



CHINA REAL ESTATE GRP LTD.

(Company Reg. No. 200609901H)

Financial Statements And Related Announcement for the First Quarter Ended 30 September 2018

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

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

	Note	1st Qtr Ended 30/09/2018 S\$'000	30/09/2017 S\$'000	Increase/ (decrease) %
Revenue		3,036	4,276	(29.0)
Cost of services		<u>(2,860)</u>	<u>(3,905)</u>	(26.8)
Gross profit		176	371	(52.6)
Other loss, net		(69)	(776)	(91.1)
Distribution and marketing expenses		(132)	(73)	80.8
Administrative expenses		(1,300)	(1,065)	22.1
Finance expenses		<u>(20)</u>	<u>-</u>	n.m.
Loss before income tax		(1,345)	(1,543)	(12.8)
Income tax credit	A	<u>-</u>	<u>5</u>	n.m.
Total loss	B	<u>(1,345)</u>	<u>(1,538)</u>	(12.5)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Currency translation loss arising from consolidation		<u>(1,435)</u>	<u>-</u>	n.m.
Other comprehensive loss, net of tax.		<u>(1,435)</u>	<u>-</u>	n.m.
Total comprehensive loss		<u>(2,780)</u>	<u>(1,538)</u>	80.8

n.m. = Not meaningful.

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

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

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

	Note	1st Qtr Ended 30/09/2018 S\$'000	30/09/2017 S\$'000	Increase/ (decrease) %
Loss attributable to:				
Equity holders of the Company		(1,287)	(1,538)	(16.3)
Non-controlling interests		(58)	-	n.m.
		<u>(1,345)</u>	<u>(1,538)</u>	(12.5)
Total comprehensive loss attributable to:				
Equity holders of the Company		(2,401)	(1,538)	56.1
Non-controlling interests		(379)	-	n.m.
		<u>(2,780)</u>	<u>(1,538)</u>	80.8

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

A Income tax credit

Income tax credit in the first quarter ended 30 September 2017 (“1QFY18”) represents deferred income taxes credited to the income statement.

b The net loss is determined after (charging)/crediting the following:

	Note	1st Qtr Ended 30/09/2018 S\$'000	30/09/2017 S\$'000	Increase/ (decrease) %
Foreign exchange loss	(i)	(178)	(31)	474.2
Interest expense		(20)	-	n.m.
Loss on disposal of financial assets at fair value through profit or loss		(11)	-	n.m.
Investment Income:				
- Fair value loss on financial assets at fair value through profit or loss	(ii)	(150)	(1,074)	(86.0)
- Dividend income		173	185	(6.5)
Depreciation and amortisation	(iii)	90	113	(20.4)
Interest income from other receivable		-	68	n.m.
Operating lease expenses	(iv)	268	242	10.7

n.m. = Not meaningful.

Note (i)

The increase in exchange loss in the first quarter ended 30 September 2018 (“1QFY19”) was due to the weakening of the underlying currency of the financial assets in Malaysian ringgit against the reporting currency, the Singapore dollar, during 1QFY19.

Note (ii)

The Group reported a fair value loss of S\$150,000 on financial assets in 1QFY19 as compared with S\$1.1 million in 1QFY18, largely because of the fluctuation in quoted prices of investments.

Note (iii)

The lower depreciation and amortisation is due to the lower level of depreciable assets and amortisable intangible assets during this period.

Note (iv)

The higher operating lease expenses in 1QFY19 was due to the rental of an office unit in Beijing, the People’s Republic of China (the “PRC”).

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

	Group		Company	
	30/09/2018	30/06/2018	30/09/2018	30/06/2018
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	23,472	14,136	13,705	906
Financial assets, at fair value through profit or loss	9,555	11,524	9,555	11,524
Trade and other receivables	12,029	13,804	11,499	11,322
Other current assets	1,993	2,061	234	222
Available-for-sale financial assets	2,000	2,000	2,000	2,000
	<u>49,049</u>	<u>43,525</u>	<u>36,993</u>	<u>25,974</u>
Non-current assets				
Development properties	9,012	7,996	-	-
Investment in subsidiary corporations	-	-	24,400	24,400
Property, plant and equipment	11,726	10,689	16	17
Intangible assets	639	639	-	-
	<u>21,377</u>	<u>19,324</u>	<u>24,416</u>	<u>24,417</u>
Total assets	<u>70,426</u>	<u>62,849</u>	<u>61,409</u>	<u>50,391</u>
LIABILITIES				
Current liabilities				
Trade and other payables	5,104	6,698	196	227
Borrowings	1,291	1,340	-	-
Current income tax liabilities	17	17	17	17
	<u>6,412</u>	<u>8,055</u>	<u>213</u>	<u>244</u>
Non-current liabilities				
Provisions	204	204	-	-
Deferred income tax liabilities	575	597	-	-
	<u>779</u>	<u>801</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>7,191</u>	<u>8,856</u>	<u>213</u>	<u>244</u>
Net assets	<u>63,235</u>	<u>53,993</u>	<u>61,196</u>	<u>50,147</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	195,731	183,709	195,731	183,709
Foreign currency translation reserve	(17,113)	(15,999)	(15,939)	(15,939)
Accumulated losses	(123,652)	(122,365)	(118,596)	(117,623)
	<u>54,966</u>	<u>45,345</u>	<u>61,196</u>	<u>50,147</u>
Non-controlling interests	<u>8,269</u>	<u>8,648</u>	<u>-</u>	<u>-</u>
Total equity	<u>63,235</u>	<u>53,993</u>	<u>61,196</u>	<u>50,147</u>

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

Amount repayable in one year or less, or on demand

	As at 30/09/2018		As at 30/06/2018	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Term loan	1,291	-	1,340	-

Amount repayable after one year

	As at 30/09/2018		As at 30/06/2018	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Term loan	-	-	-	-

Details of any collateral

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

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

	1st Qtr Ended	
	30/09/2018	30/09/2017
	S\$'000	S\$'000
Cash flows from operating activities		
Total loss	(1,345)	(1,538)
Adjustments for:		
Depreciation of property, plant and equipment	90	82
Amortisation of intangible assets	-	31
Loss on disposal of property, plant and equipment	9	-
Income tax credit	-	(5)
Interest income	(27)	(68)
Unrealised currency translation differences	(222)	-
Dividend income	(173)	(185)
	<u>(1,668)</u>	<u>(1,683)</u>
Changes in working capital		
Development properties	(1,320)	-
Trade and other receivables	1,408	1,907
Other current assets	11	(46)
Financial assets, at fair value through profit or loss	1,969	1,091
Trade and other payables	(1,520)	18
	<u>(1,120)</u>	<u>1,287</u>
Net cash (used in)/provided by operations	(1,120)	1,287
Interest received	27	-
	<u>(1,093)</u>	<u>1,287</u>
Net cash (used in)/provided by operating activities		
Cash flows from investing activities		
Additions to property, plant and equipment	(1,520)	(1)
Dividend received	173	185
	<u>(1,347)</u>	<u>184</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from issuance of new ordinary shares	12,291	-
Share issue expenses	(269)	-
Proceeds from issuance of new ordinary shares pursuant to exercise of warrants	-*	-
	<u>12,022</u>	<u>-</u>
Net cash from financing activities		
Net increase in cash and cash equivalents	9,582	1,471
Cash and cash equivalents at beginning of period	14,136	1,198
Effects of currency translation on cash and cash equivalents	(246)	-
Cash and cash equivalents at end of period	<u>23,472</u>	<u>2,669</u>

* Less than S\$1,000

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

	← Attributable to equity holders of the Company →					
	Share capital S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000	Non- controlling interests S\$'000	Total S\$'000
Group						
3 months ended 30 September 2018						
Beginning of financial period	183,709	(15,999)	(122,365)	45,345	8,648	53,993
Total comprehensive loss	-	(1,114)	(1,287)	(2,401)	(379)	(2,780)
Issuance of new ordinary shares	12,291	-	-	12,291	-	12,291
Share issue expenses	(269)	-	-	(269)	-	(269)
Issuance of new ordinary shares pursuant to exercise of warrants	-*	-	-	-*	-	-*
End of financial period	<u>195,731</u>	<u>(17,113)</u>	<u>(123,652)</u>	<u>54,966</u>	<u>8,269</u>	<u>63,235</u>
3 months ended 30 September 2017						
Beginning of financial period	161,334	(15,939)	(117,528)	27,867	-	27,867
Total comprehensive loss	-	-	(1,538)	(1,538)	-	(1,538)
End of financial period	<u>161,334</u>	<u>(15,939)</u>	<u>(119,066)</u>	<u>26,329</u>	<u>-</u>	<u>26,329</u>

* Less than S\$1,000

	Share capital S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Company				
3 months ended 30 September 2018				
Beginning of financial period	183,709	(15,939)	(117,623)	50,147
Total comprehensive loss	-	-	(973)	(973)
Issue of new ordinary shares	12,291	-	-	12,291
Share issue expenses	(269)	-	-	(269)
Issuance of new ordinary shares pursuant to exercise of warrants	-*	-	-	-*
End of financial period	<u>195,731</u>	<u>(15,939)</u>	<u>(118,596)</u>	<u>61,196</u>
3 months ended 30 September 2017				
Beginning of financial period	161,334	(15,939)	(114,523)	30,872
Total comprehensive loss	-	-	(1,352)	(1,352)
End of financial period	<u>161,334</u>	<u>(15,939)</u>	<u>(115,875)</u>	<u>29,520</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 is as follows:

	Number of issued shares
Balance at 1 July 2018	11,677,961,622
Issuance of new ordinary shares pursuant to the exercise of the 2015 Warrants (as defined herein)	28,945
Issuance of new ordinary shares pursuant to the rights cum warrants issue completed on 27 July 2018 ("2018 Rights cum Warrants Issue B")	<u>6,145,168,199</u>
Balance at 30 September 2018	<u>17,823,158,766</u>

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

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

	30/09/2018	30/09/2017
- Warrants expiring on 16 July 2018 ("2013 Warrants")	-	10,559,328
- Warrants expiring on 6 May 2019 ("2014 Warrants")	1,325,578,711	773,282,530
- Warrants expiring on 19 November 2020 ("2015 Warrants")	4,443,277,094	2,592,009,576
- Warrants expiring 30 January 2023 ("2018 Warrants A")	10,009,570,061	-
- Warrants expiring 26 July 2023 ("2018 Warrants B")	6,145,168,199	-
	<u>21,923,594,065</u>	<u>3,375,851,434</u>

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

	30/09/2018	30/06/2018
Total number of issued shares excluding treasury shares	<u>17,823,158,766</u>	<u>11,677,961,622</u>

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

Not applicable.

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

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

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

Not applicable.

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

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

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

The Group has adopted 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.**

	1st Qtr Ended	
	30/09/18	30/09/17
Net loss attributable to equity holders of the Company (S\$'000)	<u>(1,287)</u>	<u>(1,538)</u>
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	<u>14,851,955</u>	<u>3,892,650</u>
Basic and diluted loss per share (cents per share)	<u>(0.01)</u>	<u>(0.04)</u>

As the Group was making losses for the financial period ended 30 September 2018 and 2017, the dilutive potential shares from the warrants were anti-dilutive and no changes were made to the diluted loss per share.

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

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

	Group		Company	
	30/09/2018	30/06/2018	30/09/2018	30/06/2018
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

1QFY19 vs 1QFY18

Revenue and gross profit

The Group reported lower revenue of S\$3.0 million in 1QFY19 as compared with the S\$4.3 million recorded in 1QFY18. The decrease was due to a S\$840,000 drop in commissions earned from resale and new properties as well as commissions from international projects. In line with the lower revenue in 1QFY19, gross profit was lower than in 1QFY18.

Other loss, net

The lower other loss, net reported in 1QFY19 was attributable mainly to the lower fair value loss on financial assets at fair value through profit or loss of S\$150,000 compared to S\$1.1 million reported in 1QFY18.

Distribution and marketing expenses

The increase in distribution and marketing expenses was attributable mainly to the higher volume of marketing advertisements in 1QFY19.

Administrative expenses

The higher administrative expenses of S\$1.3 million reported for 1QFY19 was due mainly to the consolidation of the results of the newly acquired subsidiary corporations in Huzhou, PRC (the “Huzhou Subsidiaries”), with effect from 16 November 2017.

Net loss

The Group reported a net loss of S\$1.3 million in 1QFY19 as compared with the net loss of S\$1.5 million posted in 1QFY18. The reduced net loss was due mainly to the lower other losses as mentioned above.

B. Review of Financial Position

Cash and cash equivalents

The increase in cash and cash equivalents was due mainly to cash inflows of S\$12.0 million from the net proceeds of the 2018 Rights cum Warrants Issue B. This was partly offset by cash outflows of S\$1.1 million in operating activities and S\$1.5 million in additions to property, plant and equipment mainly for payment of construction cost for a hotel in Huzhou, PRC.

Financial assets, at fair value through profit or loss

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

Trade and other receivables

The drop in trade and other receivables was due mainly to the lower commission receivable as at 1QFY19.

Development properties

The increase in trade and other payables was due mainly to the additional pre-development expenditure incurred on the development project in Huzhou, PRC.

Property, plant and equipment

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

Trade and other payables

The decrease in trade and other payables was due mainly to lower commission payable as at 1QFY19, corresponding to the lower commission receivable mentioned above.

C. Review of Cash Flow

In 1QFY19, the Group recorded an increase of S\$9.6 million in cash and cash equivalents. The increase was due mainly to the net proceeds of S\$12.0 million from the 2018 Rights cum Warrants Issue B.

This was offset by net cash used in operating activities of S\$1.1 million and in net investing activities of S\$1.3 million.

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

Not applicable.

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

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

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

B. Real estate development

The Huzhou Subsidiaries have 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 Huzhou Subsidiaries are undertaking the development of waterside villas, island residences and townhouses which will focus on wellness and healthy living facilities, as well as hotels, leisure farm resorts and canal sightseeing facilities, which will feature the unique culture of the west of the Yangtze River, in Huzhou, PRC (the "Huzhou Project"). The Huzhou Project is currently at the planning and design stage.

The Huzhou Subsidiaries have obtained state-owned construction land use rights over a land parcel located next to the Project Land with a total site area of 10,638 square metres (the "Hotel Land"). A 114-room hotel is under construction on the Hotel Land.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

No dividend has been declared for the quarter ended 30 September 2018.

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

No IPT mandate has been obtained for the quarter ended 30 September 2018.

14. Utilisation of Proceeds

A. Rights cum warrants issue completed on 7 May 2014 (“2014 Rights cum Warrants Issue”)

On 7 May 2014, the Company issued 715,210,185 new ordinary shares at S\$0.02 per share pursuant to the 2014 Rights cum Warrants Issue and raised net proceeds of S\$14,053,000. The proceeds from the 2014 Rights cum Warrants Issue were initially to be utilised as follows:

	Proposed utilisation ratio %
1. Defraying costs and expenses arising from the proposed acquisition of Coeur Gold Armenia Ltd	30-70*
2. Funding growth and expansion	10-30*
3. General working capital	10-30*

As announced in the second quarter ended 31 December 2017 results announcement, the Company revised the intended use of proceeds and, as at 30 September 2018, the status in terms of utilisation is as follows:

Use of Proceeds	Actual utilisation S\$’000	As a percentage of net proceeds %	Proposed utilisation ratio %
Defraying costs and expenses arising from the proposed acquisition of Coeur Gold Armenia Limited	1,627	11.6	11.6*
Funding growth and expansion	4,200	29.9	10-30*
To fund the proposed expansion in new business of property development and property investment	2,917	20.7	10-30*
General working capital	<u>5,309</u>	<u>37.8</u>	10-50*
Total	<u>14,053</u>	<u>100.0</u>	

Note:

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

With respect to the S\$5,309,000 used for general working capital, the breakdown was as follows:

General working capital – purpose of utilisation	Percentage utilised (%)
Payment of employee compensation and directors’ fees	47.9
Payment of office overheads	26.3
Payment of professional fees and other compliance costs	18.1
Payment to suppliers	<u>7.7</u>
Total	<u>100.0</u>

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

B. 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 and support services	6,670	52.9	30-70*
General working capital	<u>3,540</u>	<u>28.0</u>	10-30*
Total	<u>10,210</u>	<u>80.9</u>	

Note:

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

With respect to the S\$3,540,000 used for general working capital, the breakdown is as follows:

General working capital – Purpose of utilisation	Percentage utilised (%)
Payment of employee compensation and directors' fees	46.3
Payment of office overheads	30.0
Payment of professional fees and other compliance costs	<u>23.7</u>
Total	<u>100.0</u>

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

C. 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:

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 property development and property investment	13,735	61.4	70-90*
General working capital	<u>351</u>	<u>1.6</u>	10-30*
Total	<u>14,086</u>	<u>63.0</u>	

Note:

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

With respect to the S\$351,000 used for general working capital, the breakdown is as follows:

General working capital – Purpose of utilisation	Percentage utilised (%)
Payment of office overheads	36.7
Payment of professional fees and other compliance costs	63.3
Total	100.0

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

D. 2018 Rights cum Warrants Issue B

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

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

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

16. Whitewash waiver

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

In connection with the 2018 Rights cum Warrants Issue A, the Securities Industry Council of Singapore (the “SIC”) had on 6 November 2017 waived the obligation under Rule 14 of the Code for Mr Oei Hong Leong (“Mr Oei”) and his concert parties (the “Concert Party Group”) to make a Mandatory Offer for the Company in the event the Concert Party Group increases their aggregate shareholding in the Company to 30% or more based on the Company’s enlarged issued share capital as a result of:

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

Disclosure Note required under the Code

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

- 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 Warrants A under 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 2018 Warrants A (being 30 January 2023);

- (b) as at 31 October 2018 (the "Latest Practicable Date"), the Concert Party Group holds in aggregate:
 - (i) 6,609,033,775 Shares representing 37.42% of the voting rights in the capital of the Company; and
 - (ii) 342,046,608 2014 Warrants, 371,068,831 2015 Warrants, 5,228,472,227 2018 Warrants A and 2,197,820,126 2018 Warrants B (collectively, the "Convertibles");
- (c) the maximum potential voting rights of the Concert Party Group in the Company, assuming that only the Concert Party Group (but not other Shareholders) exercises their Convertibles in full is 57.04% (based on the enlarged share capital which includes the shares issued arising from the exercise of Convertibles held by the Concert Party Group);
- (d) having approved the Whitewash Resolution on 6 December 2017, Shareholders have waived their rights to a general offer from the Concert Party Group and their concert parties at the highest price paid by the Concert Party Group for Shares in the past 6 months preceding the commencement of the offer; and
- (e) having approved the Whitewash Resolution on 6 December 2017, Shareholders could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of (A) the 2018 Warrants A subscribed by the Concert Party Group pursuant to the Sub-underwriting Commitment or 2018 Rights cum Warrants Issue A and (B) the Adjustment Warrants to be issued to Mr Hano Maeloa and Ms Oei Siu Hoa @ Sukmawati Widjaja.

BY ORDER OF THE BOARD

Lee Keng Mun
Director/Chief Operating Officer
13 November 2018



CHINA REAL ESTATE GRP LTD.
(Company Reg. No. 200609901H)

CONFIRMATION BY THE BOARD

We, Dato' Dr. Choo Yeow Ming and Lee Keng Mun, being two of the directors of China Real Estate Grp Ltd. (the "Company"), do hereby confirm on behalf of the board of directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company that might render the financial results for the first quarter ended 30 September 2018 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

(SIGNED)

Dato' Dr. Choo Yeow Ming
Director

13 November 2018

(SIGNED)

Lee Keng Mun
Director