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

Financial Statement Announcement for 1st Quarter ended 31st Mar 2017

Part 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), 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 year.

The Board of Directors announces the unaudited results of the Group for the 1st quarter and three months ended 31st March 2017.

	Group					
	1st Qtr 2017	1st Qtr 2016	Increase / (Decrease)	Jan to Mar 2017	Jan to Mar 2016	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Revenue	**202,122**	**91,317**	**121.3%**	**202,122**	**91,317**	121.3%
Cost of sales	(147,561)	(28,021)	426.6%	(147,561)	(28,021)	426.6%
Gross profit	**54,561**	**63,296**	**(13.8%)**	**54,561**	**63,296**	**(13.8%)**
Other income	10,113	13,854	(27.0%)	10,113	13,854	(27.0%)
Selling expenses	(13,683)	(13,704)	(0.2%)	(13,683)	(13,704)	(0.2%)
Administrative expenses	(12,874)	(16,651)	(22.7%)	(12,874)	(16,651)	(22.7%)
Finance costs	(22,929)	(21,542)	6.4%	(22,929)	(21,542)	6.4%
Profit before Income Tax	**15,188**	**25,253**	**(39.9%)**	**15,188**	**25,253**	**(39.9%)**
Taxation - Current	(1,594)	(6,270)	(74.6%)	(1,594)	(6,270)	(74.6%)
- Deferred	(2,290)	(66)	3,369.7%	(2,290)	(66)	3,369.7%
Profit for the period	**11,304**	**18,917**	**(40.2%)**	**11,304**	**18,917**	**(40.2%)**
Foreign currency translation differences(at nil tax)	(18,742)	(20,057)	(6.6%)	(18,742)	(20,057)	(6.6%)
Total comprehensive loss for the period	**(7,438)**	**(1,140)**	**552.5%**	**(7,438)**	**(1,140)**	**552.5%**
Profit attributable to:						
Ordinary shareholders of the company	10,738	16,793	(36.1%)	10,738	16,793	(36.1%)
Non-Controlling Interest (NCI)	566	2,124	(73.4%)	566	2,124	(73.4%)
	11,304	**18,917**	**(40.2%)**	**11,304**	**18,917**	**(40.2%)**
Total comprehensive loss attributable to:						
Ordinary shareholders of the company	(8,004)	(3,264)	145.2%	(8,004)	(3,264)	145.2%
Non-Controlling Interest (NCI)	566	2,124	(73.4%)	566	2,124	(73.4%)
	(7,438)	**(1,140)**	**552.5%**	**(7,438)**	**(1,140)**	**552.5%**

For the avoidance of doubt, the Group reports under Singapore FRS and not IFRS though for all practical purposes there would be no noticeable change if the Group reported under IFRS.

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	
	31-Mar-17 RMB ('000)	31-Dec-16 RMB ('000)	31-Mar-17 RMB ('000)	31-Dec-16 RMB ('000)
ASSETS				
Non-current assets:				
Property, plant and equipment	52,775	54,656	1,349	1,431
Investment in subsidiaries	-	-	2,966,258	2,966,258
Investment properties	4,458,288	4,457,926	-	-
Other investment	620,000	620,000	-	-
Deferred assets	29,275	28,108	-	-
Total non-current assets	**5,160,338**	**5,160,690**	**2,967,607**	**2,967,689**
Current assets:				
Development properties	5,184,506	5,187,210	-	-
Trade and other receivables	818,384	841,759	6,447	6,691
Amount due from subsidiaries	-	-	2,453,275	2,417,534
Cash and cash equivalents	539,729	676,315	3,181	12,109
Total current assets	**6,542,619**	**6,705,284**	**2,462,903**	**2,436,334**
Total assets	**11,702,957**	**11,865,974**	**5,430,510**	**5,404,023**
EQUITY AND LIABILITIES				
Capital and reserves:				
Capital contribution	4,028,372	4,028,372	4,028,372	4,028,372
Reverse acquisition reserve	(1,993,712)	(1,993,712)	-	-
Statutory common reserve	80,570	80,570	-	-
Convertible bond reserve	42,458	42,458	42,458	42,458
Perpetual convertible securities	878,970	878,970	878,970	878,970
Exchange fluctuation reserve	(5,274)	13,468	(9,836)	(45,503)
Retained profits	1,941,846	1,953,241	(777,578)	(749,635)
	4,973,230	**5,003,367**	**4,162,386**	**4,154,662**
Non-Controlling Interest	**59,210**	**58,644**	**-**	**-**
Total equity	**5,032,440**	**5,062,011**	**4,162,386**	**4,154,662**
Non-current liabilities:				
Deferred taxation	574,043	573,209	-	-
Borrowings-secured	1,829,177	1,804,559	344,795	347,503
Total non-current liabilities	**2,403,220**	**2,377,768**	**344,795**	**347,503**
Current liabilities:				
Trade and other payables	1,238,536	1,265,015	90,552	62,380
Amount owing to subsidiaries	-	-	778,017	786,139
Provision for taxation	153,450	156,958	-	-
Borrowings-secured	2,875,311	3,004,222	54,760	53,339
Total current liabilities	**4,267,297**	**4,426,195**	**923,329**	**901,858**
Total equity and liabilities	**11,702,957**	**11,865,974**	**5,430,510**	**5,404,023**

In accordance with Singapore FRS 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. As such, current bank borrowings have repayment periods between 1 and 4 years from the balance sheet date.

Notes to the Statement of Financial Position

Trade and other receivables comprise of the following:

	Group		Company	
	31-Mar-17 RMB ('000)	31-Dec-16 RMB ('000)	31-Mar-17 RMB ('000)	31-Dec-16 RMB ('000)
Trade receivables	31,773	78,272	-	-
Other receivables:				
- Deposit for land tender	496,246	477,946	-	-
- Rental deposits	612	586	600	585
- Prepayments	175,697	165,602	5,742	5,954
- Security deposits placed with contractors, suppliers and authorities	37,278	36,188	-	-
- Refundable deposits	44,766	53,435	-	-
- Others	32,012	29,730	105	152
Total receivables	818,384	841,759	6,447	6,691

Trade and other payables comprise of the following:

	Group		Company	
	31-Mar-17 RMB ('000)	31-Dec-16 RMB ('000)	31-Mar-17 RMB ('000)	31-Dec-16 RMB ('000)
Trade payables	624,653	644,232	-	-
Other payables:				
- Accrued expenses	129,131	91,525	90,552	62,380
- Advance payment from customers	402,714	442,476	-	-
- Rental and option deposits	56,251	64,474	-	-
- Project deposits	15,085	15,085	-	-
- Advances from sub-contractors	7,994	6,278	-	-
- Others	2,707	945	-	-
Total payables	1,238,536	1,265,015	90,552	62,380

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

	Group			
	31-Mar-17		31-Dec-16	
	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	2,875,311	-	3,004,222	-
	2,875,311	-	3,004,222	-
Amount repayable beyond its normal operating cycle or after twelve months from the balance sheet date	1,484,382	344,795	1,457,056	347,503
	4,359,693	344,795	4,461,278	347,503

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

	Group			
	1st Qtr 2017	1st Qtr 2016	Jan to Mar 2017	Jan to Mar 2016
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Operating activities				
Profit before taxation	15,188	25,253	15,188	25,253
Adjustments for:				
Depreciation of property, plant and equipment	1,918	1,897	1,918	1,897
Amortisation of other non-current assets	802	67	802	67
Interest expense	22,929	21,542	22,929	21,542
Interest income	(9,334)	(12,845)	(9,334)	(12,845)
Operating profit before working capital changes	31,503	35,914	31,503	35,914
Increase in development properties	(11,626)	(364,851)	(11,626)	(364,851)
Decrease/(increase) in trade and other receivables	31,351	(32,084)	31,351	(32,084)
(Decrease)/increase in trade and other payables	(61,363)	478,127	(61,363)	478,127
Cash used in operations	(10,135)	117,106	(10,135)	117,106
Interest paid	(19,670)	(35,682)	(19,670)	(35,682)
Interest received	194	11,961	194	11,961
Income tax paid	(7,725)	(3,435)	(7,725)	(3,435)
Net cash (used in)/from operating activities	**(37,336)**	**89,950**	**(37,336)**	**89,950**
Cash flow from investing activities				
Acquisition of property, plant and equipment	-	(425)	-	(425)
Net cash used in investing activities	**-**	**(425)**	**-**	**(425)**
Cash flow from financing activities				
Bank balance subject to restriction	106,253	272,302	106,253	272,302
Proceed from loans and borrowings	50,000	105,036	50,000	105,036
Repayment of borrowings	(148,903)	(454,150)	(148,903)	(454,150)
Net cash generated from/(used in) financing activities	**7,350**	**(76,812)**	**7,350**	**(76,812)**
Net (decrease)/increase in cash and cash equivalents	**(29,986)**	**12,713**	**(29,986)**	**12,713**
Effects of exchange rate changes on cash and cash equivalents	(348)	(713)	(348)	(713)
Cash and cash equivalents at beginning of period	223,125	178,120	223,125	178,120
Cash and cash equivalents at end of period	**192,791**	**190,120**	**192,791**	**190,120**

Cash and cash equivalents at the end of the period comprise cash and bank balances and excludes bank balances pledged to banks amounting to RMB346.9 million as at 31 March 2017 (31 March 2016: RMB486.2 million).

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity for the period ended 31 March 2017

Group	Capital contribution	Reverse acquisition reserve	Convertible bonds (equity component)	Statutory common reserve	Share-based compensation reserve	Perpetual convertible security	Translation reserve	Retained profits	Total attributable to Ordinary shareholders of the Company	Non-Controlling Interest	Total
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Balance at 1 January 2017	4,028,372	(1,993,712)	42,458	80,570	-	878,970	13,468	1,953,241	5,003,367	58,644	5,062,011
Total comprehensive income for the year	-	-	-	-	-	-	(18,742)	10,738	(8,004)	566	(7,438)
Perpetual convertible securities interest	-	-	-	-	-	-	-	(22,133)	(22,133)	-	(22,133)
Balance at 31 March 2017	4,028,372	(1,993,712)	42,458	80,570	-	878,970	(5,274)	1,941,846	4,973,230	59,210	5,032,440
Balance at 1 January 2016	4,028,372	(1,993,712)	42,458	68,444	19,707	878,970	35,042	1,946,524	5,025,805	56,986	5,082,791
Total comprehensive income for the year	-	-	-	-	-	-	(20,057)	16,793	(3,264)	2,124	(1,140)
Perpetual convertible security interest	-	-	-	-	-	-	-	(22,134)	(22,134)	-	(22,134)
Balance at 31 March 2016	4,028,372	(1,993,712)	42,458	68,444	22,619	878,970	14,985	1,941,183	5,000,407	59,110	5,059,517

Statement of Changes in Equity of the Company for the period ended 31 March 2017

Company	Capital contribution	Convertible bonds (equity component)	Share-based compensation reserve	Translation reserve	Perpetual convertible security	Retained profits	Total
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Balance at 1 January 2017	4,028,372	42,458	-	(45,503)	878,970	(749,635)	4,154,662
Total comprehensive income for the year	-	-	-	35,667	-	(5,810)	29,857
Perpetual convertible securities interest	-	-	-	-		(22,133)	(22,133)
Balance at 31 March 2017	4,028,372	42,458	-	(9,836)	878,970	(777,578)	4,162,386
Balance at 1 January 2016	4,028,372	42,458	19,707	(115,276)	878,970	(668,717)	4,185,514
Total comprehensive income for the year	-	-	-	63,470	-	22,028	85,498
Transfer to statutory common reserve	-	-	-	-		(22,134)	(22,134)
Balance at 31 March 2016	4,028,372	42,458	19,707	(51,806)	878,970	(668,823)	4,248,878

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 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:

	As at 31 March 2017	As at 31 March 2016
	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.

Share Options - Ying Li Employee Share Option Scheme ("Ying Li ESOS")

As at 31 March 2017, the number of outstanding share options granted under the Ying Li ESOS was nil (31 March 2016: 6,101,536). Further details of the options granted under the Ying Li ESOS are as follows:

Date of grant of options	Exercise price per share	Number of options granted	Number of Options Lapsed / Revoked	Options outstanding at 31 March 2016	Number of Options Lapsed / Revoked	Number of Options Exercised	Options outstanding at 31 March 2017
2 Apr 2012	S$0.278	14,746,765	(9,970,004)	4,776,761	(4,776,761)	-	-
23 Apr 2012	S$0.263	1,514,000	(757,000)	757,000	(757,000)	-	-
31 Mar 2013	S$0.371	1,847,163	(1,273,388)	567,775	(567,775)	-	-
Total:		**18,107,928**	**(12,000,392)**	**6,101,536**	**(6,101,536)**	**-**	**-**

Performance Shares - Ying Li Performance Share Plan ("Ying Li PSP")

As at 31 March 2017, the number of outstanding share awards granted (but not yet vested) under the Ying Li PSP was nil (31 March 2016: 425,831). Further details of the share awards granted under the Ying Li PSP are as follows:

Date of grant	Granted	No. of Performance Shares Vested	Number of Performance Shares Lapsed / Revoked	Balance at 31 March 2016	No. of Performance Shares Vested	Number of Performance Shares Lapsed / Revoked	Balance at 31 March 2017
31 Mar 2013	2,770,744	(664,297)	(1,680,616)	425,831	-	(425,831)	-

The Company did not hold any treasury shares as at 31 March 2017 (31 March 2016: Nil).

None of the subsidiaries held shares in the Company as at 31 March 2017 (31 March 2016: Nil).

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 immediately preceding year.

The total number of issued shares as at 31 March 2017 was 2,557,040,024 (31 March 2016: 2,557,040,024).

1(d)(iv) A statement showing all sales, transfer, 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, transfer, 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 nor reviewed by the Company's 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 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 2016.

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			
	1st Qtr 2017	1st Qtr 2016	Jan to Mar 2017	Jan to Mar 2016
Earnings per ordinary share:				
(i) Based on weighted average no. of ordinary shares in issue (RMB per share)	0.004	0.007	0.004	0.007
(ii) On a fully diluted basis (RMB per share)	0.004	0.007	0.004	0.007
Number of shares in issue:				
(i) Based on weighted ave no. of ordinary shares in issue ('000)	2,557,040	2,557,040	2,557,040	2,557,040
(ii) On a fully diluted basis ('000)	2,557,040	2,557,040	2,557,040	2,557,040

Earnings per ordinary share equals to the Group's profit 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.

Diluted earnings per ordinary share is calculated based on the similar basis as the earnings per share, except that 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 Sep 2016.

Share options under the Ying Li ESOE are anti- dilutive as the average market price of ordinary shares during the period exceeds the exercise price of the options.

Performance shares under the Ying Li PSP are treated as contingently issuable shares because their issue is contingent upon satisfying specified conditions in addition to the passage of time. Contingently issuable shares are treated as outstanding and included in the calculation of diluted earnings per share if the conditions are satisfied (i.e. the events have occurred).

The Perpetual Convertible Securities is anti-dilutive as its interest per ordinary share obtainable on conversion exceeds basic earnings per share.

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
Net Asset Value (RMB'000)	4,973,230	5,003,367	4,162,386	4,154,662
Based on existing issued share capital (RMB per share)	1.94	1.96	1.63	1.62
Net Asset Value has been computed based on the number of share 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 three months and quarter ended 31 March 2017

Revenue

	Group					
	1st Qtr 2017	1st Qtr 2016	Increase / (Decrease)	Jan to Mar 2017	Jan to Mar 2016	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	149,652	36,734	307.4%	149,652	36,734	307.4%
Rental Income	52,470	54,583	(3.9%)	52,470	54,583	(3.9%)
	202,122	**91,317**	**121.3%**	**202,122**	**91,317**	**121.3%**

Revenue of the Group from the Sale of Properties increased by RMB112.9 million (307.4%) to RMB149.7 million as compared with 1QFY2016. The increase was a combination of continue handover of the residential units at San Ya Wan Phase 2 project, bespoke units at Ying Li International Electrical and Hardware Centre ("Ying Li IEC") Phase 1A and other properties.

Rental income decreased by RMB2.1 million (3.9%) as compared to the same period of last year. The decrease mainly due to the introduction of VAT* regime in China in May 2016, and loss of some rental income due to some properties being sold to tenants.

* With effect from 1 May 2016, Value Added Tax **("**VAT") will be imposed on revenue received from customers in place of business tax. Revenue received will be deemed to be inclusive of VAT and the tax will be deducted directly from revenue and paid to the tax authorities.

Gross profit

	Group					
	1st Qtr 2017	1st Qtr 2016		Jan to Mar 2017	Jan to Mar 2016	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	8,563	17,377	(50.7%)	8,563	17,377	(50.7%)
Rental Income	45,998	45,919	0.2%	45,998	45,919	0.2%
	54,561	**63,296**	**(13.8%)**	**54,561**	**63,296**	**(13.8%)**

Gross profit of the Group for 1QFY2017 decreased by RMB8.7 million (13.8%) to RMB54.6 million as compared to the same period last year mainly due to lower contribution from the Sale of Properties segment. The mix of properties that were handed over in 1QFY2017 have lower gross profit as compared to the retail units at San Ya Wan Phase 2 handed over in 1QFY2016 which tend to have higher gross profit.

Gross profit margin

	Group							
	1st Qtr 2017		1st Qtr 2016		Jan to Mar 2017		Jan to Mar 2016	
	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%
Sale of Properties	8,563	5.7%	17,377	47.3%	8,563	5.7%	17,377	47.3%
Rental Income	45,998	87.7%	45,919	84.1%	45,998	87.7%	45,919	84.1%
	54,561	**27.0%**	**63,296**	**69.3%**	**54,561**	**27.0%**	**63,296**	**69.3%**

The Group's gross profit margin for 1QFY2017 decreased by 42.3 percentage points to 27.0% as compared to the same period last year as the mix of properties that were handed over in 1QFY2017 have lower gross profit margin as compared to the retail units at San Ya Wan Phase 2 handed over in 1QFY2016 which tend to have higher gross profit margin.

Other income

	Group			
	1st Qtr 2017	1st Qtr 2016	Jan to Mar 2017	Jan to Mar 2016
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Interest income	9,334	12,845	9,334	12,845
Advertisement income	237	255	237	255
Government grant	45	-	45	-
Others	497	754	497	754
	10,113	13,854	10,113	13,854

The year-on-year decrease in Other Income was mainly due to lower interest income from deposits.

Selling expenses

Selling expenses decreased marginally by RMB0.02 million (0.2%) in 1QFY2017 to RMB13.7 million as compared to 1QFY2016.

Administrative expenses

During the quarter under review, Administrative expenses were RMB3.8 million (22.7%) lower compared to 1QFY2017. The decrease was mainly due to part of expenses were offset by higher foreign exchange gains.

Finance costs

For the quarter under review, finance costs were RMB1.4 million (6.4%) higher as compared to 1QFY2016 due to new loan drawn down. Interest expense directly attributable to projects would generally be capitalised as part of the project costs.

Taxation

	Group					
	1st Qtr 2017	1st Qtr 2016		Jan to Mar 2017	Jan to Mar 2016	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Income tax	(1,594)	(6,270)	(74.6%)	(1,594)	(6,270)	(74.6%)
Deferred tax	(2,290)	(66)	3,369.7%	(2,290)	(66)	3,369.7%
	(3,884)	**(6,336)**	**(38.7%)**	**(3,884)**	**(6,336)**	**(38.7%)**

During the quarter under review, tax expense decreased by RMB2.5 million (38.7%) as compared with 1Q2016 mainly due to lower taxable profits generated from the sale of properties in 1QFY2017.

Total comprehensive loss for the period

Total comprehensive loss for the period increased by RMB6.3 million as compared to 1QFY2016 mainly due to lower Profit for the period.

Profit attributable to ordinary shareholders of the Company

	Group					
	1st Qtr 2017	1st Qtr 2016	Increase / (Decrease)	Jan to Mar 2017	Jan to Mar 2016	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Profit attributable to:						
Ordinary shareholders of the Company	10,738	16,793	(36.1%)	10,738	16,793	(36.1%)
Non-Controlling Interest (NCI)	566	2,124	(73.4%)	566	2,124	(73.4%)
	11,304	**18,917**	**(40.2%)**	**11,304**	**18,917**	**(40.2%)**

Overall, net profit attributable to the ordinary shareholders of the Company decreased by RMB6.1 million (36.1%) to RMB10.7 million in 1QFY2017.

STATEMENT OF FINANCIAL POSITION

Total Assets of the Group decreased by RMB163.0 million to RMB11.7 billion during the quarter mainly due to a decrease in cash and cash equivalents of RMB136.6 million mainly due to the repayment of loans.

The Group's total liabilities decreased by RMB133.4 million to RMB6.7 billion during the period under review. The decrease in liabilities was mainly due to reduction in borrowings amounting to RMB104.3 million due to loan repayment combined with a decrease in trade and other payables of RMB26.5 million arising from a decrease in advances received from customers as some pre-sales units were handed over.

The Group's total equity decreased by RMB29.6 million to RMB5,032.4 million during the period under review, mainly due to a decrease in the Exchange fluctuation reserve because of RMB devalued against SGD in 1QFY2017. The Exchange fluctuation reserve mainly comprises cumulative unrealised exchange gains/losses arising from the translation of the financial statements of the entities where the functional currency differs from the presentation currency which is the Chinese Yuan ("RMB").

STATEMENT OF CASH FLOW

The decrease in unrestricted cash and cash equivalent of RMB30.0 million for the quarter under review was mainly due to:

i) net cash outflow of RMB37.3 million from operating activities; and
ii) net cash inflow of RMB7.4 million from financing activities.

The net cash outflow from operating activities of RMB37.3 million was mainly attributable to cash generated from operating profit of RMB31.5 million and a decrease in trade and other receivables of RMB31.4 million mainly due to collection of outstanding sums on contracted pre-sales and refund of deposits previously placed with a financial institution. This was off-set by i) a decrease in trade and other payables of RMB61.4million mainly due to the payment made to suppliers and transfers of amounts received in advance from customers to revenue as some pre-sales units were handed over; ii) increase in development costs amounting to RMB11.6 million incurred mainly on the ongoing construction of the Ying Li Financial Street project and the Ying Li International Electrical and Hardware Centre; and iii) net interest and income tax paid of RMB27.2 million.

Net cash from financing activities of RMB7.4 million includes: (i) increase in borrowing by RMB50 million to fund the construction of the Group's ongoing projects; ii) release of cash collaterals that were previously pledged upon loan repayment amounting to RMB106.3 million; and iii) repayment of borrowings amounting to RMB148.9 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.

Maintaining its position as the fastest-growing city in the People's Republic of China ("PRC"), Chongqing's 1Q2017 GDP grew at 10.5% Y-o-Y to RMB430.6 billion, outpacing the country's overall GDP growth of 6.9% Y-o-Y according to Chongqing Statistics Bureau. In tandem, disposable income per capita rose by 8.5% Y-o-Y to RMB9,386 while total retail sales of consumer goods expanded by 12.0% Y-o-Y to RMB197.8 billion in 1Q2017.

Chongqing Office Market
In 1Q2017, net absorption for Grade A office was 17,000 sqm and a new supply of 126,000 sqm mainly located in Jiangbeizui CBD was added to market. The financial sector continued to be the key driver of demand while landmark buildings were highly sought after in the quarter. As the preferred location for MNCs, office demand in Jiefangbei CBD remained healthy and the average office rental (Grade A and Non-Grade A offices) remained resilient at RMB92.7 per sqm per month as compared to the average office rental across Chongqing at RMB83.1 per sqm per month in 1Q2017. Notably, the average rental for Grade A office in Jiefangbei CBD continued to garner the highest rental at above RMB100 per sqm per month and the lowest vacancy rate amongst Chongqing's CBDs in 1Q2017.

(Sources: CBRE Research, Chongqing Property Market Overview Q1 2017; JLL Research, 1Q17 Chongqing Property Market At-a-glance)

Chongqing Retail Market
In 1Q2017, there was no new supply of retail malls in the quarter. The prime retail malls performance continued to improve with a drop in vacancy rate by dropped 0.8 percentage points to 10.3% in 1Q2017. In the quarter, international retailers continued their expansion in the city alongside Chinese F&B players particularly those serving specialty cuisines from Xinjiang and Mongolian. With the revolution of e-commerce and the rise of digital technologies reshaping the retail market, retail malls are placing more emphasis on customer experiences. As such, kids-related retailers such as education providers and entertainment-themed retailers continued to increase their presence in 1Q2017.

(Sources: CBRE Research, Chongqing Property Market Overview Q1 2017; JLL Research, 1Q17 Chongqing Property Market At-a-glance)

Chongqing Residential Market
Chongqing's residential market remained active in 1Q2017 with a total of 2,110 high-end units mainly concentrated in Nan'an and Yubei launched in 1Q2017. This is an increase of 277.5% Y-o-Y. Buying sentiments remained active driven by local upgrading demand. As a result, the average selling price (ASP) for high-end residential projects rose by 19.3% Y-o-Y to RMB13,788 per sqm in 1Q2017.

(Source: JLL Research, 1Q17 Chongqing Property Market At-a-glance)

Beijing Market
Due to cooling measures such as tightening of pre-sales certification issuance introduced by Beijing government in September 2016, only 17 residential projects received pre-sales certification in 1Q2017. As such, new supply for the mass market segment declined by 51.7% Y-o-Y and there was no new high-end residential project launched in 1Q2017 respectively. Despite the curbs, demand for high-end residential projects rebounded in March 2017 following two months of muted demand with the transaction volume increased by 47.0% Y-o-Y to 682 units in 1Q2017.

In March 2017, the Beijing government rolled out new property cooling measures in response to continue surge in home prices and sales. The new cooling measures, in particular, restrict upgrade demand as the minimum down payment for a second home purchase increased from 50% to 60% (mass market property) and 70% to 80% (non-mass market property) In addition, the maximum mortgage term has also been shortened to 25 years from 30 years for second home purchases.

(Source: JLL Research, Beijing High-end Residential Market Overview, 1Q17)

Outlook
Following the establishment of the One Belt One Road Initiative and the China-Singapore (Chongqing) Demonstrative Initiative on Strategic Connectivity (Singapore-Chongqing project), Chongqing Jiangbei airport has commenced several new flight routes to Europe, Middle East and Africa, in addition to the existing direct flights to major cities such as London, Tokyo, New York, Dubai, Auckland and Singapore. As the gateway city for foreign companies to establish their presence in western PRC, Chongqing new International airport, Jiangbei airport terminal 3 is on schedule to complete in 1H2017. According to CBRE Research, since the launch of the Singapore-Chongqing project, Chongqing is regarded as the top five Chinese cities for investments from Singapore and 244 Singapore companies have established presence in Chongqing.

The Group is currently developing three projects in Chongqing which are progressing on schedule. The construction of residential development Lion City Garden Phase 2A, 2B and 2C was completed and handover for these three phases will continue into 2017. Similarly, build-to-order mixed-development Ying Li International Hardware and Electrical Centre Phase 1A had started handover in 4Q2016 and will carry on into 2017. Construction for Phase 2A is still ongoing and on track for handover in 2017 and 2018. For the Group's landmark development Ying Li International Commercial Centre, pre-sales registration for Phase 1 had commenced.

In terms of the Group's retail malls - Ying LI IMIX Park Jiefangbei and Ying Li IMIX Park Daping, the Group continues to focus on their repositioning centered on in-store experiences, lifestyle, family/children and entertainment concepts tailored to the needs of their respective target audiences. Concurrently, the Group will increase its focus on residential and bespoke projects at prime locations in Chongqing as well as tier 1 and fast-growing Tier 2 cities in PRC while maintaining a watchful eye on market conditions and risks.

11 Dividend

(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?

No dividend was declared or recommended.

(b) Corresponding Period of the Immediately Preceding Financial year
Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend has been declared or recommended

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the period.

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 31 March 2017 to be false or misleading in any material aspect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers 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

Fang Ming
Executive Chairman
14 May 2017

Yang Xiao Yu
Executive Director