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

# Financial Statement Announcement for 2nd Quarter ended 30th June 2016

**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 2016.

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | 2nd Qtr 2016 | 2nd Qtr 2015 | Increase / (Decrease) | Jan to Jun 2016 | Jan to Jun 2015 | Increase / (Decrease) |
| | RMB ('000) | RMB ('000) | % | RMB ('000) | RMB ('000) | % |
| **Revenue** | **169,294** | **97,822** | **73.1%** | **260,611** | **198,056** | 31.6% |
| Cost of sales | (100,758) | (32,921) | 206.1% | (128,780) | (77,987) | 65.1% |
| **Gross profit** | **68,536** | **64,901** | **5.6%** | **131,831** | **120,069** | **9.8%** |
| Other income | 16,255 | 6,261 | 159.6% | 30,110 | 21,179 | 42.2% |
| Selling expenses | (18,025) | (10,845) | 66.2% | (31,729) | (25,023) | 26.8% |
| Administrative expenses | (26,725) | (17,072) | 56.5% | (42,980) | (47,415) | (9.4%) |
| Administrative expenses - Share based payment expense | (319) | (2,911) | (89.0%) | (319) | (5,823) | (94.5%) |
| Finance costs | (25,310) | (27,815) | (9.0%) | (47,247) | (49,835) | (5.2%) |
| **Profit before Income Tax** | **14,412** | **12,519** | **15.1%** | **39,666** | **13,152** | **201.6%** |
| **Taxation - Current** | (8,199) | (3,732) | 119.7% | (15,185) | (8,300) | 83.0% |
| **- Deferred** | 2,089 | (239) | n.m. | 2,738 | 2,691 | 1.7% |
| **Profit for the period** | **8,302** | **8,548** | **(2.9%)** | **27,219** | **7,543** | **260.8%** |
| Foreign currency translation differences(at nil tax) | (17,772) | 2,477 | n.m | (37,831) | 4,431 | n.m. |
| **Total comprehensive income for the period** | **(9,470)** | **11,025** | **n.m.** | **(10,612)** | **11,974** | **n.m.** |
| **Profit attributable to:** | | | | | | |
| Ordinary shareholders of the company | 5,002 | 8,883 | (43.7%) | 21,795 | 8,428 | 158.6% |
| Non-Controlling Interest (NCI) | 3,300 | (335) | n.m. | 5,424 | (885) | n.m. |
| | **8,302** | **8,548** | **(2.9%)** | **27,219** | **7,543** | **260.9%** |
| **Total comprehensive income attributable to:** | | | | | | |
| Ordinary shareholders of the company | (12,770) | 11,360 | n.m. | (16,036) | 12,859 | n.m. |
| Non-Controlling Interest (NCI) | 3,300 | (335) | n.m. | 5,424 | (885) | n.m. |
| | **(9,470)** | **11,025** | **n.m.** | **(10,612)** | **11,974** | **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-16 RMB ('000) | 31-Dec-15 RMB ('000) | 30-Jun-16 RMB ('000) | 31-Dec-15 RMB ('000) |
| **ASSETS** | | | | |
| **Non-current assets:** | | | | |
| Property, plant and equipment | 57,828 | 60,598 | 1,707 | 1,820 |
| Investment in subsidiaries | - | - | 2,827,257 | 2,827,257 |
| Investment properties | 4,389,281 | 4,391,519 | - | - |
| Other investment | 602,000 | 602,000 | - | - |
| Deferred assets | 23,711 | 22,840 | - | - |
| **Total non-current assets** | **5,072,820** | **5,076,957** | **2,828,964** | **2,829,077** |
| **Current assets:** | | | | |
| Development properties | 5,154,913 | 4,651,332 | - | - |
| Trade and other receivables | 987,261 | 872,515 | 3,493 | 801 |
| Amount due from subsidiaries | - | - | 2,545,494 | 2,201,757 |
| Cash and cash equivalents | 815,810 | 1,322,708 | 22,702 | 16,482 |
| **Total current assets** | **6,957,984** | **6,846,555** | **2,571,689** | **2,219,040** |
| **Total assets** | **12,030,804** | **11,923,512** | **5,400,653** | **5,048,117** |
| **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 | 68,444 | 68,444 | - | - |
| Convertible bond reserve | 42,458 | 42,458 | 42,458 | 42,458 |
| Perpetual convertible security | 878,970 | 878,970 | 878,970 | 878,970 |
| Share-based compensation reserve | 20,026 | 19,707 | 20,026 | 19,707 |
| Exchange fluctuation reserve | (2,787) | 35,042 | (8,008) | (115,276) |
| Retained profits | 1,924,300 | 1,946,524 | (698,875) | (668,717) |
| | **4,966,071** | **5,025,805** | **4,262,943** | **4,185,514** |
| **Non-Controlling Interest** | **62,410** | **56,986** | **-** | **-** |
| **Total equity** | **5,028,481** | **5,082,791** | **4,262,943** | **4,185,514** |
| **Non-current liabilities:** | | | | |
| Deferred taxation | 547,161 | 549,019 | - | - |
| Borrowings-secured | 2,397,323 | 2,263,230 | - | - |
| Bonds | 332,265 | - | 332,265 | - |
| **Total non-current liabilities** | **3,276,749** | **2,812,249** | **332,265** | **-** |
| **Current liabilities:** | | | | |
| Trade and other payables | 1,487,663 | 1,033,222 | 16,627 | 58,473 |
| Amount owing to subsidiaries | - | - | 760,248 | 749,008 |
| Provision for taxation | 177,344 | 172,830 | - | - |
| Borrowings-secured | 2,060,567 | 2,822,420 | 28,570 | 55,122 |
| **Total current liabilities** | **3,725,574** | **4,028,472** | **805,445** | **862,603** |
| **Total equity and liabilities** | **12,030,804** | **11,923,512** | **5,400,653** | **5,048,117** |

In accordance with Singapore FRS 1, the company has adopted the practice to record loans with repayment periods that falls within its operating cycle as current liabilities. The operating cycle is defined as the development period of its properties. As such, current bank borrowings have repayment periods between 1 and 4 years from the balance sheet date.

Notes to the Statement of Financial Position

Trade and other receivables comprise of the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 30-Jun-16 RMB ('000) | 31-Dec-15 RMB ('000) | 30-Jun-16 RMB ('000) | 31-Dec-15 RMB ('000) |
| Trade receivables | 61,263 | 50,362 | - | - |
| Other receivables: | | | | |
| - Deposit for land acquisition | 7,418 | 7,418 | - | - |
| - Deposit for land tender | 472,528 | 423,678 | - | - |
| - Rental deposits | 611 | 577 | 599 | 558 |
| - Prepayments | 219,475 | 169,201 | 2,447 | 49 |
| - Security deposits placed with contractors, suppliers and authorities | 147,343 | 141,309 | - | - |
| - Refundable deposits | 37,164 | 27,744 | - | - |
| - Advances to property management agents | 9,600 | 9,600 | - | - |
| - Others | 31,859 | 42,626 | 447 | 194 |
| **Total receivables** | 987,261 | 872,515 | 3,493 | 801 |

Trade and other payables comprise of the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 30-Jun-16 RMB ('000) | 31-Dec-15 RMB ('000) | 30-Jun-16 RMB ('000) | 31-Dec-15 RMB ('000) |
| Trade payables | 874,324 | 778,090 | - | - |
| Other payables: | | | | |
| - Accrued expenses | 84,750 | 87,985 | 16,627 | 58,473 |
| - Advance payment from customers | 504,728 | 136,464 | - | - |
| - Rental and option deposits | 271 | 1,459 | - | - |
| - Project deposits | 23,238 | 23,238 | - | - |
| - Others | 352 | 5,986 | - | - |
| **Total payables** | 1,487,663 | 1,033,222 | 16,627 | 58,473 |

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

| | **Group** | | | |
|---|---|---|---|---|
| | 30-Jun-16 | | 31-Dec-15 | |
| | Secured RMB ('000) | Unsecured RMB ('000) | Secured RMB ('000) | Unsecured RMB ('000) |
| Borrowings | | | | |
| Amount repayable during its operating cycle, within twelve months, or on demand | 2,060,567 | - | 2,822,420 | - |
| | 2,060,567 | - | 2,822,420 | - |
| Amount repayable beyond its normal operating cycle or after twelve months from the balance sheet date | 2,397,323 | 332,265 | 2,263,230 | - |
| | 4,457,890 | 332,265 | 5,085,650 | - |

**Details of any collateral**

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

In accordance with Singapore FRS 1, the company has adopted the practice to record loans with repayment periods that falls within its operating cycle as current liabilities. The operating cycle is defined as the development period of its properties. As such, current bank borrowings have repayment periods between 1 and 4 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 2016 | 2nd Qtr 2015 | Jan to Jun 2016 | Jan to Jun 2015 |
| | RMB ('000) | RMB ('000) | RMB ('000) | RMB ('000) |
| **Operating activities** | | | | |
| Profit before taxation | 14,412 | 12,519 | 39,666 | 13,152 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 1,597 | 803 | 3,494 | 1,989 |
| Amortisation of other non-current assets | 142 | 120 | 209 | 227 |
| Interest expense | 25,310 | 27,815 | 47,247 | 49,835 |
| Interest income | (14,975) | (4,166) | (27,820) | (18,792) |
| Share based payment expense | 319 | 2,911 | 319 | 5,823 |
| Loss/(gain) on disposal of property, plant and equipment | - | 54 | (0) | (12) |
| Unrealised exchange loss | (50) | (1) | (124) | - |
| Operating profit before working capital changes | 26,754 | 40,055 | 62,990 | 52,222 |
| Decrease in investment properties | 6,033 | - | 6,033 | - |
| Increase in development properties | (207,946) | (216,194) | (503,581) | (430,603) |
| Increase in trade and other receivables | (86,526) | (137,433) | (118,610) | (503,705) |
| Increase in trade and other payables | 40,106 | 142,069 | 517,837 | 88,622 |
| Cash used in operations | (221,579) | (171,503) | (35,331) | (793,464) |
| Interest paid | (69,729) | (36,007) | (154,660) | (77,691) |
| Interest received | 15,718 | 4,166 | 27,679 | 18,792 |
| Income tax paid | (7,227) | (19,553) | (10,662) | (10,277) |
| **Net cash used in operating activities** | **(282,817)** | **(222,896)** | **(172,974)** | **(862,639)** |
| **Cash flow from investing activities** | | | | |
| Acquisition of property, plant and equipment | (176) | (1,628) | (601) | (2,529) |
| Acquisition of other investment | - | (59,000) | - | (59,000) |
| **Net cash used in investing activities** | **(176)** | **(60,628)** | **(601)** | **(61,529)** |
| **Cash flow from financing activities** | | | | |
| Bank balance subject to restriction | 390,015 | 53,876 | 662,317 | (192,098) |
| Proceed from loans and borrowings | 521,884 | 127,316 | 626,920 | 2,005,252 |
| Proceed from bond issuance | 323,799 | - | 323,799 | - |
| Payment of perpetual convertible security | - | (65,412) | - | (65,412) |
| Repayment of borrowings | (812,951) | (19,000) | (1,267,101) | (691,242) |
| **Net cash generated from financing activities** | **422,746** | **96,780** | **345,935** | **1,056,500** |
| **Net increase in cash and cash equivalents** | **139,754** | **(186,745)** | **172,360** | **132,331** |
| Effects of exchange rate changes on cash and cash equivalents | 3,664 | 9,196 | (16,943) | 22,962 |
| Cash and cash equivalents at beginning of period | 190,120 | 531,649 | 178,120 | 198,807 |
| **Cash and cash equivalents at end of period** | **333,538** | **354,100** | **333,538** | **354,100** |

**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 2016***

| 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 2016** | 4,028,372 | (1,993,712) | 42,458 | 68,444 | 19,707 | 878,970 | 35,042 | 1,946,524 | 5,025,805 | 56,986 | 5,082,791 |
| Total comprehensive income for the year | - | - | - | - | - | - | (20,057) | 16,793 | (3,264) | 2,124 | (1,140) |
| Perpetual convertible security interest | - | - | - | - | - | - | - | (22,134) | (22,134) | - | (22,134) |
| **Balance at 31 March 2016** | 4,028,372 | (1,993,712) | 42,458 | 68,444 | 19,707 | 878,970 | 14,985 | 1,941,183 | 5,000,407 | 59,110 | 5,059,517 |
| Total comprehensive income for the year | - | - | - | - | - | - | (17,772) | 5,002 | (12,770) | 3,300 | (9,470) |
| Equity-settled share-based payment transactions | - | - | - | - | 319 | - | - | - | 319 | - | 319 |
| Perpetual convertible security interest | - | - | | - | | - | - | (21,885) | (21,885) | - | (21,885) |
| **Balance at 30 June 2016** | 4,028,372 | (1,993,712) | 42,458 | 68,444 | 20,026 | 878,970 | (2,787) | 1,924,300 | 4,966,071 | 62,410 | 5,028,481 |
| **Balance at 1 January 2015** | 4,028,372 | (1,993,711) | 42,458 | 68,444 | 19,705 | 878,970 | 28,543 | 1,929,242 | 5,002,023 | 54,564 | 5,056,587 |
| Total comprehensive income for the year | - | - | - | - | - | - | 1,954 | (455) | 1,499 | (550) | 949 |
| Perpetual convertible security interest | - | - | | - | | - | - | - | - | - | - |
| Equity-settled share-based payment transactions | - | - | - | - | 2,912 | - | - | - | 2,912 | - | 2,912 |
| **Balance at 31 March 2015** | 4,028,372 | (1,993,711) | 42,458 | 68,444 | 22,617 | 878,970 | 30,497 | 1,928,787 | 5,006,434 | 54,014 | 5,060,448 |
| Total comprehensive income for the year | - | - | - | - | - | - | 2,477 | 8,883 | 11,360 | (335) | 11,025 |
| Equity-settled share-based payment transactions | - | - | - | - | 2,911 | - | - | - | 2,911 | - | 2,911 |
| Perpetual convertible security interest | - | - | | - | - | - | - | (65,412) | (65,412) | - | (65,412) |
| **Balance at 30 June 2015** | 4,028,372 | (1,993,711) | 42,458 | 68,444 | 25,528 | 878,970 | 32,974 | 1,872,258 | 4,955,293 | 53,679 | 5,008,972 |

***Statement of Changes in Equity of the Company for the period ended 30 June 2016***

| 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 2015** | 4,028,372 | 42,458 | 19,707 | (115,276) | 878,970 | (668,717) | 4,185,514 |
| Total comprehensive income for the year | - | - | - | 63,470 | - | 22,028 | 85,498 |
| Perpetual convertible security interest | - | - | - | - | | (22,134) | (22,134) |
| **Balance at 31 March 2015** | 4,028,372 | 42,458 | 19,707 | (51,806) | 878,970 | (668,823) | 4,248,878 |
| Total comprehensive income for the year | - | - | - | 43,798 | - | 35,360 | 79,158 |
| Equity-settled share-based payment transactions | - | - | 319 | - | - | - | 319 |
| Perpetual convertible security interest | - | - | | - | | (65,412) | (65,412) |
| **Balance at 30 June 2015** | 4,028,372 | 42,458 | 20,026 | (8,008) | 878,970 | (698,875) | 4,262,943 |
| **Balance at 1 January 2015** | 4,028,372 | 42,458 | 19,705 | (73,770) | 878,970 | (344,455) | 4,551,280 |
| Total comprehensive income for the year | - | - | - | (74,554) | - | (10,231) | (84,785) |
| Transfer to statutory common reserve | - | - | | | - | (1,418) | (1,418) |
| Equity-settled share-based payment transactions | - | - | 2,912 | - | - | - | 2,912 |
| **Balance at 31 March 2015** | 4,028,372 | 42,458 | 22,617 | (148,324) | 878,970 | (356,104) | 4,467,989 |
| Total comprehensive income for the year | - | - | - | 27,057 | - | (3,831) | 23,226 |
| Equity-settled share-based payment transactions | - | - | 2,911 | - | - | - | 2,911 |
| Share-based compensation | - | - | - | - | - | (65,412) | (65,412) |
| **Balance at 30 June 2015** | 4,028,372 | 42,458 | 25,528 | (121,267) | 878,970 | (425,347) | 4,428,714 |

**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**

On 17 September 2014, the Company had allotted and issued 381,000,000 Ordinary Shares to Everbright Hero Limited, the nominee of Everbright Hero Holdings Limited pursuant to the Share Subscription Agreement dated 30 June 2014.

The utilization of the proceeds from the share issuance as announced previously are as follows:

| Description | SGD (mil) | SGD (mil) |
|---|---|---|
| Net proceeds | | 98.96 |
| Repayment of existing loans | 24.74 | |
| Payment for additional land costs for San Ya Wan Phase 2 land parcel due to change in plot ratio | 15.54 | |
| Payment for land infrastructure costs for San Ya Wan Phase 2 | 10.86 | |
| Payment for resettlement costs for Wei Yuan land parcel | 37.21 | |
| Construction costs for San Ya Wan Phase 2 project | 4.41 | |
| Working capital | | |
| - Interest repayment | 3.26 | |
| - Office rental expense | 0.61 | |
| - Directors' fees | 0.67 | |
| - Wages and salaries | 0.79 | |
| Total utilised | | 98.09 |
| Balance to be utilised | | 0.87 |

**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 2016 | As at 30 June 2015 |
|---|---|---|
| | No. of shares | No. of shares |
| The number of shares that may be issued on conversion of outstanding securities at the end of the period | 581,761,006 | 581,761,006 |

No conversion of the securities into Shares has taken place since the date of issuance. The Exercise Price of the Convertible Securities is S$0.318 per Share.

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

As at 30 June 2016, the number of outstanding share options granted under the Ying Li ESOS was 567,775 (30 June 2015: 13,323,480). Further details of the options granted under the Ying Li ESOS are as follows:

| Date of grant of options | Exercise price per share | Number of options granted | Number of Options Lapsed / Revoked | Options outstanding at 30 June 2015 | Number of Options Lapsed / Revoked | Number of Options Exercised | Options outstanding at 30 June 2016 |
|---|---|---|---|---|---|---|---|
| 2 Apr 2012 | S$0.278 | 14,746,765 | (4,209,101) | 10,537,664 | (10,537,664) | - | - |
| 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) | - | - | - | - |
| 31 Mar 2013 | S$0.371 | 1,847,163 | (575,347) | 1,271,816 | (704,041) | - | 567,775 |
| 29 Sep 2013 | S$0.370 | 910,000 | (910,000) | - | - | - | - |
| **Total:** | | **20,098,968** | **(6,775,488)** | **13,323,480** | **(12,755,705)** | **-** | **567,775** |

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

As at 30 June 2016, the number of outstanding share awards granted (but not yet vested) under the Ying Li PSP was 425,831 (30 June 2015: 10,469,329). Further details of the share awards granted under the Ying Li PSP are as follows:

| Date of grant | Granted | No. of Performance Shares Vested | Number of Performance Shares Lapsed / Revoked | Balance at 30 June 2015 | No. of Performance Shares Vested | Number of Performance Shares Lapsed / Revoked | Balance at 30 June 2016 |
|---|---|---|---|---|---|---|---|
| 2 Apr 2012 | 22,120,148 | (11,043,205) | (3,173,859) | 7,903,084 | - | (7,903,084) | - |
| 23 Apr 2012 | 2,271,000 | (1,135,548) | - | 1,135,452 | - | (1,135,452) | - |
| 14 Mar 2013 | 1,081,040 | (250,000) | (831,040) | - | - | - | - |
| 31 Mar 2013 | 2,770,744 | (664,297) | (675,654) | 1,430,793 | - | (1,004,962) | 425,831 |
| 29 Sep 2013 | 1,360,000 | - | (1,360,000) | - | - | - | - |
| **Total** | **29,602,932** | **(13,093,050)** | **(6,040,553)** | **10,469,329** | **-** | (10,043,498) | **425,831** |

**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 2016 was 2,557,040,024 (30 June 2015: 2,557,040,024).

The Company did not hold any treasury shares as at 30 June 2016 (30 June 2015: 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 year compared to the audited financial statements for the year ended 31 December 2015.

**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 2016 | 2nd Qtr 2015 | Jan to Jun 2016 | Jan to Jun 2015 |
| ***Earnings per ordinary share:*** | | | | |
| (i) Based on weighted average no. of ordinary shares in issue (RMB per share) | 0.002 | 0.003 | 0.009 | 0.003 |
| (ii) On a fully diluted basis (RMB per share) | 0.002 | 0.003 | 0.009 | 0.003 |
| ***Number of shares in issue:*** | | | | |
| (i) Based on weighted ave no. of ordinary shares in issue ('000) | 2,557,040 | 2,557,040 | 2,557,040 | 2,557,040 |
| (ii) On a fully diluted basis ('000) | 2,557,040 | 3,201,865 | 2,557,040 | 3,201,865 |

* 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 three categories of dilutive potential ordinary shares: share options granted under the Ying Li ESOS, conditional performance shares granted under the Ying Li PSP and perpetual convertible securities.

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

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

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

The following table indicates the profit and share numbers used in the basic and fully diluted basis for earning per share computations:

| | 2nd Qtr 2016 RMB ('000) | 2nd Qtr 2015 RMB ('000) | Jan to Jun 2016 RMB ('000) | Jan to Jun 2015 RMB ('000) |
|---|---|---|---|---|
| Profit attributable to equity holders of the parent | 5,002 | 8,883 | 21,795 | 8,428 |
| (Less)/add: Effect of dilutive potential ordinary shares | | | | |
| - Share based payment expense | 319 | 2,911 | 319 | 5,823 |
| | 5,321 | 11,794 | 22,114 | 14,251 |
| Weighted average number of ordinary shares in issued | 2,557,040 | 2,557,040 | 2,557,040 | 2,557,040 |
| Number of ordinary shares used to calculate the diluted earning per share | 2,557,040 | 2,557,040 | 2,557,040 | 2,557,040 |

**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-16 | 31-Dec-15 | 30-Jun-16 | 31-Dec-15 |
| Net Assets Value (RMB'000) | 4,966,071 | 5,025,805 | 4,262,943 | 4,185,514 |
| Based on existing issued share capital (RMB per share) | 1.94 | 1.97 | 1.67 | 1.64 |
| Net Assets 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 six months and quarter ended 30 June 2016

**Revenue**

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | 2nd Qtr 2016 | 2nd Qtr 2015 | Increase / (Decrease) | Jan to Jun 2016 | Jan to Jun 2015 | Increase / (Decrease) |
| | RMB ('000) | RMB ('000) | % | RMB ('000) | RMB ('000) | % |
| Sale of Properties | 115,994 | 36,857 | 214.7% | 152,728 | 86,000 | 77.6% |
| Rental Income | 53,300 | 54,003 | (1.3%) | 107,883 | 105,094 | 2.7% |
| Consultancy income | - | 6,962 | n.m. | - | 6,962 | n.m. |
| | **169,294** | **97,822** | **73.1%** | **260,611** | **198,056** | **31.6%** |

n.m. - not meaningful

Revenue of the Group for 2QFY2016 increased by RMB71.5 million (73.1%) to RMB169.3 million as compared with that of 2QFY2015. The increase was mainly due to higher revenue from the Sale of Properties segment that were mainly derived from the continue handover of residential units at Sa Yan Wan Phase 2.

Rental Income decreased slightly by RMB0.7 million (1.3%) in 2QFY2016 to RMB53 million as compared to the same period last year. The decrease was mainly due to select existing tenants not renewing their leases and rent free periods provided to new tenants at mall and office.

The consultancy income in 2QFY15 were derived from an one-off service agreement where the Group provided project design, cost and quality control, and tax planning services in the Beijing Tongzhou Project.

**Gross profit**

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | 2nd Qtr 2016 | 2nd Qtr 2015 | | Jan to Jun 2016 | Jan to Jun 2015 | |
| | RMB ('000) | RMB ('000) | % | RMB ('000) | RMB ('000) | % |
| Sale of Properties | 22,308 | 13,181 | 69.2% | 39,685 | 24,229 | 63.8% |
| Rental Income | 46,228 | 44,758 | 3.3% | 92,146 | 88,878 | 3.7% |
| Consultancy income | - | 6,962 | n.m. | - | 6,962 | n.m. |
| | **68,536** | **64,901** | **5.6%** | **131,831** | **120,069** | **9.8%** |

n.m. - not meaningful

Gross profit of the Group for 2QFY2016 increased by RMB3.6 million (5.6%) to RMB68.5 million as compared to the same period last year. Both the Sale of Properties and the Rental Income segment enjoyed year-on-year rises in Gross profit, with the increase came from Sale of properties being more significant.

**Gross profit margin**

| | Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2nd Qtr 2016 | | 2nd Qtr 2015 | | Jan to Jun 2016 | | Jan to Jun 2015 | |
| | RMB ('000) | % | RMB ('000) | % | RMB ('000) | % | RMB ('000) | % |
| Sale of Properties | 22,308 | 19.2% | 13,181 | 35.8% | 39,685 | 26.0% | 24,229 | 28.2% |
| Rental Income | 46,228 | 86.7% | 44,758 | 82.9% | 92,146 | 85.4% | 88,878 | 84.6% |
| Consultancy income | - | n.m. | 6,962 | n.m. | - | - | 6,962 | n.m. |
| | **68,536** | **40.5%** | **64,901** | **66.3%** | **131,831** | **50.6%** | **120,069** | **60.6%** |

n.m. - not meaningful

The Group's gross profit margin for 2QFY2016 decreased by 25.8 percentage points to 40.5%. Gross profit margin from Sale of Properties decreased as the units that were handed over in 2QFY2016 mainly comprised residential units at San Ya Wan Phase 2 that tend to have a lower gross profit margin as compared to that of office units at Ying Li International Plaza that were handed over in the same period last year. On the other hand, there was one-off consultancy income in 2QFY2015 which lifted the Group's overall gross profit margin.

**Other income**

| | Group | | | |
|---|---|---|---|---|
| | 2nd Qtr 2016 | 2nd Qtr 2015 | Jan to Jun 2016 | Jan to Jun 2015 |
| | RMB ('000) | RMB ('000) | RMB ('000) | RMB ('000) |
| Interest income | 14,975 | 4,166 | 27,820 | 18,792 |
| Government grant | 353 | 727 | 353 | 750 |
| Others | 927 | 1,368 | 1,937 | 1,637 |
| | 16,255 | 6,261 | 30,110 | 21,179 |

The year-on-year increase in Other Income was mainly due to higher interest income from deposits placed with financial institutions and others.

**Selling expenses**

Selling expenses increased by RMB7.2 million in 2QFY2016 to RMB18.0 million (66.2%) as compared to 2QFY2015 mainly due to an increase in advertising and promotional activities conducted at the two retail malls designed to increase shoppers' footfall as well as expenses incurred for the preparatory works for a launch event to introduce one of our upcoming project.

**Administrative expenses**

During the quarter under review, Administrative expenses were RMB9.7 million (56.5%) higher compared to 2QFY2015. The significant increase in Administrative Expenses was mainly due to an increase in upfront and professional fees incurred due to an increase in the number of new loans drawn down and issuance of bonds in 2QFY2016 compared to 2QFY2015.

Administrative expenses – Share based payment expense decreased by RMB2.6 million (89.0%) as compared to the same period last year due to the revocation of Performance Shares and Share Options in previous financial year.

**Finance costs**

For the quarter under review, finance costs were RMB2.5 million (9%) lower as compared to 2QFY2015. Interest expense directly attributable to projects would generally be capitalised as part of the project costs.

**Taxation**

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | 2nd Qtr 2016 | 2nd Qtr 2015 | | Jan to Jun 2016 | Jan to Jun 2015 | |
| | RMB ('000) | RMB ('000) | % | RMB ('000) | RMB ('000) | % |
| Income tax | (8,199) | (3,732) | 119.7% | (15,185) | (8,300) | 83.0% |
| Deferred tax | 2,089 | (239) | n.m. | 2,738 | 2,691 | 1.7% |
| | **(6,110)** | **(3,971)** | **53.9%** | **(12,447)** | **(5,609)** | **121.9%** |

n.m. - not meaningful

During the quarter under review, current income tax expense increased by RMB4.5 million (119.7%) as compared with 2QFY2015 mainly due to an increase in taxable profits generated from the sale of properties in 2QFY2016.

**Total comprehensive income for the period**

Total comprehensive income for the period decreased by RMB20.5 million as compared to 2QFY2015. This is mainly due to unrealised exchange losses arising from the translation of the financial statements of the entities where the functional currency differs from the presentation currency of the Group. The functional currency of the offshore holding companies are denominated in Singapore Dollars ("SGD") while the presentation currency of the Group is denominated in Chinese Yuan ("RMB"). The translation losses arose due to the continuing devaluation of the RMB against SGD during the quarter.

**Profit attributable to ordinary shareholders of the Company**

| | **Group** | | | | | |
|---|---|---|---|---|---|---|
| | 2nd Qtr 2016 | 2nd Qtr 2015 | Increase / (Decrease) | Jan to Jun 2016 | Jan to Jun 2015 | Increase / (Decrease) |
| | RMB ('000) | RMB ('000) | % | RMB ('000) | RMB ('000) | % |
| **Profit attributable to:** | | | | | | |
| Ordinary shareholders of the Company | 5,002 | 8,883 | (43.7%) | 21,795 | 8,428 | 158.6% |
| Non-Controlling Interest (NCI) | 3,300 | (335) | n.m. | 5,424 | (885) | n.m. |
| | **8,302** | **8,548** | (2.9%) | **27,219** | **7,543** | 260.9% |

n.m. - not meaningful

Overall, net profit attributable to the ordinary shareholders of the Company decreased by RMB3.9 million to RMB5.0million in 2QFY2016.

**STATEMENT OF FINANCIAL POSITION**

Total Assets of the Group increased by RMB107.2 million to RMB12.0 billion during the period under review. The increase in assets was mainly attributable to: i) an increase in development properties amounting to RMB503.6 million as progress is being made on the Ying Li International Commercial Centre, Ying Li International Electrical and Hardware Centre and San Ya Wan Phase 2 projects; ii) an increase in deposits placed with government agencies for land tenders amounting to RMB48.9 million; (iii) an increase in prepayments of RMB50.2 million which was mainly due to prepaid taxes for the pre-sales at the Ying Li Lion City Garden and Ying Li International Electrical and Hardware projects, transfer to sinking funds in accordance with prevailing government regulations upon the handover of the Ying Li Lion City Garden project and loan upfront fees paid to financial institutions; and (iv) increase in refundable deposits of RMB9.4 million arising from deposits paid to a financial institution pursuant to a loan agreement. This was off-set by a decrease in cash and cash equivalents of RMB506.9 million mainly due to the repayment of borrowings.

The Group's total liabilities increased by RMB161.6 million to RMB7.0 billion during the period under review. The increase in liabilities was mainly due to: i) an increase in trade and other payables of RMB454.4 million that was mainly attributable to an increase in pre-sales proceeds received of RMB368.3 million; and an increase in trade payables of RMB96.2 million arising from projects under development. This was off-set by a reduction in borrowings amounting to RMB295.5 million due to repayment of loans.

The Group's total equity decreased by RMB54.3 million to RMB5,028.5 million during the period under review, due to a reduction in Exchange fluctuation reserve because of RMB devaluation in 1HFY2016. The Exchange fluctuation reserve comprises mainly cumulative unrealised exchange gains/losses arising from the translation of the financial statements of the entities where the functional currency differs from the presentation currency which is the Chinese Yuan ("RMB").

**STATEMENT OF CASH FLOW**

The increase in cash and cash equivalent of RMB139.8 million for the quarter under review was mainly due to:

i) net cash outflow of RMB282.8 million from operating activities;
ii) net cash outflow of RMB0.2 million from investing activities; and
iii) net cash intflow of RMB422.7 million from financing activities.

The net cash used in operating activities of RMB282.8 million include cash generated from the operating profit of RMB26.8 million and an increase in trade and other payables of RMB40.1 million. The increase in trade and other payables mainly arose from the pre-sales proceeds received from the on-going sales at the San Ya Wan Phase 2 and IEC project. This was off-set by i) a increase in trade and other receivables of RMB86.5 million mainly due to deposits paid for land tender; ii) increase in development costs amounting to RMB207.9 million incurred in the ongoing construction of San Ya Wan Phase 2, the Ying Li International Commercial Centre project and the Ying Li International Electrical and Hardware Centre; and iii) net interest and income tax paid of RMB61.2 million.

Net cash from financing activities of RMB422.8 million includes: (i) proceeds from loan drawdowns and bond issuance RMB845.7 million which was mainly used for repayment; ii) release of cash collaterals that were previously pledged to financial institutions amounting to RMB390.0 million; and iii) repayment of borrowings amounting to RMB813.0 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 FY2016.

**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 registered a GDP growth of 10.6% Y-o-Y in 1H2016 to RMB800.1 billion compared with the national average of 6.7%. The city is also ranked first in terms of GDP growth for the 10$^{th}$ consecutive quarter. In line with the city's stable economic growth, disposal income per capital rose by 8.8% Y-o-Y to RMB15,569 while total retail sales of consumer goods expanded by 12.9% Y-o-Y to RMB350.5 billion in 1H2016.

**Chongqing Office Market**
Three new office projects with a combined gross floor area (GFA) of 157,200 sqm were released in 1H2016. With an uptick in demand in 2Q2016, the net absorption was positive in 1H2016 at 100,000 sqm. Being the traditional CBD, Jiefangbei CBD remains the top choice for both upgraders and new entrants, in particular MNCs to settle in Chongqing. The average rental for offices (both grade A and non-grade A offices) in Jiefangbei continues to command a premium at RMB95.5 per sqm per month, as compared to the average office rental in Chongqing, which was at RMB84.2 per sqm per month.

*(Sources: JLL Research, 1H16 Chongqing Property Market Overview; CBRE Research, Chongqing Property Market Overview Q2 2016)*

**Chongqing Retail Market**
There was no new supply released in 2Q2016 and the only prime retail project completed in 1H2016 was Daping Starlight World with a GFA of 50,000 sqm. This has resulted in a 60.8% Y-o-Y decrease in new supply. However, on-going tenants adjustment process in some retail malls have resulted in overall vacancy rates to increase by 4.5 ppts Y-o-Y to 15.4% in 1H2016.

For the first half of the year, fashion and F&B sectors drove the demand in the retail scene. Popular mass market brands such as Sephora and Asics, and luxury brands such as Hermes and Versace continued to expand their presence in Chongqing's retail market. The retail market is also developing a greater emphasis on lifestyle, kids and entertainment themes to enrich retail experience for consumers in a bid to move away from the competition brought about by online shopping. Several children-focused stores including Lego exhibit center, Robot Kitty and mini indoor theme parks are also gaining traction in Chongqing's retail market in 2Q2016.

*(Sources: JLL Research, 1H16 Chongqing Property Market Overview; CBRE Research, Chongqing Property Market Overview Q2 2016)*

**Chongqing Residential Market**
Due to the prevailing high inventory level in Chongqing's residential market, some developers had delayed launching new projects while they pare down their existing stock. As a result, new supply in the premium segment decreased 40.9% Y-o-Y in 1H2016 to 2,600 units. Despite fewer new launches, take-up rate remained healthy in 1H2016 with an increase in the total units sold by 3.7% Y-o-Y to 5,600 units and the average selling price gained 1.7% Y-o-Y to RMB11,700 per sqm .

*(Source: JLL Research, 2Q16 Chongqing Property Market Overview)*

**Beijing Market**
Beijing's residential market was stable in 2Q2016. Although overall housing transaction volume slowed by 6.6% Y-o-Y, high-end residential market continues to thrive with transactions volume increased 81.0% and more than 100.0% Q-o-Q and Y-o-Y respectively. In 2Q2016, intense competition and large supply of high-end apartments restrained price growth to 0.6% Q-o-Q.

Leasing demand for serviced apartments was flat in 2Q2016 despite the arrival of more expatriates. Vacancy rate increased marginally by 0.2 ppts to 19.9% Q-o-Q. With the decline of total supply by 1.7% Q-o-Q and 10.5% Y-o-Y to 7,004 units in 2Q2016, average rental edged up 0.9% Q-o-Q and 1.2% Y-o-Y to RMB226.5 per sqm per month.

*(Sources: JLL Research, Office landlords hold back under softening demand, 18 July 2016; Colliers International, Beijing Office Q2 2016; Colliers International, Beijing Retail Q2 2016; Colliers International, Beijing Residential Q2 2016; CBRE Research, Beijing Property Market Overview Q2 2016)*

**Outlook**
Responding to the short-term oversupply concerns in the office, retail and residential markets, developers are likely to continue to slow down the pace of new projects launches into 2H2016. These oversupply could gradually be mitigated by the city's sustained economic growth which underpins the demand for office, retail and residential spaces. Furthermore, the anticipated arrival of more companies setting up their presence in Chongqing bolstered by the Singapore-Chongqing project could also provide impetus to drive demand further, particularly for the office and SOHO apartments. Tapping on that demand, the Group is currently developing its mixed-development (SOHO, office and retail) Ying Li International Commercial Centre with Phase 1 of the project on track for completion in late 2017. In addition, the Group's Ying Li International Hardware and Electrical Centre, constructed to amalgamate various distribution centres in Chongqing is currently proceeding according to plan.

Improved market sentiments and favourable policies are expected to continue to drive the demand for the residential market. The Group's residential development, Lion City Garden, has registered healthy pre-sales from its phased launches since late 2014. The Group has started to recognise sales with the handover of units since December 2015 and into 2016.

As for its retail malls, the Group continues to focus its efforts on repositioning two of its three malls- Ying LI IMIX Park Jiefangbei and Ying Li IMIX Park Daping, by adjusting their tenant mix and creating differential and experiential concepts to draw additional foot traffic.

Barring any unforeseen circumstances, including any adverse movements in the forex market or a further deterioration of China's macroeconomic environment, the Directors expect the Group's profit for the period to remain profitable in FY2016.

**11 Dividend**

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

No dividend was declared or recommended. Given the extensive developments being undertaken by the Group and thus the significant demand for cash this year, the Group is unlikely to declare a cash dividend for FY2016.

**(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 2016 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
12 August 2016

**Yang Xiao Yu**
Executive Director