

英利国际
YING LI INTL

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 and full year ended 31 December 2021

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

		The Group						
		6 months ended 31 December		Increase / (Decrease) %	12 months ended 31 December		Increase / (Decrease) %	
Note	2021 RMB'000	2020 RMB'000	2021 RMB'000		2020 RMB'000			
	Revenue	4	115,880	153,387	(24.5%)	228,816	231,035	(1.0%)
	Cost of sales		(36,921)	(65,885)	(44.0%)	(70,741)	(92,783)	(23.8%)
	Gross profit		78,959	87,502	(9.8%)	158,075	138,252	14.3%
	Other income	6	7,169	4,592	56.1%	15,202	18,320	(17.0%)
	Selling expenses		(14,102)	(18,418)	(23.4%)	(32,175)	(34,584)	(7.0%)
	Administrative expenses		(36,746)	(52,760)	(30.4%)	(83,747)	(95,730)	(12.5%)
	Fair value loss on investment properties		(1,972)	(19,000)	(89.6%)	(1,972)	(19,000)	(89.6%)
	Fair value loss on financial asset, at fair value through profit or loss ("FVPL")		(148,000)	(100,000)	48.0%	(148,000)	(100,000)	48.0%
	Finance costs		(67,654)	(72,565)	(6.8%)	(134,052)	(150,129)	(10.7%)
	Other (losses)/gains - net	6	(29,784)	82,313	n.m.	(68,992)	58,311	n.m.
	Loss before taxation	6	(212,130)	(88,336)	(140.1%)	(295,661)	(184,560)	60.2%
	Taxation	7	46,659	(9,599)	n.m.	32,382	(11,299)	n.m.
	Net loss for the financial period, net of tax		(165,471)	(97,935)	69.0%	(263,279)	(195,859)	34.4%
	<u>Item that may be reclassified to profit or loss in subsequent periods (net of tax)</u>							
	Currency translation differences arising from consolidation (net)		9,651	41,639	(76.8%)	53,450	60,140	(11.1%)
	Total comprehensive loss for the period		(155,820)	(56,296)	176.8%	(209,829)	(135,719)	54.6%
	Net loss attributable to:							
	Ordinary shareholders of the Company		(160,583)	(90,484)	77.5%	(254,114)	(187,848)	35.3%
	Non-Controlling Interest (NCI)		(4,888)	(7,451)	(34.4%)	(9,165)	(8,011)	14.4%
			(165,471)	(97,935)	69.0%	(263,279)	(195,859)	34.4%
	Total comprehensive loss attributable to:							
	Ordinary shareholders of the Company		(150,932)	(48,845)	209.0%	(200,664)	(127,708)	57.1%
	Non-Controlling Interest (NCI)		(4,888)	(7,451)	(34.4%)	(9,165)	(8,011)	14.4%
			(155,820)	(56,296)	176.8%	(209,829)	(135,719)	54.6%
	n.m. - not meaningful							
	Loss per share for net loss for the period attributable to ordinary shareholders of the Company							
	Basic loss per share (RMB)	8	(0.063)	(0.035)		(0.099)	(0.073)	
	Diluted loss per share (RMB)	8	(0.063)	(0.035)		(0.099)	(0.073)	

B. Unaudited condensed interim consolidated statements of financial position

	Note	The Group		The Company	
		31 December 2021 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000	31 December 2020 RMB'000
ASSETS					
Current assets:					
Development properties	11	1,036,947	1,055,780	-	-
Trade and other receivables	10	456,841	459,580	2,677,956	2,721,052
Cash and cash equivalents		567,936	757,838	22,472	97,225
		2,061,724	2,273,198	2,700,428	2,818,277
Non-current assets:					
Property, plant and equipment	13	51,824	35,745	3	13
Investment in subsidiaries		-	-	2,966,325	2,966,325
Investment properties	14	4,102,384	4,128,528	-	-
Financial asset, at FVPL	12	621,799	769,799	-	-
Deferred income tax assets		-	27,529	-	-
		4,776,007	4,961,601	2,966,328	2,966,338
Total assets		6,837,731	7,234,799	5,666,756	5,784,615
LIABILITIES					
Current liabilities:					
Trade and other payables	15	1,197,633	875,400	2,221,431	1,915,777
Provision for taxation		179,731	180,085	-	-
Borrowings	16	432,952	377,919	397,793	447,068
Provisions	17	406,499	378,099	-	-
		2,216,815	1,811,503	2,619,224	2,362,845
Non-current liabilities:					
Deferred income tax liabilities		471,027	531,114	-	-
Borrowings	16	2,056,314	2,272,893	-	-
		2,527,341	2,804,007	-	-
Total liabilities		4,744,156	4,615,510	2,619,224	2,362,845
NET ASSETS		2,093,575	2,619,289	3,047,532	3,421,770
EQUITY					
Capital and reserves:					
Share capital	18	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		34,880	(18,570)	(11,043)	(17,354)
Accumulated losses		(942,839)	(372,840)	(1,891,225)	(1,510,676)
Equity attributable to ordinary shareholders of the Company		2,098,105	2,614,654	3,047,532	3,421,770
Non-controlling interest		(4,530)	4,635	-	-
TOTAL EQUITY		2,093,575	2,619,289	3,047,532	3,421,770

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

The 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 31 December 2020	4,028,372	42,458	(17,354)	878,970	(1,510,676)	3,421,770
Total comprehensive loss for the year	-	-	6,311	-	(64,664)	(58,353)
Perpetual convertible securities interest	-	-	-	-	(315,885)	(315,885)
Balance at 31 December 2021	4,028,372	42,458	(11,043)	878,970	(1,891,225)	3,047,532
Balance at 31 December 2019	4,028,372	42,458	(21,055)	878,970	(1,177,448)	3,751,297
Total comprehensive loss for the year	-	-	3,701	-	(84,512)	(80,811)
Perpetual convertible securities interest	-	-	-	-	(248,716)	(248,716)
Balance at 31 December 2020	4,028,372	42,458	(17,354)	878,970	(1,510,676)	3,421,770

D. Unaudited condensed interim consolidated statements of cash flows

	The Group	
	12 months ended	12 months ended
	31 December	31 December
	2021	2020
	RMB'000	RMB'000
Operating activities		
Loss before taxation	(295,661)	(184,560)
Adjustments for:		
Depreciation of property, plant and equipment	3,472	3,053
Amortisation of other non-current assets	3,791	6,379
Fair value loss on investment properties	1,972	19,000
Fair value loss on financial asset, at FVPL	148,000	100,000
Interest expense	134,052	150,129
Interest income	(10,920)	(10,636)
Provision/(reversal) for liabilities on legal cases and penalties	27,400	(36,332)
Loss/(gain) on disposal of property, plant and equipment	246	(140)
Impairment loss on trade and other receivables	1,073	-
Unrealised exchange loss	31,302	3,072
Operating profit before working capital changes	44,727	49,965
Investment properties	814	8,173
Development properties	18,833	76,179
Trade and other receivables	60	(13,134)
Provisions	1,000	(13,846)
Trade and other payables	8,538	(102,647)
Cash generated from operations	73,972	4,690
Interest paid	(130,551)	(139,461)
Interest received	12,526	9,001
Income tax (paid)/refund - net	(210)	154
Net cash used in operating activities	(44,263)	(125,616)
Cash flow from investing activities		
Acquisition of property, plant and equipment	(234)	(627)
Proceeds from disposal of property, plant and equipment	3	500
Net cash used in investing activities	(231)	(127)
Cash flow from financing activities		
Bank balance subject to restriction	156,157	10,108
Proceeds from borrowings	79,716	1,255,096
Repayment of borrowings	(223,419)	(1,387,573)
Net cash generated from/(used in) financing activities	12,454	(122,369)
Net decrease in cash and cash equivalents	(32,040)	(248,112)
Effects of exchange rate changes on cash and cash equivalents	(1,705)	13,560
Cash and cash equivalents at beginning of year	388,150	622,702
Cash and cash equivalents at end of year	354,405	388,150
Restricted cash	213,531	369,688
Cash and cash equivalents in the statement of financial position	567,936	757,838

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 31 December 2021 (“2H2021”) comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activity of the Company is investment holding. The principal activities of its subsidiary corporations 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 31 December 2021:

- (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 year, in making estimates and judgements on the assessment of fair value of investment properties and financial asset, at FVPL as at 31 December 2021.
- (iii) The Group has considered the market conditions (including the impact of COVID-19) as at the end of the financial year, in making estimates and judgements on the recoverability of assets and provisions for onerous contracts as at 31 December 2021.

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 subsequent financial year.

2. Basis of preparation

The unaudited condensed interim financial statements for 2H2021 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 since the last interim financial statements for the financial period ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

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 2020.

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 realizable value for development properties
- Valuation of investment properties
- Valuation of financial assets, at FVPL
- Provision on litigation cases and penalties
- Deferred income tax
- Perpetual convertible securities

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 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

	Property investment RMB'000	Property development RMB'000	Others RMB'000	Consolidated RMB'000
<u>1 July 2021 to 31 December 2021</u>				
Revenue				
Total segment revenue	103,364	12,516	-	115,880
Segment results	58,871	(31,310)	(26,594)	967
Interest expense	-	(8,205)	(59,449)	(67,654)
Interest income	-	-	4,529	4,529
Fair value loss on investment properties	(1,972)	-	-	(1,972)
Fair value loss on financial asset, at FVPL	-	(148,000)	-	(148,000)
Segment loss before tax	56,899	(187,515)	(81,514)	(212,130)
Depreciation of property, plant and equipment	-	-	2,099	2,099
As at 31 December 2021				
Reportable segment assets	4,156,744	2,045,165	635,822	6,837,731
Segment assets includes:				
Additions to:				
- Property, plant and equipment	-	-	118	118
Segment liabilities	1,980,022	756,257	1,357,119	4,093,398
Provision for taxation				179,731
Deferred income tax liabilities				471,027
Reportable segment liabilities				4,744,156
	Property investment RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
<u>1 July 2020 to 31 December 2020</u>				
Revenue				
Total segment revenue	98,738	54,649	-	153,387
Segment results	52,941	16,017	31,804	100,762
Interest expense	-	(14,007)	(58,558)	(72,565)
Interest income	-	-	2,467	2,467
Fair value loss on investment properties	(19,000)	-	-	(19,000)
Fair value loss on financial asset, at FVPL	-	(100,000)	-	(100,000)
Segment loss before tax	33,941	(97,990)	(24,287)	(88,336)
Depreciation of property, plant and equipment	-	-	1,484	1,484
As at 31 December 2020				
Reportable segment assets	4,166,770	2,188,913	879,116	7,234,799
Segment assets includes:				
Additions to:				
- Property, plant and equipment	-	-	147	147
Segment liabilities	2,096,088	722,253	1,085,970	3,904,311
Provision for taxation				180,085
Deferred income tax liabilities				531,114
Reportable segment liabilities				4,615,510

	Property investment RMB'000	Property development RMB'000	Others RMB'000	Consolidated RMB'000
<u>1 January 2021 to 31 December 2021</u>				
Revenue				
Total segment revenue	195,167	33,649	-	228,816
Segment results	109,771	(54,765)	(77,563)	(22,557)
Interest expense	-	(16,666)	(117,386)	(134,052)
Interest income	-	-	10,920	10,920
Fair value loss on investment properties	(1,972)	-	-	(1,972)
Fair value loss on financial asset, at FVPL	-	(148,000)	-	(148,000)
Segment loss before tax	107,799	(219,431)	(184,029)	(295,661)
Depreciation of property, plant and equipment	-	-	3,472	3,472
As at 31 December 2021				
Reportable segment assets	4,156,744	2,045,165	635,822	6,837,731
Segment assets includes:				
Additions to:				
- Property, plant and equipment	-	-	234	234
Segment liabilities	1,980,022	756,257	1,357,119	4,093,398
Provision for taxation				179,731
Deferred income tax liabilities				471,027
Reportable segment liabilities				4,744,156
	Property investment RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
<u>1 January 2020 to 31 December 2020</u>				
Revenue				
Total segment revenue	167,039	63,996	-	231,035
Segment results	69,575	16,354	(11,996)	73,933
Interest expense	-	(24,711)	(125,418)	(150,129)
Interest income	-	-	10,636	10,636
Fair value loss on investment properties	(19,000)	-	-	(19,000)
Fair value loss on financial asset, at FVPL	-	(100,000)	-	(100,000)
Segment loss before tax	50,575	(108,357)	(126,778)	(184,560)
Depreciation of property, plant and equipment	-	-	3,053	3,053
As at 31 December 2020				
Reportable segment assets	4,166,770	2,188,913	879,116	7,234,799
Segment assets includes:				
Additions to:				
- Property, plant and equipment	-	-	627	627
Segment liabilities	2,096,088	722,253	1,085,970	3,904,311
Provision for taxation				180,085
Deferred income tax liabilities				531,114
Reportable segment liabilities				4,615,510

4.2 Disaggregation of Revenue

	The Group			
	6 months ended 31 December		12 months ended 31 December	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Property investment				
Rental income – PRC	103,364	98,738	195,167	167,039
Property development				
Revenue from contracts with customers – PRC				
Sales of completed properties held for sale – at a point in time	7,248	38,620	28,381	47,967
Sales of investment properties – at a point in time	5,268	16,029	5,268	16,029
	12,516	54,649	33,649	63,996
	115,880	153,387	228,816	231,035

Breakdown of sales as follows:

	The Group		
	Financial year ended 31 December 2021	Financial year ended 31 December 2020	Increase / (Decrease)
	RMB'000	RMB'000	%
Sales reported for first half year	112,936	77,648	45.4%
Operating loss after tax before deducting non-controlling interest reported for first half year	(97,808)	(97,924)	(0.1%)
Sales reported for second half year	115,880	153,387	(24.5%)
Operating loss after tax before deducting non-controlling interest reported for second half year	(165,471)	(97,935)	69.0%

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group:

	Note	The Group		The Company	
		31 December 2021 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000	31 December 2020 RMB'000
Financial Assets					
Financial asset, at FVPL	12	621,799	769,799	-	-
Cash and cash equivalents		567,936	757,838	22,472	97,225
Trade and other receivables	10	339,663	329,831	2,677,655	2,720,812
		1,529,398	1,857,468	2,700,127	2,818,037
Financial Liabilities					
Trade and other payables	15	1,150,258	816,438	2,221,431	1,915,777
Borrowings	16	2,489,266	2,650,812	397,793	447,068
		3,639,524	3,467,250	2,619,224	2,362,845

6. Loss before taxation

6.1. Significant items

	The Group			
	6 months ended 31 December		12 months ended 31 December	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Other income				
Interest income	4,529	2,467	10,920	10,636
Sundry income	2,640	2,125	4,282	7,684
	<u>7,169</u>	<u>4,592</u>	<u>15,202</u>	<u>18,320</u>

	The Group			
	6 months ended 31 December		12 months ended 31 December	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Other (losses)/gains - net				
Foreign exchange (loss)/gain - net (Provision)/reversal for liabilities on legal cases and penalties	(9,954)	16,074	(32,772)	(16,714)
Reversal/(accruals) for payables of development projects	(19,515)	36,332	(27,400)	36,332
Impairment loss on trade and other receivables	1,664	24,295	(6,545)	33,579
Loss on disposal of property, plant and equipment	(1,073)	-	(1,073)	-
Other losses - net	(6)	-	(246)	-
	<u>(900)</u>	<u>5,612</u>	<u>(956)</u>	<u>5,114</u>
	<u>(29,784)</u>	<u>82,313</u>	<u>(68,992)</u>	<u>58,311</u>

	The Group			
	6 months ended 31 December		12 months ended 31 December	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Other expenses by nature				
Interest on borrowings	67,654	72,565	134,052	150,129
Depreciation of property, plant and equipment	2,099	1,484	3,472	3,053
Amortisation of other non-current assets	1,170	3,434	3,791	6,379
Employment compensation	20,489	29,332	44,070	52,815

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 31 December		12 months ended 31 December	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Management fees and related costs charged by a joint venture of controlling shareholder	4,379	986	5,879	3,867
Interest expense charged by a subsidiary of controlling shareholder	2,547	-	2,547	-
Provision of distribution on perpetual convertible securities payable to a subsidiary of controlling shareholder	179,898	138,365	315,885	248,716

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 31 December		12 months ended 31 December	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Income tax credit/(expenses):</u>				
Current income tax	(7)	37	(176)	(325)
Withholding tax	-	-	-	(766)
Deferred income tax relating to origination and reversal of temporary differences	46,666	(9,636)	32,558	(10,208)
	46,659	(9,599)	32,382	(11,299)

8. Loss per share

(a) Basic loss per share

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

	The Group			
	6 months ended 31 December		12 months ended 31 December	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Net loss attributable to ordinary shareholders of the Company (RMB'000)	(160,583)	(90,484)	(254,114)	(187,848)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	2,557,040	2,557,040	2,557,040	2,557,040
Basic loss per share (RMB per share)	(0.063)	(0.035)	(0.099)	(0.073)

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, net loss attributable to ordinary shareholders 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	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Net asset value attributable to ordinary shareholders of the Company (RMB'000)	2,098,105	2,614,654	3,047,532	3,421,770
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)	0.82	1.02	1.19	1.34

10. Trade and other receivables

	The Group	
	31 December 2021 RMB'000	31 December 2020 RMB'000
Trade receivables	38,763	30,964
Other receivables:		
- Refundable deposits	17,228	17,236
- Proceeds receivable from disposal of subsidiaries/land	262,710	262,710
- Other receivables	20,962	18,921
Financial assets at amortised cost	339,663	329,831
Advances to sub-contractor and vendors	4,116	4,363
Prepayments	65,530	77,883
Prepaid tax	47,532	47,503
Total trade and other receivables	456,841	459,580

	The Company	
	31 December 2021 RMB'000	31 December 2020 RMB'000
Other receivables	36	35
Refundable deposits	227	236
Due from subsidiary corporations	2,677,392	2,720,541
Financial assets at amortised cost	2,677,655	2,720,812
Prepayments	301	240
Total trade and other receivables	2,677,956	2,721,052

11. Development properties

	The Group	
	31 December 2021 RMB'000	31 December 2020 RMB'000
Completed properties held for sale	914,535	933,368
Properties for development	122,412	122,412
	1,036,947	1,055,780

12. Financial asset, at FVPL

	The Group	
	31 December 2021 RMB'000	31 December 2020 RMB'000
Unquoted investment in limited partnership at FVPL		
Beginning of financial year	769,799	869,799
Fair value loss	(148,000)	(100,000)
End of financial year	<u>621,799</u>	<u>769,799</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 and liabilities 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:

	<u>Level 3</u> RMB'000
31 December 2021	
Financial asset, at FVPL	<u>621,799</u>
31 December 2020	
Financial asset, at FVPL	<u>769,799</u>

13. Property, plant and equipment

During the year ended 31 December 2021, the Group acquired assets amounting to RMB234,000 (31 December 2020: RMB627,000), reclassified property amounting to RMB19,566,000 (31 December 2020: Nil) from investment properties, and disposed assets with carrying amount of RMB249,000 (31 December 2020: RMB360,000).

14. 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	
	31 December 2021 RMB'000	31 December 2020 RMB'000
Leasehold properties:		
Beginning of financial year	4,122,220	4,151,210
Sales of investment properties	(1,499)	(9,990)
Fair value loss	(1,972)	(19,000)
Transfer to property, plant and equipment	(19,566)	-
End of financial year	4,099,183	4,122,220
Deferred lease incentives	3,201	6,308
Total investment properties	4,102,384	4,128,528

Fair value hierarchy - Recurring fair value measurement

<u>Description</u>	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
31 December 2021			
- Retail, office and car parks - PRC	-	-	4,099,183
31 December 2020			
- Retail, office and car parks - PRC	-	-	4,122,220

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 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.

<u>Description</u>	<u>Fair value RMB'000</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u> ⁽¹⁾	<u>Range</u>
31 December 2021				
Investment properties	4,099,183	Direct comparison approach	price per square meter ⁽²⁾	RMB5,900 - RMB24,100
		Income method	discount rate ⁽³⁾	6.0% - 6.7%
			occupancy rate ⁽²⁾	64% - 100%
			rental growth ⁽²⁾	3% - 8%
31 December 2020				
Investment properties	4,122,220	Direct comparison approach	price per square meter ⁽²⁾	RMB6,200 - RMB24,100
		Income method	discount rate ⁽³⁾	6.0% - 6.7%
			occupancy rate ⁽²⁾	70% - 100%
			rental growth ⁽²⁾	3% - 8%

- (1) There were no significant inter-relationships between unobservable inputs.
(2) Any significant isolated increases/(decreases) in these inputs would result in a significantly higher/ (lower) fair value measurement.
(3) Any significant isolated increases/(decreases) in these inputs would result in a significantly lower/ (higher) fair value measurement.

15 Trade and other payables

	The Group	
	31 December 2021	31 December 2020
	RMB'000	RMB'000
Trade payables	139,753	101,030
Other payables:		
- Non-related parties	121,424	144,114
- Related party	628,351	372,329
Accrued expenses	91,043	84,761
Deposits received	43,285	43,097
Other tax payables	126,402	71,107
Financial liabilities, at amortised cost	1,150,258	816,438
Advances received from lessees	17,721	17,526
Contract liabilities	29,654	41,436
Total trade and other payables	1,197,633	875,400

	The Company	
	31 December 2021	31 December 2020
	RMB'000	RMB'000
Other payables:		
- Related party	628,351	372,329
Accrued expenses	33,690	25,936
Other tax payables	118,466	64,157
Due to subsidiary corporations	1,440,924	1,453,355
Total trade and other payables	2,221,431	1,915,777

16. Borrowings

	The Group	
	31 December 2021	31 December 2020
	RMB'000	RMB'000
<u>Amount repayable within one year</u>		
Bank borrowings (secured)	194,560	214,800
Bank notes (unsecured)	159,401	163,119
Loan from a subsidiary of controlling shareholder (unsecured)	78,991	-
	432,952	377,919
<u>Amount repayable after one year</u>		
Bank borrowings (secured)	2,056,314	2,272,893
Total borrowings	2,489,266	2,650,812

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

	The Company	
	31 December 2021	31 December 2020
	RMB'000	RMB'000
<u>Amount repayable within one year</u>		
Bank borrowings (secured)	-	120,829
Bank notes (unsecured)	318,802	326,239
Loan from a subsidiary of controlling shareholder (unsecured)	78,991	-
	397,793	447,068

17. Provisions

	The Group	
	31 December 2021	31 December 2020
	RMB'000	RMB'000
<u>Current</u>		
Provision on litigation cases	337,777	337,777
Provision on penalties	68,722	40,322
Total	406,499	378,099

18. Share capital

	The Group and the Company	
	Number of shares	Amount RMB'000
31 December 2021 and 31 December 2020		
Beginning and end of year	2,557,040,024	4,028,372

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 year:

	31 December 2021	31 December 2020
	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 31 December 2021 (31 December 2020: Nil).

None of the subsidiaries held shares in the Company as at 31 December 2021 (31 December 2020: 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 31 December 2021 was 2,557,040,024 (31 December 2020: 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.

19. 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 2H2021 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows for the six-month period and full year ended 31 December 2021, 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

(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 consolidated financial statements of the Group for the six months and full year ended 31 December 2021.

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

Due to the nature of the industry that the Company 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 31 December		Increase / (Decrease)	12 months ended 31 December		Increase / (Decrease)
	2021	2020		2021	2020	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Sale of Properties	12,516	54,649	(77.1%)	33,649	63,996	(47.4%)
Rental Income	103,364	98,738	4.7%	195,167	167,039	16.8%
	115,880	153,387	(24.5%)	228,816	231,035	(1.0%)

2H2021 vs 2H2020

Revenue for 2H2020 decreased by 24.5 % Y-o-Y, or RMB37.5 million to RM115.9 million (2H2020: RMB153.4 million), was due to a decrease in sale of properties by RMB42.1 million, partially offset by an increase in rental income by RMB4.6 million.

Revenue from the sales of properties decreased by 77.1% Y-o-Y, or RMB42.1 million, to RMB12.5 million (2H2020: RMB54.6 million), mainly attribute to lesser property units being sold and recognition of a lower sales revenue in FY2021.

Rental income increased by 4.7% Y-o-Y, or RMB4.6 million to RMB103.3 million (2H2020: RMB98.7 million), was mainly due to the Group's marketing efforts to increase rental income. Furthermore, the COVID-19 pandemic was relatively more stable in 2H2021 compared to 2H2020.

FY2021 vs FY2020

For the full year, revenue of Group decreased by 1.0% Y-o-Y, or RMB2.2 million to RMB228.8 million (FY2020: RMB231.0 million). The decline was due to a decrease in sales of properties by RMB30.4 million, partially offset by an increase in rental income by RMB28.2 million.

Revenue from the sales of properties decreased by 47.4% Y-o-Y, or RMB30.4 million to RMB33.6 million (FY2020: RMB64.0 million), mainly attribute to lesser property units being sold and recognition of a lower sales revenue in FY2021.

Rental income increased by 16.8% Y-o-Y or RMB28.2 million to RMB195.2 (FY2020: RMB167.0 million), was mainly due to lower rental income recognised in FY2020 attributable to the temporary closure of retail malls and retail spaces amid the Covid-19 outbreak to support the China Government and local authorities' objective to curb the spread of the virus, and affected by rental reliefs to support tenants' business recovery. Rental income and occupancy rate of shopping malls gradually increase after the COVID-19 outbreak.

Gross profit and gross profit margin

	The Group							
	6 months ended 31 December				12 months ended 31 December			
	2021		2020		2021		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Sale of Properties	3,861	30.8%	14,914	27.3%	11,649	34.6%	17,711	27.7%
Rental Income	75,098	72.7%	72,588	73.5%	146,426	75.0%	120,541	72.2%
	78,959	68.1%	87,502	57.0%	158,075	69.1%	138,252	59.8%

(i) Gross profit

2H2021 vs 2H2020

Gross profit of the Group for 2H2021 decreased by 9.8% Y-o-Y or RMB8.5 million, to RMB79.0 million (2H2020: RMB87.5 million) in tandem with the decrease in revenue.

FY2021 vs FY2020

Gross profit for the full year increased by 14.3% Y-o-Y or RMB19.8 million, to RMB158.1 million (FY2020: RMB138.3 million), mainly due to higher profit margin.

(ii) Gross profit margin

2H2021 vs 2H2020

Overall gross profit margin for 2H2021 increased by 11.1 percentage point, to 68.1% (2H2020: 57.0%), primarily due to higher proportion of revenue contributed by leasing segment which generated higher gross profit margin.

FY2021 vs FY2020

Overall gross profit margin for FY2021 increased by 9.3%, to 69.1% (FY2020: 59.8%), primarily due to higher margin in both sales of properties and rental income.

Other income

For 2H2021, other income increased by 56.1% Y-o-Y or RMB2.6 million, to RMB7.2 million (2H2020: RMB4.6 million), mainly due to higher interest income earned.

For FY2021, other income decreased by RMB3.1 million, to RMB15.2 million (FY2020: RMB18.3 million), was due to lesser sundry income earned in 2021.

Selling expenses

For 2H2021 and FY2021, selling expenses decreased by RMB4.3 million or 23.4% and RMB2.4 million or 7.0% respectively, mainly due to a decrease in variable components of selling expenses which was consistent with the decrease in revenue.

Administrative expenses

For 2H2021 and FY2021, administrative expenses decreased by RMB16.0 million or 30.4% and RMB12.0 million or 12.5% respectively, mainly due to a decrease in staff costs and professional fees.

Finance costs

For 2H2021 and FY2021, finance costs decreased by RMB4.9 million or 6.8% and RMB16.1 million or 10.7% respectively, mainly due to lower weighted average interest rates in 2021 and a decrease in outstanding loan principal.

Other losses – net

For 2H2021 and FY2021, the Group suffered other losses mainly due to (1) the increase in unrealised foreign currency exchange losses, (2) additional provision for potential penalties of development projects, and (3) lesser written back for liabilities on legal cases.

Fair value loss on investment properties

As at 31 December 2021, independent valuation is carried out by Colliers International (Hong Kong) Limited on the investment properties held by the Group. Based on the valuation report, the Group recognised a fair value loss of RMB1.9 million in FY2021 as slight weakening of commercial property market in Chongqing in year 2021.

Fair value loss on financial asset, at FVPL

As at 31 December 2021, KPMG Advisory (Hong Kong) Limited was commissioned to provide an updated and independent valuation on Beijing New Everbright Centre. Based on the valuation report, the Group recognised a fair value loss of RMB148.0 million in FY2021 that is mainly due to tougher policies maintained by local authorities in property sector, prolonging the property development and sales period. These factors have also resulted in higher development expenditures such as finance costs, leading to reduction of forecasted margin of the project.

Taxation

For 2H2021 and FY2021, the Group enjoyed net tax credit mainly due to reversal of deferred income tax as a result of the decrease in fair value of investment properties and financial asset, at FVPL.

Net loss attributable to ordinary shareholders of the Company

	The Group					
	6 months ended 31 December		Increase / (Decrease)	12 months ended 31 December		Increase / (Decrease)
	2021	2020		2021	2020	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Loss attributable to:						
Ordinary shareholders of the Company	160,583	90,484	77.5%	254,114	187,848	35.3%
Non-Controlling Interest	4,888	7,451	(34.4%)	9,165	8,011	14.4%
	165,471	97,935	69.0%	263,279	195,859	34.4%

Overall, the Group reported a net loss attributable to the ordinary shareholders of the Company which increased by RMB66.3 million in FY2021 as compared to FY2020, mainly due to additional provision for potential penalties of development projects and higher fair value loss on financial asset, at FVPL recognised in 2H2021.

Unaudited Condensed Interim Consolidated Statements of Financial Position

Total assets of the Group decreased by 5.5% or RMB397.1 million, to RMB6,837.7 million (31 December 2020: RMB7,234.8 million), mainly due to (i) a decrease in fair value of investment properties and financial asset, at FVPL of RMB150.0 million, (ii) a decrease in development properties of RMB18.8 million arising from the handover of completed properties to purchasers, (iii) a decrease in deferred tax assets of RMB27.5 million, and (iv) a decrease in cash and cash equivalents of RMB189.9 million mainly due to the repayment of loan principal and interest.

The Group's total liabilities increased by 2.8% or RMB128.7 million, to RMB4,744.2 million (31 December 2020: RMB4,615.5 million), mainly due to an increase in trade and other payable of RMB322.2 million, offset against a decrease in deferred tax liabilities of RMB60.1 million, and bank loan of RMB161.5 million as a result of loan principal repayments.

The Group's total equity decreased by RMB525.7 million to RMB2,093.6 million (31 December 2020: RMB2,619.3 million), mainly due to an increase in accumulated losses of RMB570.0 million, offset by a decrease in translation deficit of RMB53.5 million.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

In FY2021, the decrease in unrestricted cash and cash equivalent of RMB32.0 million was mainly due to:

- i) net cash outflow of RMB44.3 million from operating activities;
- ii) net cash outflow of RMB0.2 million from investing activities;
- iii) net cash inflow of RMB12.5 million from financing activities.

The net cash outflow in operating activities of RMB44.3 million was mainly attributable to net interest paid of RMB118.0 million, offset by (i) cash from operating profit before working capital changes of RMB44.7million and (ii) a decrease in development properties of RMB18.8 million.

The net cash outflow in investing activities was attributable to the purchase of office equipment amounting to RMB0.2 million.

Net cash inflow from financing activities of RMB12.5 million was due to a decrease in restricted deposits with financial institutions amounting to RMB156.2 million, offset by the net repayment of borrowings amounting to RMB143.7 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, which cooled over the course of 2021, faces multiple headwinds in 2022, including persistent property weakness and a fresh challenge from the local spread of the highly contagious Omicron variant of the coronavirus.

According to the International Monetary Fund (IMF), its forecast for China's economic growth in 2022 has been cut to 4.8%, reflecting disruptions caused by the pandemic, China's zero-COVID policy and pressure on the country's property and retail sector.

To prop up the slowing economy, China's central bank cut its benchmark lending rates in January 2022 and the Chinese authorities has pledged to speed up issuance of local government special bonds to help boost investment, while China's finance ministry has issued RMB 1.46 trillion in the 2022 advance quota for local special bonds.

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 to developers 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 not related to residential, office and retail property development, and 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 its 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 Savills report issued in January 2022, the new supply of Grade A office spaces in the Chongqing market in 2021 was doubled that of 2020. Property owners remain hesitant to adjust rents and tend to provide services such as customised interior design to satisfy the diversified demand of tenants, thus enhancing their competitiveness and stabilising rents for their projects. 2022 is expected to usher in a new round of supply peaks in Chongqing Grade A office market, with the overall vacancy rate of the market seen to increase.

In a separate Savills report issued in January 2022, there will be new supply of more than 400,000 sqm of retail space expected to enter the Chongqing retail property market in 2022. The current retail market having a large inventory and a continued entry of new projects that could intensify the competition and contradiction between supply and demand, would lead to continued adjustments of retail commercial projects in the future.

On the retail rental segment, the Group continues to monitor closely new retail trends and create new retail concepts with its tenants so that the Group's retail properties continue to be relevant and refreshing to its targeted group of consumers.

On the office rental segment, the Group continues to focus on improving rental yield by attracting new business tenants and retaining quality tenants.

To harness the emerging growth opportunities in China's real estate market, the Group shall continue to strengthen its private-public partnership while at the same time, capitalise on its listing status in Singapore and track record in Chongqing to develop a cross-border property asset management platform.

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. 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.

9. 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 review of actual performance as disclosed in item no. 2 of this announcement under Section F - Other Information Required by Listing Rule Appendix 7.2.

10. 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.

11. **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(13). If there are no such persons, the issuer must make an appropriate negative statement**

Pursuant to Rule 704(13) of the Listing Manual, the Company confirms that there is no person occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Yang Haishan

Non-Executive and Non-Independent Director

28 February 2022