



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

Financial Statement Announcement for 2nd Quarter ended 30 June 2014

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 2014.

	Group					
	2nd Qtr	2nd Qtr	Increase /	Jan to Jun	Jan to Jun	Increase /
	2014	2013	(Decrease)	2014	2013	(Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Revenue	246,336	89,430	175.5%	526,039	192,964	172.6%
Cost of sales	(157,185)	(46,222)	240.1%	(328,311)	(89,064)	268.6%
Gross profit	89,151	43,208	106.3%	197,728	103,900	90.3%
Other income	1,221	1,269	(3.8%)	2,228	1,910	16.6%
Selling expenses	(15,110)	(5,539)	172.8%	(28,532)	(13,761)	107.3%
Administrative expenses - Normal recurring	(12,361)	(34,533)	(64.2%)	(28,597)	(49,714)	(42.5%)
Administrative expenses - Share based payment expense	(2,216)	(6,909)	(67.9%)	(6,217)	(13,818)	(55.0%)
Finance costs	(35,835)	(12,006)	198.5%	(58,803)	(32,900)	78.7%
Profit before Income Tax	24,850	(14,510)	n.m.	77,807	(4,383)	n.m.
Taxation - Current	(10,722)	(4,902)	118.7%	(30,105)	(14,674)	105.2%
- Deferred	(375)	2,142	n.m.	(497)	9,360	n.m.
Profit for the period	13,753	(17,270)	n.m.	47,205	(9,697)	n.m.
Foreign currency translation differences(at nil tax)	(7,902)	(30,098)	118.7%	(41,789)	(42,786)	(2.3%)
Total comprehensive income for the period	5,851	(47,368)	n.m.	5,416	(52,483)	n.m.
Profit attributable to:						
Ordinary shareholders of the company	13,978	(17,191)	n.m.	47,654	(9,483)	n.m.
Non-Controlling Interest (NCI)	(225)	(79)	184.8%	(449)	(214)	109.8%
	13,753	(17,270)	n.m.	47,205	(9,697)	n.m.
Total comprehensive income attributable to:						
Ordinary shareholders of the company	6,076	(47,289)	n.m.	5,866	(52,269)	n.m.
Non-Controlling Interest (NCI)	(225)	(79)	184.8%	(449)	(214)	109.8%
	5,851	(47,368)	n.m.	5,417	(52,483)	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	
	30-Jun-14 RMB ('000)	31-Dec-13 RMB ('000)	30-Jun-14 RMB ('000)	31-Dec-13 RMB ('000)
ASSETS				
Non-current assets:				
Property, plant and equipment	7,764	8,748	35	59
Investment in subsidiaries	-	-	2,827,257	2,827,257
Investment properties	3,835,968	3,837,685	-	-
Prepayment	-	208	-	-
Total non-current assets	3,843,732	3,846,641	2,827,292	2,827,316
Current assets:				
Development properties	3,351,391	3,241,928	159,117	153,339
Trade and other receivables	297,917	177,245	9,230	11,064
Amount due from subsidiaries	-	-	1,737,616	1,663,266
Cash at bank - restricted	552,145	542,346	-	-
Cash and cash equivalents	156,966	184,786	23,017	29,877
Total current assets	4,358,419	4,146,305	1,928,980	1,857,546
Total assets	8,202,151	7,992,946	4,756,272	4,684,862
EQUITY AND LIABILITIES				
Capital and reserves:				
Capital contribution	3,546,112	3,536,776	3,546,112	3,536,776
Reverse acquisition reserve	(1,993,711)	(1,993,711)	-	-
Statutory common reserve	68,444	68,444	-	-
Share-based compensation reserve	15,407	18,526	15,407	18,526
Exchange fluctuation reserve	7,329	49,117	3,893	(19,375)
Retained profits	1,765,333	1,717,678	(237,150)	(201,987)
	3,408,914	3,396,830	3,328,262	3,333,940
Non-Controlling Interest	54,520	54,968	-	-
Total equity	3,463,434	3,451,798	3,328,262	3,333,940
Non-current liabilities:				
Deferred taxation	483,027	483,593	-	-
Borrowings-secured	814,375	814,375	-	-
Total non-current liabilities	1,297,402	1,297,968	-	-
Current liabilities:				
Trade and other payables	1,071,956	1,159,083	19,002	11,526
Amount owing to subsidiaries	-	-	720,909	706,504
Provision for taxation	107,822	95,641	-	-
Other borrowings - unsecured	144,614	96,112	144,614	96,112
Borrowings-secured	2,116,923	1,892,344	543,485	536,780
Total current liabilities	3,441,315	3,243,180	1,428,010	1,350,922
Total equity and liabilities	8,202,151	7,992,946	4,756,272	4,684,862

Notes to Statement of Financial Position

Trade and other receivables comprises of:

	Group		Company	
	30-Jun-14 RMB ('000)	31-Dec-13 RMB ('000)	30-Jun-14 RMB ('000)	31-Dec-13 RMB ('000)
Trade receivables	205,689	106,006	-	-
Other receivables:				
- Deposit for land acquisition	7,418	7,418	-	-
- Rental deposits	473	457	455	438
- Prepayments	23,950	27,030	224	102
- Staff advances and allowances	1,607	933	-	-
- Advance to sub-contractors	27,157	3,072	-	-
- Advance to management agents	9,600	9,600	-	-
- Advance to legal services	8,755	10,898	8,296	10,398
- Refundable deposits	8,657	9,997	-	-
- Reimbursement expenses	538	462	-	-
- Others	4,073	1,372	255	126
	<u>297,917</u>	<u>177,245</u>	<u>9,230</u>	<u>11,064</u>

Trade and other payables comprise of the following:

	Group		Company	
	30-Jun-14 RMB ('000)	31-Dec-13 RMB ('000)	30-Jun-14 RMB ('000)	31-Dec-13 RMB ('000)
Trade payables	320,950	363,863	-	-
Other payables:				
- Accrued expenses	36,424	36,947	19,002	11,525
- Advances from customers	496,127	673,557	-	-
- Rental and option deposits	217,319	83,389	-	-
- Others	1,136	1,327	-	1
	<u>1,071,956</u>	<u>1,159,083</u>	<u>19,002</u>	<u>11,526</u>

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

	Group			
	30-Jun-14		31-Dec-13	
	Secured RMB ('000)	Unsecured RMB ('000)	Secured RMB ('000)	Unsecured RMB ('000)
Borrowings				
Amount repayable in one year or less, or on demand	<u>2,116,923</u>	<u>144,614</u>	<u>1,892,344</u>	<u>96,112</u>
	<u>2,116,923</u>	<u>144,614</u>	<u>1,892,344</u>	<u>96,112</u>
Amount repayable after one year	814,375	-	814,375	-
	<u>2,931,298</u>	<u>144,614</u>	<u>2,706,719</u>	<u>96,112</u>

Details of any collateral

Secured borrowings refer to borrowings secured against the subsidiaries' development properties under construction, completed development properties for sale, investment properties and cash deposits.

In accordance with IAS 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 3 years from the balance sheet date.

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 2014	2nd Qtr 2013	Jan to Jun 2014	Jan to Jun 2013
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Operating activities				
Profit/(loss) before taxation	24,850	(14,510)	77,807	(4,383)
Adjustments for:				
Depreciation of property, plant and equipment	516	538	1,044	1,072
Amortisation of other non-current assets	616	648	1,207	1,471
Interest expense	35,834	12,006	58,803	32,900
Interest income	(272)	(507)	(834)	(876)
Share based payment expense	2,216	6,909	6,217	13,818
Loss on disposal of property, plant and equipment	28	-	22	-
Unrealised exchange loss	(9)	1	(2)	2
Operating profit before working capital charges	63,779	5,085	144,264	44,004
Decrease in investment properties	821	1,863	821	1,863
Increase in development properties	(66,215)	(165,118)	(80,190)	(314,618)
(Increase)/decrease in trade and other receivables	(73,457)	46,200	(120,774)	(78,253)
(Decrease)/increase in trade and other payables	(15,546)	169,754	(96,518)	629,273
Cash (used in)/from operations	(90,618)	57,784	(152,397)	282,269
Interest paid	(29,452)	(29,778)	(84,717)	(55,996)
Interest received	272	507	834	876
Income tax paid	(16,980)	(25,234)	(18,987)	(12,079)
Net cash (used in)/ from operating activities	(136,778)	3,279	(255,267)	215,070
Cash flow from investing activities				
Acquisition of property, plant and equipment	(59)	(148)	(78)	(155)
Proceed from disposal of PPE	-	-	6	-
Net cash used in investing activities	(59)	(148)	(72)	(155)
Cash flow from financing activities				
Bank balance subject to restriction	22,381	35,554	(9,799)	151,261
Payment of interest expense on convertible bonds	-	-	-	(49,444)
Proceed from loans and borrowings	150,000	31,639	344,560	926,451
Repayment of loan from a shareholder	-	-	-	(8,298)
Repayment of borrowings	(21,781)	(17,500)	(123,261)	(1,095,799)
Net cash generated from/(used in) financing activities	150,600	49,693	211,500	(75,829)
Net increase/(decrease) in cash and cash equivalent	13,763	52,824	(43,839)	139,086
Effects of exchange rate changes on cash and cash equivalents	583	25,639	16,019	36,947
Cash and cash equivalent at beginning of period	142,620	705,283	184,786	607,713
Cash and cash equivalent at end of period	156,966	783,746	156,966	783,746

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 2014

Group	Capital contribution	Reverse acquisition reserve	Statutory common reserve	Convertible bonds (equity component)	Share-based compensation reserve	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)
Balance at 1 January 2014	3,536,776	(1,993,711)	68,444	-	18,526	49,117	1,717,678	3,396,830	54,969	3,451,799
Total comprehensive income for the year	-	-	-	-	-	(33,887)	33,676	(211)	(224)	(435)
Equity-settled share-based payment transaction	442	-	-	-	3,559	-	-	4,001	-	4,001
Balance at 31 March 2014	3,537,218	(1,993,711)	68,444	-	22,085	15,230	1,751,354	3,400,620	54,745	3,455,365
Total comprehensive income for the year	-	-	-	-	-	(8,243)	13,979	5,736	(225)	5,511
Transfer to statutory common reserve	-	-	-	-	-	-	-	-	-	-
Equity-settled share-based payment transaction	8,894	-	-	-	(6,678)	-	-	2,216	-	2,216
Balance at 30 June 2014	3,546,112	(1,993,711)	68,444	-	15,407	6,987	1,765,333	3,408,572	54,520	3,463,092
Balance at 1 January 2013	3,528,339	(1,993,711)	13,138	49,444	20,728	(7,373)	1,567,320	3,177,885	55,473	3,233,358
Total comprehensive income for the year	-	-	-	-	-	12,687	7,707	20,394	(135)	20,259
Equity-settled share-based payment transaction	-	-	-	-	6,910	-	-	6,910	-	6,910
Equity component of convertible bonds	-	-	-	(49,444)	-	-	-	(49,444)	-	(49,444)
Balance at 31 March 2013	3,528,339	(1,993,711)	13,138	-	-	5,314	1,575,027	3,155,745	55,338	3,211,083
Total comprehensive income for the year	-	-	-	-	-	30,100	(17,191)	12,909	(79)	12,830
Equity-settled share-based payment transaction	8,437	-	-	-	(1,735)	-	-	6,702	-	6,702
Balance at 30 June 2013	3,536,776	(1,993,711)	13,138	-	(1,735)	35,414	1,557,836	3,175,356	55,259	3,230,615

Statement of Changes in Equity of the Company for the period ended 30 June 2014

Company	Capital contribution	Convertible bonds (equity component)	Share-based compensation reserve	Translation reserve	Retained profits	Total
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Balance at 1 January 2014	3,536,776	-	18,526	(19,375)	(201,987)	3,333,940
Total comprehensive income for the year	-	-	-	18,386	(20,219)	(1,833)
Equity-settled share-based payment transactions	442	-	3,559	-	-	4,001
Balance at 31 March 2014	3,537,218	-	22,085	(989)	(222,206)	3,336,108
Total comprehensive income for the year	-	-	-	4,882	(14,944)	(10,062)
Transfer to statutory common reserve	-	-	-	-	-	-
Equity-settled share-based payment transactions	8,894	-	(6,678)	-	-	2,216
Balance at 30 June 2014	3,546,112	-	15,407	3,893	(237,150)	3,328,262
Balance at 1 January 2013	3,528,339	49,444	20,728	22,861	(156,671)	3,464,701
Total comprehensive income for the year	-	-	-	(13,085)	(10,662)	(23,747)
Equity-settled share-based payment transactions	-	-	6,910	-	-	6,910
Equity component of convertible bonds	-	(49,444)	-	-	-	(49,444)
Balance at 31 March 2013	3,528,339	-	27,638	9,776	(167,333)	3,398,420
Total comprehensive income for the year	-	-	-	(20,763)	(18,118)	(38,881)
Equity-settled share-based payment transactions	8,437	-	(1,735)	-	-	6,702
Balance at 30 June 2013	3,536,776	-	25,903	(10,987)	(185,451)	3,366,241

- 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**

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

As at 30 June 2014, the number of outstanding share options granted under the Ying Li ESOS was 15,367,472 (31 December 2013: 20,098,968). Further details of the options granted under the Ying Li ESOS are as follows:

Date of grant of options	Exercise price per share	Number of options granted	Options outstanding at 31 December 2013	Number of Options Lapsed	Number of Options Exercised	Options outstanding at 30 June 2014
2 Apr 2012	S\$0.278	14,746,765	14,746,765	2,467,923	-	12,278,842
23 Apr 2012	S\$0.263	1,514,000	1,514,000	-	-	1,514,000
14 Mar 2013	S\$0.360	1,081,040	1,081,040	1,081,040	-	-
31 Mar 2013	S\$0.371	1,847,163	1,847,163	272,533	-	1,574,630
29 Sep 2013	S\$0.370	910,000	910,000	910,000	-	-
Total:		20,098,968	20,098,968	4,731,496	-	15,367,472

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

As at 30 June 2014, the number of outstanding share awards granted (but not yet vested) under the Ying Li PSP was 11,661,660 (31 December 2013: 23,505,039). Further details of the share awards granted under the Ying Li PSP are as follows:

Date of grant	Granted	Vested on 1 April 2013	Balance at 31 December 2013	Vested on 15 March 2014	Vested on 3 April 2014	Number of Performance Shares Lapsed	Balance at 30 June 2014
2 Apr 2012	22,120,148	5,530,119	16,590,029	-	5,058,866	2,776,413	8,754,750
23 Apr 2012	2,271,000	567,774	1,703,226	-	567,774	-	1,135,452
14 Mar 2013	1,081,040	-	1,081,040	250,000	-	831,040	-
31 Mar 2013	2,770,744	-	2,770,744	-	664,297	334,989	1,771,458
29 Sep 2013	1,360,000	-	1,360,000	-	-	1,360,000	-
Total:	29,602,932	6,097,893	23,505,039	250,000	6,290,937	5,302,442	11,661,660

- 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 2014 was 2,175,585,804 (31 December 2013: 2,169,044,867).

The Company did not hold any treasury shares as at 30 June 2014 (31 December 2013: Nil).

- 1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares 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 period compared to the audited financial statements for the year ended 31 December 2013.

- 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 Otr 2014	2nd Otr 2013	Jan to Jun 2014	Jan to Jun 2013
Earnings per ordinary share:				
(i) Based on weighted average no. of ordinary shares in issue (RMB per share)	0.006	(0.008)	0.022	(0.004)
(ii) On a fully diluted basis (RMB per share)	0.007	(0.005)	0.024	0.002
Number of shares in issue:				
(i) Based on weighted ave no. of ordinary shares in issue ('000)	2,172,287	2,162,947	2,172,287	2,162,947
(ii) On a fully diluted basis ('000)	2,238,650	2,214,251	2,238,650	2,214,251

* Diluted earnings per ordinary share have not been computed as it is anti-dilutive.

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 two categories of dilutive potential ordinary shares: share options granted under the Ying Li ESOS and conditional shares granted under the Ying Li PSP.

The following table indicates the profit and share numbers used in the basic and diluted earnings per share computations:

	2nd Qtr 2014 RMB ('000)	2nd Qtr 2013 RMB ('000)	Jan to Jun 2014 RMB ('000)	Jan to Jun 2013 RMB ('000)
Profit attributable to equity holders of the parent	13,978	(17,191)	47,654	(9,483)
Add: Effect of dilutive potential ordinary shares				
- Share based payment expense	2,216	6,909	6,217	13,818
	<u>16,194</u>	<u>(10,282)</u>	<u>53,871</u>	<u>4,335</u>
Weighted average number of ordinary shares in issued	2,172,287	2,162,947	2,172,287	2,162,947
Add: Effect of dilutive potential ordinary shares				
- Share based compensation reserve	66,363	51,304	66,362	51,304
Number of ordinary shares used to calculate the diluted earning per share	<u>2,238,650</u>	<u>2,214,251</u>	<u>2,238,650</u>	<u>2,214,251</u>

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 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
Net Assets Value (RMB'000)	3,408,914	3,396,830	3,328,262	3,333,940
Based on existing issued share capital (RMB per share)	1.57	1.57	1.53	1.54
Net Assets Value has been computed based on the number of share issued (000')	2,175,586	2,169,045	2,175,586	2,169,045

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 six months and quarter ended 30 June 2014

Revenue

Revenue	Group					
	2nd Qtr 2014	2nd Qtr 2013	Increase / (Decrease)	Jan to Jun 2014	Jan to Jun 2013	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	200,601	62,303	222.0%	446,309	139,029	221.0%
Rental Income	45,735	27,127	68.6%	79,730	53,935	47.8%
	246,336	89,430	175.5%	526,039	192,964	172.6%

Revenue of the Group for 2QFY2014 increased by RMB156.9 million (175.5%) to RMB246.3 million as compared with 2QFY2013. The increase was mainly due to revenue recognition upon the handover of residential units in Blocks 2 and the remaining units in Block 3 of the Ying Li International Plaza project in the second quarter of 2014. The Group had previously handed over Blocks 4 and 5 in 4QFY2013 and most of Block 3 in 1QFY2014.

Rental income for the Group for 2QFY2014 increased by RMB18.6 million (68.6%) to RMB45.7 million. The increase is primarily due to more IFC office space being leased out in 2QFY2014 (40,989 sqm) compared to 2QFY2013 (28,905 sqm) coupled with the rental contribution from the Ying Li International Plaza mall that was completed at the end of 2013.

Gross profit

Gross profit	Group							
	2nd Qtr 2014		2nd Qtr 2013		Jan to Jun 2014		Jan to Jun 2013	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%		
Sale of Properties	50,018	22,044	126.9%	130,672	60,710	115.2%		
Rental Income	39,133	21,164	84.9%	67,056	43,190	55.3%		
	89,151	43,208	106.3%	197,728	103,900	90.3%		

Gross profit of the Group for 2Q2014 increased by RMB45.9 million (106.3%) to RMB89.2 million as compared with the same period last year due to:

- Revenue recognition upon the handover of residential units in Blocks 2 and the remainder of Block 3 of the Ying Li International Plaza project; and
- Increase in gross profit from rental income for 2Q2014 by RMB18.0 million (84.9%) to RMB39.1 million mainly from the contribution from increased leasing income from IFC office units and Ying Li International Plaza mall.

Gross profit margin

Gross profit and margin	Group							
	2nd Qtr 2014		2nd Qtr 2013		Jan to Jun 2014		Jan to Jun 2013	
	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%
Sale of Properties	50,018	24.9%	22,044	35.4%	130,672	29.3%	60,710	43.7%
Rental Income	39,133	85.6%	21,164	78.0%	67,056	84.1%	43,190	80.1%
	89,151	36.2%	43,208	48.3%	197,728	37.6%	103,900	53.8%

The Group's gross profit margin for 2Q2014 decreased by 12.1 percentage points to 36.2%. The sales of residential properties at Ying Li International Plaza made up the bulk of the Sale of Properties for the quarter under review. Sales of residential units generally have a lower gross profit margin compared to premium IFC offices sold in 2013.

Other income

	Group							
	2nd Qtr 2014		2nd Qtr 2013		Jan to Jun 2014		Jan to Jun 2013	
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)		
Interest income	272	507	834	878				
Advertisement income	755	-	755	-				
Government grant	-	466	-	466				
Others	194	296	639	566				
	1,221	1,269	2,228	1,910				

Increase in other income mainly arises from advertising and promotion fees collected from the tenants of the Ying Li International Plaza mall.

Selling expenses

During the quarter under review, selling expenses was RMB9.6 million (172.8%) higher than 2Q2013. This was mainly due to new operating expenses such as utilities, property management fees and staff cost of Ying Li International Plaza mall that commenced operations at the end of 2013.

Administrative expenses

During the quarter under review, Administrative expenses - Normal recurring were RMB22.6 million (65.4%) lower compared with 2Q2013. This is mainly due to the absence of one-off administrative fees paid to a financial institution for a loan facility amounting to RMB8 million, donations to the Sichuan Ya'an earthquake relief efforts amounting to RMB2 million and an increase in translation losses amounting to RMB11.4 million in 2Q2013.

Finance costs

For the quarter under review, finance costs were RMB23.8 million higher than 2Q2013. The higher interest expense was mainly due to an increase in the quantum of loans drawn down compared to the same period last year. This resulted in higher interest expenses recorded during the quarter under review.

Taxation

	Group					
	2nd Qtr	2nd Qtr	%	Jan to Jun	Jan to Jun	%
	2014	2013		2014	2013	
	RMB ('000)	RMB ('000)		RMB ('000)	RMB ('000)	
Income tax	(10,722)	(4,902)	118.7%	(30,105)	(14,674)	105.2%
Deferred tax	(375)	2,142	n.m.	(497)	9,360	n.m.
	(11,097)	(2,760)	302.1%	(30,602)	(5,314)	475.9%

n.m. - not meaningful

During the quarter under review, current income tax expense increased by RMB5.8 million to RMB10.70 million as compared with 2Q2013 mainly due to an increase in the taxable profits generated from the sale of properties in 2Q2014.

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

	Group					
	2nd Qtr	2nd Qtr	Increase /	Jan to Jun	Jan to Jun	Increase /
	2014	2013	(Decrease)	2014	2013	(Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Profit attributable to:						
Ordinary shareholders of the Company	13,978	(17,191)	n.m.	47,654	(9,483)	n.m.
Non-Controlling Interest (NCI)	(225)	(79)	184.8%	(449)	(214)	109.8%
	13,753	(17,270)	n.m.	47,205	(9,697)	n.m.

n.m. - not meaningful

Overall, net profit attributable to the ordinary shareholders of the Company for the quarter under review increased by RMB31.0 million to RMB13.8 million in 2Q2014.

STATEMENT OF FINANCIAL POSITION

Total Assets of the Group increased by RMB209.2 million to RMB8,202.2 million during the period under review. The increase in assets was mainly due to: (i) capitalisation of construction costs incurred on Ying Li International Plaza and the Chongqing Financial Street Project, (ii) increase in trade and other receivables from the sales of office units at the Ying Li International Plaza project. These were offset by amortization of long term prepayment expense and depreciation charge on fixed assets.

The Group's total liabilities increased by RMB197.6million to RMB4,738.7 million during the period under review. The increase in liabilities was mainly due to: (i) increase in net borrowings for Ying Li Financial Street project construction cost; (ii) increase in trade and other payables and provisions for taxation. Included in trade and other payables are advance payments received from the pre-sales of residential units at Ying Li International Plaza and provisions for Land Appreciation Tax ("LAT") for IFC office unit sales.

The Group's total equity increased by RMB11.6 million to RMB3,463.4 million during the period under review. The net increase was due to unrealized exchange gains, share-based compensation reserve and profit achieved for the current quarter under review.

STATEMENT OF CASH FLOW

The increase in cash and cash equivalent of RMB14.1 million for the quarter under review was mainly due to:

- (i) net cash outflow of RMB136.4 million from operating activities; and
- (iii) net cash inflow of RMB150.6 million from financing activities.

The net cash used in operating activities of RMB90.2 million include cash used in the generation of operating profit of RMB64.2 million (i.e. include changes in Investment Properties), net decrease in receivables and payables by RMB89.0 million, offset by (i) RMB66.2 million development costs incurred mainly on Ying Li International Plaza; (ii) interest and income tax payment of RMB46.4 million.

Net cash generated from financing activities of RMB150.6 million includes: (i) increase in borrowing by RMB150.0 million mainly for the development cost of Ying Li Financial Street project; (ii) repayment of borrowings amounting to RMB22.8 million.

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

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable in FY2014.

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.

Chongqing's economy continues to grow in the first half of 2014. According to the latest figures released by the Chongqing Statistics Bureau and the National Bureau of Statistics, Chongqing achieved a nominal GDP of RMB 644.0 billion, an increase of 10.9% year-on-year ("y-o-y") and 3.4 percentage points higher than the national average level of 7.5%. Total retail sales grew by 13.1% y-o-y to RMB 247.8 billion. Net exports increased by 41.8% y-o-y to RMB 267.5 billion.

Chongqing Office Market

There was a continuing absorption of office space coupled with strong performance of both lease and sale in Chongqing's office market. As there were no new launches of projects in 2Q 2014, total office stock remained at 1,238,323 sqm. Chongqing's office vacancy decreased by 10.0% q-o-q to 34.3% and average rent rose 0.9% q-o-q to RMB 94.2 per sqm per month. Net absorption volume improved 13,698 sqm q-o-q to reach 47,848 sqm with demand from the finance and business service industry remaining strong. New office setup, expansion and upgrade demand contributed significantly to net take-up rates. Moving forward, the mass supply in the premium office market is expected to intensify market competition. Close to 490,000 sqm of new supply, largely from Hualongqiao and Jiefangbei, will be delivered during 2H 2014. The core area rental level in Chongqing is expected to remain stable and preference for Grade A office buildings will continue to grow.

(Source: Jones Lang LaSalle 2Q 2014)

Chongqing Retail Mall Market

Chongqing premium retail market was supported by leasing demand leading to vacancy rate remaining stable even though new supply was delivered. Net absorption reached 53,731 sqm in 2Q 2014, increased by 18,952 sqm and 15,378 sqm q-o-q and y-o-y respectively. Expansion of luxury and fast fashion brands remained active in core retail districts. The overall vacancy rate rose 1.2 percentage points to 12.1% in 2Q 2014. Average rent improved 0.4% to RMB 484 per sqm per month. Going forward, the large amount of new supply will come from both traditional and emerging retail areas. Core locations will continue to be favored by tenants and the performances of projects in core and non-core retail areas will continue to diverge. Well-performing fast fashion brands are expected to remain active in expanding in core retail districts in Chongqing.

(Source: Jones Lang LaSalle 2Q 2014)

Chongqing Residential Market

From January to May 2014, new supply of residential properties decreased 0.7% y-o-y to 9,544,308 sqm. Tightened credit and rising interest rates had increased the costs of purchase. This resulted in prospective purchasers continuing to adopt a "wait and see attitude" just as they had in the previous quarter. Therefore, transaction volume in the first five months fell 22.4% y-o-y to 7,643,500 sqm. Average residential price in the first five months increased 10.3% y-o-y to reach RMB 7,729 per sqm. The tightened lending and the continued imposition of the annual property tax are expected to have an impact on the market. The strong fundamental demand is expected to thin out to some extent however this demand will persist, while price growth will narrow relatively.

(Source: DTZ 2Q 2014)

Given that the Group focuses on the development of integrated commercial and residential properties in Chongqing, particularly in the Yuzhong district, the Group believes it will continue to benefit from the strong fundamentals and rapid urbanisation of Chongqing.

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable in FY2014.

On 30 June 2014, the Company announced (i) the proposed allotment and issue of 381,000,000 subscription shares (the "Subscription Shares") comprising 17.5% of the existing issued share capital of the Company to Everbright Hero Holdings Limited or its nominee (the "Subscriber") pursuant to the share subscription agreement dated 30 June 2014 between the Company and Everbright Hero Holdings Limited; and (ii) the proposed issue of S\$185,000,000 perpetual subordinated convertible callable securities (the "Perpetual Convertible Securities") convertible into 581,761,006 new ordinary shares (the "Conversion Shares") comprising 22.76% of the existing issued share capital of the Company to the Subscriber pursuant to the subscription agreement dated 30 June 2014 between the Company and Everbright Hero Holdings Limited in relation to the subscription of the Perpetual Convertible Securities (the "Perpetual Convertible Securities Agreement"). Subject to the terms and conditions of the Perpetual Convertible Securities, the Perpetual Convertible Securities are convertible into Conversion Shares to be issued and allotted by the Company.

Everbright Hero Holdings Limited is an indirect wholly-owned subsidiary of China Everbright Limited (Stock Code (165:HK)) ("CEL"), a company listed on The Stock Exchange of Hong Kong. CEL, together with its subsidiaries and associates, is principally engaged in the provision of financial services and persistently pursues the cross-border macro asset management strategy, with specific focuses on fund

management and investment business, namely, primary market investment, secondary market investment, structured financing and investment and aircraft leasing.

The potential partnership with CEL will see a cash injection of S\$284 million to strengthen the balance sheet of the Group. CEL also plans to introduce a pipeline of property projects to Ying Li for joint development and will also provide the necessary resources and network to help Ying Li expand into other first- and second-tier cities in the PRC.

The company will be convening a general meeting of shareholders to seek approval for the transaction. A circular containing details of the transaction will be circulated soon.

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 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Fang Ming
Executive Chairman and Group Chief Executive Officer
12 August 2014

Yang Xiao Yu
Executive Director