



**Ying Li International Real Estate Ltd**  
(Company Registration No: 199106356W)

**Financial Statement Announcement for half year ended 30 June 2020 ("1H2020")**

**Part 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR AND FULL YEAR RESULTS**

1(a) A statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial period ended 30 June 2019 ("1H2019").

The Board of Directors announces the unaudited results of the Group for the six months ended 30 June 2020.

	Group		Increase / (Decrease) %
	January to June 2020	January to June 2019	
	RMB ('000)	RMB ('000)	
<b>Revenue</b>	<b>77,649</b>	<b>215,479</b>	(64.0%)
Cost of sales	(26,898)	(90,370)	(70.2%)
<b>Gross profit</b>	<b>50,751</b>	<b>125,109</b>	<b>(59.4%)</b>
Other income	13,728	10,002	37.3%
Selling expenses	(16,166)	(21,022)	(23.1%)
Administrative expenses	(42,971)	(55,192)	(22.1%)
Change in fair value of investment properties	-	(367,090)	n.m.
Finance costs	(77,565)	(91,696)	(15.4%)
Other expenses	(24,002)	(23,660)	1.4%
<b>Loss before Income Tax</b>	<b>(96,225)</b>	<b>(423,549)</b>	<b>(77.3%)</b>
Taxation - current tax	(1,127)	(439)	156.7%
- deferred tax	(572)	94,336	n.m.
<b>Loss for the period</b>	<b>(97,924)</b>	<b>(329,652)</b>	<b>(70.3%)</b>
Foreign currency translation differences (at nil tax)	18,500	(13,298)	n.m.
<b>Total comprehensive loss for the period</b>	<b>(79,424)</b>	<b>(342,950)</b>	<b>(76.8%)</b>
<b>Loss attributable to:</b>			
Ordinary shareholders of the company	(97,364)	(328,197)	(70.3%)
Non-Controlling Interest	(560)	(1,455)	(61.5%)
	<b>(97,924)</b>	<b>(329,652)</b>	<b>(70.3%)</b>
<b>Total comprehensive loss attributable to:</b>			
Ordinary shareholders of the company	(78,864)	(341,495)	(76.9%)
Non-Controlling Interest	(560)	(1,455)	(61.5%)
	<b>(79,424)</b>	<b>(342,950)</b>	<b>(76.8%)</b>

n.m. - not meaningful

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

	Group		Company	
	30 June 2020 RMB ('000)	31 December 2019 RMB ('000)	30 June 2020 RMB ('000)	31 December 2019 RMB ('000)
<b>ASSETS</b>				
<b>Non-current assets:</b>				
Property, plant and equipment	37,221	38,534	19	77
Investment in subsidiaries	-	-	2,966,325	2,966,325
Investment properties	4,159,134	4,162,080	-	-
Other investment	869,799	869,799	-	-
Deferred assets	27,529	27,529	-	-
<b>Total non-current assets</b>	<b>5,093,683</b>	<b>5,097,942</b>	<b>2,966,344</b>	<b>2,966,402</b>
<b>Current assets:</b>				
Development properties	1,121,154	1,131,959	-	-
Trade and other receivables	488,870	490,365	520	1,562
Amount due from subsidiaries	-	-	2,810,405	2,812,930
Cash and cash equivalents	859,513	1,002,498	112,688	150,043
<b>Total current assets</b>	<b>2,469,537</b>	<b>2,624,822</b>	<b>2,923,613</b>	<b>2,964,535</b>
<b>Total assets</b>	<b>7,563,220</b>	<b>7,722,764</b>	<b>5,889,957</b>	<b>5,930,937</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves:</b>				
Capital contribution	4,028,372	4,028,372	4,028,372	4,028,372
Reverse acquisition reserve	(2,034,754)	(2,034,754)	-	-
Statutory common reserve	91,018	91,018	-	-
Convertible bonds reserve	42,458	42,458	42,458	42,458
Perpetual convertible securities	878,970	878,970	878,970	878,970
Translation reserve	(60,210)	(78,710)	(24,121)	(21,055)
(Accumulated losses)/retained earnings	(143,992)	63,724	(1,335,130)	(1,177,448)
	<b>2,801,862</b>	<b>2,991,078</b>	<b>3,590,549</b>	<b>3,751,297</b>
<b>Non-Controlling Interest</b>	<b>12,086</b>	<b>12,646</b>	-	-
<b>Total equity</b>	<b>2,813,948</b>	<b>3,003,724</b>	<b>3,590,549</b>	<b>3,751,297</b>
<b>Non-current liabilities:</b>				
Deferred taxation	567,032	566,459	-	-
Borrowings	1,453,535	1,518,020	-	-
<b>Total non-current liabilities</b>	<b>2,020,567</b>	<b>2,084,479</b>	-	-
<b>Current liabilities:</b>				
Trade and other payables	1,203,005	1,104,738	321,526	213,568
Amount owing to subsidiaries	-	-	1,499,427	1,490,513
Provision for taxation	221,186	221,044	-	-
Borrowings	1,304,514	1,308,779	478,455	475,559
<b>Total current liabilities</b>	<b>2,728,705</b>	<b>2,634,561</b>	<b>2,299,408</b>	<b>2,179,640</b>
<b>Total Liabilities</b>	<b>4,749,272</b>	<b>4,719,040</b>	<b>2,299,408</b>	<b>2,179,640</b>
<b>Total equity and liabilities</b>	<b>7,563,220</b>	<b>7,722,764</b>	<b>5,889,957</b>	<b>5,930,937</b>

Notes to the Statement of Financial Position

Trade and other receivables comprise the following:

	Group		Company	
	30 June 2020 RMB ('000)	31 December 2019 RMB ('000)	30 June 2020 RMB ('000)	31 December 2019 RMB ('000)
Trade receivables	35,890	28,380	-	-
Other receivables:				
- Prepayments	152,067	160,837	113	289
- Refundable deposits	17,426	18,058	241	874
- Proceed receivable from disposal of subsidiaries/land	262,710	262,710	-	-
- Others	20,777	20,380	166	399
<b>Total receivables</b>	<b>488,870</b>	<b>490,365</b>	<b>520</b>	<b>1,562</b>

Trade and other payables comprise the following:

	Group		Company	
	30 June 2020 RMB ('000)	31 December 2019 RMB ('000)	30 June 2020 RMB ('000)	31 December 2019 RMB ('000)
Trade payables	143,098	157,657	-	-
Other payables:				
- Other tax payables	70,373	50,011	48,607	30,681
- Accrued expenses	326,227	241,150	272,919	182,887
- Advance payment from customers	53,581	47,492	-	-
- Rental and option deposits	42,054	43,577	-	-
- Advances from sub-contractors	16,094	14,251	-	-
- Other payables	123,301	122,323	-	-
- Provisions	428,277	428,277	-	-
<b>Total payables</b>	<b>1,203,005</b>	<b>1,104,738</b>	<b>321,526</b>	<b>213,568</b>

**1(c) Aggregate amount of group's borrowings and debt securities**

	Group			
	30 June 2020		31 December 2019	
	Secured RMB ('000)	Unsecured RMB ('000)	Secured RMB ('000)	Unsecured RMB ('000)
Borrowings				
Amount repayable during its operating cycle, within twelve months, or on demand	1,127,532	176,982	1,134,380	174,399
Amount repayable beyond its normal operating cycle or after twelve months from the balance sheet date	1,453,535	-	1,518,020	-
	<b>2,581,067</b>	<b>176,982</b>	<b>2,652,400</b>	<b>174,399</b>

**Details of any collateral**

Secured borrowings refer to borrowings secured against the subsidiaries' development properties under construction, completed development properties for sale, investment properties and cash deposits.

In accordance with Singapore SFRS(I)1-1, the Company has adopted the practice to record loans with repayment periods that falls within its operating cycle as current liabilities. The operating cycle is defined as the development period of its properties, which can range from 1 to 4 years.

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

	Group	
	January to June 2020	January to June 2019
	RMB ('000)	RMB ('000)
<b>Operating activities</b>		
Loss before taxation	(96,225)	(423,549)
Adjustments for:		
Depreciation of property, plant and equipment	1,569	2,858
Amortisation of other non-current assets	2,945	3,622
Fair value loss on investment properties	-	367,090
Interest expense	77,565	91,696
Interest income	(8,169)	(6,543)
(Gain)/loss on disposal of property, plant and equipment	(109)	2
Unrealised exchange loss/(gain)	23,560	(19,411)
Operating profit before working capital changes	1,136	15,765
Change in development properties	10,805	60,736
Change in trade and other receivables	1,495	1,136,727
Change in trade and other payables	(23,053)	(154,846)
Cash (used in)/generated from operations	(9,617)	1,058,382
Interest paid	(67,580)	(102,571)
Interest received	8,169	6,331
<b>Net cash (used in)/generated from operating activities</b>	<b>(69,028)</b>	<b>962,142</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(480)	(297)
Disposal of property, plant and equipment	333	-
<b>Net cash used in investing activities</b>	<b>(147)</b>	<b>(297)</b>
<b>Cash flow from financing activities</b>		
Bank balance subject to restriction	11,969	175,736
Proceed from loans and borrowings	123,056	326,279
Repayment of borrowings	(194,246)	(812,288)
<b>Net cash used in financing activities</b>	<b>(59,221)</b>	<b>(310,273)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(128,396)</b>	<b>651,572</b>
Effects of exchange rate changes on cash and cash equivalents	(2,620)	(241)
Cash and cash equivalents at beginning of period	622,702	379,057
<b>Cash and cash equivalents at end of period</b>	<b>491,686</b>	<b>1,030,388</b>
Restricted cash	367,827	195,720
<b>Cash and cash equivalents in the Balance Sheet</b>	<b>859,513</b>	<b>1,226,108</b>



## 1(f) Statement of Changes in Equity of the Company for the period ended 30 June 2020

Company	Capital contribution RMB ('000)	Convertible bonds reserve RMB ('000)	Translation reserve RMB ('000)	Perpetual convertible securities RMB ('000)	Accumulated losses RMB ('000)	Total equity RMB ('000)
<b>Balance at 31 December 2019</b>	4,028,372	42,458	(21,055)	878,970	(1,177,448)	3,751,297
Total comprehensive loss for the period	-	-	(3,066)	-	(47,330)	(50,396)
Perpetual convertible securities interest	-	-	-	-	(110,352)	(110,352)
<b>Balance at 30 June 2020</b>	<b>4,028,372</b>	<b>42,458</b>	<b>(24,121)</b>	<b>878,970</b>	<b>(1,335,130)</b>	<b>3,590,549</b>
<b>Balance at 31 December 2018</b>	4,028,372	42,458	(9,470)	878,970	(1,012,302)	3,928,028
Total comprehensive loss for the period	-	-	(7,271)	-	(29,655)	(36,926)
Perpetual convertible securities interest	-	-	-	-	(48,601)	(48,601)
<b>Balance at 30 June 2019</b>	<b>4,028,372</b>	<b>42,458</b>	<b>(16,741)</b>	<b>878,970</b>	<b>(1,090,558)</b>	<b>3,842,501</b>

- 1(g) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

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

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

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

	<b>As at 30 June 2020</b>	<b>As at 30 June 2019</b>
	No. of shares	No. of shares
The number of shares that may be issued on conversion of outstanding securities at the end of the period	581,761,006	581,761,006

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

The Company did not hold any treasury shares as at 30 June 2020 (30 June 2019: Nil).

None of the subsidiaries held shares in the Company as at 30 June 2020 (30 June 2019: Nil).

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

The total number of issued shares as at 30 June 2020 was 2,557,040,024 (30 June 2019: 2,557,040,024).

- 1(h)(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.

- 1(h)(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.

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

Not applicable.

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

Not applicable.

- 3A 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.

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

The Group had adopted the same accounting policies and method of computation in the financial statements for the current financial year compared to the audited financial statements for the year ended 31 December 2019.

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

Not applicable.

**6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: -**

- (a) Based on the weighted average number of ordinary shares on issue; and  
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	January to June 2020	January to June 2019
<b>Earnings per ordinary share:</b>		
Based on weighted average no. of ordinary shares in issue (RMB per share)	(0.038)	(0.128)
<b>Number of shares in issue:</b>		
Based on weighted average no. of ordinary shares in issue ('000)	2,557,040	2,557,040

Earnings per ordinary share equals to the Group's loss for the financial periods attributable to the shareholders of the Company divided by the weighted average number of ordinary shares issued during the period under review.

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. The Company has one category of dilutive potential ordinary shares: perpetual convertible securities, as of 30 June 2020. As the effect is anti-dilutive, the diluted loss per share is the same as the basic loss per share.

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

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

	Group		Company	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Net Asset Value (RMB'000)	2,801,862	2,991,078	3,590,549	3,751,297
Based on existing issued share capital (RMB per share)	1.10	1.17	1.40	1.47
Net Asset Value has been computed based on the number of shares issued ('000)	2,557,040	2,557,040	2,557,040	2,557,040



8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

#### STATEMENT OF COMPREHENSIVE INCOME

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

For the 6 months ended 30 June 2020

#### Revenue

	Group		
	January to June 2020	January to June 2019	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%
Sale of Properties	9,348	109,406	(91.5%)
Rental Income	68,301	106,073	(35.6%)
	<b>77,649</b>	<b>215,479</b>	<b>(64.0%)</b>

Revenue for 1H2020 declined by 64.0% Y-o-Y, or RMB137.9 million to RMB77.6 million (1H2019: RMB215.5 million), mainly due to the impact of coronavirus disease 2019 ("COVID-19"), lesser completed property units at Ying Li International Plaza, Lion City Garden and Ying Li International Hardware and Electrical Centre ("IEC") being sold and recognition of a lower sales revenue in 1H2020. Rental income decreased by 35.6% Y-o-Y or RMB37.8 million to RMB68.3 million (1H2019: RMB106.1 million), mainly due to temporary closure of retail shopping malls for about 2 months in compliance with the directives from the Chinese government and local authorities.

#### Gross profit

	Group		
	January to June 2020	January to June 2019	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%
Sale of Properties	2,797	36,435	(92.3%)
Rental Income	47,954	88,674	(45.9%)
	<b>50,751</b>	<b>125,109</b>	<b>(59.4%)</b>

Gross profit of the Group for 1H2020 decreased by 59.4% Y-o-Y or RMB74.3 million, to RMB50.8 million (1H2019: RMB125.1 million) in tandem with the decrease in revenue.

#### Gross profit margin

	Group			
	January to June 2020		January to June 2019	
	RMB ('000)	%	RMB ('000)	%
Sale of Properties	2,797	29.9%	36,435	33.3%
Rental Income	47,954	70.2%	88,674	83.6%
	<b>50,751</b>	<b>65.4%</b>	<b>125,109</b>	<b>58.1%</b>

Overall gross profit margin for 1H2020 increased by 7.3 percentage point, to 65.4% (1H2019: 58.1%), primarily due to higher proportion of revenue contributed by rental segment which generated higher gross profit margin.

**Other income**

	<b>Group</b>	
	<b>January to June</b>	<b>January to June</b>
	<b>2020</b>	<b>2019</b>
	<b>RMB ('000)</b>	<b>RMB ('000)</b>
Interest income	8,169	6,543
Advertisement income	586	677
Others	4,973	2,782
	<b>13,728</b>	<b>10,002</b>

Other income for 1H2020 increased by 37.3% Y-o-Y or RMB3.7 million, to RMB13.7 million (1H2019: RMB10.0 million), mainly due to an increase in interest income and other income derived from reversal of over-accrued costs.

**Selling expenses**

Selling expenses for 1H2020 decreased by 23.1% Y-o-Y or RMB4.8 million, to RMB16.2 million (1H2019: RMB21.0 million), mainly due to a decrease in variable components of selling expense which was consistent with the decreased in revenue of 1H2020.

**Administrative expenses**

For 1H2020, administrative expenses decreased by 22.1% Y-o-Y or RMB12.2 million, to RMB43.0 million (1H2019: RMB55.2 million), mainly due to decreased in staff related costs and lower professional fees incurred in 1H2020.

**Finance costs**

Finance costs in 1H2020 decreased by 15.4% Y-o-Y or RMB14.1 million to RMB77.6 million (1H2019: RMB91.7 million), mainly due to a decrease in outstanding loan principal.

**Other expenses**

	<b>Group</b>	
	<b>January to June</b>	<b>January to June</b>
	<b>2020</b>	<b>2019</b>
	<b>RMB ('000)</b>	<b>RMB ('000)</b>
Impairment loss on other receivables	-	24,223
Provision for liabilities on legal cases	-	3,475
Others	7,133	-
Exchange losses / (gain), net	16,869	(4,038)
	<b>24,002</b>	<b>23,660</b>

Other expenses for 1H2020 increased by RMB0.3 million, mainly due to an increase in exchange currency loss, offset by one-off impairment loss on other receivables incurred in 1H2019.

**Taxation**

	<b>Group</b>		
	<b>January to June</b>	<b>January to June</b>	<b>Increase / (Decrease)</b>
	<b>2020</b>	<b>2019</b>	
	<b>RMB ('000)</b>	<b>RMB ('000)</b>	<b>%</b>
<b>Tax expense/(credit):</b>			
Current income tax	1,127	439	156.7
Deferred income tax	572	(94,336)	n.m.
	<b>1,699</b>	<b>(93,897)</b>	n.m.

Tax credit for 1H2020 decreased by RMB95.6 million as compared to 1H2019, mainly due to deferred income tax assets derived from a decrease in fair value of investment properties in 1H2019 amounting to RMB91.8 million.

**Loss attributable to ordinary shareholders of the Company**

	Group		
	January to June 2020	January to June 2019	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%
<b>Loss attributable to:</b>			
Ordinary shareholders of the Company	(97,364)	(328,197)	(70.3%)
Non-Controlling Interest	(560)	(1,455)	(61.5%)
	<b>(97,924)</b>	<b>(329,652)</b>	<b>(70.3%)</b>

The Group reported loss attributable to the ordinary shareholders of the Company amounting to RMB97.4 million in 1H2020, mainly due to recognition of lower revenue which was directly and indirectly caused by the COVID-19 pandemic. Nevertheless, the loss generated in 1H2020 improved/decreased by 70.3% as compared to 1H2019.

**STATEMENT OF FINANCIAL POSITION**

Total Assets of the Group decreased by 2.1% or RMB159.6 million, to RMB7,563.2 million (31 December 2019: RMB7,722.8 million), mainly due to a decrease in development properties of RMB10.8 million arising from the handover of completed properties to purchasers and a decrease in cash and cash equivalents of RMB 143.0 million mainly from the repayment of debts.

The Group's total liabilities increased by 0.6% or RMB30.3 million, to RMB4,749.3 million (31 December 2019: RMB4,719.0 million), mainly due to an increase in trade and other payable of RMB98.3 million, offset against a decrease in bank loan of RMB68.8 million as a result of loan principal repayments.

The Group's total equity decreased by RMB189.8 million to RMB2,813.9 million (31 December 2019: RMB3,003.7 million), mainly due to a decrease in retained profits of RMB207.7 million.

**STATEMENT OF CASH FLOW**

In 1H2020, the decrease in unrestricted cash and cash equivalent of RMB128.4 million was mainly due to:

- i) net cash outflow of RMB69.0 million from operating activities; and
- ii) net cash outflow of RMB59.2 million from financing activities.

The net cash outflow from operating activities of RMB69.0 million was mainly attributable to the net settlement to trade and other payables of RMB23.0 million, and net interest paid of RMB59.4 million, offset by a decrease from development properties of RMB10.8 million and trade and other receivables of RMB1.5 million

Net cash used in financing activities of RMB59.2 million was due to the net repayment of borrowings amounting to RMB71.2 million, offset by a decrease in restricted cash of RMB12.0 million.

**9 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.

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

**Outlook**

Generally linked to the country's economic growth, the real estate market forms an integral part of the domestic economy. In the first quarter of 2020, China's economy shrank by 6.8% due to the huge impact caused by the COVID-19 pandemic, marking the first contraction in decades. While China's Gross Domestic Product ("GDP") rebounded with a growth of 3.2% in the second quarter of 2020, consumer spending was weaker than expected. To boost the economy, the Chinese government has introduced measures such as fiscal spending and cuts in lending rates and banks' reserve requirements. In addition, China made a rare decision not to set a GDP target for 2020 earlier this year due to uncertainties from the impact of the COVID-19 pandemic.

In Chongqing, where the Group's core real estate business activities are based, the city's total retail sales of consumer goods declined 13.4% year-on-year to RMB426.9 billion during the period from January to May 2020 as a result of the ongoing impact of COVID-19, in accordance with a Savills Research report issued in July 2020 ("Savills Research Report"). Pursuant to the Savills Research Report, the citywide vacancy rate of office space in Chongqing increased 0.4 of a percentage point to 33.2%, while the average rent of the Grade A office market in Chongqing fell by 0.9% quarter-on-quarter to RMB 85.8 per square metre per month.

The Group currently has two real estate projects in Chongqing that are under development, namely (i) Lion City Garden which is a retail/residential property project, and (ii) IEC which is a commercial property project. The Lion City Garden is at Phase 2D of development, while the bespoke development IEC project is at Phase 2B. Majority of the buyers of IEC's Phase 1A and Phase 2A have taken over the ownership of their respective units. The management is also evaluating the options and appropriate timing to develop the unutilised land portions of these two projects.

The Group's investment property portfolio comprises integrated office and retail developments, residential properties and commercial properties.

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

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

The Group's investment in Beijing New Everbright Centre, located at Beijing Tongzhou, has been undergoing construction with a total of 3 Phases. Construction of Phase 1, which comprises 4 SOHO towers, has been completed. Construction of Phase 2, which comprises two office towers and a retail podium, has been in progress with the completion of the two office towers. One of the office towers of Phase 2 has been sold with a framework agreement signed while the remaining office tower has been put up for sale to prospective buyers. Construction of Phase 3, which comprises one premium office tower and retail podium, is still underway.

#### ***Impact of the COVID-19***

During the first half of 2020, the Group has temporarily closed the three retail shopping malls, except for two supermarkets, under its investment property portfolio in accordance with the latest directives from the Chinese government and local authorities in Chongqing to the COVID-19 outbreak in China as announced on 6 February 2020.

Subsequently, the local authorities issued directives that allowed most of the business activities and social activities to resume. The Group has also obtained the relevant approvals and re-opened the three retail shopping malls with shorter operating hours and restrictions on certain retail stores and activities. In support of the Chinese authorities' measures to contain COVID-19, the management team has instituted additional safety and precautionary measures in these retail shopping malls.

The Group has also instituted precautionary measures to protect the health and safety of its employees and the Group will continue to monitor the COVID-19 situation closely, maintain communications with the relevant authorities in Chongqing and implement additional short-term precautionary measures, if required.

The Company will provide further updates as soon as there are material developments of the situation.

## **11 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.

- 12 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. In considering whether to recommend a dividend, the Board has taken a conservative view which includes the macro uncertainties, cash flow and working capital requirements, to mitigate financial risks by retaining a low gearing ratio.

- 13 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 IPTs.

- 14 Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results of the Company for the financial period ended 30 June 2020 to be false or misleading in any material aspect.

- 15 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 of the SGX Listing Manual.

**BY ORDER OF THE BOARD**

**Hu Bing**  
Group Chief Executive Officer and Executive Director

14 August 2020