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

Financial Statement Announcement for 2nd Quarter ended 30th June 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 2nd quarter and six months ended 30th June 2018.

	Group					
	2nd Qtr 2018	2nd Qtr 2017	Increase / (Decrease)	Jan to Jun 2018	Jan to Jun 2017	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Revenue	**183,843**	**243,626**	**(24.5%)**	**493,391**	**445,748**	10.7%
Cost of sales	(99,834)	(177,463)	(43.7%)	(324,882)	(325,024)	0.0%
Gross profit	**84,009**	**66,163**	**27.0%**	**168,509**	**120,724**	**39.6%**
Other income	4,631	11,223	(58.7%)	6,393	21,335	(70.0%)
Selling expenses	(14,105)	(13,549)	4.1%	(25,553)	(27,231)	(6.2%)
Administrative expenses	(55,638)	(28,274)	96.8%	(72,815)	(41,147)	77.0%
Finance costs	(49,831)	(25,111)	98.4%	(98,319)	(48,040)	104.7%
(Loss)/profit before Income Tax	**(30,934)**	**10,452**	**n.m.**	**(21,785)**	**25,641**	**n.m.**
Taxation - Current	(6,332)	(5,160)	22.7%	(13,488)	(6,642)	103.1%
- Deferred	2,273	933	143.6%	5,104	(1,470)	n.m.
(Loss)/profit for the period	**(34,993)**	**6,225**	**n.m.**	**(30,169)**	**17,529**	**n.m.**
Foreign currency translation differences(at nil tax)	(10,033)	2,866	n.m.	(11,538)	(15,876)	(27.3%)
Total comprehensive (loss)/profit for the period	**(45,026)**	**9,091**	**n.m.**	**(41,707)**	**1,653**	**n.m.**
(Loss)/profit attributable to:						
Ordinary shareholders of the company	(34,092)	5,011	n.m.	(29,402)	15,749	n.m.
Non-Controlling Interest (NCI)	(901)	1,214	n.m.	(767)	1,780	n.m.
	(34,993)	**6,225**	**n.m.**	**(30,169)**	**17,529**	**n.m.**
Total comprehensive (loss)/profit attributable to:						
Ordinary shareholders of the company	(44,125)	7,877	n.m.	(40,940)	(127)	32,136.2%
Non-Controlling Interest (NCI)	(901)	1,214	n.m.	(767)	1,780	n.m.
	(45,026)	**9,091**	**n.m.**	**(41,707)**	**1,653**	**n.m.**

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	
	30-Jun-18 RMB ('000)	31-Dec-17 RMB ('000)	30-Jun-18 RMB ('000)	31-Dec-17 RMB ('000)
ASSETS				
Non-current assets:				
Property, plant and equipment	45,620	48,493	740	979
Investment in subsidiaries	-	-	2,966,326	2,966,326
Investment properties	4,487,403	4,486,742	-	-
Other investment	880,000	880,000	-	-
Deferred assets	27,529	27,529	-	-
Total non-current assets	**5,440,552**	**5,442,764**	**2,967,066**	**2,967,305**
Current assets:				
Development properties	1,891,024	2,099,791	-	-
Trade and other receivables	1,772,133	2,917,625	4,833	879,921
Amount due from subsidiaries	-	-	2,256,281	1,368,768
Cash and cash equivalents	991,710	626,910	4,216	9,184
Total current assets	**4,654,867**	**5,644,326**	**2,265,330**	**2,257,873**
Total assets	**10,095,419**	**11,087,090**	**5,232,396**	**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	(26,307)	(14,769)	(31,284)	(24,383)
Retained profits	2,119,503	2,204,600	(973,574)	(886,274)
	5,137,872	**5,234,507**	**3,944,942**	**4,039,143**
Non-Controlling Interest	**58,435**	**59,202**	**-**	**-**
Total equity	**5,196,307**	**5,293,709**	**3,944,942**	**4,039,143**
Non-current liabilities:				
Deferred taxation	629,218	634,322	-	-
Borrowings	2,541,675	2,820,427	330,992	325,997
Total non-current liabilities	**3,170,893**	**3,454,749**	**330,992**	**325,997**
Current liabilities:				
Trade and other payables	715,460	1,098,922	34,599	69,555
Amount owing to subsidiaries	-	-	664,124	762,192
Provision for taxation	125,235	147,048	-	-
Borrowings	887,524	1,092,662	257,739	28,291
Total current liabilities	**1,728,219**	**2,338,632**	**956,462**	**860,038**
Total liabilities	**4,899,112**	**5,793,381**	**1,287,454**	**1,186,035**
Total equity and liabilities	**10,095,419**	**11,087,090**	**5,232,396**	**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 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 the following:

	Group		Company	
	30-Jun-18 RMB ('000)	31-Dec-17 RMB ('000)	30-Jun-18 RMB ('000)	31-Dec-17 RMB ('000)
Trade receivables	36,835	32,222	-	-
Other receivables:				
- Deposit for land tenders	994,173	519,748	-	-
- Rental deposits	601	606	589	595
- Prepayments	211,062	181,666	4,182	6,405
- Security deposits placed with contractors, suppliers and authorities	35,275	42,750	-	-
- Refundable deposits	27,006	31,623	-	-
- Proceed receivable from disposal of subsidiary	415,350	2,035,350	-	872,859
- Others	51,831	73,660	62	62
Total receivables	1,772,133	2,917,625	4,833	879,921

Trade and other payables comprise the following:

	Group		Company	
	30-Jun-18 RMB ('000)	31-Dec-17 RMB ('000)	30-Jun-18 RMB ('000)	31-Dec-17 RMB ('000)
Trade payables	243,095	393,757	-	-
Other payables:				
- Other tax payables	70,012	58,695	-	-
- Accrued expenses	91,673	143,101	34,599	69,555
- Advance payment from customers	211,913	411,034	-	-
- Rental and option deposits	63,620	45,526	-	-
- Project deposits	10,000	15,000	-	-
- Advances from sub-contractors	23,999	29,759	-	-
- Others	1,148	2,050	-	-
Total payables	715,460	1,098,922	34,599	69,555

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

	Group			
	30-Jun-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	887,524		1,092,662	-
	887,524	-	1,092,662	-
Amount repayable beyond its normal operating cycle or after twelve months from the balance sheet date	2,210,683	330,992	2,494,430	325,997
	3,098,207	330,992	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 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			
	2nd Qtr 2018	2nd Qtr 2017	Jan to Jun 2018	Jan to Jun 2017
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Operating activities				
(Loss)/profit before taxation	(30,934)	10,452	(21,785)	25,641
Adjustments for:				
Depreciation of property, plant and equipment	1,792	1,706	3,265	3,624
Amortisation of other non-current assets	1,283	784	2,535	1,586
Interest expense	49,831	25,111	98,319	48,040
Interest income	(3,846)	(9,766)	(4,610)	(19,100)
Loss on disposal of property, plant and equipment	16	-	36	-
Operating profit before working capital changes	18,142	28,287	77,760	59,791
Decrease in investment properties	-	6,739	-	6,739
Decrease in development properties	10,353	55,627	208,767	44,001
Decrease/(increase) in trade and other receivables	1,123,918	(74,889)	1,131,771	(43,538)
Decrease in trade and other payables	(37,833)	(14,747)	(333,745)	(76,110)
Cash from/(used in) operations	1,114,580	1,017	1,084,553	(9,117)
Interest paid	(55,784)	(35,266)	(97,674)	(54,936)
Interest received	3,789	794	4,524	988
Income tax paid	(12,643)	(15,864)	(35,302)	(23,589)
Net cash from/(used in) operating activities	1,049,942	(49,319)	956,101	(86,654)
Cash flow from investing activities				
Acquisition of property, plant and equipment	(165)	(112)	(436)	(112)
Net cash used in investing activities	(165)	(112)	(436)	(112)
Cash flow from financing activities				
Bank balance subject to restriction	(296,451)	169,821	(398,076)	276,074
Proceed from loans and borrowings	144,314	250,000	252,663	300,000
Payment of interest on perpetual convertible securities	(93,662)	(91,156)	(93,662)	(91,156)
Repayment of borrowings	(613,087)	(241,504)	(749,626)	(390,407)
Net cash (used in)/generated from financing activities	(858,886)	87,161	(988,701)	94,511
Net increase/(decrease) in cash and cash equivalents	190,891	37,730	(33,036)	7,745
Effects of exchange rate changes on cash and cash equivalents	(1,042)	353	(240)	3
Cash and cash equivalents at beginning of period	237,297	192,790	460,422	223,125
Cash and cash equivalents at end of period	427,146	230,873	427,146	230,873

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 30 June 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
Total comprehensive income for the year	-	-	-	-	-	-	(10,033)	(34,092)	(44,125)	(901)	(45,026)
Perpetual convertible securities interest	-	-		-		-	-	(24,572)	(24,572)	-	(24,572)
Balance at 30 June 2018	4,028,372	(1,993,712)	42,458	88,588	-	878,970	(26,307)	2,119,503	5,137,872	58,435	5,196,307
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
Total comprehensive income for the year	-	-	-	-	-	-	2,866	5,011	7,877	1,214	9,091
Perpetual convertible securities interest	-	-		-	-	-	-	(22,384)	(22,384)	-	(22,384)
Balance at 30 June 2017	4,028,372	(1,993,712)	42,458	80,570	-	878,970	(2,408)	1,924,473	4,958,723	60,424	5,019,147

Statement of Changes in Equity of the Company for the period ended 30 June 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
Total comprehensive income for the year	-	-	-	11,989	-	(19,462)	(7,473)
Perpetual convertible securities interest	-	-	-	-		(24,572)	(24,572)
Balance at 30 June 2018	4,028,372	42,458	-	(31,284)	878,970	(973,574)	3,944,942
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
Total comprehensive income for the year	-	-	-	(5,333)	-	(16,859)	(22,192)
Perpetual convertible securities interest	-	-	-	-	-	(23,384)	(23,384)
Balance at 30 June 2017	4,028,372	42,458	-	(15,169)	878,970	(817,821)	4,116,810

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 30 June 2018	As at 30 June 2017
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 30 June 2018 (30 June 2017: Nil).

The Company did not hold any treasury shares as at 30 June 2018 (30 June 2017: Nil).

None of the subsidiaries held shares in the Company as at 30 June 2018 (30 June 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 30 June 2018 was 2,557,040,024 (30 June 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			
	2nd Qtr 2018	2nd Qtr 2017	Jan to Jun 2018	Jan to Jun 2017
Earnings per ordinary share:				
(i) Based on weighted average no. of ordinary shares in issue (RMB per share)	(0.013)	0.002	(0.011)	0.006
(ii) On a fully diluted basis (RMB per share)	(0.011)	0.002	(0.009)	0.005
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 30 June 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	
	30-Jun-18	31-Dec-17	30-Jun-18	31-Dec-17
Net Asset Value (RMB'000)	5,137,872	5,234,507	3,944,942	4,039,143
Based on existing issued share capital (RMB per share)	2.01	2.05	1.54	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-overs. Consequently, quarterly results may not be a good indication of profitability trend.

For the 6 months and quarter ended 30 June 2018

Revenue

	Group					
	2nd Qtr 2018	2nd Qtr 2017	Increase / (Decrease)	Jan to Jun 2018	Jan to Jun 2017	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	132,444	190,054	(30.3%)	390,526	339,707	15.0%
Rental Income	51,399	53,572	(4.1%)	102,865	106,041	(3.0%)
	183,843	**243,626**	**(24.5%)**	**493,391**	**445,748**	**10.7%**

Revenue for 2QFY2018 declined by 24.5% Y-o-Y or RMB59.8 million, to RMB183.8 million (2QFY2017: RMB243.6 million). The decline was due to a decrease in sales of properties by RMB57.6 million, mainly attributable to handover of remaining residential unit at Lion City Garden Phase 2A, 2B and 2C, lower handover of commercial unit at Ying Li International Electrical and Hardware Centre ("Ying Li IEC") Phase 1A and 2A, negated by sales from some of the older commercial office properties.

Gross profit

	Group					
	2nd Qtr 2018	2nd Qtr 2017		Jan to Jun 2018	Jan to Jun 2017	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	39,301	21,528	82.6%	78,596	30,091	161.2%
Rental Income	44,708	44,635	0.2%	89,913	90,633	(0.8%)
	84,009	**66,163**	**27.0%**	**168,509**	**120,724**	**39.6%**

Gross profit for 2QFY2018 increased by 27.0% Y-o-Y or RMB17.8 million, to RMB84.0 million (2QFY2017: RMB66.2 million), mainly attributable to the gross profit for Sales of Properties segment which increased by RMB17.8 million. This increase was primarily due to older completed commercial office properties with higher gross profit that were sold and handed over in 2QFY2018.

Gross profit margin

	Group							
	2nd Qtr 2018		2nd Qtr 2017		Jan to Jun 2018		Jan to Jun 2017	
	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%
Sale of Properties	39,301	29.7%	21,528	11.3%	78,596	20.1%	30,091	8.9%
Rental Income	44,708	87.0%	44,635	83.3%	89,913	87.4%	90,633	85.5%
	84,009	**45.7%**	**66,163**	**27.2%**	**168,509**	**34.2%**	**120,724**	**27.1%**

Overall gross profit margin for 2QFY2018 increased by 18.5 percentage point, to 45.7% (2QFY2017: 27.2%), mainly attributable to the gross profit margin for Sale of Properties segment which increased by 18.4 percentage point. This increase was primarily due to older completed commercial office properties with higher gross profit margin that were sold and handed over in 2QFY2018.

Other income

	Group			
	2nd Qtr 2018	2nd Qtr 2017	Jan to Jun 2018	Jan to Jun 2017
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Interest income	3,846	9,766	4,610	19,100
Advertisement income	345	336	620	573
Government grant	29	65	42	110
Others	411	1,056	1,121	1,552
	4,631	11,223	6,393	21,335

The year-on-year decrease in interest income mainly arose from the withdrawal of pledged fixed deposits to financial institutions and others.

Selling expenses

Selling expenses for 2QFY2018 remains relatively stable Y-o-Y at RMB14.1 million (2QFY2017: RMB 13.5 million), with a slight increase in advertising and promotion activities.

Administrative expenses

For 2QFY2018, administrative expenses increased by RMB27.4 million, to RMB55.6 million (2QFY2017: RMB 28.2 million), solely due to unrealised foreign exchange losses, a reversal from unrealized foreign currency exchange gains in the comparative quarter, arising from revaluation of foreign currency liabilities. The depreciation of RMB and SGD against USD was 5.2% and 4.1% respectively in 2QFY2018.

Finance costs

The increase in finance costs of RMB24.7 million to RMB49.8 million for 2QFY2018 (2QFY2017: RMB25.1 million), is mainly due to the termination of finance costs capitalisation upon disposal of Ying Li International Commercial Centre in 4QFY2017.

Taxation

	Group					
	2nd Qtr 2018	2nd Qtr 2017		Jan to Jun 2018	Jan to Jun 2017	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Income tax	(6,332)	(5,160)	22.7%	(13,488)	(6,642)	103.1%
Deferred tax	2,273	933	143.6%	5,104	(1,470)	n.m.
	(4,059)	**(4,227)**	**(4.0%)**	**(8,384)**	**(8,112)**	**3.4%**

n.m. - not meaningful

Taxation expenses in 2QFY2018 remained relatively stable at RMB4.1 million (2QFY2017: RMB4.2 million).

(Loss)/Profit attributable to ordinary shareholders of the Company

	Group					
	2nd Qtr 2018	2nd Qtr 2017	Increase / (Decrease)	Jan to Jun 2018	Jan to Jun 2017	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
(Loss)/Profit attributable to:						
Ordinary shareholders of the Company	(34,092)	5,011	n.m.	(29,402)	15,749	n.m.
Non-Controlling Interest (NCI)	(901)	1,214	n.m.	(767)	1,780	n.m.
	(34,993)	**6,225**	**n.m.**	**(30,169)**	**17,529**	**n.m.**

The Group reported loss attributable to the ordinary shareholders of the Company amounting to RMB34.1 million for 2QFY2018, mainly due to unrealised foreign currency exchange losses and termination of finance costs capitalisation upon disposal of Ying Li International Commercial Centre in 4QFY2017.

STATEMENT OF FINANCIAL POSITION

Total Assets of the Group decreased by 8.9% or RMB991.7 million, to RMB10,095.4 million (31 December 2017: RMB11,087.1 million), mainly due to a net decrease in trade and other receivables of RMB1,145.5 million arising from partial divestment proceeds received in April 2018 from disposal of subsidiary in 4QFY2017, offset by an increase in cash and cash equivalents of RMB 364.8 million.

The Group's total liabilities decreased by 15.4% or RMB894.3 million, to RMB4,899.1 million (31 December 2017: RMB5,793.4 million), mainly due to a decrease in bank loan of RMB483.9 million and trade and other payables of RMB383.5 million.

The Group's total equity decreased by RMB97.4 million to RMB5,196.3 million (31 December 2017: RMB5,293.7 million), mainly due to a decrease in retained profits.

STATEMENT OF CASH FLOW

For 2QFY2018, the increase in unrestricted cash and cash equivalents of RMB190.9 million was mainly due to:

i) net cash inflow of RMB1,050.0 million from operating activities;
ii) net cash outflow of RMB0.2 million from investing activities; and
iii) net cash outflow of RMB858.9 million from financing activities.

The net cash inflow from operating activities of RMB1,050.0 million was mainly attributable to cash generated from operating profit of RMB18.1 million. This was supplement by decrease in development properties of RMB10.4 million, and decreased in trade and other receivables of RMB1,123.9 million arising from the partial divestment proceed received in 2QFY2018 from disposal of subsidiary transacted in 4QFY2017, and offset by decrease in trade and other payables of RMB37.8 million, net interest and income tax paid of RMB64.6 million.

Net cash used in financing activities of RMB858.9 million includes: (i) placement of RMB296.4 million fixed deposits with financial institutions to secure borrowings; ii) repayment of borrowings RMB 613.1 million, and iii) payment of interest on perpetual convertible securities amounting to RMB93.7 million. This was offset by the drawdown of loans amounting to RMB144.3 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 6.5% Y-o-Y in 1H2018 and reached RMB982.1bn. This growth rate is slightly below both the national's 1H2018 Y-o-Y growth rate of 6.8% and the 7% Y-o-Y growth rate Chongqing achieved in 1Q2018. This is due to lower growth from the agriculture and industrial sectors, negated by the higher growth in services, technology and export sectors.

Chongqing Office Market
During the 1H2018, a total of 203,800 sqm of new supply of grade A office was added to the market. With net absorption at 172,200 sqm, the vacancy rate of Grade A office dropped by 2.3 ppt. While Jiefangbei CBD continues to be the preferred location for overseas companies and command the highest rent among all the business district in Chongqing, the substantial Grade A office demand in 1H2018 was driven by the domestic enterprises in Jiangbeizui CBD.

(Source: CBRE, Chongqing Property Market Report H1 2018)

Chongqing Retail Market
In 1H2018, 378,000 sqm of new supply added to the market. With the net absorption at 342,200 sqm, the vacancy rate remains relatively unchanged. The prime retail submarkets continue to be Guanyinqiao and Jiefangbei, with new submarkets emerge at Danzishi, Yubei and Dahua distinct. During the period, the existing malls continue to proactively adjust their tenant mix in reaction to continued new supply, by bringing popular elements, with themed shopping space and flexible opening hours. These new tenants mainly concentrate on Retail (fashion, accessories & jewelry, electronics and instrument, cosmetics & personal care), F&B (formal and casual dinning, coffee and café, dessert & ice cream) and Lifestyle (beauty, health & medical service, education & training, recreation & sports etc).

(Source: CBRE, Chongqing Property Market Report H1 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 and second batch buyers renovated their shops and progressively conducting their businesses. In 2Q2018, the Group acquired additional land parcels for Phase 2B for the IEC project.

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. Firstly, Ying Li IMIX Park Jiefangbei Mall and Ying Li IMIX Park Daping Mall have undergone some space optimization process to increase the leasable areas. Secondly, 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 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. Phase 1 construction, consisting of 4 SOHO towers has been fully completed. Phase 2 construction, which consists mainly two office towers and part of retail podium, has reached level 3 of the office tower as of end June 2018. For Phase 3 construction, which consists one premium office tower and remaining part of the retail podium, has started foundation work in 2Q 2018.

Looking ahead, the on-going tariff wars between US and PRC, and the depreciation of the RMB against USD and SGD, will have an adverse impact on the market sentiments and the Group's financial performance. The Group will remain watchful on the macro economic uncertainties and market volatilities while continuing to scout cautiously 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 30 June 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	**Hu Bing**	**Yang Xiao Yu**
Executive Chairman	Executive Director	Executive Director

13 August 2018