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 2022

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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		
	Note	2022 RMB'000	2021 RMB'000	Increase / (Decrease) %	2022 RMB'000	2021 RMB'000	Increase / (Decrease) %
Revenue	4.2	**78,468**	**115,880**	**(32.3%)**	**166,125**	**228,816**	**(27.4%)**
Cost of sales		(25,409)	(36,921)	(31.2%)	(47,488)	(70,741)	(32.9%)
Gross profit		**53,059**	**78,959**	**(32.8%)**	**118,637**	**158,075**	**(24.9%)**
Other income	6.1	6,726	7,169	(6.2%)	12,060	15,202	(20.7%)
Other gains/(losses) - net							
- Fair value loss on investment properties	15	(4,930)	(1,972)	150.0%	(4,930)	(1,972)	150.0%
- Fair value loss on financial asset, at fair value through profit or loss ("FVPL")	14	(411,799)	(148,000)	178.2%	(411,799)	(148,000)	178.2%
- Others	6.1	115,160	(29,784)	n.m.	83,550	(68,992)	n.m.
Distribution and marketing expenses		(10,729)	(14,102)	(23.9%)	(23,497)	(32,175)	(27.0%)
Administrative expenses		(45,450)	(36,746)	23.7%	(88,332)	(83,747)	5.5%
Finance expenses		(71,285)	(67,654)	5.4%	(138,127)	(134,052)	3.0%
Loss before taxation		**(369,248)**	**(212,130)**	**74.1%**	**(452,438)**	**(295,661)**	**53.0%**
Taxation	7	105,810	46,659	126.8%	105,768	32,382	226.6%
Net loss for the financial period/year		**(263,438)**	**(165,471)**	**59.2%**	**(346,670)**	**(263,279)**	**31.7%**
Other comprehensive (loss)/income							
Item that may be reclassified to profit or loss in subsequent period (net of tax)							
Currency translation differences arising from consolidation, net		(116,230)	9,651	n.m.	(128,649)	53,450	n.m.
Total comprehensive loss for the period/year		**(379,668)**	**(155,820)**	**143.7%**	**(475,319)**	**(209,829)**	**126.5%**
Net loss attributable to:							
Equity holders of the Company		(258,174)	(160,583)	60.8%	(341,204)	(254,114)	34.3%
Non-controlling interest		(5,264)	(4,888)	7.7%	(5,466)	(9,165)	(40.4%)
		(263,438)	**(165,471)**	**59.2%**	**(346,670)**	**(263,279)**	**31.7%**
Total comprehensive loss attributable to:							
Equity holders of the Company		(374,404)	(150,932)	148.1%	(469,853)	(200,664)	134.1%
Non-controlling interest		(5,264)	(4,888)	7.7%	(5,466)	(9,165)	(40.4%)
		(379,668)	**(155,820)**	**143.7%**	**(475,319)**	**(209,829)**	**126.5%**
n.m. - not meaningful							
Loss per share for loss attributable to equity holders of the Company							
Basic loss per share (RMB)	8(a)	(0.101)	(0.063)		(0.133)	(0.099)	
Diluted loss per share (RMB)	8(b)	(0.101)	(0.063)		(0.133)	(0.099)	

B. Unaudited condensed interim consolidated statements of financial position

	Note	The Group		The Company	
		31 December 2022 RMB'000	31 December 2021 RMB'000	31 December 2022 RMB'000	31 December 2021 RMB'000
ASSETS					
Current assets:					
Development properties	11	964,622	1,036,947	-	-
Trade and other receivables	10	440,931	456,841	2,685,426	2,677,956
Cash and cash equivalents		370,773	567,936	2,677	22,472
		1,776,326	2,061,724	2,688,103	2,700,428
Non-current assets:					
Property, plant and equipment	12	50,745	51,824	17	3
Investment in subsidiaries	13	-	-	3,116,474	2,966,325
Investment properties	15	4,094,253	4,102,384	-	-
Financial asset, at FVPL	14	210,000	621,799	-	-
		4,354,998	4,776,007	3,116,491	2,966,328
Total assets		**6,131,324**	**6,837,731**	**5,804,594**	**5,666,756**
LIABILITIES					
Current liabilities:					
Trade and other payables	16	428,771	1,197,633	1,435,719	2,221,431
Provision for taxation		179,647	179,731	-	-
Borrowings	17	513,963	432,952	573,585	397,793
Provisions	18	421,907	406,499	-	-
		1,544,288	2,216,815	2,009,304	2,619,224
Non-current liabilities:					
Other payables – related party	16	224,092	-	224,092	-
Deferred income tax liabilities		365,181	471,027	-	-
Borrowings	17	1,962,000	2,056,314	-	-
		2,551,273	2,527,341	224,092	-
Total liabilities		**4,095,561**	**4,744,156**	**2,233,396**	**2,619,224**
NET ASSETS		**2,035,763**	**2,093,575**	**3,571,198**	**3,047,532**
EQUITY					
Capital and reserves:					
Share capital	19	4,028,372	4,028,372	4,028,372	4,028,372
Reverse acquisition reserve		(2,034,754)	(2,034,754)	-	-
Statutory common reserve		91,018	91,018	-	-
Convertible bonds reserve		42,458	42,458	42,458	42,458
Perpetual convertible securities		878,970	878,970	878,970	878,970
Currency translation reserve		(93,769)	34,880	(41,098)	(11,043)
Accumulated losses		(866,536)	(942,839)	(1,337,504)	(1,891,225)
Equity attributable to equity holders of the Company		2,045,759	2,098,105	3,571,198	3,047,532
Non-controlling interest		(9,996)	(4,530)	-	-
TOTAL EQUITY		**2,035,763**	**2,093,575**	**3,571,198**	**3,047,532**

C. Unaudited condensed interim consolidated statements of changes in equity

The Group	Share capital RMB'000	Reverse acquisition reserve RMB'000	Statutory common reserve RMB'000	Convertible bonds reserve RMB'000	Perpetual convertible securities RMB'000	Currency translation reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
Balance at 31 December 2021	4,028,372	(2,034,754)	91,018	42,458	878,970	34,880	(942,839)	2,098,105	(4,530)	2,093,575
Total comprehensive loss for the financial year	-	-	-	-	-	(128,649)	(341,204)	(469,853)	(5,466)	(475,319)
Distribution on perpetual convertible securities, net of reversal	-	-	-	-	-	-	417,507	417,507	-	417,507
Balance at 31 December 2022	4,028,372	(2,034,754)	91,018	42,458	878,970	(93,769)	(866,536)	2,045,759	(9,996)	2,035,763
Balance at 31 December 2020	4,028,372	(2,034,754)	91,018	42,458	878,970	(18,570)	(372,840)	2,614,654	4,635	2,619,289
Total comprehensive loss for the financial year	-	-	-	-	-	53,450	(254,114)	(200,664)	(9,165)	(209,829)
Distribution on perpetual convertible securities	-	-	-	-	-	-	(315,885)	(315,885)	-	(315,885)
Balance at 31 December 2021	4,028,372	(2,034,754)	91,018	42,458	878,970	34,880	(942,839)	2,098,105	(4,530)	2,093,575

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 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
Balance at 31 December 2020	4,028,372	42,458	878,970	(17,354)	(1,510,676)	3,421,770
Total comprehensive income/(loss) for the financial year	-	-	-	6,311	(64,664)	(58,353)
Distribution on perpetual convertible securities	-	-	-	-	(315,885)	(315,885)
Balance at 31 December 2021	4,028,372	42,458	878,970	(11,043)	(1,891,225)	3,047,532

D. Unaudited condensed interim consolidated statements of cash flows

	The Group	
	12 months ended 31 December 2022 RMB'000	12 months ended 31 December 2021 RMB'000
Operating activities		
Loss before taxation	(452,438)	(295,661)
Adjustments for:		
Depreciation of property, plant and equipment	4,650	3,472
Amortisation of deferred lease incentive	3,201	3,791
Fair value loss on investment properties	4,930	1,972
Fair value loss on financial asset, at FVPL	411,799	148,000
Interest expenses	138,127	134,052
Interest income	(6,761)	(10,920)
Provision for liabilities on legal cases and penalties, net	23,306	28,400
(Gain)/loss on disposal of property, plant and equipment	(37)	246
Impairment loss on trade and other receivables	21	1,073
Completed properties written down	40,000	-
Reversal of other tax payable on waived distribution of perpetual convertible securities	(111,386)	-
Unrealised exchange difference	(43,443)	31,302
Operating profit before working capital changes	11,969	45,727
Investment properties	-	814
Development properties	859	18,833
Trade and other receivables	15,889	60
Provisions	(7,898)	-
Trade and other payables	(20,851)	8,538
Cash (used in)/generated from operations	(32)	73,972
Interest received	6,761	12,526
Income tax paid	(83)	(210)
Net cash generated from operating activities	**6,646**	**86,288**
Cash flow from investing activities		
Acquisition of property, plant and equipment	(431)	(234)
Proceeds from disposal of property, plant and equipment	404	3
Net cash used in investing activities	**(27)**	**(231)**
Cash flow from financing activities		
Bank balance subject to restriction	(45,420)	156,157
Proceeds from borrowings	180,467	79,716
Proceeds from bond issuance	40,197	-
Interest paid	(134,604)	(130,551)
Repayment of borrowings	(292,528)	(223,419)
Net cash used in financing activities	**(251,888)**	**(118,097)**
Net decrease in cash and cash equivalents	**(245,269)**	**(32,040)**
Effects of exchange rate changes on cash and cash equivalents	2,686	(1,705)
Cash and cash equivalents at beginning of year	354,405	388,150
Cash and cash equivalents at end of year	**111,822**	**354,405**
Restricted bank balances	258,951	213,531
Cash and cash equivalents in the consolidated statements of financial position	**370,773**	**567,936**

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 2022 ("**2H2022**") comprise the Company and its subsidiaries (collectively, the "Group**"**).

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are:
(a) Property development;
(b) Mall and property management;
(c) Property consultancy, sale, marketing and management;
(d) Commercial property management and leasing services; and
(e) Others - Investment holding.

COVID-19 pandemic and the aftermath

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

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the financial year ended 31 December 2022:

(i) The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

(ii) The Group has considered the market conditions (including the impact of COVID-19) as at the end of the financial year, in making estimates and judgements on the assessment of fair value of investment properties and financial asset, at FVPL as at 31 December 2022.

(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 2022.

As the global COVID-19 situation evolves, many countries are gradually easing the COVID-19 measures implemented previously. The PRC government has reopened their borders on 8 January 2023 and lifting travel restrictions. However, due to high level of infections in China, there remains a level of uncertainty which may result in 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 2H2022 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 2022.

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 2021.

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

- Assessment of expected credit loss ("ECL") of trade and other receivables
- Estimation of net realizable value for development properties
- Valuation of investment properties
- Valuation of financial asset, at FVPL
- Provision on litigation cases and penalties
- Deferred income tax

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 2022 to 31 December 2022				
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				
Reportable 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	1,031,388	3,550,733
Provision for taxation				179,647
Deferred income tax liabilities				365,181
Reportable segment liabilities				4,095,561

	Property investment RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
1 July 2021 to 31 December 2021				
Revenue				
Total segment revenue	103,364	12,516	-	115,880
Segment results	58,871	(31,310)	(26,594)	967
Interest expenses	-	(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 profit/(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	Consolidated 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 tax	65,130	(523,744)	6,176	(452,438)
Depreciation of property, plant and equipment	-	-	4,650	4,650
As at 31 December 2022				
Reportable 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	1,031,388	3,550,733
Provision for taxation				179,647
Deferred income tax liabilities				365,181
Reportable segment liabilities				4,095,561

	Property investment RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
1 January 2021 to 31 December 2021				
Revenue				
Total segment revenue	195,167	33,649	-	228,816
Segment results	109,771	(54,765)	(77,563)	(22,557)
Interest expenses	-	(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 profit/(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

4.2 Disaggregation of Revenue

	The Group			
	6 months ended 31 December		12 months ended 31 December	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Property investment				
Rental income – PRC	77,925	103,364	165,234	195,167
Property development				
Revenue from contracts with customers – PRC				
- sales of completed properties held for sale – at a point in time	543	7,248	891	28,381
- sales of investment properties – at a point in time	-	5,268	-	5,268
	543	12,516	891	33,649
	78,468	115,880	166,125	228,816

Breakdown of sales as follows:

	The Group		
	Financial year ended 31 December 2022 RMB'000	Financial year ended 31 December 2021 RMB'000	Increase / (Decrease) %
Sales reported for first half year	87,657	112,936	(22.4%)
Operating loss after tax before deducting non-controlling interest reported for first half year	(83,232)	(97,808)	(14.9%)
Sales reported for second half year	78,468	115,880	(32.3%)
Operating loss after tax before deducting non-controlling interest reported for second half year	(263,438)	(165,471)	129.4%

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:

		The Group		The Company	
	Note	31 December 2022 RMB'000	31 December 2021 RMB'000	31 December 2022 RMB'000	31 December 2021 RMB'000
Financial Assets					
Financial asset, at FVPL	14	210,000	621,799	-	-
Financial Asset, at amortised costs					
Cash and cash equivalents		370,773	567,936	2,677	22,472
Trade and other receivables	10	358,184	339,663	2,685,148	2,677,655
		938,957	1,529,398	2,687,825	2,700,127
Financial Liabilities, at amortised costs					
Trade and other payables	16	611,263	1,150,258	1,659,811	2,221,431
Borrowings	17	2,475,963	2,489,266	573,585	397,793
		3,087,226	3,639,524	2,233,396	2,619,224

6. Loss before taxation

6.1. Significant items

	The Group			
	6 months ended 31 December		12 months ended 31 December	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Other income				
Interest income	4,863	4,529	6,761	10,920
Sundry income	1,863	2,640	5,299	4,282
	6,726	7,169	12,060	15,202

	The Group			
	6 months ended 31 December		12 months ended 31 December	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Other gains /(losses) - net				
Foreign exchange gain/(loss) - net	51,452	(9,954)	44,252	(32,772)
Provision for liabilities on legal cases and penalties - net	(6,006)	(19,515)	(23,306)	(28,400)
Expenses incurred for early termination of tenancy agreement	-	-	(10,000)	-
Impairment loss on trade and other receivables	-	(1,073)	(21)	(1,073)
Completed properties written down	(40,000)	-	(40,000)	-
Reversal of other tax payable on waived distribution on perpetual convertible securities	111,386	-	111,386	-
Gain/(loss) on disposal of property, plant and equipment	(4)	(6)	37	(246)
Other (losses)/gains - net	(1,668)	764	1,202	(6,501)
	115,160	(29,784)	83,550	(68,992)

	The Group			
	6 months ended 31 December		12 months ended 31 December	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Other expenses by nature				
Finance expenses	71,285	67,654	138,127	134,052
Depreciation of property, plant and equipment	2,895	2,099	4,650	3,472
Amortisation of deferred lease incentive	-	1,170	3,201	3,791
Employee compensation	18,008	20,489	33,766	44,070

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 31 December		12 months ended 31 December	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Management fees and related costs charged by an associate of controlling shareholder	3,985	4,379	5,868	5,879
Interest expense charged by a subsidiary of controlling shareholder	4,989	2,547	8,177	2,547
Loan from a subsidiary of controlling shareholder	183,551	78,991	183,551	78,991
Distribution on perpetual convertible securities payable to a subsidiary of controlling shareholder, net of reversal	(560,176)	179,898	(417,507)	315,885

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	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Current income tax	(36)	(7)	(78)	(176)
Deferred income tax relating to origination and reversal of temporary differences	105,846	46,666	105,846	32,558
	105,810	46,659	105,768	32,382

8. Loss per share

(a) Basic loss per share

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

	The Group			
	6 months ended 31 December		12 months ended 31 December	
	2022	2021	2022	2021
Net loss attributable to equity holders of the Company (RMB'000)	(258,174)	(160,583)	(341,204)	(254,114)
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)	(0.101)	(0.063)	(0.133)	(0.099)

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, net loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As the effect 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 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Net asset value attributable to equity holders of the Company (RMB'000)	2,045,759	2,098,105	3,571,198	3,047,532
Weighted average 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)	0.80	0.82	1.40	1.19

10. Trade and other receivables

	The Group	
	31 December 2022 RMB'000	**31 December 2021 RMB'000**
Trade receivables – non-related parties	50,308	38,763
Other receivables:		
- Refundable deposits	17,266	17,228
- Proceeds receivable from disposal of subsidiaries/land	262,710	262,710
- Others	27,900	20,962
Financial assets at amortised cost	358,184	339,663
Advances to sub-contractor and vendors	4,103	4,116
Prepayments	55,918	65,530
Prepaid tax	22,726	47,532
Total trade and other receivables	440,931	456,841

	The Company	
	31 December 2022 RMB'000	**31 December 2021 RMB'000**
Other receivables	40	36
Refundable deposits	266	227
Due from subsidiary corporations	2,684,842	2,677,392
Financial assets at amortised cost	2,685,148	2,677,655
Prepayments	278	301
Total trade and other receivables	2,685,426	2,677,956

11. Development properties

	The Group	
	31 December 2022 RMB'000	**31 December 2021 RMB'000**
Completed properties held for sale	842,210	914,535
Properties for development	122,412	122,412
	964,622	1,036,947

12. Property, plant and equipment

During the financial year ended 31 December 2022, the Group acquired assets amounting to RMB431,000 (31 December 2021: RMB234,000), disposed assets with carrying amount of RMB367,000 (31 December 2021: RMB249,000), and reclassified completed properties held for sales to property, plant and equipment amounting to RMB3,507,000 (31 December 2021: RMB19,566,000),

13. Investments in subsidiaries

	The Company	
	31 December 2022 RMB'000	**31 December 2021 RMB'000**
Unquoted equity shares, at cost	2,966,325	2,966,325
Quasi-equity loan to a subsidiary	150,149	-
Total investment in subsidiaries	3,116,474	2,966,325

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 2022 RMB'000	**31 December 2021 RMB'000**
Unquoted investment in limited partnership at FVPL		
Beginning of financial year	621,799	769,799
Fair value losses	(411,799)	(148,000)
End of financial year	210,000	621,799

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:

	Level 3 RMB'000
31 December 2022	
Financial asset, at FVPL	210,000
31 December 2021	
Financial asset, at FVPL	621,799

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.

	The Group	
	31 December 2022 RMB'000	31 December 2021 RMB'000
Leasehold properties:		
Beginning of financial year	4,099,183	4,122,220
Sales of investment properties	-	(1,499)
Fair value losses	(4,930)	(1,972)
Transfer to property, plant and equipment	-	(19,566)
End of financial year	4,094,253	4,099,183
Deferred lease incentives	-	3,201
Total investment properties	4,094,253	4,102,384

Fair value hierarchy - Recurring fair value measurement

Description	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
31 December 2022			
- Retail, office and car parks - PRC	-	-	4,094,253
31 December 2021			
- Retail, office and car parks - PRC	-	-	4,099,183

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 2022, 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 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.

Description	Fair value RMB'000	Valuation technique	Significant unobservable input [1]	Range
31 December 2022				
Investment properties	4,094,253	Direct comparison approach	price per square meter [2]	RMB5,870 - RMB24,100
		Income method	discount rate [3]	6.0% - 6.7%
			occupancy rate [2]	51% - 100%
			rental growth[2]	3% - 8%
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%

[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 2022	**31 December 2021**
	RMB'000	**RMB'000**
Trade payables – non-related parties	112,215	139,753
Other payables:		
- Non-related parties	110,764	106,969
- Related party	224,092	628,351
Accrued expenses	106,973	105,498
Deposits received	40,559	43,285
Other tax payables	16,660	126,402
Financial liabilities, at amortised cost	611,263	1,150,258
Less: Non-current liability		
- Other payable – related party	(224,092)	-
	387,171	1,150,258
Advances received from lessees	16,316	17,721
Contract liabilities	25,284	29,654
Total trade and other payables	428,771	1,197,633

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

	The Company	
	31 December 2022 RMB'000	31 December 2021 RMB'000
Other payable:		
- Related party	224,092	628,351
Accrued expenses	45,797	33,690
Other tax payables	7,332	118,466
Due to subsidiary corporations	1,382,590	1,440,924
Total trade and other payables	1,659,811	2,221,431
Less: Non-current liability		
Other payable – related party	(224,092)	-
	1,435,719	2,221,431

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 2022 RMB'000	31 December 2021 RMB'000
Amount repayable within one year		
Bank borrowings (secured)	114,500	194,560
Bank notes (unsecured)	215,912	159,401
Loan from a subsidiary of controlling shareholder (unsecured)	183,551	78,991
	513,963	432,952
Amount repayable after one year		
Bank borrowings (secured)	1,962,000	2,056,314
Total borrowings	2,475,963	2,489,266

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 2022 RMB'000	31 December 2021 RMB'000
Amount repayable within one year		
Bank notes (unsecured)	390,034	318,802
Loan from a subsidiary of controlling shareholder (unsecured)	183,551	78,991
	573,585	397,793

18. Provisions

	The Group	
	31 December 2022 RMB'000	31 December 2021 RMB'000
Current		
Provision on litigation cases	337,777	337,777
Provision on penalties	84,130	68,722
Total	421,907	406,499

	The Group	
	31 December 2022 RMB'000	31 December 2021 RMB'000
Movement:		
Beginning of financial year	406,499	378,099
Amount recognised in profit or loss (Note 6.1):		
- Provision made	41,818	28,400
- Reversal of provision	(18,512)	-
	23,306	28,400
Provision paid	(7,898)	-
End of financial year	421,907	406,499

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

During the financial year ended 31 December 2022, reversal of provision for RMB18,512,000 and provision paid amounting to RMB7,898,000 relates 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 2022 and 31 December 2021		
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 2022	31 December 2021
	No. of shares	No. of shares
The number of shares that may be issued on conversion of outstanding securities at the end of the financial year	1,480,000,000	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$0.125 per share (31 December 2021: S$0.318 per share).

The Company did not hold any treasury shares as at 31 December 2022 (31 December 2021: Nil).

None of the subsidiaries held shares in the Company as at 31 December 2022 (31 December 2021: Nil).

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

The total number of issued shares as at 31 December 2022 was 2,557,040,024 (31 December 2021: 2,557,040,024).

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

Not applicable.

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

Not applicable.

20. Subsequent events

There are no known subsequent events which have led to adjustments to this set of unaudited condensed 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 2H2022 and the related condensed interim consolidated statements 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 2022, 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 2022.

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

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

Revenue

	The Group					
	6 months ended 31 December		Increase / (Decrease)	12 months ended 31 December		Increase / (Decrease)
	2022	2021		2022	2021	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Sale of Properties	543	12,516	(95.7%)	891	33,649	(97.4%)
Rental Income	77,925	103,364	(24.6%)	165,234	195,167	(15.3%)
	78,468	**115,880**	**(32.3%)**	**166,125**	**228,816**	**(27.4%)**

2H2022 vs 2H2021

Revenue for 2H2022 decreased by 32.3 % Y-o-Y, or RMB37.4 million to RMB78.5 million (2H2021: RMB115.9 million), due to a decrease in sale of properties by RMB12.0 million, and a decrease in rental income by RMB25.4 million.

Revenue from the sales of properties decreased by 95.7% Y-o-Y, or RMB12.0 million, to RMB0.5 million (2H2021: RMB12.5 million), mainly attributed to fewer property units being sold and recognition of a lower sales revenue in 2H2022.

Rental income decreased by 24.6% Y-o-Y, or RMB25.4 million to RMB77.9 million (2H2021: RMB103.3 million), was mainly due to overall rental market has declined as the impact of COVID and extreme weather conditions. In 2H2022, (i) during the third quarter of 2022, the shopping malls had to shorten business hours upon receiving instructions from local authorities due to power restrictions brought about by the extreme heatwave; (ii) the recurrent impact of COVID outbreaks and related strict measures imposed, shopping malls and offices to be temporarily closed, and (iii) the competition for leasing intensified as some tenants shifted to properties with lower rentals. Nevertheless, The Group's occupancy rate remained stable as compared to FY2021.

FY2022 vs FY2021

For the full financial year, revenue of Group decreased by 27.4% Y-o-Y, or RMB62.7 million to RMB166.1 million (FY2021: RMB228.8 million). The decline was due to a decrease in sales of properties by RMB32.8 million, and a decrease in rental income by RMB29.9 million.

Revenue from the sales of properties decreased by 97.4% Y-o-Y, or RMB32.8 million to RMB0.9 million (FY2021: RMB33.6 million), mainly attributed to fewer property units being sold and recognition of a lower sales revenue in FY2022.

Rental income decreased by 15.3% Y-o-Y or RMB29.9 million to RMB165.2 (FY2021: RMB195.1 million), was mainly due to the overall rental market decline due to the impact of COVID and extreme weather conditions. The Group has granted rental reliefs to support tenant's businesses and to attract new tenants.

Gross profit and gross profit margin

	The Group							
	6 months ended 31 December				12 months ended 31 December			
	2022		2021		2022		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Sale of Properties	21	3.9%	3,861	30.8%	32	3.6%	11,649	34.6%
Rental Income	53,038	68.1%	75,098	72.7%	118,605	71.8%	146,426	75.0%
	53,059	**67.6%**	**78,959**	**68.1%**	**118,637**	**71.4%**	**158,075**	**69.1%**

(i) Gross profit

For 2H2022 and FY2022, gross profit of the Group decreased by 32.8% or RMB25.9 million and 24.9% or RMB39.4 million respectively, in tandem with the decrease in revenue.

(ii) Gross profit margin

2H2022 vs 2H2021

Overall gross profit margin for 2H2022 decreased by 0.5 percentage point, to 67.6% (2H2021: 68.1%), primarily due to lower margin contributed by both sales of properties and rental income.

FY2022 vs FY2021

Overall gross profit margin for FY2022 increased by 2.3%, to 71.4% (FY2021: 69.1%), primarily due to lower proportion of gross profit contributed by sales of properties.

Other income

For 2H2022 and FY2022, other income decreased by RMB0.4 million or 6.2% and RMB3.1 million or 20.7% respectively, mainly due to lesser interest income earned.

Distribution and marketing expenses

For 2H2022 and FY2022, distribution and marketing expenses decreased by RMB3.4 million or 23.9% and RMB8.7 million or 27.0% respectively, mainly due to a decrease in variable components of selling expenses which was consistent with the decrease in revenue.

Administrative expenses

For 2H2022 and FY2022, administrative expenses increased by RMB8.7 million or 23.7% and RMB4.6 million or 5.5% respectively, mainly due to an increase in legal and professional fee.

Finance expenses

For 2H2022 and FY2022, finance costs slightly increased by RMB3.6 million or 5.4% and RMB4.1 million or 3.0% respectively, mainly due to an increase in the floating interest rate on U.S. dollar loans.

Other gains/(losses) – net

Other gains for 2H2022 increased by RMB144.9 million, mainly due to (i) the increase in unrealised foreign currency exchange gains from the revaluation of financial liabilities denominated in RMB which weakened against the Company's functional currency in Singapore Dollar ("SGD"), (ii) reversal of other tax payable on waived distribution under PCS, net-off by write-down recognised for completed properties.

Other gains for FY2022 increased by RMB152.5 million, mainly due to (i) the increase in unrealised foreign currency exchange gains from the revaluation of financial liabilities denominated in RMB which weakened against the Company's function currency in SGD, (ii) reversal of other tax payable on waived distribution under PCS, net-off by write-down recognised for completed properties and expenses incurred for early termination of tenancy agreement.

Fair value loss on investment properties

As at 31 December 2022, 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 RMB4.9 million in FY2022 as weakening of commercial property market in Chongqing in year 2022.

Fair value loss on financial asset, at FVPL

As at 31 December 2022, KPMG Advisory (Hong Kong) Limited was commissioned to provide an updated and independent valuation on Beijing New Everbright Centre. Based on the valuation and distribution report, the Group recognised a fair value loss of RMB411.8 million in FY2022 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 and resulted the significant decrease in the fair value of the financial asset, at FVPL.

Taxation

For 2H2022 and FY2022, the Group enjoyed net tax credit mainly due to recognition 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 equity holders of the Company

	The Group					
	6 months ended 31 December		Increase / (Decrease)	12 months ended 31December		Increase / (Decrease)
	2022	2021		2022	2021	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Loss attributable to:						
Equity holders of the Company	258,174	160,583	60.8%	341,204	254,114	34.3%
Non-controlling interest	5,264	4,888	7.7%	5,466	9,165	(40.3%)
	263,438	**165,471**	**59.2%**	**346,670**	**263,279**	**31.7%**

Overall, the Group reported a net loss attributable to the equity holders of the Company which increased by RMB83.4 million in FY2022 as compared to FY2021, mainly due to decrease in revenue recognised and higher fair value loss on financial asset, at FVPL recognised in 2H2022.

Unaudited Condensed Interim Consolidated Statements of Financial Position

Total assets of the Group decreased by 10.3% or RMB706.4 million, to RMB6,131.3 million (31 December 2021: RMB6,837.7 million), mainly due to (i) a decrease in fair value of investment properties and financial asset, at FVPL of RMB416.7 million, (ii) a decrease in development properties of RMB72.3 million which mainly arising from written down of completed properties, and (iii) a decrease in cash and cash equivalents of RMB197.2 million mainly due to the repayment of loan principal and borrowings interest.

The Group's total liabilities decreased by 13.7% or RMB648.6 million, to RMB4,095.6 million (31 December 2021: RMB4,744.2 million), mainly due to a decrease in trade and other payable of RMB544.8 million arising from lower other payable to a related party of RMB404.3 million mainly due to waiver of distribution of PCS and reversal of other tax payable amounted to RMB110.9 on waived distribution under PCS, and a decrease in deferred tax liabilities of RMB105.8 million.

The Group's total equity decreased by RMB57.8 million to RMB2,035.8 million (31 December 2021: RMB2,093.6 million), mainly due to increase in currency translation deficit of RMB128.6 million and deficit balance of non-controlling interest of RMB5.5 million, offset by a decrease in accumulated losses of RMB76.3 million.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

In FY2022, the decrease in unrestricted cash and cash equivalent of RMB245.3 million was mainly due to:

i) net cash inflows of RMB6.6 million from operating activities; and
ii) net cash outflows of RMB251.9 million in financing activities.

The net cash inflows in operating activities of RMB6.6 million was mainly attributable to interest received of RMB6.8 million, net off against the cash used in operations and income tax paid.

Net cash outflows in financing activities of RMB251.9 million was due to the net repayment of borrowings amounting to RMB71.9 million, interest paid of RMB134.6 million, and an increase in restricted deposits with financial institutions amounting to RMB45.4 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.

While guided by China's official GDP growth target of 5.5 % in 2022, China only managed to register economic growth of 3.0% in 2022, slumping to one of its lowest levels in nearly half a century as the fourth quarter of 2022 was hit hard by strict COVID restrictions and a property market slump.

China's property industry was among the biggest drags on growth. Investment in the property sector fell 10.0% year-on-year in 2022, the first decline since records began in 1999, and property sales slumped the most since 1992. Adding to the challenges facing the economy and the government, China's population in 2022 fell for the first time since 1961.

While the Chinese government has progressively stepped-up support for the property sector in late 2022, the Chinese government announced a comprehensive series of regulatory measures in November 2022 that are aimed at strengthening developers' liquidity, providing additional funds for project completion, and reviving homebuyers' confidence.

Next to the end of 2022, the Chinese authorities moved away from their "dynamic zero Covid-19" policy stance, which has boosted expectations of an economic revival in 2023. According to Chinese officials, the China will focus on stabilising its economy in 2023 and step-up policy adjustments to ensure key targets are hit. Separately, it was also reported that China's 2023 monetary stimulus will at least match those in 2022.

While China may have marked one of the worst years of economic growth on record, but its shorter-term data showed things might get better sooner than expected as the country continues to end its "zero-COVID" regime.

In February 2023, Rating agency Fitch revised its forecast for China's economic growth in 2023 to 5.0% from 4.1% previously as consumption and broader activity are recovering faster than initially anticipated after the end of the "zero-COVID" regime.

Against the backdrop of the evolving macro-economic challenges and uncertain market conditions, the Group has undertaken a strategic review in calibrating our business model, moving from asset heavy to asset light, focusing on property management services 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 that are unrelated to the real estate market but aligned with China's 14th Five-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 2022, the Group's investment properties have a total gross floor area (GFA) of 333,375 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 on January 2023 by Savills on Chongqing's retail property market, the retail property market added about 280,000 square meters of new supply in 2022. Demand remained sluggish throughout 2022, and the recovery of in-store consumption was hampered by a combination of factors such as the recurring epidemic and extreme weather conditions. The overall vacancy rate in the city rose 4.4 ppts year-on-year to 19.9%. Nearly one million sqm of new supply is expected to enter the retail property market in the next three quarters. With this prospect of huge market supply, the market could face considerable pressure, with the overall vacancy rate not expected to fall back quickly in the short term.

In a separate publication on 23 December 2022 by Savills on Chongqing's office property market, demand for Grade A offices remains limited as the impact of COVID lingers and main tenants from the IT and consumer services industries continue to face regulatory crackdowns. Mainly located in Jiangbeizui, Jiefangbei and Dashihua submarkets, 14 Grade A office buildings were launched between 2017 and Q3/2022, bringing the total office stock to over 2.54 million sqm. Several Grade A office buildings are also expected to enter the market over the next few years, with most of them located in Jiangbeizui, Dashihua and Central Park in Chongqing. The persistent COVID outbreaks and related strict

measures continue to bring up uncertainties into the office market despite its stable performance against challenging factors such as the recent climate disasters and COVID outbreaks in the 3rd quarter of 2022.

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

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

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

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 is loss making and 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 2023