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

Financial Statement Announcement for 3rd Quarter ended 30th September 2018

Part 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Board of Directors announces the unaudited results of the Group for the 3rd quarter and nine months ended 30th September 2018.

	Group					
	3rd Qtr 2018	3rd Qtr 2017	Increase / (Decrease)	Jan to Sep 2018	Jan to Sep 2017	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Revenue	**146,200**	**314,560**	**(53.5%)**	**639,591**	**760,308**	(15.9%)
Cost of sales	(80,056)	(219,702)	(63.6%)	(404,938)	(544,726)	(25.7%)
Gross profit	**66,144**	**94,858**	**(30.3%)**	**234,653**	**215,582**	**8.8%**
Other income	1,545	10,825	(85.7%)	7,938	32,161	(75.3%)
Selling expenses	(22,050)	(16,124)	36.8%	(47,605)	(43,356)	9.8%
Administrative expenses	(26,226)	(31,444)	(16.6%)	(99,040)	(72,591)	36.4%
Finance costs	(54,124)	(26,873)	101.4%	(152,444)	(74,913)	103.5%
(Loss)/Profit before Income Tax	**(34,711)**	**31,242**	n.m.	**(56,498)**	**56,883**	n.m.
Taxation - Current	(1,976)	(18,107)	(89.1%)	(15,464)	(24,749)	(37.5%)
- Deferred	3,839	3,936	(2.5%)	8,943	2,466	262.7%
(Loss)/Profit for the period	**(32,848)**	**17,071**	n.m.	**(63,019)**	**34,600**	n.m.
Foreign currency translation differences(at nil tax)	(37,488)	(596)	6,189.9%	(49,026)	(16,472)	197.6%
Total comprehensive (loss)/income for the period	**(70,336)**	**16,475**	n.m.	**(112,045)**	**18,128**	n.m.
(Loss)/Profit attributable to:						
Ordinary shareholders of the company	(31,865)	17,241	n.m.	(61,269)	32,990	n.m.
Non-Controlling Interest (NCI)	(983)	(170)	478.2%	(1,750)	1,610	n.m.
	(32,848)	**17,071**	n.m.	**(63,019)**	**34,600**	n.m.
Total comprehensive (loss)/income attributable to:						
Ordinary shareholders of the company	(69,353)	16,645	n.m.	(110,295)	16,518	n.m.
Non-Controlling Interest (NCI)	(983)	(170)	478.2%	(1,750)	1,610	n.m.
	(70,336)	**16,475**	n.m.	**(112,045)**	**18,128**	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-Sep-18 RMB ('000)	31-Dec-17 RMB ('000)	30-Sep-18 RMB ('000)	31-Dec-17 RMB ('000)
ASSETS				
Non-current assets:				
Property, plant and equipment	44,224	48,493	649	979
Investment in subsidiaries	-	-	2,966,325	2,966,326
Investment properties	4,486,577	4,486,742	-	-
Other investment	880,000	880,000	-	-
Deferred assets	27,529	27,529	-	-
Total non-current assets	**5,438,330**	**5,442,764**	**2,966,974**	**2,967,305**
Current assets:				
Development properties	1,820,781	2,099,791	-	-
Trade and other receivables	1,783,274	2,917,625	3,633	879,921
Amount due from subsidiaries	-	-	2,356,633	1,368,768
Cash and cash equivalents	890,100	626,910	36,249	9,184
Total current assets	**4,494,155**	**5,644,326**	**2,396,515**	**2,257,873**
Total assets	**9,932,485**	**11,087,090**	**5,363,489**	**5,225,178**
EQUITY AND LIABILITIES				
Capital and reserves:				
Capital contribution	4,028,372	4,028,372	4,028,372	4,028,372
Reverse acquisition reserve	(1,993,712)	(1,993,712)	-	-
Statutory common reserve	88,588	88,588	-	-
Convertible bond reserve	42,458	42,458	42,458	42,458
Perpetual convertible securities	878,970	878,970	878,970	878,970
Exchange fluctuation reserve	(63,795)	(14,769)	9,948	(24,383)
Retained profits/(accumulated losses)	2,062,797	2,204,600	(1,008,769)	(886,274)
	5,043,678	**5,234,507**	**3,950,979**	**4,039,143**
Non-Controlling Interest	**57,452**	**59,202**	**-**	**-**
Total equity	**5,101,130**	**5,293,709**	**3,950,979**	**4,039,143**
Non-current liabilities:				
Deferred taxation	624,219	634,322	-	-
Borrowings	2,648,257	2,820,427	-	325,997
Total non-current liabilities	**3,272,476**	**3,454,749**	**-**	**325,997**
Current liabilities:				
Trade and other payables	632,935	1,098,922	63,880	69,555
Amount owing to subsidiaries	-	-	736,125	762,192
Provision for taxation	127,953	147,048	-	-
Borrowings	797,991	1,092,662	612,505	28,291
Total current liabilities	**1,558,879**	**2,338,632**	**1,412,510**	**860,038**
Tota Liabilities	**4,831,355**	**5,793,381**	**1,412,510**	**1,186,035**
Total equity and liabilities	**9,932,485**	**11,087,090**	**5,363,489**	**5,225,178**

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

Notes to the Statement of Financial Position

Trade and other receivables comprise of the following:

	Group		Company	
	30-Sep-18 RMB ('000)	31-Dec-17 RMB ('000)	30-Sep-18 RMB ('000)	31-Dec-17 RMB ('000)
Trade receivables	24,020	32,222	-	-
Other receivables:				
- Deposit for land tenders	998,041	519,748	-	-
- Rental deposits	624	606	612	595
- Prepayments	251,306	181,666	2,904	6,405
- Security deposits placed with contractors, suppliers and authorities	22,887	42,750	-	-
- Refundable deposits	19,868	31,623	-	-
- Proceed receivable from disposal of subsidiary	415,350	2,035,350	-	872,859
- Others	51,178	73,660	117	62
Total receivables	1,783,274	2,917,625	3,633	879,921

Trade and other payables comprise of the following:

	Group		Company	
	30-Sep-18 RMB ('000)	31-Dec-17 RMB ('000)	30-Sep-18 RMB ('000)	31-Dec-17 RMB ('000)
Trade payables	195,134	393,757	-	-
Other payables:				
- Other tax payables	65,764	58,695	-	-
- Accrued expenses	122,670	143,101	63,880	69,555
- Advance payment from customers	158,106	411,034	-	-
- Rental and option deposits	53,428	45,526	-	-
- Project deposits	10,000	15,000	-	-
- Advances from sub-contractors	27,091	29,759	-	-
- Others	742	2,050		-
Total payables	632,935	1,098,922	63,880	69,555

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

	Group			
	30-Sep-18		31-Dec-17	
	Secured RMB ('000)	Unsecured RMB ('000)	Secured RMB ('000)	Unsecured RMB ('000)
Borrowings				
Amount repayable during its operating cycle, within twelve months, or on demand	453,810	344,181	1,092,662	-
Amount repayable beyond its normal operating cycle or after twelve months from the balance sheet date	2,648,257	-	2,494,430	325,997
	3,102,067	344,181	3,587,092	325,997

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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, 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			
	3rd Qtr 2018	3rd Qtr 2017	Jan to Sep 2018	Jan to Sep 2017
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Operating activities				
(Loss)/Profit before taxation	(34,711)	31,242	(56,498)	56,883
Adjustments for:				
Depreciation of property, plant and equipment	1,460	1,730	4,725	5,354
Amortisation of other non-current assets	1,897	636	4,432	2,222
Interest expense	54,124	26,873	152,444	74,913
Interest income	(644)	(9,418)	(5,254)	(28,518)
Loss on disposal of property, plant and equipment	4	207	40	208
Unrealised exchange loss	51,417	-	51,417	-
Operating profit before working capital changes	73,547	51,270	151,306	111,062
Change in investment properties	-	3,376	-	10,115
Change in development properties	70,243	108,157	279,010	152,158
Change in trade and other receivables	(49,123)	(81,611)	1,082,650	(125,149)
Change in trade and other payables	(128,028)	29,426	(461,775)	(46,684)
Cash (used in)/generated from operations	(33,361)	110,618	1,051,191	101,502
Interest paid	(45,855)	(18,681)	(143,529)	(73,617)
Interest received	520	9,418	5,044	10,406
Income tax paid	(415)	(540)	(35,717)	(24,129)
Net cash (used in)/generated from operating activities	**(79,111)**	**100,815**	**876,989**	**14,162**
Cash flow from investing activities				
Acquisition of property, plant and equipment	(37)	(487)	(473)	(599)
Net cash used in investing activities	**(37)**	**(487)**	**(473)**	**(599)**
Cash flow from financing activities				
Bank balance subject to restriction	165,688	(38,892)	(232,388)	237,182
Proceed from loans and borrowings	-	400,000	252,663	700,000
Payment of interest on perpetual convertible securities	-	-	(93,662)	(91,156)
Repayment of borrowings	(22,126)	(427,101)	(771,752)	(817,508)
Net cash generated from/(used in) financing activities	**143,562**	**(65,993)**	**(845,139)**	**28,518**
Net increase in cash and cash equivalents	**64,414**	**34,335**	**31,377**	**42,081**
Effects of exchange rate changes on cash and cash equivalents	(334)	188	(575)	190
Cash and cash equivalents at beginning of period	427,144	230,873	460,422	223,125
Cash and cash equivalents at end of period	**491,224**	**265,396**	**491,224**	**265,396**

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 September 2018

Group	Capital contribution	Reverse acquisition reserve	Convertible bonds (equity component)	Statutory common reserve	Share-based compensation reserve	Perpetual convertible security	Translation reserve	Retained profits	Total attributable to Ordinary shareholders of the Company	Non-Controlling Interest	Total
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Balance at 1 January 2018	4,028,372	(1,993,712)	42,458	88,588	-	878,970	(14,769)	2,204,600	5,234,507	59,202	5,293,709
Total comprehensive loss for the period	-	-	-	-	-	-	(1,505)	4,689	3,184	134	3,318
Perpetual convertible securities interest	-	-	-	-	-	-	-	(31,123)	(31,123)	-	(31,123)
Balance at 31 March 2018	4,028,372	(1,993,712)	42,458	88,588	-	878,970	(16,274)	2,178,166	5,206,568	59,336	5,265,904
Total comprehensive loss for the period	-	-	-	-	-	-	(10,033)	(34,093)	(44,126)	(901)	(45,027)
Perpetual convertible securities interest	-	-		-		-	-	(24,572)	(24,572)	-	(24,572)
Balance at 30 June 2018	4,028,372	(1,993,712)	42,458	88,588	-	878,970	(26,307)	2,119,501	5,137,870	58,435	5,196,305
	-	-	-	-		-					
Total comprehensive loss for the period	-	-		-	-	-	(37,488)	(31,865)	(69,353)	(983)	(70,336)
Perpetual convertible securities interest	-	-		-	-	-	-	(24,839)	(24,839)	-	(24,839)
Balance at 30 September 2018	4,028,372	(1,993,712)	42,458	88,588	-	878,970	(63,795)	2,062,797	5,043,678	57,452	5,101,130
Balance at 1 January 2017	4,028,372	(1,993,712)	42,458	80,570	-	878,970	13,468	1,953,241	5,003,367	58,644	5,062,011
Total comprehensive loss for the period	-	-	-	-	-	-	(18,742)	10,738	(8,004)	566	(7,438)
Perpetual convertible security interest	-	-	-	-	-	-	-	(22,133)	(22,133)	-	(22,133)
Balance at 31 March 2017	4,028,372	(1,993,712)	42,458	80,570	-	878,970	(5,274)	1,941,846	4,973,230	59,210	5,032,440
Total comprehensive income for the period	-	-	-	-	-	-	2,866	5,011	7,877	1,214	9,091
Perpetual convertible securities interest	-	-		-	-	-	-	(22,384)	(22,384)	-	(22,384)
Balance at 30 June 2017	4,028,372	(1,993,712)	42,458	80,570	-	878,970	(2,408)	1,924,473	4,958,723	60,424	5,019,147
Total comprehensive income for the period	-	-	-	-	-	-	(596)	17,241	16,645	(170)	16,475
Perpetual convertible securities interest	-	-		-	-	-	-	(22,631)	(22,631)	-	(22,631)
Balance at 30 September 2017	4,028,372	(1,993,712)	42,458	80,570	-	878,970	(3,004)	1,919,083	4,952,737	60,254	5,012,991

Statement of Changes in Equity of the Company for the period ended 30 September 2018

Company	Capital contribution	Convertible bonds (equity component)	Share-based compensation reserve	Translation reserve	Perpetual convertible security	Retained profits	Total
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Balance at 1 January 2018	4,028,372	42,458	-	(24,383)	878,970	(886,274)	4,039,143
Total comprehensive 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	(929,540)	3,976,987
Total comprehensive loss for the period	-	-	-	11,989	-	(19,464)	(7,475)
Perpetual convertible securities interest	-	-	-	-		(24,572)	(24,572)
Balance at 30 June 2018	4,028,372	42,458	-	(31,284)	878,970	(973,576)	3,944,940
Total comprehensive income for the period	-	-	-	41,232	-	(10,352)	30,880
Perpetual convertible securities interest	-	-	-	-	-	(24,841)	(24,841)
Balance at 30 September 2018	4,028,372	42,458	-	9,948	878,970	(1,008,769)	3,950,979
Balance at 1 January 2017	4,028,372	42,458	-	(45,503)	878,970	(749,635)	4,154,662
Total comprehensive income for the period	-	-	-	35,667	-	(5,810)	29,857
Transfer to statutory common reserve	-	-	-	-		(22,133)	(22,133)
Balance at 31 March 2017	4,028,372	42,458	-	(9,836)	878,970	(777,578)	4,162,386
Total comprehensive loss for the period	-	-	-	(5,333)	-	(16,859)	(22,192)
Perpetual convertible securities interest	-	-	-	-	-	(23,384)	(23,384)
Balance at 30 June 2017	4,028,372	42,458	-	(15,169)	878,970	(817,821)	4,116,810
Total comprehensive loss for the period	-	-	-	417	-	(10,221)	(9,804)
Perpetual convertible securities interest	-	-	-	-	-	(22,631)	(22,631)
Balance at 30 September 2017	4,028,372	42,458	-	(14,752)	878,970	(850,673)	4,084,375

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Perpetual Subordinated Convertible Callable Securities ("Perpetual Convertible Securities")

On 17 October 2014, the Company had issued S$165,000,000 in aggregate principal amount of Tranche 1 Perpetual Convertible Securities and S$20,000,000 in aggregate principal amount of Tranche 2 Perpetual Convertible Securities to Everbright Hero Mauritius Limited, the nominee of Everbright Hero Holdings Limited pursuant to a subscription agreement dated 30 June 2014.

The number of shares that may be issued on conversion of the outstanding securities at the end of the period:

	As at 30 Sep 2018	As at 30 Sep 2017
	No. of shares	No. of shares
The number of shares that may be issued on conversion of outstanding securities at the end of the period	581,761,006	581,761,006

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

There were no outstanding share options and share awards granted under the Ying Li Employee Share Option Scheme ("Ying Li ESOS") and Ying Li Performance Share Plan ("Ying Li PSP") respectively as at 30 September 2018 (30 September 2017: Nil).

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

None of the subsidiaries held shares in the Company as at 30 September2018 (30 September 2017: Nil).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares as at 30 September 2018 was 2,557,040,024 (30 September 2017: 2,557,040,024).

1(d)(iv) A statement showing all sales, transfer, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfer, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

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

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group had adopted the same accounting policies and method of computation in the financial statements for the current financial year compared to the audited financial statements for the year ended 31 December 2017.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-
(a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group			
	3rd Qtr 2018	3rd Qtr 2017	Jan to Sep 2008	Jan to Sep 2017
Earnings per ordinary share:				
(i) Based on weighted average no. of ordinary shares in issue (RMB per share)	(0.012)	0.007	(0.024)	0.013
(ii) On a fully diluted basis (RMB per share)	(0.010)	0.005	(0.020)	0.011
Number of shares in issue:				
(i) Based on weighted ave no. of ordinary shares in issue ('000)	2,557,040	2,557,040	2,557,040	2,557,040
(ii) On a fully diluted basis ('000)	3,138,801	3,138,801	3,138,801	3,138,801

Earnings per ordinary share equals to the Group's profit for the financial periods attributable to the shareholders of the Company divided by the weighted average number of ordinary shares issued during the period under review.

Diluted earnings per ordinary share is calculated based on the similar basis as the earnings per share, except that the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: perpetual convertible securities, as of 30 September 2018.

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	30-09-2018	31-Dec-17	30-09-2018	31-Dec-17
Net Asset Value (RMB'000)	5,043,678	5,234,507	3,950,979	4,039,143
Based on existing issued share capital (RMB per share)	1.97	2.05	1.55	1.58
Net Asset Value has been computed based on the number of share issued (000')	2,557,040	2,557,040	2,557,040	2,557,040

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

STATEMENT OF COMPREHENSIVE INCOME

Due to the nature of the industry that the Company operates in, recognition of revenue from the sale of properties is driven by project hand-over. Consequently, quarterly results may not be a good indication of profitability trend.

For the 9 months and quarter ended 30 September 2018

Revenue

	Group					
	3rd Qtr 2018	3rd Qtr 2017	Increase / (Decrease)	Jan to Sep 2018	Jan to Sep 2017	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	94,982	264,146	(64.0%)	485,509	603,853	(19.6%)
Rental Income	51,218	50,414	1.6%	154,082	156,455	(1.5%)
	146,200	**314,560**	**(53.5%)**	**639,591**	**760,308**	**(15.9%)**

Revenue for 3QFY2018 declined by 53.5% Y-o-Y or RMB168.4 million, to RMB146.2 million (3QFY2017: RMB314.6 million). The decline was due to a decrease in sales of properties by RMB169.2 million, mainly attributable to fewer residential units at Lion City Garden, commercial units at Ying Li International Electrical and Hardware Centre ("Ying Li IEC") and other previously completed commercial properties handed-over in the quarter. Rental income increased by 1.6% Y-o-Y or RMB804k to RMB51.2 million, mainly due to gradual increase in occupancy rates at the rented properties.

Gross profit

	Group					
	3rd Qtr 2018	3rd Qtr 2017		Jan to Sep 2018	Jan to Sep 2017	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	19,513	50,158	(61.1%)	98,108	80,250	22.3%
Rental Income	46,632	44,700	4.3%	136,546	135,332	0.9%
	66,145	**94,858**	**(30.3%)**	**234,654**	**215,582**	**8.8%**

Gross profit for 3QFY2018 decreased by 30.3% Y-o-Y or RMB28.7 million, to RMB66.2 million (3QFY2017: RMB94.9 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 RMB30.6 million, offset by a 4.3% Y-o-Y increase in Rental Income segment's gross profit.

Gross profit margin

	Group							
	3rd Qtr 2018		3rd Qtr 2017		Jan to Sep 2018		Jan to Sep 2017	
	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%
Sale of Properties	19,513	20.5%	50,158	19.0%	98,108	20.2%	80,250	13.3%
Rental Income	46,632	91.0%	44,700	88.7%	136,546	88.6%	135,332	86.5%
	66,145	**45.2%**	**94,858**	30.2%	**234,654**	**36.7%**	**215,582**	28.4%

Overall gross profit margin for 3QFY2018 increased by 15.0 percentage point, to 45.2% (3QFY2017: 30.2%), primarily due to higher proportion of gross profit contribution from Rental Income segment which has a higher gross profit margin.

Other income

	Group			
	3rd Qtr 2018	3rd Qtr 2017	Jan to Sep 2018	Jan to Sep 2017
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Interest income	644	9,417	5,254	28,518
Advertisement income	359	352	979	925
Government grant	-	675	6	786
Others	542	381	1,699	1,932
	1,545	10,825	7,938	32,161

Other income for 3QFY2018 decreased Y-o-Y mainly due to decrease in interest income as a result of withdrawal of pledged fixed deposits to financial institutions and others.

Selling expenses

Selling expenses for 3QFY2018 increased by RMB5.9 million, to RMB22.0 million (3QFY2017: RMB16.1 million), mainly due to increase in property management expenses, and advertising and promotion activities expenses.

Administrative expenses

For 3QFY2018, administrative expenses decreased by RMB5.2 million, to RMB26.2 million (3QFY2017: RMB31.4 million), mainly due to lower staff related costs, legal and professional fees, partially offset by unrealised foreign exchange losses arising from revaluation of foreign currency liabilities.

Finance costs

The increase in finance costs of RMB27.2 million to RMB54.1 million for 3QFY2018 (3QFY2017: RMB26.9 million), is mainly due to the termination of finance costs capitalisation upon disposal of Ying Li International Commercial Centre from 4QFY2017 onwards.

Taxation

	Group					
	3rd Qtr 2018	3rd Qtr 2017		Jan to Sep 2018	Jan to Sep 2017	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Income tax	(1,976)	(18,107)	(89.1%)	(15,464)	(24,749)	(37.5%)
Deferred tax	3,839	3,936	(2.5%)	8,943	2,466	262.7%
	1,863	**(14,171)**	**n.m.**	**(6,521)**	**(22,283)**	**(70.7%)**

n.m. - not meaningful

For 3QFY2018, taxation expenses decreased by RMB16.0 million as compared with 3QFY2017. This was in tandem with the decrease in profit before income tax.

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

	Group					
	3rd Qtr 2018	3rd Qtr 2017	Increase / (Decrease)	Jan to Sep 2018	Jan to Sep 2017	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
(Loss)/Profit attributable to:						
Ordinary shareholders of the Company	(31,865)	17,241	n.m	(61,269)	32,990	n.m.
Non-Controlling Interest (NCI)	(983)	(170)	478.2%	(1,750)	1,610	n.m.
	(32,848)	**17,071**	**n.m**	**(63,019)**	**34,600**	**n.m.**

n.m. - not meaningful

For 3QFY2018, the Group reported loss attributable to the ordinary shareholders of the Company amounting to RMB31.9 million, mainly due to lower gross profit and increased in finance costs as termination of finance costs capitalisation upon disposal of Ying Li International Commercial Centre from 4QFY2017 onwards.

STATEMENT OF FINANCIAL POSITION

Total Assets of the Group decreased by 10.4% or RMB1,154.6 million, to RMB9,932.5 million (31 December 2017: RMB11,087.1 million), mainly due to a net decrease in trade and other receivables of RMB1,134.4 million arising from partial collection of divestment proceeds in April 2018 from a subsidiary disposed in 4QFY2017 and development properties of RMB279.0 million, offset by an increase in cash and cash equivalents of RMB 263.2 million.

The Group's total liabilities decreased by 16.6% or RMB962.0 million, to RMB4,831.4 million (31 December 2017: RMB5,793.4 million), mainly due to a decrease in bank loan of RMB466.8 million and trade and other payables of RMB466.0 million.

The Group's total equity decreased by RMB192.6 million to RMB5,101.1 million (31 December 2017: RMB5,293.7 million), mainly due to a decrease in retained profits of RMB141.8 million and an increase in exchange fluctuation deficit of RMB49.0 million.

STATEMENT OF CASH FLOW

For 3QFY2018, the increase in unrestricted cash and cash equivalents of RMB64.4 million was mainly due to:

i) net cash outflow of RMB79.1 million from operating activities; and
ii) net cash inflow of RMB143.5 million from financing activities.

The net cash outflow from operating activities of RMB79.1 million was mainly attributable to a decrease in trade and other payables of RMB128.0 million, an increase in trade and other receivables of RMB49.1 million, and a net interest and income tax paid of RMB45.8 million. This was partially offset by cash generated from operating profit of RMB73.6 million and a decrease in development properties of RMB70.2 million.

Net cash generated from financing activities of RMB143.5 million includes a decrease in cash collaterals pledged of RMB165.6 million, and offset by repayment of borrowings RMB 22.1 million.

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

The results announced are in line with the previous comments by the Board of Directors.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

According to Chongqing Statistics Bureau, Chongqing's GDP grew at 6.3% Y-o-Y in YTD 3Q2018 and reached RMB1,477.3bn. This growth rate is below both the national's YTD 3Q2018 Y-o-Y growth rate of 6.7% and the 6.5% Y-o-Y growth rate Chongqing achieved in 1H2018. This is due to lower growth from the agriculture and Industrial sectors, negated by the higher growth in services, technology and export sectors.

Chongqing Office Market
During the 3Q2018, there was no new supply of grade A office was added to the market. With net absorption at 64,800 sqm, the vacancy rate of grade A office dropped by 2.5 ppt. While Jiefangbei CBD continues to be the preferred location for overseas companies among all the business district in Chongqing, CBDs in Guanyin Qiao, Jiangbeizui, Zhaomu Shan and Xin Paifang are also developing fast.

(Source: CBRE, Chongqing Property Market Report 3Q 2018)

Chongqing Retail Market
In 3Q2018, 60,000 sqm of new supply added to the market, compared with 378,000 sqm added in 1H2018. With the net absorption at 23,200 sqm, the vacancy rate declined marginally. The prime retail submarkets continue to be Guanyin Qiao and Jiefangbei, with new submarkets emerge at Danzishi, Yubei and Dahua precincts. During the period, the existing malls continue to proactively adjust their tenant max in reaction to continued new supply and increased in number of local tourists visiting Chongqing, by bringing popular elements, with themed shopping space and flexible opening hours. These new tenants mainly concentrate on Retail (fashion, accessories & jewelry, sports related, Cosmetics & Personal Care), F&B (particularly those with family centric theme) and Lifestyle (education & training, beauty, recreation & Sports, health & medical service etc).

(Source: CBRE, Chongqing Property Market Report 3Q 2018)

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 is progressing in accordance with plans. The first and second batch of IEC buyers are renovating their shops and progressively conducting businesses at the centre. As of end 3Q2018, there was about 15% of the shops in IEC already opened for businesses.

On the retail 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 high occupancy rates in the excess of 90%, both malls had undergone some space optimization process to increase the leasable areas. Secondly, Ying Li IMIX Park Daping mall further strengthens its focus as a local community mall with higher proportion of space allocated to services needed by the nearby residences. These include enrichment/education centres, popular book and stationery store and children-centric stores.

The Group's investment in New Everbright Centre project remains healthy amidst the purchase restrictions meant to rein in rising home prices in Beijing Tongzhou. Phase 1 construction, consisting of 4 SOHO towers has been fully completed. Phase 2 construction, which consist mainly two office towers and part of retail podium, has reached level 13 and level 3 of the office tower respectively as of end Sep 2018. Phase 3 construction, which consist one premium office tower and remaining part of the retail podium, is at the piling foundation work.

Looking ahead, the on-going tariff wars between US and PRC, and the depreciation of the RMB against USD and SGD, will have an adverse impact on the market sentiments and Group's financial performance. The Group will remain watchful on the macro industry uncertainty and market volatility while continuing to scout for sound development and investment opportunities in Tier 1 and fast-growing lower tier cities to build pipelines for future growth.

11 Dividend

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

No dividend was declared or recommended.

(b) Corresponding Period of the Immediately Preceding Financial year
Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend has been declared or recommended

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the period.

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

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

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

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results of the Company for the financial period ended 30 September 2018 to be false or misleading in any material aspect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers under SGX Listing Rule 720(1) of the Listing Manual.

The Group has procured undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 of the SGX Listing Manual.

BY ORDER OF THE BOARD

Fang Ming	**Hu Bing**	**Yang Xiao Yu**
Executive Chairman	Executive Director	Executive Director
13 November 2018		