



## CHINA REAL ESTATE GRP LTD.

(Company Reg. No. 200609901H)

### Financial Statements And Related Announcement for the Third Quarter Ended 31 March 2019

#### PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

##### 1(a)(i) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	3rd Qtr Ended		Increase/ (decrease) %	9 Months Ended		Increase/ (decrease) %
		31/03/19 S\$'000	31/03/18 S\$'000		31/03/19 S\$'000	31/03/18 S\$'000	
Revenue		2,412	3,353	(28.1)	7,725	12,271	(37.0)
Cost of services		<u>(2,445)</u>	<u>(3,109)</u>	(21.4)	<u>(7,459)</u>	<u>(11,188)</u>	(33.3)
Gross profit		(33)	244	n.m.	266	1,083	(75.4)
Other (loss)/gain, net		(34)	211	n.m.	(138)	(529)	(73.9)
Distribution and marketing expenses		(39)	(72)	(45.8)	(231)	(224)	3.1
Administrative expenses		(1,141)	(1,362)	(16.2)	(3,884)	(3,811)	1.9
Finance expenses		<u>(14)</u>	<u>155</u>	n.m.	<u>(53)</u>	<u>(757)</u>	(93.0)
Loss before income tax		(1,261)	(824)	53.0	(4,040)	(4,238)	(4.7)
Income tax credit	A	<u>-</u>	<u>5</u>	n.m.	<u>-</u>	<u>18</u>	n.m.
<b>Total loss</b>	B	<u>(1,261)</u>	<u>(819)</u>	54.0	<u>(4,040)</u>	<u>(4,220)</u>	(4.3)
<b>Other comprehensive income:</b>							
Items that may be reclassified subsequently to profit or loss:							
Currency translation gain/(loss) from consolidation		<u>789</u>	<u>212</u>	272.2	<u>(911)</u>	<u>219</u>	n.m.
<b>Other comprehensive income/(loss), net of tax</b>		<u>789</u>	<u>212</u>	272.2	<u>(911)</u>	<u>219</u>	n.m.
<b>Total comprehensive loss</b>		<u>(472)</u>	<u>(607)</u>	(22.2)	<u>(4,951)</u>	<u>(4,001)</u>	23.7

n.m. = Not meaningful.

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any statements or opinions made or reports contained in this announcement.*

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	Note	3rd Qtr Ended		Increase/ (decrease) %	9 Months Ended		(decrease) %
		31/03/19 S\$'000	31/03/18 S\$'000		31/03/19 S\$'000	31/03/18 S\$'000	
Profit/(loss) attributable to:							
Equity holders of the Company		(1,093)	(827)	32.2	(3,767)	(3,957)	(4.8)
Non-controlling interests		<u>(168)</u>	<u>8</u>	n.m.	<u>(273)</u>	<u>(263)</u>	3.8
		<u>(1,261)</u>	<u>(819)</u>	54.0	<u>(4,040)</u>	<u>(4,220)</u>	(4.3)
Total comprehensive income/(loss) attributable to:							
Equity holders of the Company		(436)	(668)	(34.7)	(4,481)	(3,799)	18.0
Non-controlling interests		<u>(36)</u>	<u>61</u>	n.m.	<u>(470)</u>	<u>(202)</u>	132.7
		<u>(472)</u>	<u>(607)</u>	(22.2)	<u>(4,951)</u>	<u>(4,001)</u>	23.7

### 1(a)(ii) Notes to statement of comprehensive income

#### A. Income tax credit

	3rd Qtr Ended		Increase/ (decrease) %	9 Months Ended		Increase/ (decrease) %
	31/03/19 S\$'000	31/03/18 S\$'000		31/03/19 S\$'000	31/03/18 S\$'000	
Income tax expense						
- Over provision in respect of prior years	-	-	n.m.	-	3	n.m.
- Deferred income tax	-	<u>5</u>	n.m.	-	<u>15</u>	n.m.
	-	<u>5</u>	n.m.	-	<u>18</u>	n.m.

#### B. The net loss is determined after (charging)/crediting the following:

	Note	3rd Qtr Ended		Increase/ (decrease) %	9 Months Ended		Increase/ (decrease) %
		31/03/19 S\$'000	31/03/18 S\$'000		31/03/19 S\$'000	31/03/18 S\$'000	
Foreign exchange gain/(loss)	(i)	65	38	71.1	(129)	(108)	19.4
Investment Income:							
- Fair value gain/(loss) on financial assets at fair value through profit or loss	(ii)	232	10	2,220.0	(49)	(1,226)	(96.0)
- Dividend income	(iii)	205	77	166.2	378	418	(9.6)
Depreciation and amortisation	(iv)	(82)	(98)	(16.3)	(260)	(326)	(20.2)
Interest income:							
- Bank deposits		7	-	n.m.	47	-	n.m.
- Other receivable		-	25	n.m.	-	169	n.m.
Interest expense:							
- Borrowings		(14)	-	n.m.	(53)	-	n.m.
- Other payables	(v)	-	155	n.m.	-	(757)	n.m.
Operating lease expenses	(vi)	(243)	(241)	0.8	(811)	(696)	16.5
Gain on disposal of property, plant and equipment		93	-	n.m.	84	-	n.m.
Allowance for impairment of goodwill	(vii)	(639)	-	n.m.	(639)	-	n.m.

n.m. = Not meaningful.

#### Note (i)

The foreign exchange gain for the third quarter ended 31 March 2019 (“3QFY19”) and the foreign exchange loss for the nine months ended 31 March 2019 (“9MFY19”) were due to the fluctuation of the underlying currency of the financial assets in Malaysia Ringgit, against the reporting currency, Singapore Dollar.

Note (ii)

The fair value gain on financial assets in 3QFY19 and fair value loss on financial assets in 9MFY19 were due mainly to the fluctuation in quoted prices of investments.

Note (iii)

The dividend income reported was derived from the financial assets at fair value through profit or loss.

Note (iv)

The lower depreciation and amortization was due to the lower level of depreciable assets and amortizable intangible assets during this period as compared to the corresponding period of the previous financial year.

Note (v)

The interest expenses in the nine months ended 31 March 2018 (“9MFY18”) were related to interest expenses incurred by a subsidiary corporation in the People’s Republic of China (the “PRC”) mainly on advances from its 28% shareholder, China Real Estate Group Union Ltd (“CREU”). The advances were fully repaid in February 2018. The negative interest expenses in the third quarter ended 31 March 2018 (“3QFY18”) resulted from the reversal of interest expenses over accrued.

Note (vi)

The increase in operating lease expenses in 9MFY19 was due to the rental of an office unit in Beijing, PRC.

Note (vii)

The allowance for impairment of goodwill was in respect of goodwill arising from the acquisition of indirect wholly-owned subsidiary corporation, Global Alliance Property Pte Ltd (“GAP”). The allowance for impairment of goodwill was made after the Group decided to discontinue the real estate agency business operations of GAP as announced on 20 February 2019.

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

	<b>Group</b>		<b>Company</b>	
	<b>31/03/2019</b>	<b>30/06/2018</b>	<b>31/03/2019</b>	<b>30/06/2018</b>
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	13,214	14,136	410	906
Financial assets, at fair value through profit or loss	9,406	11,524	9,406	11,524
Trade and other receivables	12,693	13,804	18,194	11,322
Other current assets	2,996	2,061	178	222
Financial assets, at fair value through other comprehensive income <sup>#</sup>	2,000	-	2,000	-
Available-for-sale financial assets <sup>#</sup>	-	2,000	-	2,000
	<u>40,309</u>	<u>43,525</u>	<u>30,188</u>	<u>25,974</u>
<b>Non-current assets</b>				
Development properties	9,296	7,996	-	-
Investment in subsidiary corporations	-	-	24,400	24,400
Property, plant and equipment	17,348	10,689	14	17
Intangible assets	-	639	-	-
	<u>26,644</u>	<u>19,324</u>	<u>24,414</u>	<u>24,417</u>
<b>Total assets</b>	<u>66,953</u>	<u>62,849</u>	<u>54,602</u>	<u>50,391</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	5,084	6,698	117	227
Borrowings	-	1,340	-	-
Current income tax liabilities	16	17	16	17
	<u>5,100</u>	<u>8,055</u>	<u>133</u>	<u>244</u>
<b>Non-current liabilities</b>				
Provisions	204	204	-	-
Deferred income tax liabilities	583	597	-	-
	<u>787</u>	<u>801</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>5,887</u>	<u>8,856</u>	<u>133</u>	<u>244</u>
<b>Net assets</b>	<u>61,066</u>	<u>53,993</u>	<u>54,469</u>	<u>50,147</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	195,733	183,709	195,733	183,709
Foreign currency translation reserve	(16,713)	(15,999)	(15,939)	(15,939)
Accumulated losses	(126,132)	(122,365)	(125,325)	(117,623)
	<u>52,888</u>	<u>45,345</u>	<u>54,469</u>	<u>50,147</u>
<b>Non-controlling interests</b>	<u>8,178</u>	<u>8,648</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u>61,066</u>	<u>53,993</u>	<u>54,469</u>	<u>50,147</u>

<sup>#</sup> Available-for-sale financial assets as at 30 June 2018 was reclassified to financial assets, at fair value through other comprehensive income on adoption of SFRS(I)9.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

Amount repayable in one year or less, or on demand

	<b>As at 31/03/2019</b>		<b>As at 30/06/2018</b>	
	<b>Secured</b> S\$'000	<b>Unsecured</b> S\$'000	<b>Secured</b> S\$'000	<b>Unsecured</b> S\$'000
Term loan	-	-	1,340	-

Amount repayable after one year

	<b>As at 31/03/2019</b>		<b>As at 30/06/2018</b>	
	<b>Secured</b> S\$'000	<b>Unsecured</b> S\$'000	<b>Secured</b> S\$'000	<b>Unsecured</b> S\$'000
Term loan	-	-	-	-

Details of any collateral

The Group was granted a term loan facility of up to RMB6,500,000 from a licensed bank on 6 February 2018 for working capital purposes. The term loan bears interest of 6% per annum and is secured against a piece of land, measuring 10,638 square metres located in Huzhou, PRC, owned by the Group. The term loan was fully drawn down on 28 February 2018 and was fully repaid on 21 February 2019.

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

	<b>3rd Qtr Ended</b>		<b>9 Months Ended</b>	
	<b>31/03/2019</b>	<b>31/03/2018</b>	<b>31/03/2019</b>	<b>31/03/2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>				
Total loss	(1,261)	(819)	(4,040)	(4,220)
Adjustments for:				
Depreciation of property, plant and equipment	82	88	260	255
Amortisation of intangible assets	-	10	-	71
Gain on disposal of property, plant and equipment	(93)	-	(84)	-
Allowance for impairment of goodwill	639	-	639	-
Income tax credit	-	(5)	-	(18)
Interest income	(7)	(25)	(47)	(169)
Dividend income	(205)	(77)	(378)	(418)
Interest expense	14	(155)	53	757
Unrealised currency translation differences	358	1	(97)	-
	(473)	(982)	(3,694)	(3,742)
<b>Changes in working capital</b>				
Development properties	-	(724)	(1,464)	(2,355)
Trade and other receivables	(1,057)	7,132	894	12,141
Other current assets	(811)	(941)	(959)	(1,423)
Financial assets, at fair value through profit or loss	7	(7,725)	2,118	5,488
Trade and other payables	621	(8,548)	(1,568)	(10,435)
<b>Cash used in operations</b>	(1,713)	(11,788)	(4,673)	(326)
Income tax (paid)/refunded	-	-	(1)	2
Interest received	7	-	47	-
<b>Net cash used in operating activities</b>	<u>(1,706)</u>	<u>(11,788)</u>	<u>(4,627)</u>	<u>(324)</u>
<b>Cash flows from investing activities</b>				
Additions to property, plant and equipment	(3,249)	(7)	(7,172)	(20)
Dividend received	205	77	378	418
Proceeds from disposal of fixed assets	100	-	100	-
Net cash outflow from acquisition of subsidiary corporations	-	-	-	(10,272)
<b>Net cash (used in)/provided by investing activities</b>	<u>(2,944)</u>	<u>70</u>	<u>(6,694)</u>	<u>(9,874)</u>

	<b>3rd Qtr Ended</b>		<b>9 Months Ended</b>	
	<b>31/03/2019</b>	<b>31/03/2018</b>	<b>31/03/2019</b>	<b>31/03/2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of new ordinary shares	-	23,356	12,291	23,356
Share issue expenses	-	(965)	(269)	(965)
Proceeds from investments in the registered capital of subsidiaries by non-controlling interests	-	1,223	-	4,100
Drawdown of borrowings	-	1,344	-	1,344
Repayment of borrowings	(1,298)	(107)	(1,298)	(107)
Proceeds from issuance of new ordinary shares pursuant to exercise of warrants	2	-	2	-
Interest paid	(14)	-	(53)	-
<b>Net cash (used in)/provided by financing activities</b>	<u>(1,310)</u>	<u>24,851</u>	<u>10,673</u>	<u>27,728</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(5,960)	13,133	(648)	17,530
<b>Cash and cash equivalents at beginning of period</b>	19,190	5,595	14,136	1,198
<b>Effects of currency translation on cash and cash equivalents</b>	<u>(16)</u>	<u>(96)</u>	<u>(274)</u>	<u>(96)</u>
<b>Cash and cash equivalents at end of period</b>	<u>13,214</u>	<u>18,632</u>	<u>13,214</u>	<u>18,632</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalising issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	← Attributable to equity holders of the Company →					
	Share capital S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
<b>Group</b>						
<b>9 months ended 31 March 2019</b>						
Beginning of financial period	183,709	(15,999)	(122,365)	45,345	8,648	53,993
Total comprehensive loss	-	(714)	(3,767)	(4,481)	(470)	(4,951)
Issuance of new ordinary shares	12,291	-	-	12,291	-	12,291
Share issue expenses	(269)	-	-	(269)	-	(269)
Issuance of new ordinary shares pursuant to exercise of warrants	2	-	-	2	-	2
End of financial period	<u>195,733</u>	<u>(16,713)</u>	<u>(126,132)</u>	<u>52,888</u>	<u>8,178</u>	<u>61,066</u>
<b>9 months ended 31 March 2018</b>						
Beginning of financial period	161,334	(15,939)	(117,528)	27,867	-	27,867
Total comprehensive loss	-	158	(3,957)	(3,799)	(202)	(4,001)
Acquisition of subsidiary corporations	-	-	-	-	4,202	4,202
Investment in the registered capital of subsidiary corporations by non-controlling interests	-	-	-	-	4,100	4,100
Issuance of new ordinary shares	23,356	-	-	23,356	-	23,356
Share issue expenses	(965)	-	-	(965)	-	(965)
End of financial period	<u>183,725</u>	<u>(15,781)</u>	<u>(121,485)</u>	<u>46,459</u>	<u>8,100</u>	<u>54,559</u>



	Share capital S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
<b>Company</b>				
<b>9 months ended 31 March 2019</b>				
Beginning of financial period	183,709	(15,939)	(117,623)	50,147
Total comprehensive loss	-	-	(7,702)	(7,702)
Issuance of new ordinary shares	12,291	-	-	12,291
Share issue expenses	(269)	-	-	(269)
Issuance of new ordinary shares pursuant to exercise of warrants	2	-	-	2
End of financial period	<u>195,733</u>	<u>(15,939)</u>	<u>(125,325)</u>	<u>54,469</u>
<b>9 months ended 31 March 2018</b>				
Beginning of financial period	161,334	(15,939)	(114,523)	30,872
Total comprehensive loss	-	-	(2,476)	(2,476)
Issuance of new ordinary shares	23,356	-	-	23,356
Share issue expenses	(965)	-	-	(965)
End of financial period	<u>183,725</u>	<u>(15,939)</u>	<u>(116,999)</u>	<u>50,787</u>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for 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 immediate preceding financial year.**

The movement of the Company's share capital is as follows:

	Number of issued shares
Balance at 1 January 2019	17,823,158,766
Issuance of new ordinary shares pursuant to the exercise of the 2018 Warrants A (as defined herein)	<u>999,998</u>
Balance at 31 March 2019	<u>17,824,158,764</u>

The Company did not have any treasury shares or subsidiary holdings as at 31 March 2019 and 31 March 2018.

The number of shares that may be issued on conversion of the Company's outstanding warrants as at the end of the financial period is as follows:

	31/03/2019	31/03/2018
- Warrants which expired on 16 July 2018 ("2013 Warrants")	-	14,078,669
- Warrants expiring on 6 May 2019 ("2014 Warrants")	1,325,578,711	1,031,017,308
- Warrants expiring on 19 November 2020 ("2015 Warrants")	4,443,277,094	3,455,920,834
- Warrants expiring on 30 January 2023 ("2018 Warrants A")	10,008,570,063	7,785,307,748
- Warrants expiring on 26 July 2023 ("2018 Warrants B")	<u>6,145,168,199</u>	<u>-</u>
	<u>21,922,594,067</u>	<u>12,286,324,559</u>

**1(d)(iii) 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 immediate preceding financial year.**

	31/03/2019	30/06/2018
Total number of issued shares excluding treasury shares	<u>17,824,158,764</u>	<u>11,677,961,622</u>

**1(d)(iv) 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(d)(v) 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.**

The figures have not been audited or reviewed by the auditors.

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

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 accounting policies and methods of computation are consistent with those applied in the audited financial statements for the financial year ended 30 June 2018, except as disclosed in paragraph 5 below.

**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.**

The Group has adopted the Singapore IFRS-identical Financial Reporting Standards ("SFRS(I)") on 1 July 2018. The adoption of the SFRS(I) did not result in material changes to the Group's or the Company's accounting policies and had no material impact on the results under review. Where applicable, the presentation of the financial information has been amended to comply with these standards.

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.**

	<b>9 Months Ended</b>	
	<b>31/03/19</b>	<b>31/03/18</b>
Net loss attributable to equity holders of the Company (S\$'000)	<u>(3,767)</u>	<u>(3,957)</u>
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	<u>17,217,761</u>	<u>8,691,815</u>
Basic loss per share (cents per share)	<u>(0.02)</u>	<u>(0.05)</u>
	<b>3rd Quarter Ended</b>	
	<b>31/03/19</b>	<b>31/03/18</b>
Net loss attributable to equity holders of the Company (S\$'000)	<u>(1,093)</u>	<u>(827)</u>
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	<u>17,823,604</u>	<u>8,885,406</u>
Basic loss per share (cents per share)	<u>(0.01)</u>	<u>(0.01)</u>

As the Group was making losses for the financial periods ended 31 March 2019 and 31 March 2018, the dilutive potential shares from the warrants were anti-dilutive and no changes were made to the diluted loss per share.

7. **Net asset value (for the issuer and group) per ordinary share based on 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.**

	<b>Group</b>		<b>Company</b>	
	<b>31/03/2019</b>	<b>30/06/2018</b>	<b>31/03/2019</b>	<b>30/06/2018</b>
Net asset value per ordinary share	<u>S\$0.003</u>	<u>S\$0.004</u>	<u>S\$0.003</u>	<u>S\$0.004</u>

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.**

**A. Review of Financial Performance**

**3QFY19 vs 3QFY18**

*Revenue and gross profit*

The lower revenue in 3QFY19 was attributable mainly to the decrease in commissions earned from local property transactions as compared with 3QFY18 as well as the cancellation of some international property

transactions. In line with the lower revenue, the Group recorded a gross loss of S\$33,000 in 3QFY19 as compared to a gross profit of S\$244,000 in 3QFY18.

*Other gain/(loss), net*

Despite recording higher fair value gain on financial assets and dividend income at S\$232,000 and S\$205,000 respectively, the Group reported other loss, net of S\$34,000 in 3QFY19 mainly because of the allowance of impairment of goodwill amounting to S\$639,000.

*Distribution and marketing expenses*

The lower distribution and marketing expenses in 3QFY19 were due to lower marketing activities carried out during the period.

*Administrative expenses*

The lower administrative expenses were mainly due to lower professional fees, bank commission and amortisation expenses.

*Finance expenses*

The finance expenses in 3QFY19 were attributable to interest expenses from the term loan from a licensed bank. The negative finance expenses in 3QFY18 resulted from the reversal of interest expenses over accrued.

*Net loss*

The Group reported a net loss of S\$1.3 million in 3QFY19 as compared with the net loss of S\$819,000 posted in 3QFY18. The higher net loss was due mainly to the lower revenue, higher other loss, net and higher finance expenses as mentioned above.

**9MFY19 vs 9MFY18**

*Revenue and gross profit*

The decrease in revenue in 9MFY19 was attributable mainly to the decrease in commissions earned from local property transactions as well as the cancellation of some international property transactions. In line with the revenue decline, the Group recorded a lower gross profit of S\$266,000 in 9MFY19 as compared with S\$1.1 million in 9MFY18.

*Other loss, net*

The lower other loss, net reported in 9MFY19 were mainly due to lower fair value loss on financial assets through profit or loss as compared with 9MFY18. This decrease was partly offset by the allowance of impairment of goodwill made in 9MFY19.

*Finance expenses*

The finance expenses in 9MFY19 were attributable to interest expenses from the term loan from a licensed bank. This term loan was fully repaid in February 2019. The finance expenses in 9MFY18 were due to advances from the 28% shareholder of a subsidiary corporation in the PRC. These advances were fully repaid in the financial year ended 30 June 2018.

*Net loss*

The Group reported a net loss of S\$4.0 million in 9MFY19 as compared with the net loss of S\$4.2 million in 9MFY18. This was due mainly to lower other loss, net and finance expenses which were partially offset by lower gross profit.

## **B. Review of Financial Position**

### *Cash and cash equivalents*

The decrease in cash and cash equivalents was due mainly to cash outflows of S\$4.6 million in operating activities, S\$7.2 million in additions to property, plant and equipment largely for payment of construction costs for a hotel in Huzhou, PRC and repayment of term loan of S\$1.3 million. This was partly offset by cash inflows of S\$12.0 million from the net proceeds of the 2018 Rights cum Warrants Issue B (as defined herein).

### *Financial assets, at fair value through profit or loss*

The Group's financial assets, at fair value through profit or loss, consist mainly of shares quoted on Bursa Malaysia and Singapore Exchange. The drop was due mainly to the disposal of quoted shares.

### *Trade and other receivables*

The drop in trade and other receivables was due mainly to lower commission receivable as at 9MFY19.

### *Other current assets*

*The increase in other current assets was mainly due to higher prepaid operating expenses and construction cost.*

### *Development properties*

The increase in development properties was due mainly to the additional pre-development expenditure incurred for the development project in Huzhou, PRC.

### *Property, plant and equipment*

The increase in property, plant and equipment was due to the additional construction costs incurred for a hotel in Huzhou, PRC.

### *Trade and other payables*

The lower trade and other payables was due mainly to lower commission payable as at 9MFY19, corresponding to the lower commission receivable mentioned above.

### *Borrowings*

The term loan from a licensed bank was fully repaid in February 2019.

## **C. Review of Cash Flow**

In 9MFY19, the Group recorded a decrease of S\$648,000 in cash and cash equivalents. The decrease was due mainly to:

- i. net cash used in operating activities of S\$4.6 million. The negative cashflow from operating activities resulted from the operating loss during the financial period;
- ii. net cash used in investing activities of S\$6.7 million. This was due to additional construction cost incurred for the hotel in Huzhou, PRC; and
- iii. repayment of term loan of S\$1.3 million.

This was partially offset by the net proceeds of S\$12.0 million from the 2018 Rights cum Warrants Issue B (as defined herein).

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

Not applicable.

**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.**

**A. Real estate development**

The Group has obtained management rights over a land parcel located in Digang Town, Nanxun District, Zhejiang Province in Huzhou, PRC with a total site area of 320 hectares (the “Project Land”). On the Project Land, the Group is undertaking the development of waterside villas, island residences and townhouses which will focus on wellness and healthy living facilities, as well as hotels, leisure farm resorts and canal sightseeing facilities, which will feature the unique culture of the west of the Yangtze River, in Huzhou, PRC (the “Huzhou Project”). The regulators have approved the Huzhou Project regulator plan (控制性详细规划) in December 2018. Based on the approved Huzhou Project regulator plan, the Group is still in the midst of preparing the Huzhou Project development implementation plan and business plan.

In addition, the Group has obtained state-owned construction land use rights over a land parcel located next to the Project Land with a total site area of 10,638 square metres (the “Hotel Land”). A 114-room hotel is under construction on the Hotel Land. Barring any unforeseen circumstances, the hotel is expected to commence operations in the second half of 2019, instead of the second quarter of 2019 as previously reported in the financial statements and related announcement for the second quarter ended 31 December 2018 due to slower than expected progress in construction.

**B. Real estate agency business and real estate related services**

As announced on 20 February 2019, GAP has entered into a strategic collaboration with PropNex Realty Pte. Ltd. (“PropNex”) pursuant to which GAP will discontinue its real estate agency business and the sales agents of GAP will thereafter have the option to operate under PropNex. GAP entered into the strategic collaboration with PropNex principally to provide an alternative to its sales agents after GAP discontinues its real estate business. For the avoidance of doubt, the strategic collaboration was not intended to be a mandatory transfer arrangement and while such sales agents have the option to operate under PropNex, they are also free to join any other real estate agency of their choosing.

Since the signing of the strategic collaboration agreement with PropNex, GAP has terminated the employment contracts of its employees (save for its junior accounts staff), and has relocated the operations of GAP from CPF Building at Bishan to the office of the Company at Shaw Centre after the expiry of the tenancy agreement for the Bishan office on 31 March 2019. GAP’s Estate Agency License was terminated on 12 April 2019 and GAP ceased to provide any real estate agency service with effect from the termination date. However, GAP will continue to honour its obligations under commission agreements which were entered into prior to the termination of its license.

**11. Dividend**

If a decision regarding dividend has been made:

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

No dividend for the current financial period reported on has been declared (recommended).

**(b)**

**(i) Amount per share ..... cents**

**(ii) Previous corresponding period ..... cents**

Not applicable.

- (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 Transfers 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 the effect and the reason(s) for the decision.**

No dividend has been declared for the quarter ended 31 March 2019 because of losses incurred in the financial period ended 31 March 2019 and the financial position of the Company.

- 13. If the Group has obtained a general mandate from shareholders for interested person transactions (“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.**

No IPT mandate has been obtained for the quarter ended 31 March 2019.

- 14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results).**

Please refer to the confirmation given by Dato’ Dr. Choo Yeow Ming and Lee Keng Mun below.

- 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

The Company confirms that it has procured the undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

- 16. Utilisation of Proceeds**

**A. Rights cum warrants issue completed on 20 November 2015 (“2015 Rights cum Warrants Issue”)**

On 20 November 2015, the Company issued 2,593,863,776 new ordinary shares at S\$0.005 per share pursuant to the 2015 Rights cum Warrants Issue and raised net proceeds of S\$12,618,700. The status in terms of utilisation of proceeds is as follows:

<b>Use of Proceeds</b>	<b>Actual utilisation S\$'000</b>	<b>As a percentage of net proceeds %</b>	<b>Proposed utilisation ratio %</b>
To fund the proposed expansion in new business of real estate agency and real estate-related services and support	7,040	55.8	30-70*
General working capital	<u>3,785</u>	<u>30.0</u>	10-30*
<b>Total</b>	<u>10,825</u>	<u>85.8</u>	

Note:

\* The proposed utilisation ratio as a percentage of net proceeds, after deducting all share issue expenses

With respect to the S\$3,785,000 used for general working capital, the breakdown is as follows:

<b>General working capital – Purpose of utilisation</b>	<b>Percentage utilised (%)</b>
Payment of employee compensation and directors' fees	47.6
Payment of office overheads	29.3
Payment of professional fees and other compliance costs	<u>23.1</u>
<b>Total</b>	<u>100.0</u>

The use of the proceeds is in accordance with the stated use.

#### **B. Rights cum warrants issue completed on 31 January 2018 (“2018 Rights cum Warrants Issue A”)**

On 31 January 2018, the Company issued 7,785,307,748 new ordinary shares at S\$0.003 per share pursuant to the 2018 Rights cum Warrants Issue A and raised net proceeds of S\$22,375,000. The status in terms of utilisation of proceeds is as follows:

<b>Use of Proceeds</b>	<b>Actual utilisation S\$'000</b>	<b>As a percentage of net proceeds %</b>	<b>Proposed utilisation ratio %</b>
To fund the proposed expansion of the new business of property development and property investments	16,495	73.7	70-90*
General working capital	<u>1,355</u>	<u>6.1</u>	10-30*
<b>Total</b>	<u>17,850</u>	<u>79.8</u>	

Note:

\* The proposed utilisation ratio as a percentage of net proceeds, after deducting all share issue expenses.

With respect to the S\$1,355,000 used for general working capital, the breakdown is as follows:

<b>General working capital – Purpose of utilisation</b>	<b>Percentage utilised (%)</b>
Payment of employee compensation and directors' fees	40.9
Payment of office overheads	27.8
Payment of professional fees and other compliance costs	<u>31.3</u>
<b>Total</b>	<u>100.0</u>

The use of proceeds is in accordance with the stated use.



### **C. Rights cum warrants issue completed on 27 July 2018 (“2018 Rights cum Warrants Issue B”)**

On 27 July 2018, the Company issued 6,145,168,199 new ordinary shares at S\$0.002 per share pursuant to the 2018 Rights cum Warrants Issue B and raised net proceeds of S\$12,022,000. Except for the payment of share issue expenses, the proceeds from the 2018 Rights cum Warrants Issue B are unutilised as at the date of this announcement.

#### **17. Whitewash waiver**

Capitalised terms used below, unless otherwise defined, shall have the same meanings as defined in the circular to shareholders of the Company dated 21 November 2017 (the “2017 Circular”).

In connection with the Rights cum Warrants Issue A, the Securities Industry Council of Singapore (the “SIC”) had on 6 November 2017 waived the obligation under Rule 14 of the Singapore Code on Takeovers and Mergers (the “Code”) for Mr Oei Hong Leong (“Mr Oei”) and his concert parties (the “Concert Party Group”) to make a Mandatory Offer for the Company in the event the Concert Party Group increases their aggregate shareholding in the Company to 30% or more based on the Company’s enlarged issued share capital as a result of:

- (a) the subscription for Rights Shares (as defined in 2017 Circular) pursuant to the Sub-underwriting Commitment (as defined in 2017 Circular) or 2018 Rights cum Warrants Issue A,
- (b) the exercise of 2018 Warrants A subscribed for pursuant to the Sub-underwriting Commitment or 2018 Rights cum Warrants Issue A, or
- (c) the exercise of Adjustment Warrants (as defined in 2017 Circular),  
  
(the “Whitewash Waiver”).

#### Disclosure Note required under the Code

In the Extraordinary General Meeting held on 6 December 2017, the Shareholders of the Company approved, *inter alia*, (i) a rights cum warrants issue of up to 14,537,002,596 new ordinary shares with 14,537,002,596 warrants; and (ii) a Whitewash Resolution (as defined in 2017 Circular). The disclosures as required under Note 2, Section 2 of Appendix 1 of the Code are set out below:

- (a) the Shareholders (other than Mr. Hano Maeloa and Ms Oei Siu Hoa @ Sukmawati Widjaja, the concert parties of the Concert Party Group and parties not independent of them) approved the Whitewash Resolution waiving their rights to receive a mandatory general offer from the Concert Party Group in accordance with Rule 14 of the Code, in the event that the Concert Party Group’s subscription of the Rights Shares and Warrant Shares (as defined in 2017 Circular) arising from the exercise of the 2018 Rights cum Warrants Issue A and/or the Adjustment Warrant Shares (as defined in 2017 Circular) arising from the exercise of the Adjustment Warrants (including (a) the subscription of up to 7,785,299,728 Rights Shares by Mr. Oei pursuant to the Sub-underwriting Commitment; and/or (b) the exercise of up to 7,785,299,728 2018 Warrants A subscribed by Mr. Oei under the Sub-underwriting Commitment) results in the Concert Party Group incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Code. To rely on the Whitewash Resolution, the acquisition of Rights Shares and 2018 Warrants A under the 2018 Rights cum Warrants Issue A by the Concert Party Group must be completed within three (3) months of the approval of the Whitewash Resolution, and (A) the acquisition of the Warrant Shares by the Concert Party Group upon the exercise of the 2018 Warrants A and (B) the acquisition of new Shares upon the exercise of the Adjustment Warrants by Mr. Hano Maeloa and Ms. Oei Siu Hoa @ Sukmawati Widjaja must be completed with five (5) years of the date of issue of the Warrants A (being 30 January 2023);
- (b) based on the latest available information, the Concert Party Group holds in aggregate:
  - (i) 6,669,033,775 Shares representing 37.42% of the voting rights in the capital of the Company; and

- (ii) 371,068,831 2015 Warrants, 5,228,472,227 2018 Warrants A and 2,197,820,126 2018 Warrants B (collectively, the “Convertibles”);
- (c) the maximum potential voting rights of the Concert Party Group in the Company, assuming that only the Concert Party Group (but not other Shareholders) exercise their Convertibles in full is 55.72% (based on the enlarged share capital which includes the shares issued arising from the exercise of Convertibles held by the Concert Party Group);
- (d) having approved the Whitewash Resolution on 6 December 2017, Shareholders have waived their rights to a general offer from the Concert Party Group and their concert parties at the highest price paid by the Concert Party Group for Shares in the past 6 months preceding the commencement of the offer; and
- (e) having approved the Whitewash Resolution on 6 December 2017, Shareholders could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of (A) the 2018 Warrants A subscribed by the Concert Party Group pursuant to the Sub-underwriting Commitment or 2018 Rights cum Warrants Issue A and (B) the Adjustment Warrants to be issued to Mr Hano Maeloa and Ms Oei Siu Hoa @ Sukmawati Widjaja.

**BY ORDER OF THE BOARD**

**Lee Keng Mun**  
**Director/Chief Operating Officer**  
**14 May 2019**



## CHINA REAL ESTATE GRP LTD.

(Company Reg. No. 200609901H)

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### CONFIRMATION BY THE BOARD

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We, Dato' Dr. Choo Yeow Ming and Lee Keng Mun, being two of the directors of China Real Estate Grp Ltd. (the "Company"), do hereby confirm on behalf of the board of directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results for the third quarter ended 31 March 2019 to be false or misleading in any material respect.

### BY ORDER OF THE BOARD

SIGNED

Dato' Dr. Choo Yeow Ming  
Director

14 May 2019

SIGNED

Lee Keng Mun  
Director