



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

Financial Statement Announcement for 1st Quarter ended 31st Mar 2018

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 2018.

	Group					
	1st Qtr	1st Qtr	Increase /	Jan to Mar	Jan to Mar	Increase /
	2018	2017	(Decrease)	2018	2017	(Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Revenue	309,549	202,122	53.1%	309,549	202,122	53.1%
Cost of sales	(225,048)	(147,561)	52.5%	(225,048)	(147,561)	52.5%
Gross profit	84,501	54,561	54.9%	84,501	54,561	54.9%
Other income	1,763	10,113	(82.6%)	1,763	10,113	(82.6%)
Selling expenses	(11,451)	(13,683)	(16.3%)	(11,451)	(13,683)	(16.3%)
Administrative expenses	(17,177)	(12,874)	33.4%	(17,177)	(12,874)	33.4%
Finance costs	(48,488)	(22,929)	111.5%	(48,488)	(22,929)	111.5%
Profit before Income Tax	9,148	15,188	(39.8%)	9,148	15,188	(39.8%)
Taxation - Current	(7,155)	(1,594)	348.9%	(7,155)	(1,594)	348.9%
- Deferred	2,831	(2,290)	n.m.	2,831	(2,290)	n.m.
Profit for the period	4,824	11,304	(57.3%)	4,824	11,304	(57.3%)
Foreign currency translation differences(at nil tax)	(1,505)	(18,742)	(92.0%)	(1,505)	(18,742)	(92.0%)
Total comprehensive profit for the period	3,319	(7,438)	(144.6%)	3,319	(7,438)	(144.6%)
Profit attributable to:						
Ordinary shareholders of the company	4,690	10,738	(56.3%)	4,690	10,738	(56.3%)
Non-Controlling Interest (NCI)	134	566	(76.3%)	134	566	(76.3%)
	4,824	11,304	(57.3%)	4,824	11,304	(57.3%)
Total comprehensive profit/(loss) attributable to:						
Ordinary shareholders of the company	3,185	(8,004)	(139.8%)	3,185	(8,004)	(139.8%)
Non-Controlling Interest (NCI)	134	566	(76.3%)	134	566	(76.3%)
	3,319	(7,438)	(144.6%)	3,319	(7,438)	(144.6%)

n.m. - not meaningful

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-18 RMB ('000)	31-Dec-17 RMB ('000)	31-Mar-18 RMB ('000)	31-Dec-17 RMB ('000)
ASSETS				
Non-current assets:				
Property, plant and equipment	47,255	48,493	847	979
Investment in subsidiaries	-	-	2,966,325	2,966,326
Investment properties	4,486,501	4,486,742	-	-
Other investment	880,000	880,000	-	-
Deferred assets	27,529	27,529	-	-
Total non-current assets	5,441,285	5,442,764	2,967,172	2,967,305
Current assets:				
Development properties	1,901,377	2,099,791	-	-
Trade and other receivables	2,908,747	2,917,625	864,514	879,921
Amount due from subsidiaries	-	-	1,333,911	1,368,768
Cash and cash equivalents	505,453	626,910	4,403	9,184
Total current assets	5,315,577	5,644,326	2,202,828	2,257,873
Total assets	10,756,862	11,087,090	5,170,000	5,225,178
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	88,588	88,588	-	-
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	(16,274)	(14,769)	(43,273)	(24,383)
Retained profits	2,178,167	2,204,600	(929,540)	(886,274)
	5,206,569	5,234,507	3,976,987	4,039,143
Non-Controlling Interest	59,336	59,202	-	-
Total equity	5,265,905	5,293,709	3,976,987	4,039,143
Non-current liabilities:				
Deferred taxation	631,492	634,322	-	-
Borrowings	2,791,014	2,820,427	314,710	325,997
Total non-current liabilities	3,422,506	3,454,749	314,710	325,997
Current liabilities:				
Trade and other payables	854,311	1,098,922	104,110	69,555
Amount owing to subsidiaries	-	-	637,554	762,192
Provision for taxation	131,545	147,048	-	-
Borrowings	1,082,595	1,092,662	136,639	28,291
Total current liabilities	2,068,451	2,338,632	878,303	860,038
Total equity and liabilities	10,756,862	11,087,090	5,170,000	5,225,178

In accordance with Singapore FRS 1, the company has adopted the practice to record loans with repayment periods that falls within its operating cycle or those that are due within 12 months 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 3 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-18 RMB ('000)	31-Dec-17 RMB ('000)	31-Mar-18 RMB ('000)	31-Dec-17 RMB ('000)
Trade receivables	37,103	32,222	-	-
Other receivables:				
- Deposit for land tender	447,748	444,748	-	-
- Rental deposits	595	606	583	595
- Prepayments	242,805	256,666	5,139	6,405
- Security deposits placed with contractors, suppliers and authorities	44,503	42,750	-	-
- Refundable deposits	31,439	31,623	-	-
- Proceed receivable from disposal of subsidiary	2,035,350	2,035,350	858,634	872,859
- Others	69,204	73,660	158	62
Total receivables	2,908,747	2,917,625	864,514	879,921

Trade and other payables comprise of the following:

	Group		Company	
	31-Mar-18 RMB ('000)	31-Dec-17 RMB ('000)	31-Mar-18 RMB ('000)	31-Dec-17 RMB ('000)
Trade payables	326,938	393,757	-	-
Other payables:				
- Other tax payables	65,831	43,695	-	-
- Accrued expenses	131,540	143,101	104,110	69,555
- Advance payment from customers	233,374	411,034	-	-
- Rental and option deposits	58,333	60,526	-	-
- Project deposits	15,000	15,000	-	-
- Advances from sub-contractors	22,370	29,759	-	-
- Others	926	2,050	-	-
Total payables	854,311	1,098,922	104,110	69,555

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

	Group			
	31-Mar-18		31-Dec-17	
	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	1,082,595	-	1,092,662	-
	1,082,595	-	1,092,662	-
Amount repayable beyond its normal operating cycle or after twelve months from the balance sheet date	2,476,305	314,710	2,494,430	325,997
	3,558,900	314,710	3,587,092	325,997

Details of any collateral

Secured borrowings refer to borrowings secured against the subsidiaries' development properties under construction, completed development properties for sale, investment properties, other investments 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 or those that are due within 12 months as current liabilities. The operating cycle is defined as the development period of its properties, which can range from 1 to 3 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 2018	1st Qtr 2017	Jan to Mar 2018	Jan to Mar 2017
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Operating activities				
Profit before taxation	9,148	15,188	9,148	15,188
Adjustments for:				
Depreciation of property, plant and equipment	1,473	1,918	1,473	1,918
Amortisation of other non-current assets	1,294	802	1,294	802
Interest expense	48,488	22,929	48,488	22,929
Interest income	(764)	(9,334)	(764)	(9,334)
Loss on disposal of property, plant and equipment	20	-	20	-
Operating profit before working capital changes	59,658	31,503	59,658	31,503
Decrease/(increase) in development properties	198,414	(8,367)	198,414	(8,367)
Decrease in trade and other receivables	7,855	31,351	7,855	31,351
Decrease in trade and other payables	(295,912)	(61,363)	(295,912)	(61,363)
Cash used in operations	(29,985)	(6,876)	(29,985)	(6,876)
Interest paid	(41,890)	(22,929)	(41,890)	(22,929)
Interest received	735	194	735	194
Income tax paid	(22,659)	(7,725)	(22,659)	(7,725)
Net cash used in operating activities	(93,799)	(37,336)	(93,799)	(37,336)
Cash flow from investing activities				
Acquisition of property, plant and equipment	(271)	-	(271)	-
Net cash used in investing activities	(271)	-	(271)	-
Cash flow from financing activities				
Bank balance subject to restriction	(101,625)	106,253	(101,625)	106,253
Proceed from loans and borrowings	108,348	50,000	108,348	50,000
Repayment of borrowings	(136,539)	(148,903)	(136,539)	(148,903)
Net cash (used in)/generated from financing activities	(129,816)	7,350	(129,816)	7,350
Net decrease in cash and cash equivalents	(223,886)	(29,986)	(223,886)	(29,986)
Effects of exchange rate changes on cash and cash equivalents	804	(348)	804	(348)
Cash and cash equivalents at beginning of period	460,422	223,125	460,422	223,125
Cash and cash equivalents at end of period	237,340	192,791	237,340	192,791

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 Mar 2018

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 2018	4,028,372	(1,993,712)	42,458	88,588	-	878,970	(14,769)	2,204,600	5,234,507	59,202	5,293,709
Total comprehensive income for the year	-	-	-	-	-	-	(1,505)	4,690	3,185	134	3,319
Perpetual convertible securities interest	-	-	-	-	-	-	-	(31,123)	(31,123)	-	(31,123)
Balance at 31 March 2018	4,028,372	(1,993,712)	42,458	88,588	-	878,970	(16,274)	2,178,167	5,206,569	59,336	5,265,905
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 security 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

Statement of Changes in Equity of the Company for the period ended 31 Mar 2018

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 2018	4,028,372	42,458	-	(24,383)	878,970	(886,274)	4,039,143
Total comprehensive income for the year	-	-	-	(18,890)	-	(12,143)	(31,033)
Perpetual convertible securities interest	-	-	-	-	-	(31,123)	(31,123)
Balance at 31 March 2018	4,028,372	42,458	-	(43,273)	878,970	(929,540)	3,976,987
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
Transfer to statutory common reserve	-	-	-	-	-	(22,133)	(22,133)
Balance at 31 March 2017	4,028,372	42,458	-	(9,836)	878,970	(777,578)	4,162,386

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles 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 2018	As at 31 March 2017
	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.

There were no outstanding share options and share awards granted under the Ying Li Employee Share Option Scheme ("Ying Li ESOS") and Ying Li Performance Share Plan ("Ying Li PSP") respectively as at 31 March 2018 (31 March 2017: Nil).

The Company did not hold any treasury shares as at 31 March 2018 (31 March 2017: Nil).

None of the subsidiaries held shares in the Company as at 31 March 2018 (31 March 2017: 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 2018 was 2,557,040,024 (31 March 2017: 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 2017.

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 2018	1st Qtr 2017	Jan to Mar 2018	Jan to Mar 2017
Earnings per ordinary share:				
(i) Based on weighted average no. of ordinary shares in issue (RMB per share)	0.002	0.004	0.002	0.004
(ii) On a fully diluted basis (RMB per share)	0.002	0.003	0.002	0.003
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)	3,138,801	3,138,801	3,138,801	3,138,801

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 31 March 2018.

- 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-18	31-Dec-17	31-Mar-18	31-Dec-17
Net Asset Value (RMB'000)	5,206,569	5,234,507	3,976,987	4,039,143
Based on existing issued share capital (RMB per share)	2.04	2.05	1.56	1.58
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 2018

Revenue

	Group					
	1st Qtr 2018	1st Qtr 2017	Increase / (Decrease)	Jan to Mar 2018	Jan to Mar 2017	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	258,083	149,652	72.5%	258,083	149,652	72.5%
Rental Income	51,466	52,470	(1.9%)	51,466	52,470	(1.9%)
	309,549	202,122	53.1%	309,549	202,122	53.1%

Revenue of the Group increased by RMB107.4 million (53.1%) to RMB309.5 million as compared with 1QFY2017. The increase was mainly driven by Sale of Properties segment, due to the continued handover of the bespoke units at Ying Li International Electrical and Hardware Centre ("Ying Li IEC") Phase 1A and 2A and the sales of completed units from older commercial projects.

Gross profit

	Group					
	1st Qtr 2018	1st Qtr 2017		Jan to Mar 2018	Jan to Mar 2017	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	39,295	8,563	358.9%	39,295	8,563	358.9%
Rental Income	45,206	45,998	(1.7%)	45,206	45,998	(1.7%)
	84,501	54,561	54.9%	84,501	54,561	54.9%

Gross profit of the Group for 1QFY2018 increased by RM29.9 million (54.9%) to RMB84 million as compared to the same period last year mainly due to higher contribution from the Sale of Properties segment. The increase was mainly due to the fact that the mix of properties that were sold and handed over in 1QFY2018 have higher gross profit as compared to the residential units at San Ya Wan Phase 2 and bespoke units at IEC Phase 1A handed over in 1QFY2017.

Gross profit margin

	Group							
	1st Qtr 2018		1st Qtr 2017		Jan to Mar 2018		Jan to Mar 2017	
	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%
Sale of Properties	39,295	15.2%	8,563	5.7%	39,295	15.2%	8,563	5.7%
Rental Income	45,206	87.8%	45,998	87.7%	45,206	87.8%	45,998	87.7%
	84,501	27.3%	54,561	27.0%	84,501	27.3%	54,561	27.0%

Gross profit margin of the Group from the Sale of Properties segment increased by 9.5 percentage points to 15.2% in 1QFY2018. The increase was mainly attributable to the higher gross profit margin from the mix of properties that were sold and handed over in 1QFY2018 as compared to the residential units at San Ya Wan Phase 2 and bespoke units at Ying Li IEC Phase 1A that were handed over in 1QFY2017.

Other income

	Group			
	1st Qtr 2018	1st Qtr 2017	Jan to Mar 2018	Jan to Mar 2017
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Interest income	764	9,334	764	9,334
Advertisement income	275	237	275	237
Government grant	13	45	13	45
Others	711	497	711	497
	1,763	10,113	1,763	10,113

The decrease in Interest income mainly arose from the withdrawal of fixed deposits pledged to financial institutions and others.

Selling expenses

Selling expenses decreased marginally by RMB2.2 million (16.3%) in 1QFY2018 to RMB11.5 million as compared to 1QFY2017 mainly due to lower expenditures incurred on advertising and promotion activities.

Administrative expenses

Administrative expenses were RMB4.3 million (33.4%) higher for the quarter under review as compared to 1QFY2017 mainly due to higher commissions paid out during the quarter and an increase in wage related expenses arising from changes in the employees' compensation structure and higher advisory and professional fees incurred.

Finance costs

For the quarter under review, finance costs were RMB25.6 million (111.5%) higher as compared to 1QFY2017 due to a termination of the amount of capitalised finance costs on the Ying Li International Commercial Centre upon the disposal of the project in 4QFY2017.

Taxation

	Group					
	1st Qtr 2018	1st Qtr 2017	%	Jan to Mar 2018	Jan to Mar 2017	%
	RMB ('000)	RMB ('000)		RMB ('000)	RMB ('000)	
Income tax	(7,155)	(1,594)	348.9%	(7,155)	(1,594)	348.9%
Deferred tax	2,831	(2,290)	n.m.	2,831	(2,290)	n.m.
	(4,324)	(3,884)	11.3%	(4,324)	(3,884)	11.3%

n.m. - not meaningful

During the quarter under review, tax expense increased by RMB5.6 million (348.9%) as compared with 1QFY2017 mainly due to higher taxable profits generated from the sale of properties in 1QFY2018.

Profit attributable to ordinary shareholders of the Company

	Group					
	1st Qtr 2018	1st Qtr 2017	Increase / (Decrease)	Jan to Mar 2018	Jan to Mar 2017	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Profit attributable to:						
Ordinary shareholders of the Company	4,690	10,738	(56.3%)	4,690	10,738	(56.3%)
Non-Controlling Interest (NCI)	134	566	(76.3%)	134	566	(76.3%)
	4,824	11,304	(57.3%)	4,824	11,304	(57.3%)

Overall, net profit attributable to the ordinary shareholders of the Company decreased by RMB6.0 million (56.3%) to RMB4.7 million in 1QFY2018.

STATEMENT OF FINANCIAL POSITION

Total Assets of the Group decreased by RMB330.2 million to RMB10.8 billion during the quarter mainly due to a decrease in development properties of RMB198.4 million arising from the handover of completed properties to purchasers and a decrease in cash and cash equivalents of RMB121.5 million mainly due to the repayment of loans and trade payables.

The Group's total liabilities decreased by RMB302.4 million to RMB5.5 billion during the period under review. The decrease in liabilities was mainly due to a reduction in borrowings amounting to RMB39.5 million combined with a decrease in trade and other payables of RMB244.6 million mainly due to progress payment made for construction costs and a decrease in advances received from customers as some pre-sales units were handed over in the quarter.

The Group's total equity decreased by RMB27.8 million to RMB5.3 billion during the period under review mainly due to a decrease in Retained profits.

STATEMENT OF CASH FLOW

The decrease in unrestricted cash and cash equivalent of RMB223.9 million for the quarter under review was mainly due to:

- i) net cash outflow of RMB93.8 million from operating activities;
- ii) net cash outflow of RMB0.3 million from investing activities; and
- iii) net cash outflow of RMB129.8 million from financing activities.

The net cash outflow from operating activities of RMB93.8 million was mainly attributable to a decrease in trade and other payables of RMB295.9 million mainly due to the payment made to suppliers and lower advance payment from customers and net interest and income tax paid of RMB63.8 million. This was off-set by cash generated from operating profit of RMB60.0 million and a decrease in trade and other receivables of RMB7.9 million.

Net cash used in financing activities of RMB129.8 million includes: (i) placement of fixed deposits with financial institutions to secure borrowing of RMB101.6 million; and ii) repayment of borrowings amounting to RMB136.5 million. This was off-set by the drawdown of loans amounting to RMB108.4 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.

According to Chongqing Statistics Bureau, Chongqing's GDP grew at 7.0% Y-o-Y in 1Q2018 and reached RMB466.1bn. While this is above the national's 1Q2018 average growth rate of 6.8% Y-o-Y, it is below the growth rate achieved in 2017, which was 9.3% Y-o-Y. This due to lower growth from the Investment and Industrial sectors.

Chongqing Office Market

During the quarter, a total of 108,000 sqm of new supply of grade A offices were added to the market. With that, the vacancy rate of grade A office increased by 0.7 ppt. Jiefangbei CBD continues to be the preferred location for overseas companies and command the highest rent among all the business district in Chongqing. New demand for grade A office mainly came from business service, TMT, non-

traditional finance and consumer service sector, where the total take up rate from these sectors constituted more than 75% of the grade A office take-up.

(Source: CBRE, Chongqing Property Market Overview Q1 2018)

Chongqing Retail Market

In 1Q2018, only 33,000 sqm of new supply added to the market. With the net absorption rate at 34,300 sqm, the vacancy rate remains relatively unchanged. The prime retail submarkets continue to be Guanyinqiao and Jiefangbei, even though more and more secondary and emerging submarkets are forming. During the quarter, new opening continues to concentrate on Retail (fashion, accessories & jewelry, electronics and instrument), F&B (formal and casual dining, coffee and café) and Lifestyle (beauty, health & medical service, education & training, recreation etc).

(Source: CBRE, Chongqing Property Market Overview Q1 2018)

Outlook

The Group currently has two projects under-development. The Lion City Garden is at the last phase of development and the bespoke development Ying Li International Hardware and Electrical Centre (IEC) is progressing in accordance with plans with the first batch buyers renovated their shops and progressively commencing their businesses at the Centre.

On the retail front, the Group continues to optimize and/or sharpen its focuses on targeted audiences at both Ying Li IMIX Park Jiefangbei mall and Ying Li IMIX Park Daping mall. Specifically, Ying Li IMIX Park Jiefangbei mall is carrying out space optimization process to increase the leasable areas, and Ying Li IMIX Park Daping mall further strengthens its focus as a local community mall by further increase the proportion of spaces allocated to stuffs and services needed by the nearby residences. These include enrichment/education centres, popular book and stationery store, indoor entertainment facilities and children-centric stores.

The Group's investment in New Everbright Centre project remains healthy amidst the purchase restrictions meant to rein in rising home prices in Beijing Tongzhou. Construction for the 4 SOHO towers in phase 1 have completed. Phase 2 construction, which consist mainly the office towers have started in 2017 and is targeted to complete in 2021. The construction for phase 3 is under preparation and is scheduled to start in 2018.

Looking ahead, the Group will remain watchful on the macro industry uncertainty and market volatility while continuing to scout for sound development and investment opportunities in Tier 1 and fast-growing lower tier cities to build pipelines for future growth.

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 2018 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
13 May 2018

Hu Bing
Executive Director

Yang Xiao Yu
Executive Director