



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 2023

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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			12 months ended 31 December		
		2023	2022	Increase / (Decrease)	2023	2022	Increase / (Decrease)
Note		RMB'000	RMB'000	%	RMB'000	RMB'000	%
	Revenue	109,489	78,468	39.5%	208,518	166,125	25.5%
	Cost of sales	(39,421)	(25,409)	55.1%	(68,414)	(47,488)	44.1%
	Gross profit	70,068	53,059	32.1%	140,104	118,637	18.1%
	Other income	3,243	6,726	(51.8%)	12,481	12,060	3.5%
	Other gains/(losses) - net						
	- Fair value gain/(loss) on investment properties	278,791	(4,930)	n.m.	278,791	(4,930)	n.m.
	- Fair value loss on financial asset, at fair value through profit or loss ("FVPL")	(210,000)	(411,799)	(49.0%)	(210,000)	(411,799)	(49.0%)
	- Others	75,267	115,160	(34.6%)	79,434	83,550	(4.9%)
	Marketing expenses	(12,439)	(10,729)	15.9%	(19,165)	(23,497)	(18.4%)
	Administrative expenses	(42,072)	(45,450)	(7.4%)	(75,309)	(88,332)	(14.7%)
	Finance expenses	(79,274)	(71,285)	11.2%	(156,412)	(138,127)	13.2%
	Profit/(loss) before taxation	83,584	(369,248)	n.m.	49,924	(452,438)	n.m.
	Taxation	(31,528)	105,810	n.m.	(31,528)	105,768	n.m.
	Net profit/(loss) for the financial period/year	52,056	(263,438)	n.m.	18,396	(346,670)	n.m.
	Other comprehensive loss						
	<u>Item that may be reclassified to profit or loss in subsequent period (net of tax)</u>						
	Currency translation differences arising from consolidation, net	(3,789)	(116,230)	(96.7%)	(48,851)	(128,649)	(62.0%)
	Total comprehensive income/(loss) for the period/year	48,267	(379,668)	n.m.	(30,455)	(475,319)	(93.6%)
	Net profit/(loss) attributable to:						
	Equity holders of the Company	52,176	(258,174)	n.m.	16,869	(341,204)	n.m.
	Non-controlling interests	(120)	(5,264)	(97.7%)	1,527	(5,466)	n.m.
		52,056	(263,438)	n.m.	18,396	(346,670)	n.m.
	Total comprehensive income/(loss) attributable to:						
	Equity holders of the Company	48,387	(374,404)	n.m.	(31,982)	(469,853)	(93.2%)
	Non-controlling interests	(120)	(5,264)	(97.7%)	1,527	(5,466)	n.m.
		48,267	(379,668)	n.m.	(30,455)	(475,319)	(93.6%)
	n.m. - not meaningful						
	Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company						
	Basic earnings/(loss) per share (RMB per share)	0.020	(0.101)		0.007	(0.133)	
	Diluted earnings/(loss) per share (RMB per share)	0.013	(0.101)		0.004	(0.133)	

B. Unaudited condensed interim consolidated statements of financial position

	Note	The Group		The Company	
		31 December 2023 RMB'000	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2022 RMB'000
ASSETS					
Current assets:					
Development properties	11	951,564	964,622	-	-
Trade and other receivables	10	370,725	440,931	2,592,800	2,685,426
Cash and cash equivalents		318,370	370,773	14,071	2,677
		1,640,659	1,776,326	2,606,871	2,688,103
Non-current assets:					
Property, plant and equipment	12	47,677	50,745	1,519	17
Investment in subsidiaries	13	-	-	3,116,474	3,116,474
Investment properties	15	4,371,400	4,094,253	-	-
Financial asset, at FVPL	14	-	210,000	-	-
		4,419,077	4,354,998	3,117,993	3,116,491
Total assets		6,059,736	6,131,324	5,724,864	5,804,594
LIABILITIES					
Current liabilities:					
Trade and other payables	16	406,227	428,771	1,461,506	1,435,719
Current income tax liabilities		188,073	179,647	-	-
Borrowings	17	1,605,942	513,963	472,769	573,585
Provisions	18	395,948	421,907	-	-
		2,596,190	1,544,288	1,934,275	2,009,304
Non-current liabilities:					
Other payables – related party	16	271,619	224,092	271,619	224,092
Deferred income tax liabilities		396,709	365,181	-	-
Borrowings	17	825,996	1,962,000	-	-
		1,494,324	2,551,273	271,619	224,092
Total liabilities		4,090,514	4,095,561	2,205,894	2,233,396
NET ASSETS		1,969,222	2,035,763	3,518,970	3,571,198
EQUITY					
Capital and reserves attributable to equity holders of the Company:					
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
Perpetual convertible securities		878,970	878,970	878,970	878,970
Currency translation reserve		(142,620)	(93,769)	(59,579)	(41,098)
Accumulated losses		(843,295)	(866,536)	(1,328,793)	(1,337,504)
Equity attributable to equity holders of the Company		1,977,691	2,045,759	3,518,970	3,571,198
Non-controlling interests		(8,469)	(9,996)	-	-
TOTAL EQUITY		1,969,222	2,035,763	3,518,970	3,571,198

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

The Company	Share capital RMB'000	Convertible bonds reserve RMB'000	Perpetual convertible securities RMB'000	Currency translation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 31 December 2022	4,028,372	42,458	878,970	(41,098)	(1,337,504)	3,571,198
Total comprehensive (loss)/income for the financial year	-	-	-	(18,481)	2,339	(16,142)
Distribution on perpetual convertible securities	-	-	-	-	(36,086)	(36,086)
Transfer of reserve related to convertible bonds	-	(42,458)	-	-	42,458	-
Balance at 31 December 2023	4,028,372	-	878,970	(59,579)	(1,328,793)	3,518,970
Balance at 31 December 2021	4,028,372	42,458	878,970	(11,043)	(1,891,225)	3,047,532
Total comprehensive (loss)/income for the financial year	-	-	-	(30,055)	136,214	106,159
Distribution on perpetual convertible securities, net of reversal	-	-	-	-	417,507	417,507
Balance at 31 December 2022	4,028,372	42,458	878,970	(41,098)	(1,337,504)	3,571,198

D. Unaudited condensed interim consolidated statements of cash flows

	The Group	
	12 months ended 31 December 2023 RMB'000	12 months ended 31 December 2022 RMB'000
Operating activities		
Profit/(loss) before taxation	49,924	(452,438)
Adjustments for:		
Depreciation of property, plant and equipment	4,261	4,650
Amortisation of deferred lease incentive	-	3,201
Fair value (gain)/loss on investment properties	(278,791)	4,930
Fair value loss on financial asset, at FVPL	210,000	411,799
Interest expenses	156,412	138,127
Interest income	(9,865)	(6,761)
(Reversal of provision)/provision on legal cases and penalties - net	(25,959)	23,306
Gain on disposal of property, plant and equipment	-	(37)
Gain on disposal of investment properties	(2,876)	-
Loss allowance on trade receivables	3,301	21
Completed properties written down	-	40,000
Reversal of other tax payable on waived distribution for perpetual convertible securities	-	(111,386)
Unrealised exchange differences	(20,457)	(43,443)
Operating cash flows before working capital changes	85,950	11,969
Development properties	14,332	859
Trade and other receivables	16,363	15,889
Provisions	-	(7,898)
Trade and other payables	26,735	(20,851)
Cash generated from/ (used in) operations	143,380	(32)
Interest received	9,865	6,761
Income tax paid	(2)	(83)
Net cash generated from operating activities	153,243	6,646
Investing activities		
Purchase of property, plant and equipment	(219)	(431)
Proceeds from disposal of property, plant and equipment	-	404
Proceeds from disposal of investment properties	4,520	-
Net cash generated from/(used in) investing activities	4,301	(27)
Financing activities		
Decrease/(increase) in restricted cash	207,332	(45,420)
Proceeds from borrowings	1,130,562	180,467
Proceeds from bond notes	-	40,197
Interest paid	(148,918)	(134,604)
Repayment of borrowings	(976,573)	(292,528)
Repayment of bond notes	(215,912)	-
Net cash used in financing activities	(3,509)	(251,888)
Net increase/(decrease) in cash and cash equivalents	154,035	(245,269)
Effects of exchange rate changes on cash and cash equivalents	894	2,686
Cash and cash equivalents at beginning of the financial year	111,822	354,405
Cash and cash equivalents at end of the financial year	266,751	111,822
Restricted bank balances	51,619	258,951
Cash and cash equivalents in the consolidated statements of financial position	318,370	370,773

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 2023 (“**2H2023**”) and full year then ended (“**FY2023**”) 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 leasing services; and
- (e) Others - Investment holding.

2. Basis of preparation

The unaudited condensed interim financial statements for 2H2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Committee Singapore. The unaudited condensed interim financial statements do not include all the information required for a complete set of financial statements and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2022. 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 2023.

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 2022.

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 asset, at FVPL
- Provision on litigation cases and penalties
- Deferred income tax
- Classification of 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, facilities management income and holding of properties for capital appreciation
Property development	: Development and sales of residential, commercial and other types of properties and equity investment in property development companies
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	Total RMB'000
1 July 2023 to 31 December 2023				
Revenue				
Total segment revenue	96,681	12,808	-	109,489
Segment results	41,718	(12,701)	63,130	92,147
Interest expenses	-	(22,025)	(57,249)	(79,274)
Interest income	-	-	1,920	1,920
Fair value gain on investment properties	278,791	-	-	278,791
Fair value loss on financial asset, at FVPL	-	(210,000)	-	(210,000)
Segment profit/(loss) before taxation	320,509	(244,726)	7,801	83,584
Depreciation of property, plant and equipment	-	-	2,121	2,121
As at 31 December 2023				
Segment assets	4,384,444	1,369,002	306,290	6,059,736
Segment assets includes:				
Additions to:				
- Property, plant and equipment	-	-	2,333	2,333
Segment liabilities	1,608,529	808,085	1,673,900	4,090,514

	Property investment RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
<u>1 July 2022 to 31 December 2022</u>				
Revenue				
Total segment revenue	77,925	543	-	78,468
Segment results	30,389	(66,975)	150,489	113,903
Interest expenses	-	(15,226)	(56,059)	(71,285)
Interest income	-	-	4,863	4,863
Fair value loss on investment properties	(4,930)	-	-	(4,930)
Fair value loss on financial asset, at FVPL	-	(411,799)	-	(411,799)
Segment profit/(loss) before taxation	25,459	(494,000)	99,293	(369,248)
Depreciation of property, plant and equipment	-	-	2,895	2,895
As at 31 December 2022				
Segment assets	4,171,457	1,521,375	438,492	6,131,324
Segment assets includes:				
Additions to:				
- Property, plant and equipment	-	-	218	218
Segment liabilities	1,780,426	738,919	1,576,216	4,095,561
	Property investment RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
<u>1 January 2023 to 31 December 2023</u>				
Revenue				
Total segment revenue	191,167	17,351	-	208,518
Segment results	93,766	(22,312)	56,226	127,680
Interest expenses	-	(41,630)	(114,782)	(156,412)
Interest income	-	-	9,865	9,865
Fair value gain on investment properties	278,791	-	-	278,791
Fair value loss on financial asset, at FVPL	-	(210,000)	-	(210,000)
Segment profit/(loss) before taxation	372,557	(273,942)	(48,691)	49,924
Depreciation of property, plant and equipment	-	-	4,261	4,261
As at 31 December 2023				
Segment assets	4,384,444	1,369,002	306,290	6,059,736
Segment assets includes:				
Additions to:				
- Property, plant and equipment	-	-	2,391	2,391
Segment liabilities	1,608,529	808,085	1,673,900	4,090,514

	Property investment RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
1 January 2022 to 31 December 2022				
Revenue				
Total segment revenue	165,234	891	-	166,125
Segment results	70,060	(87,510)	113,107	95,657
Interest expenses	-	(24,435)	(113,692)	(138,127)
Interest income	-	-	6,761	6,761
Fair value loss on investment properties	(4,930)	-	-	(4,930)
Fair value loss on financial asset, at FVPL	-	(411,799)	-	(411,799)
Segment profit/(loss) before taxation	65,130	(523,744)	6,176	(452,438)
Depreciation of property, plant and equipment	-	-	4,650	4,650
As at 31 December 2022				
Segment assets	4,171,457	1,521,375	438,492	6,131,324
Segment assets includes:				
Additions to:				
- Property, plant and equipment	-	-	431	431
Segment liabilities	1,780,426	738,919	1,576,216	4,095,561

4.2 Disaggregation of Revenue

	The Group			
	6 months ended 31 December 2023		12 months ended 31 December 2022	
	RMB'000	RMB'000	RMB'000	RMB'000
Property investment				
Rental income – People's Republic of China ("PRC")	96,681	77,925	191,167	165,234
Property development				
Revenue from contracts with customers – PRC				
- Sales of completed properties – at a point in time	12,808	543	17,351	891
	109,489	78,468	208,518	166,125

Breakdown of sales as follows:

	The Group		
	Financial year ended 31 December 2023 RMB'000	Financial year ended 31 December 2022 RMB'000	Increase / (Decrease) %
Sales reported for first half year	99,029	87,657	13.0%
Operating loss after tax before deducting non-controlling interests reported for first half year	(33,660)	(83,232)	(59.6%)
Sales reported for second half year	109,489	78,468	39.5%
Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	52,056	(263,438)	n.m.

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:

	Note	The Group		The Company	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		RMB'000	RMB'000	RMB'000	RMB'000
Financial asset					
Financial asset, at FVPL	14	-	210,000	-	-
Financial assets, at amortised cost					
Cash and cash equivalents		318,370	370,773	14,071	2,677
Trade and other receivables	10	296,301	358,184	2,592,514	2,685,148
		<u>614,671</u>	<u>938,957</u>	<u>2,606,585</u>	<u>2,687,825</u>
Financial liabilities, at amortised cost					
Trade and other payables	16	597,707	611,263	1,733,125	1,659,811
Borrowings	17	2,431,938	2,475,963	472,769	573,585
		<u>3,029,645</u>	<u>3,087,226</u>	<u>2,205,894</u>	<u>2,233,396</u>

6. Profit/(loss) before taxation

6.1. Significant items

	The Group			
	6 months ended 31 December 2023		12 months ended 31 December 2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Other income				
Interest income	1,920	4,863	9,865	6,761
Sundry income	1,323	1,863	2,616	5,299
	<u>3,243</u>	<u>6,726</u>	<u>12,481</u>	<u>12,060</u>

	The Group			
	6 months ended 31 December 2023		12 months ended 31 December 2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Other gains/(losses) – net				
Foreign exchange gain – net	15,799	51,452	20,457	44,252
Reversal of provision/(provision) on legal cases and penalties – net	46,696	(6,006)	25,959	(23,306)
Receipt from partial settlement of a legal case	962	-	9,564	3,000
Expenses incurred for early termination of tenancy agreement	(502)	-	(1,669)	(10,000)
Loss allowance on trade receivables	(3,301)	-	(3,301)	(21)
Completed properties written down	-	(40,000)	-	(40,000)
Reversal of other tax payable on waived distribution for perpetual convertible securities	-	111,386	-	111,386
Refund of withholding tax relating to perpetual convertible securities	13,396	-	13,396	-
(Loss)/gain on disposal of property, plant and equipment	-	(4)	-	37
Gain on disposal of investment properties	2,784	-	2,876	-
Reversal of accrued payables	-	-	12,841	-
Other losses - net	(567)	(1,668)	(689)	(1,798)
	<u>75,267</u>	<u>115,160</u>	<u>79,434</u>	<u>83,550</u>

	The Group			
	6 months ended		12 months ended	
	31 December		31 December	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Other expenses by nature				
Interest expenses	79,274	71,285	156,412	138,127
Depreciation of property, plant and equipment	2,121	2,895	4,261	4,650
Amortisation of deferred lease incentive	-	-	-	3,201
Employee compensation	16,044	18,008	32,719	33,766

6.2. Related party transactions

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

	The Group			
	6 months ended		12 months ended	
	31 December		31 December	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Management fees and related costs charged by an associate of controlling shareholder	3,794	3,985	6,533	5,868
Interest expenses charged by subsidiaries of controlling shareholder	17,139	4,989	27,714	8,177
Loans from subsidiaries of controlling shareholder	472,769	183,551	472,769	183,551
Distribution on perpetual convertible securities payable to a subsidiary of controlling shareholder, net of reversal	18,192	(560,176)	36,086	(417,507)

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		12 months ended	
	31 December		31 December	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Current income tax	-	(36)	-	(78)
Deferred income tax relating to origination and reversal of temporary differences	(31,528)	105,846	(31,528)	105,846
	(31,528)	105,810	(31,528)	105,768

8. Earnings/(loss) per share

(a) Basic earnings/(loss) per share

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

	The Group			
	6 months ended		12 months ended	
	31 December 2023	2022	31 December 2023	2022
Net profit/(loss) attributable to equity holders of the Company (RMB'000)	52,176	(258,174)	16,869	(341,204)
Weighted average number of ordinary shares outstanding for basic earnings/(loss) per share ('000)	2,557,040	2,557,040	2,557,040	2,557,040
Basic earnings/(loss) per share (RMB per share)	0.020	(0.101)	0.007	(0.133)

(b) Diluted earnings/(loss) per share

For the purpose of calculating diluted earnings/(loss) per share, net profit/(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.

	The Group			
	6 months ended		12 months ended	
	31 December 2023	2022	31 December 2023	2022
Net profit/(loss) attributable to equity holders of the Company (RMB'000)	52,176	(258,174)	16,869	(341,204)
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
Adjustment for perpetual convertible securities ('000)	1,480,000	-*	1,480,000	-*
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	4,037,040	2,557,040	4,037,040	2,557,040
Diluted earnings/(loss) per share (RMB per share)	0.013	(0.101)	0.004	(0.133)

*For the 6 months and financial year ended 31 December 2022, as the effect of conversion of shares from perpetual convertible securities 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 2023	31 December 2022	31 December 2023	31 December 2022
Net asset value attributable to equity holders of the Company (RMB'000)	1,977,691	2,045,759	3,518,970	3,571,198
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)	0.77	0.80	1.38	1.40

10. Trade and other receivables

	The Group	
	31 December 2023	31 December 2022
	RMB'000	RMB'000
Trade receivables – non-related parties	10,515	50,308
Other receivables:		
- Refundable deposits	17,275	17,266
- Proceeds receivable from disposal of subsidiaries/land	262,710	262,710
- Others	5,801	27,900
Financial assets at amortised cost	296,301	358,184
Advances to sub-contractor and vendors	4,007	4,103
Prepayments	45,011	55,918
Prepaid tax	25,406	22,726
Total trade and other receivables	370,725	440,931

	The Company	
	31 December 2023	31 December 2022
	RMB'000	RMB'000
Other receivables	20	40
Refundable deposits	275	266
Due from subsidiary corporations	2,592,219	2,684,842
Financial assets at amortised cost	2,592,514	2,685,148
Prepayments	286	278
Total other receivables	2,592,800	2,685,426

As announced by the Company on 21 February 2023, the Company and its subsidiary, Chongqing Yingli Real Estate Development Co., Ltd., commenced an arbitration with the China Chongqing Arbitration Commission in January 2023 against, among others, Shengyu (BVI) Limited (“**Shengyu**”) and Hengda Real Estate Group (Chongqing) Company Limited (恒大地产集团重庆有限公司) (“**Hengda Chongqing**”) (collectively, the “**Debtors**”) in respect of the Debtors’ failure to make payment for its purchase of the entire issued and paid-up share capital in the Company’s wholly-owned subsidiary Shiny Profit Enterprises Limited and a separate parcel of land pursuant to a conditional sale and purchase agreement entered into between the Company and Shengyu. For more details, please refer to the announcement made available on SGXNet. The Group through its appointed lawyer has attended the arbitral tribunal on 31 August 2023 and 29 November 2023 respectively, and presented relevant supporting documents for the amount to be claimed from the defendant.

As at 31 December 2023, outstanding receivables from the Debtors in relation to the disposal of subsidiaries and a land parcel amounted to RMB262,710,000 (31 December 2022: RMB262,710,000), calculated based on the gross outstanding balance of RMB575,350,000 (31 December 2022: RMB575,350,000) net of loss allowance of RMB312,640,000 (31 December 2022: RMB312,640,000) made in previous years.

Notwithstanding that the outcome of the arbitration proceedings is still unknown and the Group is awaiting further notification from China Chongqing Arbitration Commission, the Management has reviewed the recoverability of the outstanding receivables from the Debtors and is of the opinion that the expected credit loss allowance had been adequately provided for as at 31 December 2023. The Management has considered the progress of the arbitration proceedings commenced by the Group with the Chongqing Arbitration Commission to recover the receivables. In addition, there are active ongoing discussions with Hengda Chongqing regarding recovery of the receivables through project collaboration.

11. Development properties

	The Group	
	31 December 2023	31 December 2022
	RMB'000	RMB'000
Completed properties for sale	829,152	842,210
Properties for development	122,412	122,412
	<u>951,564</u>	<u>964,622</u>

12. Property, plant and equipment

During the financial year ended 31 December 2023, the Group acquired assets amounting to RMB2,391,000 (31 December 2022: RMB431,000), disposed assets with carrying amount of Nil (31 December 2022: RMB367,000), and reclassified property, plant and equipment with carrying amount of RMB1,274,000 (31 December 2022: Nil) to completed properties for sale. Included in the additions of property, plant and equipment, RMB219,000 (31 December 2022: RMB431,000) has been paid during the financial year.

13. Investments in subsidiaries

	The Company	
	31 December 2023	31 December 2022
	RMB'000	RMB'000
Unquoted equity shares, at cost	2,966,325	2,966,325
Quasi-equity loan to a subsidiary	150,149	150,149
Total investment in subsidiaries	<u>3,116,474</u>	<u>3,116,474</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 asset, at FVPL

	The Group	
	31 December 2023	31 December 2022
	RMB'000	RMB'000
Unquoted investment in limited partnership at FVPL		
Beginning of financial year	210,000	621,799
Fair value loss	(210,000)	(411,799)
End of financial year	<u>-</u>	<u>210,000</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 based on valuation performed at the end of every financial year 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, the fund manager 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:

	<u>Level 3</u> RMB'000
31 December 2023	
Financial asset, at FVPL	-
31 December 2022	
Financial asset, at FVPL	210,000

15. Investment properties

The Group's investment properties consist of retail, office and other 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.

	<u>The Group</u>	
	<u>31 December</u> <u>2023</u> RMB'000	<u>31 December</u> <u>2022</u> RMB'000
Leasehold properties:		
Beginning of financial year	4,094,253	4,099,183
Disposal of investment properties	(1,644)	-
Fair value gain/(loss)	278,791	(4,930)
End of financial year	4,371,400	4,094,253

Fair value hierarchy - Recurring fair value measurement

<u>Description</u>	<u>Quoted prices in</u> <u>active markets for</u> <u>identical assets</u> <u>(Level 1)</u> RMB'000	<u>Significant other</u> <u>observable</u> <u>inputs</u> <u>(Level 2)</u> RMB'000	<u>Significant</u> <u>unobservable</u> <u>inputs</u> <u>(Level 3)</u> RMB'000
31 December 2023			
- Retail, office and car parks - PRC	-	-	4,371,400
31 December 2022			
- Retail, office and car parks - PRC	-	-	4,094,253

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 2023, 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 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 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 term and reversion method 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.

Description	Fair value RMB'000	Valuation technique	Significant unobservable input ⁽¹⁾	Range
31 December 2023				
Investment properties	4,371,400	Direct comparison approach	price per square meter ⁽²⁾	RMB4,640 - RMB34,000
		Income approach (term and reversion)	term and reversion rate ⁽³⁾	4.8% - 5.8%
31 December 2022				
Investment properties	4,094,253	Direct comparison approach	price per square meter ⁽²⁾	RMB5,870 - RMB24,100
		Income approach (discounted cash flow)	discount rate ⁽³⁾	6.0% - 6.7%
			occupancy rate ⁽²⁾	51% - 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.

16. Trade and other payables

	The Group	
	31 December 2023 RMB'000	31 December 2022 RMB'000
Trade payables – non-related parties	42,458	112,215
Other payables:		
- Non-related parties	110,188	110,764
- Related party	271,619	224,092
Accrued expenses	108,333	106,973
Deposits received	45,787	40,559
Other tax payables	19,322	16,660
Financial liabilities, at amortised cost	597,707	611,263
Less: Non-current liability		
- Other payables – related party	(271,619)	(224,092)
	326,088	387,171
Advances received from lessees	20,511	16,316
Contract liabilities	59,628	25,284
Total trade and other payables – current liabilities	406,227	428,771

The Group's other payable to a related party is pertaining to the unpaid distribution on perpetual convertible securities.

Contract liabilities are in relation to the advance consideration received from customers which would be recognised as revenue when the Group fulfils its performance obligations under contract, which is when control of properties transfers to the customer.

	The Company	
	31 December 2023	31 December 2022
	RMB'000	RMB'000
Other payable:		
- Related party	271,619	224,092
Accrued expenses	50,451	45,797
Other tax payables	9,504	7,332
Due to subsidiary corporations	1,401,551	1,382,590
Financial liabilities, at amortised cost	1,733,125	1,659,811
Less: Non-current liability		
- Other payables – related party	(271,619)	(224,092)
Total other payables – current liabilities	1,461,506	1,435,719

The Company's other payable to a related party is pertaining to the unpaid distribution on perpetual convertible securities.

17. Borrowings

	The Group	
	31 December 2023	31 December 2022
	RMB'000	RMB'000
<u>Amount repayable within one year</u>		
Bank borrowings (secured)	1,133,173	114,500
Bond notes (unsecured)	-	215,912
Loan from a subsidiary of controlling shareholder (unsecured)	472,769	183,551
	1,605,942	513,963
<u>Amount repayable after one year</u>		
Bank borrowings (secured)	825,996	1,962,000
Total borrowings	2,431,938	2,475,963

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

	The Company	
	31 December 2023	31 December 2022
	RMB'000	RMB'000
<u>Amount repayable within one year</u>		
Bond notes (unsecured)	-	215,912
Bond notes - a subsidiary (unsecured)	-	174,122
Loan from a subsidiary of controlling shareholder (unsecured)	472,769	183,551
	472,769	573,585

18. Provisions

	The Group	
	31 December 2023	31 December 2022
	RMB'000	RMB'000
<u>Current</u>		
Provision on litigation cases	270,000	337,777
Provision on penalties	125,948	84,130
Total	395,948	421,907
	The Group	
	31 December 2023	31 December 2022
	RMB'000	RMB'000
<u>Movement:</u>		
Beginning of financial year	421,907	406,499
Amount recognised in profit or loss (Note 6.1):		
- Provision made	41,818	41,818
- Reversal of provision	(67,777)	(18,512)
	(25,959)	23,306
Provision utilised	-	(7,898)
End of financial year	395,948	421,907

The Group recognised additional provision for potential penalties payable to local authorities amounting to RMB41,818,000 (31 December 2022: RMB41,818,000) during the financial year ended 31 December 2023 in relation to a development project of the Group as the subsidiary did not complete the development within the stipulated period.

During the financial year ended 31 December 2023, the reversal of provision for RMB67,777,000 (31 December 2022: Nil) related to discharge of a guarantee liability. The Group had also received repayment of a total amount of RMB9,564,000 (31 December 2022: RMB3,000,000) relating to partial settlement of a legal case, and the amount had been recognised directly in profit or loss.

During the financial year ended 31 December 2022, reversal of provision for RMB18,512,000 and utilisation of provision amounting to RMB7,898,000 related to the penalty settlement with the local authorities for a development project of the Group.

19. Share capital

	The Group and the Company	
	Number of shares	Amount RMB'000
31 December 2023 and 31 December 2022		
Beginning and end of financial 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", "PCS")

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 "Bondholder"), the nominee of Everbright Hero Holdings Limited pursuant to a subscription agreement dated 30 June 2014.

On 7 November 2022, the Company announced that it had entered into the Amendment Deed with the Bondholder pursuant to which, the Company and the Bondholder agreed to, among others, amend the Tranche 1 PCS conditions and Tranche 2 PCS conditions. For more details, please refer to the Circular made available on SGXNet.

The number of shares that may be issued on conversion of the outstanding securities at the end of the financial year is as below:

	31 December 2023	31 December 2022
	No. of shares	No. of shares
The number of shares that may be issued on conversion of outstanding securities at the end of the financial year	1,480,000,000	1,480,000,000

No conversion of the securities into shares has taken place since the date of issuance. The exercise price of the Perpetual Convertible Securities is S\$0.125 per share (31 December 2022: S\$0.125 per share).

The Company did not hold any treasury shares as at 31 December 2023 (31 December 2022: Nil).

None of the subsidiaries held shares in the Company as at 31 December 2023 (31 December 2022: 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 2023 was 2,557,040,024 (31 December 2022: 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 interim consolidated 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 2H2023 and the related condensed interim consolidated statements of 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 and full year ended 31 December 2023, 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 2023.

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 transfer of control over the properties to the buyer. 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)
	2023	2022		2023	2022	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Sale of Properties	12,808	543	2258.7%	17,351	891	1847.4%
Rental Income	96,681	77,925	24.1%	191,167	165,234	15.7%
	109,489	78,468	39.5%	208,518	166,125	25.5%

2H2023 vs 2H2022

Revenue for 2H2023 increased by 39.5% Y-o-Y, or RMB31.0 million to RMB109.5 million (2H2022: RMB78.5 million), due to an increase in sale of properties by RMB12.2 million, and an increase in rental income by RMB18.8 million.

Revenue from the sales of properties increased by 2258.7% Y-o-Y, or RMB12.2 million, to RMB12.8 million (2H2022: RMB0.6 million), mainly attributable to more property units being sold in 2H2023.

Rental income increased by 24.1% Y-o-Y, or RMB18.8 million to RMB96.7 million (2H2022: RMB77.9 million) as contributed by higher occupancy and rental rate with the gradual recovery from COVID-19.

FY2023 vs FY2022

For the full financial year, revenue of the Group increased by 25.5% Y-o-Y, or RMB42.4 million to RMB208.5 million (FY2022: RMB166.1 million). The increase was due to an increase in sales of properties by RMB16.5 million, and an increase in rental income by RMB25.9 million.

Revenue from the sales of properties increased by 1847.4% Y-o-Y, or RMB16.5 million to RMB17.4 million (FY2022: RMB0.9 million), mainly attributable to more property units being sold in FY2023.

Rental income increased by 15.7% Y-o-Y or RMB25.9 million to RMB191.1 million (FY2022: RMB165.2 million), primarily driven by a gradual recovery following the impact of the COVID-19.

Gross profit and gross profit margin

	The Group							
	6 months ended 31 December				12 months ended 31 December			
	2023		2022		2023		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Sale of Properties	1,450	11.3%	21	3.9%	2,582	14.9%	32	3.6%
Rental Income	68,618	71.0%	53,038	68.1%	137,522	71.9%	118,605	71.8%
	70,068	64.0%	53,059	67.6%	140,104	67.2%	118,637	71.4%

(i) Gross profit

For 2H2023 and FY2023, gross profit of the Group increased by 32.1% or RMB17.0 million and 18.1% or RMB21.5 million respectively, in tandem with the increase in revenue.

(ii) Gross profit margin

For 2H2023 and FY2023, overall gross profit margin decreased by 3.6% and 4.2% respectively, primary due to higher proportion of revenue contributed by sales of properties which generates lower gross profit margin.

Other income

For 2H2023, other income decreased by RMB3.5 million or 51.8% mainly due to lower interest income with the decrease in bank deposits and onshore interest rate in second half of 2023. For FY2023, other income increased slightly by RMB0.4 million or 3.5%.

Marketing expenses

Marketing expenses for 2H2023 increased by RMB1.7 million or 15.9% mainly due to an increase in variable components of marketing expenses in 2H2023 in line with the increase in revenue.

Marketing expenses for FY2023 decreased by RMB4.3 million or 18.4% mainly due to a decrease in amortisation of deferred lease incentive.

Administrative expenses

For 2H2023 and FY2023, administrative expenses decreased by RMB3.4 million or 7.4% and RMB13.0 million or 14.7% respectively, mainly due to a decrease in legal and professional fees as the Group replaced the bond notes with a loan from a subsidiary of controlling shareholder.

Finance expenses

For 2H2023 and FY2023, finance expenses increased by RMB8.0 million or 11.2% and RMB18.3 million or 13.2% respectively, mainly due to an increase in the floating interest rate on U.S. dollar loans.

Other gains/(losses) – net

Other gains for 2H2023 decreased by RMB39.9 million, mainly due to decrease in unrealised foreign currency exchange gains from the revaluation of financial liabilities denominated in RMB which weakened against the Company's functional currency, reversal of other tax payable on waived distribution under PCS in 2H2022, and there was no such reversal in 2H2023; partially offset by reversal of provision on litigation cases in 2H2023 and completed properties written down in 2H2022 which not recurred in 2H2023.

Other gains for FY2023 decreased by RMB4.1 million, mainly due to decrease in unrealised foreign currency exchange gains from the revaluation of financial liabilities denominated in RMB which weakened against the Company's functional currency, reversal of other tax payable on waived distribution under PCS in FY2022, and there was no such reversal in FY2023; partially offset by reversal of provision on litigation cases in FY2023, reversal of accrued payables during FY2023 and completed properties written down in FY2022 which not recurred in FY2023.

Fair value gain/(loss) on investment properties

As at 31 December 2023, independent valuation was carried out by KPMG Advisory (China) Limited Shenzhen Branch on the investment properties held by the Group. Based on the valuation report, the Group recognised a fair value gain of RMB278.8 million in FY2023, mainly due to increase in fair value of one of the investment properties, attributed to the increase in rental rates in the shopping malls of surrounding area with the recovery from COVID-19.

Fair value loss on financial asset, at FVPL

As at 31 December 2023, Savills Valuation & Professional Services (China) Limited was commissioned to provide an independent valuation on Beijing New Everbright Centre. Based on the valuation and distribution report, the Group has fully written down the unquoted investment in limited partnership and recognised a fair value loss of RMB210 million in FY2023 mainly due to tough policies maintained by local authorities in the property sector, prolonging the property development and sales period, leading to reduction of forecasted margin of the project and resulted the significant decrease in the fair value of the financial asset, at FVPL.

Taxation

For 2H2023 and FY2023, the tax expenses mainly due to recognition of deferred income tax as a result of the increase in fair value of investment properties and reversal of provision on litigation cases, partially offset by fair value loss on financial asset, at FVPL.

Net profit/(loss) attributable to equity holders of the Company

	The Group					
	6 months ended 31 December		Increase / (Decrease)	12 months ended 31 December		Increase / (Decrease)
	2023	2022		2023	2022	
RMB'000	RMB'000	%	RMB'000	RMB'000	%	
Net profit/(loss) attributable to:						
Equity holders of the Company	52,176	(258,174)	n.m.	16,869	(341,204)	n.m.
Non-controlling interests	(120)	(5,264)	(97.7%)	1,527	(5,466)	n.m.
	52,056	(263,438)	n.m.	18,396	(346,670)	n.m.

Overall, the Group reported a net profit attributable to the equity holders of the Company for FY2023 as compared a net loss attributable to the equity holders of the Company for FY2022, mainly due to fair value gain on investment properties, higher revenue generated, and lower expenses incurred for FY2023 as compared with FY2022.

Unaudited Condensed Interim Consolidated Statements of Financial Position

Total assets of the Group decreased by 1.2% or RMB71.6 million, to RMB6,059.7 million (31 December 2022: RMB6,131.3 million), mainly due to (i) decrease in fair value of financial asset, at FVPL of RMB210 million; (ii) decrease in trade and other receivables of RMB70.2 million; (iii) decrease in cash and cash equivalents of RMB52.4 million mainly due to the repayment of loan principal and interest; and (iv) decrease in development properties of RMB13.1 million mainly due to sale of properties; partially offset by (v) increase in investment properties of RMB277.1 million.

The Group's total liabilities decreased slightly by 0.1% or RMB5.1 million, to RMB4,090.5 million (31 December 2022: RMB4,095.6 million), mainly due to (i) net decrease in borrowings of RMB44.0 million attributed to net repayment of borrowings; (ii) decrease in provisions of RMB26.0 million; partially offset by (iii) increase in trade and other payable of RMB25.0 million; (iv) increase in deferred tax liabilities of RMB31.5 million; and (v) increase in income tax liabilities of RMB8.4 million.

The Group's total equity decreased by RMB66.6 million to RMB1,969.2 million (31 December 2022: RMB2,035.8 million), mainly due to increase in currency translation deficit of RMB48.9 million.

The Group had current liabilities of RMB2,596.2 million and current assets of RMB1,640.7 million as at 31 December 2023. The net current liabilities position is mainly due to reclassification of long-term borrowings of RMB1,055.4 million to short-term borrowings due to maturity within one year. However, the Group continues to generate positive cash flows from operating activities, and the Group is also in the process of extending the maturity term of the borrowings and seeking support from the controlling shareholder. In addition, the Group will be proactively reshuffling or disposing low yielding properties to reduce gearing and improve liquidity position.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

In FY2023, the increase in unrestricted cash and cash equivalent of RMB154.0 million was mainly due to:

- i) net cash inflows of RMB153.2 million from operating activities;
- ii) net cash inflows of RMB4.3 million from investing activities; and
- ii) net cash outflows of RMB3.5 million in financing activities.

The net cash inflows from operating activities of RMB153.2 million was mainly attributable to the cash generated from operations of RMB85.9 million, working capital changes of RMB57.4 million and interest received of RMB9.9 million.

Net cash inflows from investing activities of RMB4.3 million was mainly attributable to the proceeds from disposal of investment properties.

Net cash outflows in financing activities of RMB3.5 million was mainly due to repayment of loan principal and interest.

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.

Over the past three decades, China's economy has achieved remarkable and persistent high growth that lifted the economy from low-income to upper-middle-income status. China's economy has grown to become second largest economy in the world and over the past 15 years, China has been the main driver of the world's economic growth, accounting for 35% of global nominal GDP growth, while the United States accounted for 27%.

For 2023, it marks the first year of reopening for China's economy in the post-COVID era. According to estimates from China's National Bureau of Statistics, China's GDP in 2023 grew 5.2%, slightly more than the official target of around 5%.

To strengthen its economic resiliency and growth in the post-COVID era, the Chinese government has initiated various support packages and policy measures throughout FY2023. According to a state media report in December 2023, the Chinese government has pledged greater steps to support the country's flagging real estate market, by "actively yet safely defuse risks in the real estate sector" and "meet the reasonable financing needs of real estate enterprises".

According to projections by the International Monetary Fund, China's GDP will expand by 4.6% in 2024 amid continued weakness in the property market and subdued external demand.

Against the backdrop of the evolving macro-economic challenges and uncertain market conditions, the Group has calibrated our business model after undertaking a strategic review, moving from asset heavy to asset light, focusing on property management services in order to mitigate the impact of regulatory measures over the real estate development sector, offloading non-core property assets and to identify emerging growth opportunities that are unrelated to the real estate market but aligned 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 2023, the Group's investment properties have a total gross floor area of over 300,000 square metres ("**sqm**") which comprises four main segments of retail (approximately 66%), office (approximately 10%), carpark and warehousing (approximately 24%).

According to a publication issued in January 2024 by Savills on Chongqing's retail property market, four retail projects entered the Chongqing retail market, recording a new supply of over 371,000 sqm, in the first three quarters of 2023. By the end of third quarter of 2023, the total shopping mall stock reached 8 million sqm, including department stores. Over the past few years, there has been a surge in the supply of retail properties in Chongqing, and the expanding scale has heightened the level of competition.

In a separate publication issued in October 2023 by Savills on Chongqing's office property market, no new projects entered Chongqing's Grade A office market in the third quarter of 2023. Total Grade A office stock in the city remained at 2.62 million sqm. As a result of unclear market prospect, some new projects have been delayed entering the market and new supply pressure may decrease in short term.

For the retail rental segment, the Group remains vigilant in tracking emerging retail trends and endeavors to collaborate with tenants to explore innovative retail concepts and experiences. This ensures that the Group's retail properties remain relevant and captivating in the face of a growing and 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 our core operating activities and enhancing the quality of our business development initiatives.

With the rising trend of eco-investment and development, the Group aims to leverage on our cross-border asset management capabilities and 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 the Group needs to preserve funds for operating expenses for next financial year.

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 2024