



Ying Li International Real Estate Limited

(Incorporated in the Republic of Singapore)
(Company Registration No.: 199106356W)

Unaudited Condensed Interim Consolidated Financial Statements
For the six months ended 30 June 2022

Table of Contents

	Page
A. Unaudited condensed interim consolidated statements of profit or loss and other comprehensive income	3
B. Unaudited condensed interim consolidated statements of financial position	4
C. Unaudited condensed interim consolidated statements of changes in equity	5
D. Unaudited condensed interim consolidated statements of cash flows	7
E. Notes to the unaudited condensed interim consolidated financial statements	8
F. Other information required by Listing Rule Appendix 7.2	19

A. Unaudited condensed interim consolidated statements of profit or loss and other comprehensive income

	Note	The Group		Increase / (Decrease) %
		6 months ended 30 June 2022 RMB'000	6 months ended 30 June 2021 RMB'000	
Revenue	4.2	87,657	112,937	(22.4%)
Cost of sales		(22,079)	(33,820)	(34.7%)
Gross profit		65,578	79,117	(17.1%)
Other income	6.1	5,334	8,033	(33.6%)
Distribution and marketing expenses		(12,768)	(18,074)	(29.4%)
Administrative expenses		(42,882)	(47,001)	(8.8%)
Finance expenses		(66,842)	(66,398)	0.7%
Other losses - net	6.1	(31,610)	(39,208)	(19.4%)
Loss before taxation		(83,190)	(83,531)	(0.4%)
Taxation	7	(42)	(14,277)	(99.7%)
Net loss for the financial period, net of tax		(83,232)	(97,808)	(14.9%)
Other comprehensive (loss)/income				
<u>Item that may be reclassified subsequently to profit or loss:</u>				
Net currency translation differences arising from consolidation		(12,419)	43,799	(128.4%)
Total comprehensive loss for the period		(95,651)	(54,009)	77.1%
Net loss attributable to:				
Equity holders of the Company		(83,030)	(93,531)	(11.2%)
Non-controlling Interests		(202)	(4,277)	(95.3%)
		(83,232)	(97,808)	(14.9%)
Total comprehensive loss attributable to:				
Equity holders of the Company		(95,449)	(49,732)	91.9%
Non-controlling Interests		(202)	(4,277)	(95.3%)
		(95,651)	(54,009)	77.1%
Loss per share for net loss for the period attributable to equity holders of the Company				
Basic loss per share (RMB)	8(a)	(0.032)	(0.037)	
Diluted loss per share (RMB)	8(b)	(0.032)	(0.037)	

B. Unaudited condensed interim consolidated statements of financial position

	Note	The Group		The Company	
		30 June	31 December	30 June	31 December
		2022	2021	2022	2021
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Current assets:					
Development properties	11	1,036,610	1,036,947	-	-
Trade and other receivables	10	461,825	456,841	2,596,103	2,677,956
Cash and cash equivalents		487,206	567,936	40,054	22,472
		<u>1,985,641</u>	<u>2,061,724</u>	<u>2,636,157</u>	<u>2,700,428</u>
Non-current assets:					
Property, plant and equipment	12	49,917	51,824	19	3
Investment in subsidiaries	13	-	-	3,116,542	2,966,325
Investment properties	15	4,099,183	4,102,384	-	-
Financial asset, at fair value through profit or loss ("FVPL")	14	621,799	621,799	-	-
		<u>4,770,899</u>	<u>4,776,007</u>	<u>3,116,561</u>	<u>2,966,328</u>
Total assets		<u>6,756,540</u>	<u>6,837,731</u>	<u>5,752,718</u>	<u>5,666,756</u>
LIABILITIES					
Current liabilities:					
Trade and other payables	16	1,327,347	1,197,633	2,385,659	2,221,431
Current income tax liabilities		179,669	179,731	-	-
Borrowings	17	494,585	432,952	456,287	397,793
Provisions	18	415,901	406,499	-	-
		<u>2,417,502</u>	<u>2,216,815</u>	<u>2,841,946</u>	<u>2,619,224</u>
Non-current liabilities:					
Deferred income tax liabilities		471,027	471,027	-	-
Borrowings	17	2,012,756	2,056,314	-	-
		<u>2,483,783</u>	<u>2,527,341</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>4,901,285</u>	<u>4,744,156</u>	<u>2,841,946</u>	<u>2,619,224</u>
NET ASSETS		<u>1,855,255</u>	<u>2,093,575</u>	<u>2,910,772</u>	<u>3,047,532</u>
EQUITY					
Capital and reserves:					
Share capital	19	4,028,372	4,028,372	4,028,372	4,028,372
Reverse acquisition reserve		(2,034,754)	(2,034,754)	-	-
Statutory common reserve		91,018	91,018	-	-
Convertible bonds reserve		42,458	42,458	42,458	42,458
Perpetual convertible securities		878,970	878,970	878,970	878,970
Translation reserve		22,461	34,880	(1,228)	(11,043)
Accumulated losses		(1,168,538)	(942,839)	(2,037,800)	(1,891,225)
Equity attributable to equity holders of the Company		<u>1,859,987</u>	<u>2,098,105</u>	<u>2,910,772</u>	<u>3,047,532</u>
Non-controlling interest		(4,732)	(4,530)	-	-
TOTAL EQUITY		<u>1,855,255</u>	<u>2,093,575</u>	<u>2,910,772</u>	<u>3,047,532</u>

C. Unaudited condensed interim statements of changes in equity (continued)

Company	Share capital RMB'000	Convertible bonds reserve RMB'000	Translation reserve RMB'000	Perpetual convertible securities RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 January 2022	4,028,372	42,458	(11,043)	878,970	(1,891,225)	3,047,532
Total comprehensive loss for the period	-	-	9,815	-	(3,906)	5,909
Distribution on perpetual convertible securities	-	-	-	-	(142,669)	(142,669)
Balance at 30 June 2022	4,028,372	42,458	(1,228)	878,970	(2,037,800)	2,910,772
Balance at 1 January 2021	4,028,372	42,458	(17,354)	878,970	(1,510,676)	3,421,770
Total comprehensive loss for the period	-	-	13,907	-	(35,593)	(21,686)
Distribution on perpetual convertible securities	-	-	-	-	(135,987)	(135,987)
Balance at 30 June 2021	4,028,372	42,458	(3,447)	878,970	(1,682,256)	3,264,097

D. Unaudited condensed interim consolidated statements of cash flows

	The Group	
	6 months ended 30 June 2022 RMB'000	6 months ended 30 June 2021 RMB'000
Operating activities		
Loss before taxation	(83,190)	(83,531)
Adjustments for:		
Depreciation of property, plant and equipment	1,755	1,373
Amortisation of other non-current assets	3,201	2,621
Interest expense	66,842	66,398
Interest income	(1,898)	(6,391)
Provision for liabilities on legal cases and penalties	14,300	7,885
(Gain)/loss on disposal of property, plant and equipment	(41)	240
Impairment loss on trade receivables	21	-
Unrealised exchange difference	7,200	22,649
Operating profit before working capital changes	8,190	11,244
Change in development properties	337	12,791
Change in trade and other receivables	(4,948)	3,748
Changes in provisions	(4,898)	-
Change in trade and other payables	(4,063)	3,606
Cash (used in)/generated from operations	(5,382)	31,389
Interest paid	(65,164)	(67,843)
Interest received	1,843	7,445
Income tax paid	(7)	(205)
Net cash used in operating activities	(68,710)	(29,214)
Cash flow from investing activities		
Purchase of property, plant and equipment	(213)	(116)
Proceeds from disposal of property, plant and equipment	404	3
Net cash generated from/(used in) investing activities	191	(113)
Cash flow from financing activities		
(Increase)/decrease in restricted cash	(42,647)	27,000
Proceed from borrowings	40,197	-
Repayment of borrowings	(53,485)	(46,485)
Net cash used in financing activities	(55,935)	(19,485)
Net decrease in cash and cash equivalents	(124,454)	(48,812)
Effects of exchange rate changes on cash and cash equivalents	1,077	(1,673)
Cash and cash equivalents at beginning of period	354,405	388,151
Cash and cash equivalents at end of period	231,028	337,666
Restricted bank balances	256,178	342,687
Cash and cash equivalents in the consolidated statements of financial position	487,206	680,353

E. Notes to the unaudited condensed interim consolidated financial statements

1. General information

Ying Li International Real Estate Limited (the “Company”) is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the “Singapore Exchange” or “SGX-ST”) and incorporated and domiciled in Singapore. These unaudited condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are:

- (a) Property development;
- (b) Mall and property management;
- (c) Property consultancy, sale, marketing and management;
- (d) Commercial property management and leasing services; and
- (e) Others - Investment holding

COVID-19 pandemic and the aftermath

The COVID-19 pandemic has affected almost all countries in the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group’s significant operations are in People’s Republic of China (“PRC”), all of which have been affected by the spread of COVID-19 since 2020.

Set out below is the impact of COVID-19 on the Group’s financial performance reflected in this set of financial statements for the financial period ended 30 June 2022:

- (i) The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- (ii) The Group has considered the market conditions (including the impact of COVID-19) as at the end of the financial period, in making estimates and judgements on the assessment of fair value of investment properties and financial asset, at FVPL as at 30 June 2022.
- (iii) The Group has considered the market conditions (including the impact of COVID-19) as at the end of the financial period, in making estimates and judgements on the recoverability of assets and provisions for onerous contracts as at 30 June 2022.

As the global COVID-19 situation remains very fluid, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2022.

2. Basis of preparation

The unaudited condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The unaudited condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and its performance of since the last annual financial statements for the financial year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s. The unaudited condensed interim financial statements are presented in Chinese Renminbi (“RMB”) and all values are rounded to the nearest thousand (“RMB’000”) as indicated.

2.1. New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the unaudited condensed interim financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

- Assessment of expected credit loss ("ECL") of trade and other receivables
- Estimation of net realisable value for development properties
- Valuation of investment properties
- Valuation of financial assets, at FVPL
- Provision on litigation cases and penalties
- Deferred income tax
- Classification of perpetual convertible securities and unquoted investment in limited partnership

3. Seasonal operations

The Group's businesses were not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the following main business segments:

Property investment : Leasing of investment properties to generate rental income, facility management income and to gain from the appreciation in the value of the properties in the long term

Property development : Development and sales of residential, commercial and other types of properties

Others : Mainly related with corporate office functions and investment holding

These operating segments are reported in a manner consistent with the internal reporting provided to the executive committee for allocation resources and assessing performance.

4.1. Reportable segments

	<u>Property investment</u> RMB'000	<u>Property development</u> RMB'000	<u>Others</u> RMB'000	<u>Consolidated</u> RMB'000
<u>1 January 2022 to 30 June 2022</u>				
Revenue				
Total segment sales	87,309	348	-	87,657
Segment results	39,671	(20,535)	(37,382)	(18,246)
Interest expense	-	(9,209)	(57,633)	(66,842)
Interest income	-	-	1,898	1,898
Segment profit/(loss) before taxation	39,671	(29,744)	(93,117)	(83,190)
Depreciation of property, plant and equipment	-	-	1,755	1,755
As at 30 June 2022				
Segment assets	4,160,308	2,050,156	546,076	6,756,540
Segment assets includes:				
Additions to:				
- Property, plant and equipment	-	-	213	213
Segment liabilities	1,921,451	790,010	1,539,128	4,250,589
Current income tax liabilities				179,669
Deferred income tax liabilities				471,027
				4,901,285
	<u>Property investment</u> RMB'000	<u>Property development</u> RMB'000	<u>Others</u> RMB'000	<u>Consolidated</u> RMB'000
<u>1 January 2021 to 30 June 2021</u>				
Revenue				
Total segment sales	91,804	21,133	-	112,937
Segment results	50,900	(23,455)	(50,969)	(23,524)
Interest expense	-	(8,461)	(57,937)	(66,398)
Interest income	-	-	6,391	6,391
Segment profit/(loss) before taxation	50,900	(31,916)	(102,515)	(83,531)
Depreciation of property, plant and equipment	-	-	1,373	1,373
As at 30 June 2021				
Segment assets	4,160,385	2,164,326	810,890	7,135,601
Segment assets includes:				
Additions to:				
- Property, plant and equipment	-	-	116	116
Segment liabilities	2,017,069	754,997	1,209,390	3,981,456
Current income tax liabilities				179,630
Deferred income tax liabilities				545,222
				4,706,308

4.2 Disaggregation of Revenue

	The Group	
	6 months ended 30 June 2022 RMB'000	6 months ended 30 June 2021 RMB'000
Property development		
Revenue from contracts with customers		
- Sales of completed properties held for sale – at a point in time – PRC	348	21,133
Property investment		
Rental income – PRC	87,309	91,804
	87,657	112,937

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2022 and 31 December 2021:

	Note	The Group		The Company	
		30 June 2022 RMB'000	31 December 2021 RMB'000	30 June 2022 RMB'000	31 December 2021 RMB'000
Financial assets					
Financial asset, at FVPL	14	621,799	621,799	-	-
Cash and cash equivalents		487,206	567,936	40,054	22,472
Trade and other receivables	10	348,227	339,663	2,596,022	2,677,655
		1,457,232	1,529,398	2,636,076	2,700,127
Financial liabilities					
Trade and other payables	16	1,284,274	1,150,258	2,385,659	2,221,431
Borrowings	17	2,507,341	2,489,266	456,287	397,793
		3,791,615	3,639,524	2,841,946	2,619,224

6. Loss before taxation

6.1. Significant items

	The Group	
	6 months ended 30 June 2022 RMB'000	6 months ended 30 June 2021 RMB'000
Other income		
Interest income	1,898	6,391
Sundry income	3,436	1,642
	5,334	8,033
Other losses - net		
Foreign exchange loss - net	(7,200)	(22,817)
Gain/(loss) on disposal of property, plant and equipment	41	(240)
Provision for liabilities on legal cases and penalties (Note 18)	(14,300)	(7,885)
Accruals for payables of development projects	-	(8,209)
Accruals for early termination of tenancy agreement	(10,000)	-
Impairment loss on trade receivables	(21)	-
Other losses - net	(130)	(57)
	(31,610)	(39,208)

	The Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	RMB'000	RMB'000
Other expenses by nature		
Interest on borrowings	66,842	66,398
Depreciation of property, plant and equipment	1,755	1,373
Amortisation of other non-current assets	3,201	2,621
Employment compensation	15,758	23,581

6.2. Related party transactions

Other than as disclosed elsewhere in the financial statements, material transactions with related parties based on terms agreed between the parties are as follows:

	The Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	RMB'000	RMB'000
Management fees and related costs charged by a joint venture of controlling shareholder	1,883	1,500
Interest expense charged by a subsidiary of controlling shareholder	3,188	-
Provision of distribution on perpetual convertible securities payable to a subsidiary of controlling shareholder	142,669	135,987

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the unaudited condensed interim consolidated statements of profit or loss are:

	The Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	RMB'000	RMB'000
Current income tax expense	42	169
Deferred income tax expense relating to origination and reversal of temporary differences	-	14,108
	42	14,277

8. Loss per share

(a) Basic loss per share

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

	The Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
Net loss attributable to equity holders of the Company (RMB'000)	(83,030)	(93,531)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	2,557,040	2,557,040
Basic loss per share (RMB per share)	(0.032)	(0.037)

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, net loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As the effect is anti-dilutive, the diluted loss per share is the same as the basic loss per share.

9. Net asset value

	The Group		The Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Net asset value attributable to equity holders of the Company (RMB'000)	1,859,987	2,098,105	2,910,772	3,047,532
Number of shares issued ('000)	2,557,040	2,557,040	2,557,040	2,557,040
Net asset value per ordinary shares (RMB per share)	0.73	0.82	1.14	1.19

10. Trade and other receivables

	The Group	
	30 June 2022 RMB'000	31 December 2021 RMB'000
Trade receivables	45,548	38,763
Other receivables:		
- Refundable deposits	17,232	17,228
- Proceed receivable from disposal of subsidiaries/land, net	262,710	262,710
- Other receivables	22,737	20,962
Financial assets, at amortised cost	348,227	339,663
Advances to sub-contractor and vendors	3,860	4,116
Prepayments	59,658	65,530
Prepaid tax	50,080	47,532
Total trade and other receivables	461,825	456,841

	The Company	
	30 June 2022 RMB'000	31 December 2021 RMB'000
Other receivables	124	36
Refundable deposits	232	227
Due from subsidiary corporations	2,595,666	2,677,392
Financial assets at amortised cost	2,596,022	2,677,655
Prepayments	81	301
Total trade and other receivables	2,596,103	2,677,956

11. Development properties

	The Group	
	30 June 2022 RMB'000	31 December 2021 RMB'000
Completed properties held for sale	914,198	914,535
Properties for development	122,412	122,412
	1,036,610	1,036,947

12. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to RMB213,000 (30 June 2021: RMB116,000) and disposed assets amounting to RMB404,000 (30 June 2021: RMB3,000).

13. Investments in subsidiaries

	The Company	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
Unquoted equity shares, at cost	2,966,325	2,966,325
Quasi-equity loan to a subsidiary	150,217	-
Total investment in subsidiaries	<u>3,116,542</u>	<u>2,966,325</u>

The quasi-equity loan to a wholly-owned subsidiary is unsecured, interest-free with no fixed term of repayment and are quasi-equity in nature. The settlement of the loans is not planned, and the repayment of the loan is solely at the discretion of the borrower. Accordingly, the loan in substance, forms part of the Company's net investment in the subsidiary and is stated at cost.

14. Financial assets, at FVPL

	The Group	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
Unquoted investment in limited partnership at FVPL		
Beginning of financial period/year	621,799	769,799
Fair value loss	-	(148,000)
End of financial period/year	<u>621,799</u>	<u>621,799</u>

Unquoted investment in limited partnership relates to a subsidiary's investment of RMB559 million (at cost) to subscribe for 26% of the subordinated shares in Shanghai Zhaoli Investment Centre (LLP) where it invested directly in Shanghai Sheng Ke Investment Centre (LLP) which in turn owns the project companies holding the Beijing Tongzhou Project.

The unquoted investment in limited partnership is carried at fair value at the end of every financial year is based on valuation performed by international independent firm of professional valuers who have the appropriate recognised professional qualification and recent experience in the financial assets being valued. Discussions on the valuation process, key inputs applied in the valuation approach and the reasons for the fair value changes are held between Management and the independent valuer annually.

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

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presented the assets measured at fair value:

	Level 3 RMB'000
30 June 2022	
Financial asset, at FVPL	<u>621,799</u>
31 December 2021	
Financial asset, at FVPL	<u>621,799</u>

15. Investment properties

The Group's investment properties consist of both office and commercial properties, held for long-term rental yields and/or capital appreciation and are not substantially occupied by the Group. They are mainly leased to third parties under operating leases.

	The Group	
	30 June 2022 RMB'000	31 December 2021 RMB'000
Leasehold properties:		
Beginning of financial year	4,099,183	4,122,220
Sales of investment properties	-	(1,499)
Fair value loss	-	(1,972)
Transfer to property, plant and equipment	-	(19,566)
End of financial period	<u>4,099,183</u>	<u>4,099,183</u>
Deferred lease incentives	-	3,201
Total investment properties	<u>4,099,183</u>	<u>4,102,384</u>

Fair value hierarchy - Recurring fair value measurement

Description	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
30 June 2022			
- Retail, office and car parks - PRC	-	-	<u>4,099,183</u>
31 December 2021			
- Retail, office and car parks - PRC	-	-	<u>4,099,183</u>

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the property's highest and best use. As at 31 December 2021, the fair values of the properties have been determined by international independent firm of professional valuers who have the appropriate recognised professional qualification and recent experience in the financial asset being valued. Discussions on the valuation process, key inputs applied in the valuation approach and the reasons for the fair value changes are held between Management and the independent valuer annually.

The fair value of the Group's investment properties is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy. Level 3 fair values of the Group's properties have been derived using the direct comparison approach and discounted cash flow on property basis. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as location, building age and size. The most significant input in this valuation approach is the reference to market evidence of transaction prices for similar properties and the rental income of the properties and were performed in accordance with International Valuation Standards and the Royal Institution of Chartered Surveyors' Global Valuation Standards.

16. Trade and other payables

	The Group	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
Trade payables	139,190	139,753
Other payables:		
- Non-related parties	118,201	121,424
- Related party	757,784	628,351
Accrued expenses	95,893	91,043
Deposits received	42,343	43,285
Other tax payables	130,863	126,402
Financial liabilities, at amortised cost	1,284,274	1,150,258
Advances received from lessees	16,277	17,721
Contract liabilities	26,796	29,654
Total trade and other payables	1,327,347	1,197,633

	The Company	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
Other payables:		
- Related party	757,784	628,351
Accrued expenses	37,325	33,690
Other tax payables	121,269	118,466
Due to subsidiary corporations	1,469,281	1,440,924
Total trade and other payables	2,385,659	2,221,431

17. Borrowings

	The Group	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
<u>Amount repayable within one year</u>		
Bank borrowings (secured)	206,075	194,560
Bank notes (unsecured)	208,043	159,401
Loan from a subsidiary of controlling shareholder (unsecured)	80,467	78,991
	494,585	432,952
<u>Amount repayable after one year</u>		
Bank borrowings (secured)	2,012,756	2,056,314
Total borrowings	2,507,341	2,489,266

The borrowings of the Group are secured over certain investment properties, development properties, intra-group corporate guarantees and bank balances of the Group.

	The Company	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
<u>Amount repayable within one year</u>		
Bank notes (unsecured)	375,820	318,802
Loan from a subsidiary of controlling shareholder (unsecured)	80,467	78,991
	<u>456,287</u>	<u>397,793</u>

18. Provisions

	The Group	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
<u>Current</u>		
Provision on litigation cases	337,777	337,777
Provision on penalties	78,124	68,722
Total	<u>415,901</u>	<u>406,499</u>

	The Group	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
<u>Movement:</u>		
Beginning of financial period/year	406,499	378,099
Reversal of provision previously utilised	3,000	1,000
Amount recognised in profit or loss (Note 6.1):		
- Provision made	17,300	28,400
- Reversal of provision	(3,000)	(1,000)
	14,300	27,400
Provision utilised	(7,898)	-
End of financial period/year	<u>415,901</u>	<u>406,499</u>

During the financial period ended 30 June 2022, the Group had received repayment of a total amount of RMB3,000,000 from the Non-Related Parties and accordingly, Management had accordingly the provisions in respect of the amount received.

The Group also recognised additional provision for potential penalties payable to local authorities amounting to approximately RMB17,300,000 during the financial period ended 30 June 2022 in relation to the land lease contract of Ying Li International Hardware and Electrical Centre Project as the subsidiaries did not complete the development within the stipulated period.

Provision utilised in the financial period ended 30 June 2022 amounting to RMB7,898,000 relates to the penalty paid to local authorities for a development project of the Group.

19. Share capital

	The Company	
	Number of shares	Amount RMB'000
30 June 2022 and 31 December 2021		
Beginning and end of periods	<u>2,557,040,024</u>	<u>4,028,372</u>

Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or 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.

Perpetual Subordinated Convertible Callable Securities ("Perpetual Convertible Securities")

On 17 October 2014, the Company had issued S\$165,000,000 in aggregate principal amount of Tranche 1 Perpetual Convertible Securities and S\$20,000,000 in aggregate principal amount of Tranche 2 Perpetual Convertible Securities to Everbright Hero Mauritius Limited, the nominee of Everbright Hero Holdings Limited pursuant to a subscription agreement dated 30 June 2014.

The number of shares that may be issued on conversion of the outstanding securities at the end of the period:

	As at 30 June 2022	As at 30 June 2021
	No. of shares	No. of shares
The number of shares that may be issued on conversion of outstanding securities at the end of the period	581,761,006	581,761,006

No conversion of the securities into Shares has taken place since the date of issuance. The Exercise Price of the Convertible Securities is S\$0.318 per Share.

The Company did not hold any treasury shares as at 30 June 2022 (30 June 2021: Nil).

None of the subsidiaries held shares in the Company as at 30 June 2022 (30 June 2021: Nil).

- (i) **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.**

The total number of issued shares as at 30 June 2022 was 2,557,040,024 (30 June 2021: 2,557,040,024).

- (ii) **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.

- (iii) **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.

20. Subsequent events

There are no known subsequent events which have led to adjustments to this set of unaudited condensed consolidated interim financial statements.

**F. Other Information Required by Listing Rule
Appendix 7.2**

OTHER INFORMATION

1. Review

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

The condensed interim consolidated statements of financial position of the Group as at 30 June 2022 ("1H2022") and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim consolidated statements of changes in equity and condensed interim consolidated statements of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

c. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

- (a) Updates on the efforts taken to resolve each outstanding audit issue; and
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

Not applicable.

2. 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.

Please refer to the unaudited condensed interim financial statements of the Group for the six months ended 30 June 2022.

Unaudited Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income

Due to the nature of the industry that the Group operates in, recognition of revenue from the sale of completed properties is driven by project hand-over. Consequently, the interim financial results may not be a good indication of profitability trend.

Revenue

	The Group		
	6 months ended 30 June 2022 RMB'000	6 months ended 30 June 2021 RMB'000	Increase / (Decrease) %
Sales of completed properties	348	21,133	(98.4%)
Rental income	87,309	91,804	(4.9%)
	87,657	112,937	(22.4%)

Revenue for the 6 months decreased by 22.4% Y-o-Y, or RMB25.3 million to RMB87.6 million (1H2021: RMB112.9 million), due to decrease in sales of completed properties by RMB20.8 million and rental income by RMB4.5 million.

Revenue from the sales of completed properties decreased by 98.4% Y-o-Y, or RMB20.8 million, to RMB0.3 million (1H2021: RMB21.1 million), mainly attributable to lesser property units being sold and recognition of a lower sales revenue in 1H2022.

Revenue from rental income decreased by 4.9% Y-o-Y or RMB4.5 million to RMB87.3 million (1H2021: RMB91.8 million), mainly due to the lingering fallout from the impact of COVID-19.

Gross profit and gross profit margin

	The Group			
	6 months		6 months	
	ended 30 June 2022		ended 30 June 2021	
	RMB'000	%	RMB'000	%
Sales of completed properties	11	3.2%	7,699	36.4%
Rental income	65,567	75.1%	71,418	77.8%
	65,578	74.8%	79,117	70.1%

Gross profit of the Group for 1H2022 decreased by 17.1% Y-o-Y or RMB13.5 million, to RMB65.6 million (1H2021: RMB79.1 million) in tandem with the decrease in revenue.

Overall gross profit margin for 1H2022 increased by 4.7%, to 74.8% (1H2021: 70.1%), primarily due to the higher proportion of revenue contributed by leasing segment which constantly generates higher gross profit margin.

Other income

Other income for 1H2022 decreased by 33.6% Y-o-Y or RMB2.7 million, to RMB5.3 million (1H2021: RMB8.0 million), mainly due to lesser fixed deposits interest income earned in 1H2022.

Distribution and marketing expenses

Selling expenses for 1H2022 decreased by 29.4% Y-o-Y or RMB5.3 million, to RMB12.8 million (1H2021: RMB18.1 million), mainly due to a decrease in variable components of selling expense which was consistent with the decreased in revenue of 1H2022.

Administrative expenses

For 1H2021, administrative expenses decreased by 8.8% Y-o-Y or RMB4.1 million, to RMB42.9 million (1H2021: RMB47.0 million), mainly due to the decrease in professional fees and staff costs.

Finance expenses

Finance expenses in 1H2022 remain relatively stable at RMB66.8 million (1H2021: RMB66.4 million).

Other losses – net

Other losses for 1H2022 decreased by RMB7.6 million, mainly due to (i) a decrease in net unrealised foreign currency exchange losses arose from the revaluation of financial liabilities denominated in RMB which weakened against the Company's functional currency in Singapore Dollar ("SGD") during 1H2022, off-set by (ii) an accrual for early termination of tenancy agreement, and (iii) net additional provision for penalties.

Taxation

Tax expenses for 1H2022 decreased by RMB14.2 million as compared to 1H2021, due to derecognition of deferred income tax assets on forfeited tax losses in 1H2021.

Net loss attributable to equity holders of the Company

	The Group		Increase / (Decrease) %
	6 months ended 30 June 2022 RMB'000	6 months ended 30 June 2021 RMB'000	
Net loss attributable to:			
Equity holders of the Company	(83,030)	(93,531)	(11.2%)
Non-controlling interest	(202)	(4,277)	(95.3%)
	(83,232)	(97,808)	(14.9%)

The Group reported lower net loss attributable to the equity holders of the Company mainly due to lower expenses incurred in 1H2022 as compared with 1H2021.

Unaudited Condensed Interim Consolidated Statements of Financial Position

Total assets of the Group decreased by 1.2% or RMB81.2 million, to RMB6,756.5 million (31 December 2021: RMB6,837.7 million), mainly due to a decrease in cash and cash equivalents of RMB80.7 million from the net repayment of borrowings and interest; and offset by an increase in trade and other receivables of RMB5.0 million.

The Group's total liabilities increased by 3.3% or RMB157.1 million, to RMB4,901.3 million (31 December 2021: RMB4,744.2 million), mainly due to (1) an increase in trade and other payable of RMB129.7 million; (2) net additional provisions made of RMB9.4 million; (3) a net increase in bank loan of RMB18.1 million mainly due to (i) the additional bank notes issued of RMB40.2 million, (ii) the foreign currency exchange loss arose from revaluation of bank loan denominated in USD appreciated against the functional currency in SGD amounting of RMB18.9 million, (iii) the currency translation loss arising from SGD appreciated against the Group's presentation currency in RMB amounting of RMB12.4 million, which offset with the net loan principal repayment of RMB53.4 million during 1H2022.

The Group's total equity decreased by RMB238.3 million to RMB1,855.3 million (31 December 2021: RMB2,093.6 million), mainly due to an increase in accumulated losses of RMB225.7 million and a decrease in translation reserve of RMB12.4 million.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

In 1H2022, the decrease in unrestricted cash and cash equivalent of RMB124.4 million was mainly due to:

- i) net cash outflow of RMB68.7 million from operating activities;
- ii) net cash inflow of RMB0.2 million from investing activities; and
- iii) net cash outflow of RMB55.9 million from financing activities.

The net cash outflow from operating activities of RMB68.7 million was mainly attributable to the cash used for operations of RMB5.4 million and the net interest paid of RMB63.3 million.

Net cash generated from investing activities of RMB0.2 million was mainly attributable to the proceeds from disposal of motor vehicles, off-set against the acquisition of computers.

Net cash used in financing activities of RMB55.9 million was due to the repayment of borrowings amounting to RMB53.5 million and an increase in restricted deposits with financial institutions amounting to RMB42.6 million, net-off against proceeds from borrowings amounting of RMB40.2 million.

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

The results announced are in line with the previous comments by the Board of Directors.

4. 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.

Outlook

Generally linked to the country's economic growth, the real estate market forms an integral part of the domestic economy.

The Chinese economy has had a strong start in early 2022 but the re-emergence of new, highly transmittable variants of COVID-19 has disrupted China's growth normalisation.

China's economic growth slowed sharply to a tepid 0.4% in the second quarter of 2022. On a quarter-on-quarter basis, China's GDP fell 2.6% in the second quarter from the previous quarter.

On 31 May 2022, the Chinese government unveiled a package of 33 measures covering fiscal, financial, investment and industrial policies to revive the economy. As part of the measures, China will expand private investment, accelerate infrastructure construction and stimulate purchases of cars and home appliances to stabilise investments. The Shanghai and Shenzhen stock exchanges also published rules to allow listed real estate investment trusts (REITs) to raise fresh money to fund acquisition of infrastructure projects.

Notably, the Chinese authorities has taken a string of measures to restore stability in the property sector hit by defaults on debt obligations, credit rating downgrades and a selloff in developers' bonds and stocks. Those measures include urging banks to provide appropriate lending and decrease in borrowing costs.

Against the backdrop of the evolving macro-economic challenges and current market conditions, the Group has undertaken a strategic review in calibrating its business model, direction shifting from asset heavy to asset light, property management service in order to mitigate the impact of regulatory control over the real estate development sector, offload non-core property assets and to identify emerging growth opportunities to be in line with China's 14th 5-year (2021-2025) development plan.

The Group's core real estate business activities are based in Chongqing and our investment property portfolio comprises integrated office and retail developments, residential properties and commercial properties. As at 31 December 2021, the Group's investment properties have a total gross floor area (GFA) of 335,989 square metres ("sqm") which comprises four main segments of retail (approximately 65%), office (approximately 10%), carpark and warehousing (approximately 25%).

According to a publication on 28 July 2022 by Savills on Chongqing's retail market for 2Q2022, the overall vacancy rate in the city rose by 2.1 percentage points to 16.8% year-on-year due to macroeconomic growth uncertainties, coupled with the large inventory of Chongqing's retail property market and increased competition among projects. The overall first-floor rents decreased by 0.1%. Looking ahead to the second half of 2022, more than 400,000 sqm of new supply is expected to enter the Chongqing retail market, represented by projects such as Corporate Avenue and Times Paradise Walk E. Chongqing has accelerated the cultivation of an international consumer centre city, with the market witnessing the entry of several well-known brands in the first half of 2022. With the recent official opening of the Chongqing International Consumer Festival, various thematic promotional activities have been held, enhancing consumers' willingness to consume offline. At the same time, the exhibition platform built by the activities is also conducive to the formation of a competitive atmosphere among brands, which is expected to promote the release of market consumption demand and inject vitality into the Chongqing consumer market.

In a separate publication on 28 July 2022 by Savills on Chongqing's office market for 2Q2022, Chongqing Raffles Block C entered the Grade A office market in the first half of 2022, with a total stock of 2.53 million sqm. The severe impact of the epidemic on first-tier cities led to a contraction of external demand, bringing the net absorption of office buildings to about 7,000 sqm and with the vacancy rate increasing 0.4 percentage point to 27.3% month-on-month. The Grade A office market rent in Chongqing fell 0.8% month-to-month for the first half of 2022. The influence of the "industrial chain" on the office market is becoming apparent, with well-known manufacturing-related firms such as Hikvision entering Chongqing in the first half of 2022. The Chongqing government has issued a number of policies to help enterprises in the past year. With the gradual emergence of the stimulating effects of these various policies and policies related to the international consumption centre, the demand for leasing in the Chongqing office market is expected to rise steadily.

For the retail rental segment, the Group continues to closely monitor new retail trends and create new retail concepts and experiences with its tenants so that the Group's retail properties continue to be relevant and interesting to its target group of consumers amidst an increasingly competitive retail market.

On the office rental segment, the Group continues to focus on retaining existing quality tenants and attracting new tenants by integrating new innovations, creating conducive spaces and more agile workspaces.

Adhering to the Group's core values, the management team is committed to the strategy of developing a cross-border property investment and asset management platform, focusing on strengthening the Group's core operating activities and increase the quality of its business development.

With the rising trend of eco-investment and development, the Group aims to leverage on its cross-border asset management capabilities, listing status in Singapore and track record in Chongqing to implement the Group's transformation towards emerging opportunities in China's real estate market.

5. Dividend

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

No dividend was declared or recommended.

b. (i) Amount per share

Not applicable.

(ii) Previous corresponding period

No interim dividend was declared or recommended in the previous corresponding period.

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 received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared or recommended for the current financial period as it is loss making.

7. If the Group has obtained a general mandate from shareholders for 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

The Group has not obtained a general mandate from shareholders for interested person transactions.

8. Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results of the Company for the six-month period ended 30 June 2022 to be false or misleading in any material aspect.

9. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under SGX Listing Rule 720(1) of the Listing Manual.**

The Group has procured undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

BY ORDER OF THE BOARD

Yang Haishan

Non-Executive and Non-Independent Director

12 August 2022