(277)
Amortisation	-	-	-	-
Segment assets	10,592	997	51,045	62,634
Segment assets include				
Additions to:				
- Property, plant and equipment	-	-	12,082	12,082
Segment liabilities	136	1,137	3,215	4,488

Group	← Singapore →		PRC	Total
	Investment	Real estate	Real estate	
2018	S\$'000	agency	development	S\$'000
		S\$'000	S\$'000	S\$'000
Revenue from external parties	61	15,991	-	16,052
Gross profit	61	1,055	-	1,116
Other (losses)/gains, net	(591)	264	896	569
Distribution and marketing expenses	-	(339)	-	(339)
Administrative expenses	(2,571)	(2,588)	(631)	(5,790)
Finance expense	-	-	(772)	(772)
Loss before income tax	(3,101)	(1,608)	(507)	(5,216)
Income tax credit	1	21	-	22
Total loss for the financial year	(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 include				
Additions to:				
- Property, plant and equipment	11	1	3,749	3,761
Segment liabilities	244	4,584	4,028	8,856

**17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Section 8 for a review of the Group's performance.

**18. A breakdown of sales**

	Latest	Previous	Increase/
	financial	financial	(decrease)
	year	year	%
	S\$'000	S\$'000	
(a) Sales reported for first half-year	5,313	8,918	(40.4)
(b) Operating loss after tax before deducting non-controlling interests reported for first half-year	(2,779)	(3,401)	(18.3)
(c) Sales reported for second half-year	2,347	7,134	(67.1)
(d) Operating loss after tax before deducting non-controlling interests reported for second half-year	(3,638)	(1,793)	102.9

n.m. = not meaningful.

**19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

**(a) Ordinary**



(b) Preference

(c) Total

Not applicable.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>

There are no persons occupying managerial positions in the Company or any of its principal subsidiary corporations who are relatives of a director or chief executive officer or substantial shareholder of the Company.

### PART III INTERESTED PERSON TRANSACTIONS, USE OF PROCEEDS AND WHITE WASH WAIVER

21. The aggregate value of transactions conducted pursuant to the general mandate for the financial periods which it is required to report on pursuant to Rule 705 within the time required for the announcement of such report. The disclosure must be in the form set out in Rule 907.

There were no interested person transactions, as defined in Chapter 9 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company for the financial year ended 30 June 2019.

The Company does not have a general mandate from shareholders for interested person transactions.

22. The status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 of the Catalist Rules and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed.

#### 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:

<b>General working capital – Purpose of utilisation</b>	<b>Percentage utilised (%)</b>
Payment of employee compensation and directors' fees	47.6
Payment of office overheads	29.3
Payment of professional fees and other compliance costs	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 ("2018 Rights cum Warrants Issue A")**

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

<b>Use of Proceeds</b>	<b>Actual utilisation S\$'000</b>	<b>As a percentage of net proceeds %</b>	<b>Proposed utilisation ratio %</b>
To fund the proposed expansion of the new business of property development and property investments	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:

<b>General working capital – Purpose of utilisation</b>	<b>Percentage utilised (%)</b>
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 (“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	<u>8,355</u>	<u>69.5</u>	

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.

### 23. Whitewash waiver

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

In connection with the Rights cum Warrants Issue A, the Securities Industry Council of Singapore (the “SIC”) had on 6 November 2017 waived the obligation under Rule 14 of the Singapore Code on Takeovers 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”).

#### Disclosure Note required under the Code

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

- (a) the Shareholders (other than Mr. Hano Maeloa and Ms Oei Siu Hoa @ Sukmawati Widjaja, the concert parties of the Concert Party Group and parties not independent of them) approved the Whitewash Resolution waiving their rights to receive a mandatory general offer from the Concert Party Group in accordance with Rule 14 of the Code, in the event that the Concert Party Group's subscription of the Rights Shares and Warrant Shares (as defined in 2017 Circular) arising from the exercise of the 2018 Rights cum Warrants Issue A and/or the Adjustment Warrant Shares (as defined in 2017 Circular) arising from the exercise of the Adjustment Warrants (including (a) the subscription of up to 7,785,299,728 Rights Shares by Mr. Oei pursuant to the Sub-underwriting Commitment; and/or (b) the exercise of up to 7,785,299,728 2018 Warrants A subscribed by Mr. Oei under the Sub-underwriting Commitment) results in the Concert Party Group incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Code. To rely on the Whitewash Resolution, the acquisition of Rights Shares and 2018 Warrants A under the 2018 Rights cum Warrants Issue A by the Concert Party Group must be completed within three (3) months of the approval of the Whitewash Resolution, and (A) the acquisition of the Warrant Shares by the Concert Party Group upon the exercise of the 2018 Warrants A and (B) the acquisition of new Shares upon the exercise of the Adjustment Warrants by Mr. Hano Maeloa and Ms. Oei Siu Hoa @ Sukmawati Widjaja must be completed with five (5) years of the date of issue of the Warrants A (being 30 January 2023);
- (b) based on the latest available information, the Concert Party Group holds in aggregate:
- (i) 6,669,033,775 Shares representing 37.42% of the voting rights in the capital of the Company; and
  - (ii) 371,068,831 2015 Warrants, 5,228,472,227 2018 Warrants A and 2,197,820,126 2018 Warrants B (collectively, the "Convertibles");
- (c) the maximum potential voting rights of the Concert Party Group in the Company, assuming that only the Concert Party Group (but not other Shareholders) 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.

**BY ORDER OF THE BOARD**

**Lee Keng Mun**  
**Director/Chief Operating Officer**  
**28 August 2019**