



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

Financial Statement Announcement for 1st Quarter ended 31 March 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 1st quarter and three months ended 31st March 2014.

	Group					
	1st Qtr	1st Qtr	Increase /	Jan to Mar	Jan to Mar	Increase /
	2014	2013	(Decrease)	2014	2013	(Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Revenue	279,702	103,534	170.2%	279,702	103,534	170.2%
Cost of sales	(171,126)	(42,842)	299.4%	(171,126)	(42,842)	299.4%
Gross profit	108,576	60,692	78.9%	108,576	60,692	78.9%
Other income	1,007	640	57.3%	1,007	640	57.3%
Selling expenses	(13,421)	(8,223)	63.2%	(13,421)	(8,223)	63.2%
Administrative expenses - Normal recurring	(16,236)	(15,179)	7.0%	(16,236)	(15,179)	7.0%
Administrative expenses - Share based payment expense	(4,001)	(6,910)	(42.1%)	(4,001)	(6,910)	(42.1%)
Finance costs	(22,969)	(20,894)	9.9%	(22,969)	(20,894)	9.9%
Profit before Income Tax	52,956	10,126	423.0%	52,956	10,126	423.0%
Taxation - Current	(19,382)	(4,815)	302.5%	(19,382)	(4,815)	302.5%
- Deferred	(122)	2,261	n.m.	(122)	2,261	n.m.
Profit for the period	33,452	7,572	341.8%	33,452	7,572	341.8%
Foreign currency translation differences(at nil tax)	(33,887)	12,687	n.m.	(33,887)	12,687	n.m.
Total comprehensive income for the period	(435)	20,259	n.m.	(435)	20,259	n.m.
Profit attributable to:						
Ordinary shareholders of the company	33,676	7,707	337.0%	33,676	7,707	337.0%
Non-Controlling Interest (NCI)	(224)	(135)	65.9%	(224)	(135)	65.9%
	33,452	7,572	341.8%	33,452	7,572	341.8%
Total comprehensive income attributable to:						
Ordinary shareholders of the company	(211)	20,394	n.m.	(211)	20,394	n.m.
Non-Controlling Interest (NCI)	(224)	(135)	65.9%	(224)	(135)	65.9%
	(435)	20,259	n.m.	(435)	20,259	n.m.

n.m. - not meaningful

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

	Group		Company	
	31-Mar-14 RMB ('000)	31-Dec-13 RMB ('000)	31-Mar-14 RMB ('000)	31-Dec-13 RMB ('000)
ASSETS				
Non-current assets:				
Property, plant and equipment	8,240	8,748	51	59
Investment in subsidiaries	-	-	2,827,257	2,827,257
Investment properties	3,837,279	3,837,685	-	-
Prepayment	83	208	-	-
Total non-current assets	3,845,602	3,846,641	2,827,308	2,827,316
Current assets:				
Land for development	7,418	7,418	-	-
Development properties	3,289,156	3,241,928	157,981	153,339
Trade and other receivables	217,084	169,827	10,203	11,064
Amount due from subsidiaries	-	-	1,718,500	1,663,266
Cash at bank - restricted	574,526	542,346	-	-
Cash and cash equivalents	142,620	184,786	28,265	29,877
Total current assets	4,230,804	4,146,305	1,914,949	1,857,546
Total assets	8,076,406	7,992,946	4,742,257	4,684,862
EQUITY AND LIABILITIES				
Capital and reserves:				
Capital contribution	3,537,218	3,536,776	3,537,218	3,536,776
Reverse acquisition reserve	(1,993,711)	(1,993,711)	-	-
Statutory common reserve	68,444	68,444	-	-
Share-based compensation reserve	22,085	18,526	22,085	18,526
Exchange fluctuation reserve	15,230	49,117	(989)	(19,375)
Retained profits	1,751,354	1,717,678	(222,206)	(201,987)
	3,400,620	3,396,830	3,336,108	3,333,940
Non-Controlling Interest	54,745	54,968	-	-
Total equity	3,455,365	3,451,798	3,336,108	3,333,940
Non-current liabilities:				
Deferred taxation	482,651	483,593	-	-
Borrowings-secured	814,375	814,375	-	-
Total non-current liabilities	1,297,026	1,297,968	-	-
Current liabilities:				
Trade and other payables	1,091,308	1,159,083	12,005	11,526
Amount owing to subsidiaries	-	-	722,285	706,504
Provision for taxation	114,081	95,641	-	-
Other borrowings - unsecured	143,582	96,112	143,582	96,112
Borrowings-secured	1,975,044	1,892,344	528,277	536,780
Total current liabilities	3,324,015	3,243,180	1,406,149	1,350,922
Total equity and liabilities	8,076,406	7,992,946	4,742,257	4,684,862

Notes to Statement of Financial Position

Trade and other receivables comprises of:

	Group		Company	
	31-Mar-14 RMB ('000)	31-Dec-13 RMB ('000)	31-Mar-14 RMB ('000)	31-Dec-13 RMB ('000)
Trade receivables	145,561	106,006	-	-
Other receivables:				
- Rental deposits	470	457	451	438
- Prepayments	15,310	27,030	156	102
- Staff advances and allowances	1,503	933	-	-
- Advance to sub-contractors	22,548	3,072	-	-
- Advance to management agents	9,600	9,600	-	-
- Advance to legal services	9,975	10,898	9,475	10,398
- Refundable deposits	9,976	9,997	-	-
- Reimbursement expenses	403	462	-	-
- Others	1,738	1,372	121	126
	<u>217,084</u>	<u>169,827</u>	<u>10,203</u>	<u>11,064</u>

Trade and other payables comprise of the following:

	Group		Company	
	31-Mar-14 RMB ('000)	31-Dec-13 RMB ('000)	31-Mar-14 RMB ('000)	31-Dec-13 RMB ('000)
Trade payables	327,320	363,863	-	-
Other payables:				
- Accrued expenses	30,992	36,947	12,005	11,525
- Advances from customers	536,051	673,557	-	-
- Rental and option deposits	195,872	83,389	-	-
- Others	1,073	1,327	1	1
	<u>1,091,308</u>	<u>1,159,083</u>	<u>12,006</u>	<u>11,526</u>

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

	Group			
	31-Mar-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	1,975,044	143,582	1,892,344	96,112
	<u>1,975,044</u>	<u>143,582</u>	<u>1,892,344</u>	<u>96,112</u>
Amount repayable after one year	814,375	-	814,375	-
	<u>2,789,419</u>	<u>143,582</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 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			
	1st Qtr 2014	1st Qtr 2013	Jan to Mar 2014	Jan to Mar 2013
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Operating activities				
Profit before taxation	52,956	10,126	52,956	10,126
Adjustments for:				
Depreciation of property, plant and equipment	528	534	528	534
Amortisation of other non-current assets	591	823	591	823
Interest expense	22,969	20,894	22,969	20,894
Interest income	(562)	(369)	(562)	(369)
Share based payment expense	4,001	6,910	4,001	6,910
Loss on disposal of property, plant and equipment	(6)	-	(6)	-
Unrealised exchange loss	(2)	1	(2)	1
Operating profit before working capital charges	80,475	38,919	80,475	38,919
Increase in development properties	(13,975)	(149,500)	(13,975)	(149,500)
Decrease/(increase) in trade and other receivables	(47,317)	(124,452)	(47,317)	(124,452)
(Decrease)/increase in trade and other payables	(80,972)	459,519	(80,972)	459,519
Cash (used in)/from operations	(61,788)	224,486	(61,788)	224,486
Interest paid	(55,265)	(26,218)	(55,265)	(26,218)
Interest received	562	369	562	369
Income tax paid	(2,007)	13,155	(2,007)	13,155
Net cash (used in)/ from operating activities	(118,499)	211,792	(118,499)	211,792
Cash flow from investing activities				
Acquisition of property, plant and equipment	(19)	(7)	(19)	(7)
Proceed from disposal of PPE	6	-	6	-
Net cash used in investing activities	(13)	(7)	(13)	(7)
Cash flow from financing activities				
Bank balance subject to restriction	(32,180)	(320,398)	(32,180)	(320,398)
Payment of interest expense on convertible bonds	-	(49,444)	-	(49,444)
Proceed from loans and borrowings	194,560	894,812	194,560	894,812
Repayment of loan from a shareholder	-	(8,298)	-	(8,298)
Repayment of borrowings	(101,481)	(1,078,299)	(101,481)	(1,078,299)
Net cash generated from/(used in) financing activities	60,899	(561,627)	60,899	(561,627)
Net decrease in cash and cash equivalent	(57,612)	(349,842)	(57,612)	(349,842)
Effects of exchange rate changes on cash and cash equivalents	15,446	11,305	15,446	11,305
Cash and cash equivalent at beginning of period	184,786	607,713	184,786	607,713
Cash and cash equivalent at end of period	142,620	269,176	142,620	269,176

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity for the period ended 31 March 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
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

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

- 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 31 March 2014, the number of outstanding share options granted under the Ying Li ESOS was 16,186,627 (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	Options outstanding at 31 March 2014
2 Apr 2012	S\$0.278	14,746,765	14,746,765	2,316,517	12,430,248
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	-	1,847,163
29 Sep 2013	S\$0.370	910,000	910,000	-	910,000
Total:		20,098,968	20,098,968	3,397,557	16,701,411

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

As at 31 March 2014, the number of outstanding share awards granted (but not yet vested) under the Ying Li PSP was 19,817,917 (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	Number of Performance Shares Lapsed	Balance at 31 March 2014
2 Apr 2012	22,120,148	5,530,119	16,590,029	-	2,606,082	13,983,947
23 Apr 2012	2,271,000	567,774	1,703,226	-	-	1,703,226
14 Mar 2013	1,081,040	-	1,081,040	250,000	831,040	-
31 Mar 2013	2,770,744	-	2,770,744	-	-	2,770,744
29 Sep 2013	1,360,000	-	1,360,000	-	-	1,360,000
Total:	29,602,932	6,097,893	23,505,039	250,000	3,437,122	19,817,917

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

The total number of issued shares as at 31 March 2014 was 2,169,294,867 (31 December 2013: 2,169,044,867).

On 14 March 2014, the Company issued and allotted an aggregate of 250,000 fully paid-up ordinary shares in the capital of the Company pursuant to the vesting of the share awards to an employee who have fulfilled certain conditions in accordance with the terms of the grant under the Ying Li Performance Share Plan.

The Company did not hold any treasury shares as at 31 March 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			
	1st Qtr 2014	1st Qtr 2013	Jan to Dec 2014	Jan to Dec 2013
Earnings per ordinary share:				
(i) Based on weighted average no. of ordinary shares in issue (RMB per share)	0.016	0.004	0.016	0.004
(ii) On a fully diluted basis (RMB per share)	0.017	0.007	0.017	0.007
Number of shares in issue:				
(i) Based on weighted ave no. of ordinary shares in issue ('000)	2,169,045	2,162,947	2,169,045	2,162,947
(ii) On a fully diluted basis ('000)	2,238,603	2,214,251	2,238,603	2,214,251

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 dilution earning per share computations:

	1st Qtr 2014 RMB ('000)	1st Qtr 2013 RMB ('000)	Jan to Mar 2014 RMB ('000)	Jan to Mar 2013 RMB ('000)
Profit attributable to equity holders of the parent	33,676	7,707	33,676	7,707
Add: Effect of dilutive potential ordinary shares				
- Share based payment expense	4,001	6,910	4,001	6,910
	<u>37,677</u>	<u>14,617</u>	<u>37,677</u>	<u>14,617</u>
Weighted average number of ordinary shares in issued	2,169,045	2,162,947	2,169,045	2,162,947
Add: Effect of dilutive potential ordinary shares				
- Share based compensation reserve	69,558	51,304	69,557	51,304
Number of ordinary shares used to calculate the diluted earning per share	<u>2,238,603</u>	<u>2,214,251</u>	<u>2,238,603</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	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
Net Assets Value (RMB'000)	3,400,620	3,396,830	3,336,108	3,333,940
Based on existing issued share capital (RMB per share)	1.57	1.57	1.54	1.54
Net Assets Value has been computed based on the number of share issued (000')	2,169,045	2,169,045	2,169,045	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 three months and quarter ended 31 March 2014

Revenue

	Group					
	1st Qtr 2014	1st Qtr 2013	Increase / (Decrease)	Jan to Mar 2014	Jan to Mar 2013	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	245,708	76,727	220.2%	245,708	76,727	220.2%
Rental Income	33,994	26,807	26.8%	33,994	26,807	26.8%
	279,702	103,534	170.2%	279,702	103,534	170.2%

Revenue of the Group for 1QFY2014 increased by RMB176.2 million (170.2%) to RMB279.7 million as compared with 1QFY2013. The increase was mainly due to revenue recognition upon the handover of residential units in Block 3, 4, 5 and retail units of the Ying Li International Plaza project in the first quarter of 2014.

Rental income for the Group for 1QFY2014 increased by RMB7.2 million (26.8%) to RMB34.0 million. The increase is primarily due to more IFC office space being leased out compared to 1QFY2013 coupled with the contribution from the Ying Li International Plaza mall that was completed at the end of 2013.

Gross profit

	Group					
	1st Qtr 2014	1st Qtr 2013	%	Jan to Mar 2014	Jan to Mar 2013	%
	RMB ('000)	RMB ('000)		RMB ('000)	RMB ('000)	
Sale of Properties	80,656	38,666	108.6%	80,656	38,666	108.6%
Rental Income	27,920	22,026	26.8%	27,920	22,026	26.8%
	108,576	60,692	78.9%	108,576	60,692	78.9%

Gross profit of the Group for 1Q2014 increased by RMB47.9 million (78.9%) to RMB108.6 million as compared with the same period last year due to:

- a. Revenue recognition upon the handover of residential units in Block 3, 4, 5 and retail units of the Ying Li International Plaza project; and
- b. Increase in gross profit from rental income for 1Q2014 by RMB5.9 million (26.8%) to RMB27.9 million mainly from the contribution from increased leasing income from IFC and Ying Li International Plaza.

Gross profit margin

	Group							
	1st Qtr 2014		1st Qtr 2013		Jan to Mar 2014		Jan to Mar 2013	
	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%
Sale of Properties	80,656	32.8%	38,666	50.4%	80,656	32.8%	38,666	50.4%
Rental Income	27,920	82.1%	22,026	82.2%	27,920	82.1%	22,026	82.2%
	108,576	38.8%	60,692	58.6%	108,576	38.8%	60,692	58.6%

The Group's gross profit margin for 1Q2014 decreased by 19.8 percentage points to 38.8%. 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 have a lower gross profit margin compared to premium office units such as the IFC offices sold in 2013.

Other income

	Group			
	1st Qtr 2014	1st Qtr 2013	Jan to Mar 2014	Jan to Mar 2013
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Interest income	562	372	562	372
Others	445	268	445	268
	1,007	640	1,007	640

Selling expenses

During the quarter under review, selling expenses was RMB5.2 million (63.2%) higher than 1Q2013. 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 RMB1.0 million (6.7%) higher compared with 1Q2013 mainly due to one-off higher legal and professional fees incurred to prepare for fundraising.

Finance costs

For the quarter under review, finance expenses were RMB2.1 million higher than 1Q2013. The higher interest expense was due to additional development loans drawn down during the year to finance ongoing construction.

Taxation

	Group					
	1st Qtr 2014	1st Qtr 2013		Jan to Mar 2014	Jan to Mar 2013	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Income tax	(19,382)	(4,815)	302.5%	(19,382)	(4,815)	302.5%
Deferred tax	(122)	2,261	n.m.	(122)	2,261	n.m.
	(19,504)	(2,554)	663.7%	(19,504)	(2,554)	663.7%

During the quarter under review, current income tax expense increased by RMB17.0 million to RMB19.5 million as compared with 1Q2013 mainly due to taxable profits generated from the sale of properties in 1Q2014.

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

	Group					
	1st Qtr 2014	1st Qtr 2013	Increase / (Decrease)	Jan to Mar 2014	Jan to Mar 2013	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Profit attributable to:						
Ordinary shareholders of the Company	33,676	7,707	337.0%	33,676	7,707	337.0%
Non-Controlling Interest (NCI)	(224)	(135)	65.9%	(224)	(135)	65.9%
	33,452	7,572	341.8%	33,452	7,572	341.8%

Overall, net profit attributable to the ordinary shareholders of the Company for the quarter under review increased by RMB25.9 million to RMB33.5 million in 1Q2014.

Total comprehensive income for the Group decreased by RMB20.7 million mainly due to unrealized foreign exchange losses as a result of translating foreign currency loans into the presentation currency, which is RMB. During the reporting period, the Group's foreign currency loans comprised SGD and USD term loans. As at 31 December 2014, the RMB:USD:SGD rates we used were 6.0641:1:1.2619 and as at 31 March 2014, the rates were 6.2269:1:1.2577.

STATEMENT OF FINANCIAL POSITION

Total Assets of the Group increased by RMB83.5 million to RMB8,076.4 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 off-set by amortization of long term prepayment expense and depreciation charge on fixed assets.

The Group's total liabilities increased by RMB80.4 million to RMB4,621.0 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 had successfully redeemed the outstanding SGD200 million convertible bonds issued on 3 March 2013. The board monitors the repayment schedule of existing loans closely to ensure sufficient liquidity to meet obligations when due.

The Group's total equity increased by RMB3.6 million to RMB3,455.4 million during the period under review. The net increase was due to translation profit, share-based compensation reserve and profit achieved for the current quarter under review.

STATEMENT OF CASH FLOW

The decrease in cash and cash equivalent of RMB57.6 million for the quarter under review was mainly due to:

- (i) net cash outflow of RMB118.5 million from operating activities; and
- (iii) net cash inflow of RMB60.9 million from financing activities.

The net cash used in operating activities of RMB118.5 million include cash used in the generation of operating profit of RMB80.5 million (i.e. include changes in Investment Properties), net decrease in receivables and payables by RMB42.8 million, offset by (i) RMB14.0 million development costs incurred mainly on Ying Li International Plaza; (ii) interest and income tax payment of RMB57.3 million.

Net cash generated from financing activities of RMB60.9 million includes: (i) increase in borrowing by RMB194.6 million mainly for the development cost of Ying Li Financial Street project; (ii) repayment of borrowings amounting to RMB101.5 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 FY 2014. The Group recorded both an Operating and Net Profit for the Period. However, foreign exchange translation losses arising from our borrowings in US and Singapore dollars caused us to suffer a small loss at the Comprehensive Income level.

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 quarter 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 RMB298.3 billion, an increase of 10.9% year-on-year ("y-o-y") and 3.5 percentage points higher than the national average level of 7.4%. Total retail sales grew 12.9% increase y-o-y to RMB124.4 billion. Total import and export accelerated 82.3% y-o-y to RMB131.8 billion.

Chongqing Office Market

The launch of three new projects during the quarter pushed Chongqing's office vacancy rate up 2.6 percentage points q-o-q to 38.1% and average rental rate increased marginally by 0.3% q-o-q to RMB 93.4 per sqm per month. Demand from business and financial service remained strong with new setup and expansion made major contribution to net take up. During the quarter, net absorption volume remained stable at 34,150 sqm. Moving forward, office market supply is expected to remain stable considering the strong performance of Chongqing's economy in 1Q 2014. Around 580,000 sqm of new supply is expected to be delivered in 2014 with a larger proportion coming from Jiangbeizui, Hualongqiao and Jiefangbei. Finance and business service companies continue to be the two largest demand drivers, while demand from real estate and trade companies are expected to grow. The rental level of pipeline projects in non-core area will remain flat, while rental of high quality supply from core CBD area will exceed those of existing projects. In all, Chongqing's office average rental rate will remain steady in 2014.

(Source: Jones Lang LaSalle 1Q 2014)

In Q1 2014, new supply in Chongqing Grade A office market reached a historic high. 155,056 sqm of Grade A office space entered the market, lifting existing stock to 695,917sqm. Stimulated by new supply the office leasing market turned more active. Net absorption reached 39,439 sqm, exceeding the quantum of take up during the first quarter of the previous year with finance and investment companies being the key demand drivers. Chongqing Grade A office rental rent decrease 2.2% q-o-q to RMB 92.7 per sqm per month, a slight increase 0.1% q-o-q. Yuzhong district continues to command the highest rental rate of RMB 93.4 per sqm per month. Availability ratio in Yuzhong district increase 3.7 percentage points to 47.4%. As Chongqing office market matures, the difference in occupier profiles in the various districts will become more evident. Jiefangbei CBD is expected to continue to attract more foreign companies.

(Source: DTZ 1Q 2014)

Chongqing Retail Mall Market

After rapid growth in 2013, fast fashion retailers slowed down their expansion with no new shops opened during this quarter. The overall market vacancy rate rose 0.6 percentage points to 8.6%. In the face of subdued demand, a number of landlords lowered their asking rent. Average retail rent fell by 0.5% q-o-q to RMB 23.1 psm per day. Leasing activities this quarter were mainly recorded in the core area. Looking forward, over 560,000 sqm of retail space will come onto the market in 2014, with 57% coming from non-core areas. A growing numbers of pipeline projects face challenges in attracting brands during the pre-lease. Retail rents may come under pressure in the near term.

(Source: CBRE 1Q 2014)

Given that the Group focuses on development of integrated 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.

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 31 March 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Fang Ming
Executive Chairman
14 May 2014

Christopher Chong Meng Tak
Lead Independent Director and Chairman of Audit Committee