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

Financial Statement Announcement for 1st Quarter ended 31st March 2019

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 2019.

	Group					
	1st Qtr 2019	1st Qtr 2018	Increase / (Decrease)	Jan to Mar 2019	Jan to Mar 2018	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Revenue	**142,963**	**309,549**	**(53.8%)**	**142,963**	**309,549**	(53.8%)
Cost of sales	(73,910)	(225,048)	(67.2%)	(73,910)	(225,048)	(67.2%)
Gross profit	**69,053**	**84,501**	**(18.3%)**	**69,053**	**84,501**	**(18.3%)**
Other income	4,342	1,763	146.3%	4,342	1,763	146.3%
Selling expenses	(14,206)	(11,451)	24.1%	(14,206)	(11,451)	24.1%
Administrative expenses	(25,900)	(17,177)	50.8%	(25,900)	(17,177)	50.8%
Finance costs	(50,157)	(48,488)	3.4%	(50,157)	(48,488)	3.4%
(Loss)/Profit before Income Tax	**(16,868)**	**9,148**	**n.m.**	**(16,868)**	**9,148**	**n.m.**
Taxation - Current	(5,015)	(7,155)	(29.9%)	(5,015)	(7,155)	(29.9%)
- Deferred	3,604	2,831	27.3%	3,604	2,831	27.3%
(Loss)/Profit for the period	**(18,279)**	**4,824**	**n.m.**	**(18,279)**	**4,824**	**n.m.**
Foreign currency translation differences(at nil tax)	15,368	(1,505)	n.m.	15,368	(1,505)	(1,121.1%)
Total comprehensive (loss)/income for the period	**(2,911)**	**3,319**	**n.m.**	**(2,911)**	**3,319**	**n.m.**
(Loss)/Profit attributable to:						
Ordinary shareholders of the company	(17,224)	4,690	n.m.	(17,224)	4,690	n.m.
Non-Controlling Interest (NCI)	(1,055)	134	n.m.	(1,055)	134	n.m.
	(18,279)	**4,824**	**n.m.**	**(18,279)**	**4,824**	**n.m.**
Total comprehensive (loss)/income attributable to:						
Ordinary shareholders of the company	(1,856)	3,185	n.m.	(1,856)	3,185	n.m.
Non-Controlling Interest (NCI)	(1,055)	134	n.m.	(1,055)	134	n.m.
	(2,911)	**3,319**	**n.m.**	**(2,911)**	**3,319**	**n.m.**

n.m. - not meaningful

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

	Group		Company	
	31-Mar-19 RMB ('000)	31-Dec-18 RMB ('000)	31-Mar-19 RMB ('000)	31-Dec-18 RMB ('000)
ASSETS				
Non-current assets:				
Property, plant and equipment	41,503	42,652	435	529
Investment in subsidiaries	-	-	2,966,325	2,966,326
Investment properties	4,533,604	4,535,896	-	-
Other investment	1,008,000	1,008,000	-	-
Deferred assets	27,529	27,529	-	-
Total non-current assets	**5,610,636**	**5,614,077**	**2,966,760**	**2,966,855**
Current assets:				
Development properties	1,778,728	1,845,275	-	-
Trade and other receivables	2,030,975	2,031,392	102,341	103,682
Amount due from subsidiaries	-	-	2,561,796	2,587,708
Cash and cash equivalents	555,020	750,510	13,978	15,488
Total current assets	**4,364,723**	**4,627,177**	**2,678,115**	**2,706,878**
Total assets	**9,975,359**	**10,241,254**	**5,644,875**	**5,673,733**
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	91,018	91,018	-	-
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	(46,804)	(62,172)	(13,120)	(8,576)
Retained profits/(accumulated losses)	2,306,097	2,347,351	(745,614)	(705,285)
	5,306,399	**5,332,285**	**4,191,066**	**4,235,939**
Non-Controlling Interest	**55,552**	**56,607**	**-**	**-**
Total equity	**5,361,951**	**5,388,892**	**4,191,066**	**4,235,939**
Non-current liabilities:				
Deferred taxation	638,191	641,795	-	-
Borrowings	2,121,045	2,166,724	-	-
Total non-current liabilities	**2,759,236**	**2,808,519**	**-**	**-**
Current liabilities:				
Trade and other payables	617,438	746,702	114,140	85,915
Amount owing to subsidiaries	-	-	883,198	820,341
Provision for taxation	171,123	170,346	-	-
Borrowings	1,065,611	1,126,795	456,471	531,538
Total current liabilities	**1,854,172**	**2,043,843**	**1,453,809**	**1,437,794**
Tota Liabilities	**4,613,408**	**4,852,362**	**1,453,809**	**1,437,794**
Total equity and liabilities	**9,975,359**	**10,241,254**	**5,644,875**	**5,673,733**

In accordance with Singapore IFRS(I) 1-1, the company has adopted the practice to record loans with repayment periods that falls within its operating cycle as current liabilities. The operating cycle is defined as the development period of its properties. 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	
	31-Mar-19 RMB ('000)	31-Dec-18 RMB ('000)	31-Mar-19 RMB ('000)	31-Dec-18 RMB ('000)
Trade receivables	30,689	43,878	-	-
Other receivables:				
- Proceed receivable from disposal of land parcel	1,250,000	1,250,000	-	-
- Rental deposits	615	625	603	613
- Prepayments	248,642	243,703	394	1,743
- Security deposits placed with contractors, suppliers and authorities	15,415	9,125	-	-
- Refundable deposits	19,868	19,868	-	-
- Proceed receivable from disposal of subsidiary	415,350	415,350	101,260	101,260
- Others	50,396	48,843	84	66
Total receivables	2,030,975	2,031,392	102,341	103,682

Trade and other payables comprise the following:

	Group		Company	
	31-Mar-19 RMB ('000)	31-Dec-18 RMB ('000)	31-Mar-19 RMB ('000)	31-Dec-18 RMB ('000)
Trade payables	187,039	266,411	-	-
Other payables:				
- Other tax payables	49,780	51,681	-	-
- Accrued expenses	189,458	170,185	114,140	85,915
- Advance payment from customers	72,343	154,233	-	-
- Rental and option deposits	84,397	74,098	-	-
- Project deposits	3,000	3,000	-	-
- Advances from sub-contractors	30,563	26,486	-	-
- Others	858	608		-
Total payables	617,438	746,702	114,140	85,915

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

	Group			
	31-Mar-19		31-Dec-18	
	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	729,327	336,284	782,845	343,950
Amount repayable beyond its normal operating cycle or after twelve months from the balance sheet date	2,121,045	-	2,166,724	-
	2,850,372	336,284	2,949,569	343,950

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

1(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 2019	1st Qtr 2018	Jan to Mar 2019	Jan to Mar 2018
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Operating activities				
(Loss)/profit before taxation	(16,868)	9,148	(16,868)	9,148
Adjustments for:				
Depreciation of property, plant and equipment	1,430	1,473	1,430	1,473
Amortisation of other non-current assets	2,293	1,294	2,293	1,294
Interest expense	50,157	48,488	50,157	48,488
Interest income	(2,952)	(764)	(2,952)	(764)
Loss on disposal of property, plant and equipment	2	20	2	20
Unrealised exchange loss	(4,145)	(13,580)	(4,145)	(13,580)
Operating profit before working capital changes	29,917	46,079	29,917	46,079
Change in development properties	66,548	198,414	66,548	198,414
Change in trade and other receivables	625	7,855	625	7,855
Change in trade and other payables	(159,287)	(282,332)	(159,287)	(282,332)
Cash used in operations	(62,197)	(29,984)	(62,197)	(29,984)
Interest paid	(44,169)	(41,890)	(44,169)	(41,890)
Interest received	2,744	735	2,744	735
Income tax paid	(4,237)	(22,659)	(4,237)	(22,659)
Net cash used in operating activities	**(107,859)**	**(93,798)**	**(107,859)**	**(93,798)**
Cash flow from investing activities				
Acquisition of property, plant and equipment	(291)	(271)	(291)	(271)
Net cash used in investing activities	**(291)**	**(271)**	**(291)**	**(271)**
Cash flow from financing activities				
Bank balance subject to restriction	110,503	(101,625)	110,503	(101,625)
Proceed from loans and borrowings	30,000	108,348	30,000	108,348
Repayment of borrowings	(117,967)	(136,539)	(117,967)	(136,539)
Net cash generated from/(used in) financing activities	**22,536**	**(129,816)**	**22,536**	**(129,816)**
Net decrease in cash and cash equivalents	**(85,614)**	**(223,885)**	**(85,614)**	**(223,885)**
Effects of exchange rate changes on cash and cash equivalents	626	803	626	803
Cash and cash equivalents at beginning of period	379,057	460,422	379,057	460,422
Cash and cash equivalents at end of period	**294,069**	**237,340**	**294,069**	**237,340**

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 2019

Group	Capital contribution RMB ('000)	Reverse acquisition reserve RMB ('000)	Convertible bonds (equity component) RMB ('000)	Statutory common reserve RMB ('000)	Perpetual convertible security RMB ('000)	Translation reserve RMB ('000)	Retained profits RMB ('000)	Total attributable to Ordinary shareholders of the Company RMB ('000)	Non-Controlling Interest RMB ('000)	Total RMB ('000)
Balance at 1 January 2019	4,028,372	(1,993,712)	42,458	91,018	878,970	(62,172)	2,347,351	5,332,285	56,607	5,388,892
Total comprehensive loss for the period	-	-	-	-	-	15,368	(17,224)	(1,856)	(1,055)	(2,911)
Perpetual convertible securities interest	-	-	-	-	-	-	(24,030)	(24,030)	-	(24,030)
Balance at 31 March 2019	4,028,372	(1,993,712)	42,458	91,018	878,970	(46,804)	2,306,097	5,306,399	55,552	5,361,951
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 period	-	-	-	-	-	(1,505)	4,690	3,185	134	3,319
Perpetual convertible security 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

Statement of Changes in Equity of the Company for the period ended 31 March 2019

Company	Capital contribution RMB ('000)	Convertible bonds (equity component) RMB ('000)	Translation reserve RMB ('000)	Perpetual convertible security RMB ('000)	Retained profits RMB ('000)	Total RMB ('000)
Balance at 1 January 2019	4,028,372	42,458	(8,576)	878,970	(705,285)	4,235,939
Total comprehensive loss for the period	-	-	(4,544)	-	(16,299)	(20,843)
Perpetual convertible securities interest	-	-	-		(24,030)	(24,030)
Balance at 31 March 2019	4,028,372	42,458	(13,120)	878,970	(745,614)	4,191,066
Balance at 1 January 2018	4,028,372	42,458	(24,383)	878,970	(554,399)	4,371,018
Total comprehensive loss for the period	-	-	(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	(597,665)	4,308,862

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 2019	As at 31 March 2018
	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 2019 (31 March 2018: Nil).

The Company did not hold any treasury shares as at 31 March 2019 (31 March 2018: Nil).

None of the subsidiaries held shares in the Company as at 31 March 2019 (31 March 2018: 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 2019 was 2,557,040,024 (31 March 2018: 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 results of the Group for the period ended 31 March 2019 have been reviewed by the auditors of the Company. The auditors conducted their review in accordance with Singapore Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

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

The figures have been reviewed. Please refer to the auditors' report per appendix.

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 has adopted the new/revised SFRS(I)s that are effective for annual period beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The following are the new or amended SFRSI)s and SFRS(I) Interpretations that are relevant to the Group:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Amendments to SFRS(I) 9 – Prepayment Features with Negative Compensation
- Amendments to SFRS(1) 1-12 Income tax consequences of payments on financial instruments classified as equity

Adoption of SFRS(I) 16:
SFRS(I) 16 Leases introduces a single, on-balance sheet lease accounting model for leases. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. The Group has operating lease in respect of its existing office lease in Singapore, which is expiring at the end of the current financial year. Management will account for such lease as "short-term leases" as at the date of initial application.

Other than the above, the adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group.

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 2019	1st Qtr 2018	Jan to Mar 2019	Jan to Mar 2018
Earnings per ordinary share:				
(i) Based on weighted average no. of ordinary shares in issue (RMB per share)	(0.007)	0.002	(0.007)	0.002
(ii) On a fully diluted basis (RMB per share)	(0.005)	0.001	(0.005)	0.001
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 December 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-19	31-Dec-18	31-Mar-19	31-Dec-18
Net Asset Value (RMB'000)	5,306,399	5,332,285	4,191,066	4,235,939
Based on existing issued share capital (RMB per share)	2.08	2.09	1.64	1.66
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 3 months and quarter ended 31 March 2019

Revenue

	Group					
	1st Qtr 2019	1st Qtr 2018	Increase / (Decrease)	Jan to Mar 2019	Jan to Mar 2018	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	89,335	258,083	(65.4%)	89,335	258,083	(65.4%)
Rental Income	53,628	51,466	4.2%	53,628	51,466	4.2%
	142,963	**309,549**	**(53.8%)**	**142,963**	**309,549**	**(53.8%)**

Revenue for 1QFY2019 declined by 53.8% Y-o-Y, or RMB166.6 million to RMB143.0 million (1QFY2018: RMB309.5 million). The decline was due to a decrease in sales of properties by RMB168.8 million, mainly attributable to fewer residential units at Lion City Garden, commercial units at Ying Li International Electrical and Hardware Centre ("Ying Li IEC").

Rental income increased by 4.2% Y-o-Y or RMB2.2 million to RMB53.6 million (1QFY2018: RMB51.4 million), mainly due to gradual increase in occupancy rates at the rented properties.

Gross profit

	Group					
	1st Qtr 2019	1st Qtr 2018		Jan to Mar 2019	Jan to Mar 2018	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	21,319	39,295	(45.7%)	21,319	39,295	(45.7%)
Rental Income	47,734	45,206	5.6%	47,734	45,206	5.6%
	69,053	**84,501**	**(18.3%)**	**69,053**	**84,501**	**(18.3%)**

Gross profit of the Group for 1QFY2019 decreased by 18.3% Y-o-Y or RMB15.4 million, to RMB69.1 million (1QFY2018: RMB84.5 million) in tandem with the decrease in revenue. The decrease was mainly attributable to the lower gross profit contribution from Sales of Properties segment which decreased by RMB18.0 million, offset by a 5.6% Y-o-Y increase in Rental Income segment's gross profit.

Gross profit margin

	Group							
	1st Qtr 2019		1st Qtr 2018		Jan to Mar 2019		Jan to Mar 2018	
	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%
Sale of Properties	21,319	23.9%	39,295	15.2%	21,319	23.9%	39,295	15.2%
Rental Income	47,734	89.0%	45,206	87.8%	47,734	89.0%	45,206	87.8%
	69,053	**48.3%**	**84,501**	27.3%	**69,053**	**48.3%**	**84,501**	27.3%

Overall gross profit margin for 1QFY2019 increased by 21.0 percentage point, to 48.3% (1QFY2018: 27.3%), primarily due to higher proportion of gross profit contribution from Rental Income segment where the gross profit margin is higher than that of Sale of Properties segment.

Other income

	Group			
	1st Qtr 2019	1st Qtr 2018	Jan to Mar 2019	Jan to Mar 2018
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Interest income	2,952	764	2,952	764
Advertisement income	330	275	330	275
Government grant	-	13	-	13
Others	1,060	711	1,060	711
	4,342	1,763	4,342	1,763

Other income for 1QFY2019 increased by 146.3% Y-o-Y or RMB2.6 million, to RMB4.3 million (1QFY2018: RMB1.8 million), mainly due to increase in interest income as a result of pledged fixed deposits to financial institutions and others.

Selling expenses

Selling expenses for 1QFY2019 increased by 24.1% Y-o-Y or RMB2.8 million, to RMB14.2 million (1QFY2018: RMB11.4 million), mainly due to increase in higher staff related costs and increased in amortisation of property improvement costs.

Administrative expenses

For 1QFY2019, administrative expenses increased by 50.8% Y-o-Y or RMB8.7 million, to RMB25.9 million (1QFY2018: RMB17.2 million), mainly due to increase in advisory service fees, lower expenses offset from a smaller unrealized foreign exchange gains in 1QFY2019 arising from revaluation of foreign currency liabilities and a decrease in staff related costs.

Finance costs

Finance costs in 1QFY2019 increased by 3.4% Y-o-Y or RMB1.7 million to RMB50.2 million (1QFY2018: RMB48.5 million) .

Taxation

	Group					
	1st Qtr 2019	1st Qtr 2018		Jan to Mar 2019	Jan to Mar 2018	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Income tax	(5,015)	(7,155)	(29.9%)	(5,015)	(7,155)	(29.9%)
Deferred tax	3,604	2,831	27.3%	3,604	2,831	27.3%
	(1,411)	**(4,324)**	**(67.4%)**	**(1,411)**	**(4,324)**	**(67.4%)**

For 1QFY2019, taxation expenses decreased by 67.4% Y-o-Y or RMB2.9 million as compared to 1QFY2018. This was in tandem with the decrease in profit before income tax.

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

	Group					
	1st Qtr 2019	1st Qtr 2018	Increase / (Decrease)	Jan to Mar 2019	Jan to Mar 2018	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
(Loss)/Profit attributable to:						
Ordinary shareholders of the Company	(17,224)	4,690	n.m.	(17,224)	4,690	n.m.
Non-Controlling Interest (NCI)	(1,055)	134	n.m.	(1,055)	134	n.m.
	(18,279)	**4,824**	**n.m.**	**(18,279)**	**4,824**	**n.m.**

n.m. - not meaningful

For 1QFY2019, the Group reported a loss attributable to the ordinary shareholders of the Company amounting to RMB17.2 million, from a profit attributable to the ordinary shareholders of the Company of RMB4.7 million in 1QFY2018.

STATEMENT OF FINANCIAL POSITION

Total Assets of the Group decreased by 2.6% or RMB265.9 million, to RMB9,975.4 million (31 December 2018: RMB10,241.3 million), mainly due to decrease in development properties of RMB66.6 million arising from the handover of completed properties to purchasers and cash and cash equivalents of RMB 195.5 million mainly due to the repayment of loans and trade payables.

The Group's total liabilities decreased by 4.9% or RMB239.0 million, to RMB4,613.4 million (31 December 2018: RMB4,852.4 million), mainly due to a decrease in bank loan of RMB106.9 million as a result of loan principal repayment, and a decrease in trade and other payables of RMB129.3 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 RMB26.9 million to RMB5,362.0 million (31 December 2018: RMB5,388.9 million), mainly due to a decrease in retained profits of RMB 41.3 million, offset by a decrease in exchange fluctuation deficit of RMB15.4 million.

STATEMENT OF CASH FLOW

In 1QFY2019, the decrease in unrestricted cash and cash equivalent of RMB85.6 million was mainly due to:

i) net cash outflow of RMB107.8 million from operating activities;
ii) net cash outflow of RMB0.3 million from investing activities; and
iii) net cash inflow of RMB22.5 million from financing activities.

The net cash used in operating activities of RMB107.8 million was mainly attributable to a decrease in trade and other payables of RMB159.3 million, and a net interest and income tax paid of RMB45.6 million. This was offset by cash generated from operating profit of RMB29.9 million, a decrease in trade and other receivables of RMB0.6 million and a decrease in development properties of RMB66.6 million.

Net cash used in investing activities for 1QFY2019 was RMB0.3 million. This is related to additions of property, plant and equipment during the quarter.

Net cash generated from financing activities of RMB22.5 million includes a decrease in restricted cash of RMB110.5 million, and offset by net repayment of RMB 88.0 million borrowing.

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 posted a GDP growth of 6.0% Y-o-Y to RMB510.2 billion in 1Q2019, same as the 6.0% Y-o-Y growth achieved in 2018. This growth rate is lower than the People's Republic of China ("PRC") growth of 6.4% Y-o-Y achieved in 1Q2019.

Chongqing Office Market
In 1Q2019, there was no new office areas supply launched in Chongqing office market. The total office space in Chongqing was 4.6 million sqm as of end 1Q2019. Of which, 2.6 million sqm was grade A office space.

Overall net absorption increased by 48.0% Y-o-Y to 66,300 sqm. Notably, the net absorption of Grade A office improved by 102.4% Y-o-Y to 56,700 sqm, aided by both upgrade and new demand. As such, vacancy rate for Grade A office dropped by 2.2 percentage points Y-o-Y in 1Q2019.

(Source: CBRE, Chongqing Property Market Report 1Q 2019)

Chongqing Retail Market
In 1Q2019, only one new retail mall was launched in Yangjiaping precinct, added 70,000 sqm to the retail scene. The breakdown of spaces taken up by the tenants in the retail, lifestyle 31%, F&B and supermarket segment were 21%, 31%, 36% and 12% respectively. With the latest mall added, the total retail space in Chongqing was 6.4 million sqm as of end 1Q2019.

Net absorption was 31,000 sqm, a 87.6% decreased Y-o-Y and the vacancy rate increased marginally by 0.1 percentage points Y-o-Y.

(Source: CBRE, Chongqing Property Market Report 1Q 2019)

Outlook
The Group currently has two projects under-development, Lion City Garden and Ying Li International Hardware and Electrical Centre (IEC). The Lion City Garden is at the final phase of development, Phase 2D, and the bespoke development IEC project is at Phase 2B. Substantial of Phase 1A and Phase 2A IEC buyers had renovated their shops and are progressively conducting businesses at the centre, with about 58% of the shops in IEC commencing businesses at the end of 1Q2019, an additional of 8% increase from the about 50% as of end 2018.

On office rental segment front, the Group continues to optimize its IFC office rental, focusing on retaining existing quality tenants and attracting new tenants. On the retail rental segment front, the Group continues to optimize and/or sharpen its focuses on targeted consumers at both Ying Li IMIX Park Jiefangbei Mall and Ying Li IMIX Park Daping Mall. Firstly, with the increase in domestic tourists flowing into Chongqing, especially during the China holiday periods, the Group will sharpen its IFC Mall's retail focuses and target to capture a share of the tourist spending. Secondly, with the high occupancy rates in excess of 90%, both malls will continue to undergo space optimization process to increase the leasable areas. Thirdly, Ying Li IMIX Park Daping Mall further strengthens its focus as a local community mall with higher proportion of spaces allocated to products and services needed by the nearby residences. These include enrichment/education centres, popular book and stationery store and baby/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 consist mainly two office towers and part of retail podium, had reached Level 12 and Level 26 of the two office towers as of end Mar 2019. Phase 3 construction, which consist one premium office tower and remaining part of the retail podium, was at piling stage as of end Mar 2019.

Following the close of the on-going mandatory unconditional cash offer ("**Offer**") made by DBS Bank Ltd., for and on behalf of State Alpha Limited (the "**Offeror**"), for the Company, as stated in the offer document in relation to the Offer, depending on the outcome of the Offer, the Offeror may undertake a strategic and operational review of the organisation, business and operations of the Company with a view to realise synergies and growth potential, which may involve the disposal or cessation of under-performing businesses and assets and the redeployment of certain employees of the Ying Li Group.

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 and the reasons for the decision.

No dividend has been declared or recommended for the period. In considering whether to recommend a dividend, the Board has taken a conservative view which includes the macro uncertainties, cash flow and working capital requirements, to mitigate financial risks by retaining a low gearing ratio.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

The Group has not obtained a general mandate from shareholders for IPTs**.**

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

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results of the Company for the financial period ended 31 March 2019 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
15 May 2019

Hu Bing
Executive Director

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The Board of Directors
Ying Li International Real Estate Limited
12 Marina Boulevard
#18-05 Marina Bay Financial Centre
Tower 3 Singapore 018982

Introduction

We have reviewed the accompanying financial information of Ying Li International Real Estate Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2019 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the three-month period from 1 January 2019 to 31 March 2019, and a summary of significant accounting policies.

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information does not present, fairly, in all material respects, the statements of financial position of the Group and the Company as at 31 March 2019, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the period then ended in accordance with SFRS(I).

Restriction on Distribution and Use

This report is made solely to the Board of Directors of the Company in their review of the consolidated financial information of the Group as at 31 March 2019 and for the financial period from 1 January 2019 to 31 March 2019 in connection with the proposed mandatory unconditional cash offer for all the issued and paid-up ordinary shares in the capital of the Company other than already owned, controlled or agreed to be acquired by State Alpha Limited and the parties acting in concert with it, in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers. The report should not be used, quoted or referred to, in whole or in part, without our prior written permission, for any other purposes.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore, 15 May 2019

Chartered Accountants of Singapore

Foo Kon Tan LLP (UEN: T10LL0002B) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).

HLB WE ARE AN INDEPENDENT MEMBER OF THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

PROVENANCECAPITAL

15 May 2019

The Board of Directors
Ying Li International Real Estate Limited
12 Marina Boulevard #18-05,
Marina Bay Financial Centre, Tower 3
Singapore 018982

Dear Sirs,

LETTER FROM THE IFA IN RELATION TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FIRST QUARTER ENDED 31 MARCH 2019 ("1Q2019 RESULTS")

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of Ying Li International Real Estate Limited ("**Shareholders**") dated 2 May 2019 ("**Circular**").*

Ying Li International Real Estate Limited ("**Company**") is the subject of a mandatory unconditional cash offer ("**Offer**") by DBS Bank Ltd., for and on behalf of State Alpha Limited ("**Offeror**"), which was announced on 3 April 2019. The Offeror has given the shut-off notice for the Offer to close at 5.30 p.m. on 16 May 2019. Provenance Capital Pte. Ltd. ("**Provenance Capital**") had been appointed as the independent financial adviser ("**IFA**") to the Independent Directors who are considered independent in respect of the Offer, for the purpose of making their recommendation to Shareholders in relation to the Offer. As disclosed in the Circular, the Independent Directors had concurred with the advice and recommendation of the IFA, and accordingly recommended Shareholders to reject the Offer.

Pursuant to Rule 25.6(c) of the Singapore Code of Take-over and Mergers Code ("**Code**"), an estimate of profit for a period which has already expired constitutes a profit forecast for the purpose of this Rule ("**Profit Forecast**"). The Company's 1Q2019 Results released on 15 May 2019 is therefore deemed as a Profit Forecast. We have examined and held discussions with the management of the Company and the Directors on the Profit Forecast. The Profit Forecast is solely the responsibility of the Directors. We have also considered the report from the Company's independent auditors, Foo Kon Tan LLP ("**FKT**"), dated 15 May 2019 and addressed to the Board, in relation to their review of the Profit Forecast. FKT had conducted their review in accordance with the Singapore Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*".

For the purpose of rendering our opinion on the Profit Forecast, we have relied on the accuracy and completeness of all financial and other information discussed with the management of the Company and the Directors and assumed such accuracy and completeness for the purposes of providing this letter. We have not independently verified the information both written and verbal and accordingly cannot and do not make any representation or warranty, expressly or impliedly, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have not undertaken any independent evaluation or appraisal of any of the assets or liabilities of the Company or the Group as at 31 March 2019. Save as provided in this letter, we do not express any other opinion on the Profit Forecast.

Based on the foregoing, we are of the opinion that the Profit Forecast has been made by the Directors after due and careful enquiry.

This letter is addressed to the Board for the sole purpose of complying with Rule 25 of the Code, and we do not accept any responsibility to any other person (other than the Board) in respect of, arising from or in connection with this letter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

Provenance Capital Pte. Ltd.
Co. Reg. No: 200309056E

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