



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

Financial Statement Announcement for 2nd Quarter ended 30th June 2017

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 2017.

	Group					
	2nd Qtr	2nd Qtr	Increase /	Jan to Jun	Jan to Jun	Increase /
	2017	2016	(Decrease)	2017	2016	(Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Revenue	243,626	169,294	43.9%	445,748	260,611	71.0%
Cost of sales	(177,463)	(100,758)	76.1%	(325,024)	(128,780)	152.4%
Gross profit	66,163	68,536	(3.5%)	120,724	131,831	(8.4%)
Other income	11,223	16,255	(31.0%)	21,335	30,110	(29.1%)
Selling expenses	(13,549)	(18,025)	(24.8%)	(27,231)	(31,729)	(14.2%)
Administrative expenses	(28,274)	(26,725)	5.8%	(41,147)	(42,980)	(4.3%)
Administrative expenses - Share based payment expense	-	(319)	n.m.	-	(319)	n.m.
Finance costs	(25,111)	(25,310)	(0.8%)	(48,040)	(47,247)	1.7%
Profit before Income Tax	10,452	14,412	(27.5%)	25,641	39,666	(35.4%)
Taxation - Current	(5,160)	(8,199)	(37.1%)	(6,642)	(15,185)	(56.3%)
- Deferred	933	2,089	(55.3%)	(1,470)	2,738	n.m.
Profit for the period	6,225	8,302	(25.0%)	17,529	27,219	(35.6%)
Foreign currency translation differences(at nil tax)	2,866	(17,772)	n.m.	(15,876)	(37,831)	(58.0%)
Total comprehensive profit/(loss) for the period	9,091	(9,470)	n.m.	1,653	(10,612)	n.m.
Profit attributable to:						
Ordinary shareholders of the company	5,011	5,002	0.2%	15,749	21,795	(27.7%)
Non-Controlling Interest (NCI)	1,214	3,300	(63.2%)	1,780	5,424	(67.2%)
	6,225	8,302	(25.0%)	17,529	27,219	(35.6%)
Total comprehensive profit/(loss) attributable to:						
Ordinary shareholders of the company	7,877	(12,770)	n.m.	(127)	(16,036)	(99.2%)
Non-Controlling Interest (NCI)	1,214	3,300	(63.2%)	1,780	5,424	(67.2%)
	9,091	(9,470)	n.m.	1,653	(10,612)	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-17 RMB ('000)	31-Dec-16 RMB ('000)	30-Jun-17 RMB ('000)	31-Dec-16 RMB ('000)
ASSETS				
Non-current assets:				
Property, plant and equipment	63,628	54,656	1,223	1,431
Investment in subsidiaries	-	-	2,966,258	2,966,258
Investment properties	4,451,750	4,457,926	-	-
Other investment	620,000	620,000	-	-
Deferred assets	29,275	28,108	-	-
Total non-current assets	5,164,653	5,160,690	2,967,481	2,967,689
Current assets:				
Development properties	5,108,936	5,187,210	-	-
Trade and other receivables	901,260	841,759	9,744	6,691
Amount due from subsidiaries	-	-	2,286,584	2,417,534
Cash and cash equivalents	407,990	676,315	24,003	12,109
Total current assets	6,418,186	6,705,284	2,320,331	2,436,334
Total assets	11,582,839	11,865,974	5,287,812	5,404,023
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	80,570	80,570	-	-
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	(2,408)	13,468	(15,169)	(45,503)
Retained profits	1,924,473	1,953,241	(817,821)	(749,635)
	4,958,723	5,003,367	4,116,810	4,154,662
Non-Controlling Interest	60,424	58,644	-	-
Total equity	5,019,147	5,062,011	4,116,810	4,154,662
Non-current liabilities:				
Deferred taxation	543,997	573,209	-	-
Borrowings-secured	1,798,409	1,804,559	338,403	347,503
Total non-current liabilities	2,342,406	2,377,768	338,403	347,503
Current liabilities:				
Trade and other payables	1,151,152	1,265,015	20,314	62,380
Amount owing to subsidiaries	-	-	757,741	786,139
Provision for taxation	171,861	156,958	-	-
Borrowings-secured	2,898,273	3,004,222	54,544	53,339
Total current liabilities	4,221,286	4,426,195	832,599	901,858
Total equity and liabilities	11,582,839	11,865,974	5,287,812	5,404,023

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-17 RMB ('000)	31-Dec-16 RMB ('000)	30-Jun-17 RMB ('000)	31-Dec-16 RMB ('000)
Trade receivables	67,890	78,272	-	-
Other receivables:				
- Deposit for land tender	509,211	477,946	-	-
- Rental deposits	609	586	597	585
- Prepayments	218,905	165,602	9,073	5,954
- Security deposits placed with contractors, suppliers and authorities	32,191	36,188	-	-
- Refundable deposits	40,815	53,435	-	-
- Others	31,639	29,730	74	152
Total receivables	901,260	841,759	9,744	6,691

Trade and other payables comprise of the following:

	Group		Company	
	30-Jun-17 RMB ('000)	31-Dec-16 RMB ('000)	30-Jun-17 RMB ('000)	31-Dec-16 RMB ('000)
Trade payables	604,214	644,232	-	-
Other payables:				
- Accrued expenses	83,106	91,525	20,314	62,380
- Advance payment from customers	393,868	442,476	-	-
- Rental and option deposits	45,573	64,474	-	-
- Project deposits	15,000	15,085	-	-
- Advances from sub-contractors	7,582	6,278	-	-
- Others	1,809	945	-	-
Total payables	1,151,152	1,265,015	20,314	62,380

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

	Group			
	30-Jun-17		31-Dec-16	
	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	2,898,273	-	3,004,222	-
	2,898,273	-	3,004,222	-
Amount repayable beyond its normal operating cycle or after twelve months from the balance sheet date	1,460,006	338,403	1,457,056	347,503
	4,358,279	338,403	4,461,278	347,503

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			
	2nd Qtr 2017	2nd Qtr 2016	Jan to Jun 2017	Jan to Jun 2016
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Operating activities				
Profit before taxation	10,452	14,412	25,641	39,666
Adjustments for:				
Depreciation of property, plant and equipment	1,706	1,597	3,624	3,494
Amortisation of other non-current assets	784	142	1,586	209
Interest expense	25,111	25,310	48,040	47,247
Interest income	(9,766)	(14,975)	(19,100)	(27,820)
Share based payment expense	-	319	-	319
Operating profit before working capital changes	<u>28,287</u>	<u>26,805</u>	<u>59,791</u>	<u>63,115</u>
Decrease in investment properties	6,739	6,033	6,739	6,033
Decrease/(increase) in development properties	55,627	(207,946)	44,001	(503,581)
Increase in trade and other receivables	(74,889)	(86,526)	(43,538)	(118,610)
(Decrease)/increase in trade and other payables	(14,747)	130,105	(76,110)	607,836
Cash used in operations	<u>1,017</u>	<u>(131,529)</u>	<u>(9,117)</u>	<u>54,793</u>
Interest paid	(35,266)	(69,729)	(54,936)	(154,660)
Interest received	794	15,718	988	27,679
Income tax paid	(15,864)	(7,227)	(23,589)	(10,662)
Net cash (used in)/from operating activities	<u>(49,319)</u>	<u>(192,767)</u>	<u>(86,654)</u>	<u>(82,850)</u>
Cash flow from investing activities				
Acquisition of property, plant and equipment	(112)	(176)	(112)	(601)
Net cash used in investing activities	<u>(112)</u>	<u>(176)</u>	<u>(112)</u>	<u>(601)</u>
Cash flow from financing activities				
Release of bank balances previously subject to restriction	169,821	390,015	276,074	662,317
Proceed from loans and borrowings	250,000	521,884	300,000	626,920
Proceed from bond issuance	-	323,799	-	323,799
Payment of interest on perpetual convertible securities	(91,156)	(89,999)	(91,156)	(89,999)
Repayment of borrowings	(241,504)	(812,951)	(390,407)	(1,267,101)
Net cash generated from financing activities	<u>87,161</u>	<u>332,748</u>	<u>94,511</u>	<u>255,936</u>
Net (decrease)/increase in cash and cash equivalents	<u>37,730</u>	<u>139,805</u>	<u>7,745</u>	<u>172,485</u>
Effects of exchange rate changes on cash and cash equivalents	353	3,613	3	(17,067)
Cash and cash equivalents at beginning of period	192,790	190,120	223,125	178,120
Cash and cash equivalents at end of period	<u>230,873</u>	<u>333,538</u>	<u>230,873</u>	<u>333,538</u>

Cash and cash equivalents at the end of the period comprise cash and bank balances and excludes bank balances pledged to banks amounting to RMB177.1 million as at 30 June 2017 (30 June 2016: RMB482.3 million).

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

Consolidated Statement of Changes in Equity for the period ended 30 June 2017

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 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 income for the year	-	-	-	-	-	-	(18,742)	10,738	(8,004)	566	(7,438)
Perpetual convertible securities 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 year	-	-	-	-	-	-	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
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 securities 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

Statement of Changes in Equity of the Company for the period ended 30 June 2017

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 2017	4,028,372	42,458	-	(45,503)	878,970	(749,635)	4,154,662
Total comprehensive income for the year	-	-	-	35,667	-	(5,810)	29,857
Perpetual convertible securities interest	-	-	-	-	-	(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 income for the year	-	-	-	(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
Balance at 1 January 2016	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
Transfer to statutory common reserve	-	-	-	-	-	(22,134)	(22,134)
Balance at 31 March 2016	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 securities interest	-	-	-	-	-	(65,412)	(65,412)
Balance at 30 June 2016	4,028,372	42,458	20,026	(8,008)	878,970	(698,875)	4,262,943

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 June 2017	As at 30 June 2016
	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 2017, the number of outstanding share options granted under the Ying Li ESOS was nil (30 June 2016: 567,775). 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 2016	Number of Options Lapsed / Revoked	Number of Options Exercised	Options outstanding at 30 June 2017
31 Mar 2013	S\$0.371	1,847,163	(1,279,388)	567,775	(567,775)	-	-

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

As at 30 June 2017, the number of outstanding share awards granted (but not yet vested) under the Ying Li PSP was nil (30 June 2016: 425,831). 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 2016	No. of Performance Shares Vested	Number of Performance Shares Lapsed / Revoked	Balance at 30 June 2017
31 Mar 2013	2,770,744	(664,297)	(1,680,616)	425,831	-	(425,831)	-

The Company did not hold any treasury shares as at 30 June 2017 (30 June 2016: Nil).

None of the subsidiaries held shares in the Company as at 30 June 2017 (30 June 2016: 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 June 2017 was 2,557,040,024 (30 June 2016: 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 2016.

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 2017	2nd Qtr 2016	Jan to Jun 2017	Jan to Jun 2016
Earnings per ordinary share:				
(i) Based on weighted average no. of ordinary shares in issue (RMB per share)	0.002	0.002	0.006	0.009
(ii) On a fully diluted basis (RMB per share)	0.002	0.002	0.006	0.009
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	2,557,040	2,557,040	2,557,040

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 June 2017.

Share options under the Ying Li ESOE 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.

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-17	31-Dec-16	30-Jun-17	31-Dec-16
Net Asset Value (RMB'000)	4,958,723	5,003,367	4,116,810	4,154,662
Based on existing issued share capital (RMB per share)	1.94	1.96	1.61	1.62
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 six months and quarter ended 30 June 2017

Revenue

	Group					
	2nd Qtr 2017	2nd Qtr 2016	Increase / (Decrease)	Jan to June 2017	Jan to June 2016	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	190,054	115,994	63.8%	339,707	152,728	122.4%
Rental Income	53,572	53,300	0.5%	106,041	107,883	(1.7%)
	243,626	169,294	43.9%	445,748	260,611	71.0%

Revenue of the Group from the Sale of Properties increased by RMB74.1 million (63.8%) to RMB190.1 million as compared with 2QFY2016. The increase was mainly driven by the continued handover of the residential units at San Ya Wan Phase 2 project and commercial units at Ying Li International Electrical and Hardware Centre ("Ying Li IEC") Phase 1A and 2A, and sales of Investment properties.

Rental income increased marginally by RMB0.3 million (0.5%) as compared to the same period of last year.

Gross profit

	Group					
	2nd Qtr 2017	2nd Qtr 2016		Jan to June 2017	Jan to June 2016	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	21,528	22,308	(3.5%)	30,091	39,685	(24.2%)
Rental Income	44,635	46,228	(3.4%)	90,633	92,146	(1.6%)
	66,163	68,536	(3.5%)	120,724	131,831	(8.4%)

Gross profit of the Group for 2QFY2017 decreased by RMB2.4 million (3.5%) to RMB66.2 million as compared to the same period last year. The mix of properties that were handed over in 2QFY2017 have lower gross profit as compared to the commercial units at San Ya Wan Phase 2 handed over in 2QFY2016.

Gross profit margin

	Group							
	2nd Qtr 2017		2nd Qtr 2016		Jan to June 2017		Jan to June 2016	
	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%
Sale of Properties	21,528	11.3%	22,308	19.2%	30,091	8.9%	39,685	26.0%
Rental Income	44,635	83.3%	46,228	86.7%	90,633	85.5%	92,146	85.4%
	66,163	27.2%	68,536	40.5%	120,724	27.1%	131,831	50.6%

The Group's gross profit margin for 2QFY2017 decreased by 13.3 percentage points to 27.2%. Gross profit margin from Sale of Properties decreased as the mixture of properties that were handed over in 2QFY2017 tend to have lower gross profit margin as compared to the residential units at San Ya Wan Phase 2 handed over in 2QFY2016, including sales of Investment properties in 2QFY2017 where its carrying value had been revalued to fair market value. This had also contributed to the lower Group's gross profit margin from Sale of Properties in 2QFY2017

Other income

	Group			
	2nd Qtr 2017	2nd Qtr 2016	Jan to June 2017	Jan to June 2016
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Interest income	9,766	14,975	19,100	27,820
Advertisement income	336	304	573	559
Government grant	65	353	110	353
Others	1,056	623	1,552	1,378
	11,223	16,255	21,335	30,110

The year-on-year decrease in Other Income was mainly due to lower interest income.

Selling expenses

Selling expenses decreased marginally by RMB4.5 million (24.8%) in 2QFY2017 to RMB13.5 million as compared to 2QFY2016, due to lower staff costs, sales and marketing related expenses.

Administrative expenses

During the quarter under review, Administrative expenses increased slightly by RMB1.5 million (5.8%) to RMB28.3 million in 2QFY2017 mainly due to additional advisory service fees incurred during the quarter.

Finance costs

For the quarter under review, Finance costs were RMB0.2 million (0.8%) lower as compared to 2QFY2016 mainly due to the gradual repayment of outstanding loan. Interest expense directly attributable to projects would generally be capitalised as part of the project costs.

Taxation

	Group					
	2nd Qtr 2017	2nd Qtr 2016		Jan to June 2017	Jan to June 2016	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Income tax	(5,160)	(8,199)	(37.1%)	(6,642)	(15,185)	(56.3%)
Deferred tax	933	2,089	(55.3%)	(1,470)	2,738	n.m.
	(4,227)	(6,110)	(30.8%)	(8,112)	(12,447)	(34.8%)

n.m. - not meaningful

During the quarter under review, tax expense decreased by RMB1.9 million (30.8%) as compared with 2Q2016 mainly due to lower taxable profits generated from the sale of properties in 2QFY2017.

Total comprehensive income for the period

Total comprehensive income for the period increased by RMB18.6 million as compared to 2QFY2016. The increase is mainly due to higher foreign currency translation gains due to the slight strengthened in the RMB against SGD during the quarter.

Profit attributable to ordinary shareholders of the Company

	Group					
	2nd Qtr 2017	2nd Qtr 2016	Increase / (Decrease)	Jan to June 2017	Jan to June 2016	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Profit attributable to:						
Ordinary shareholders of the Company	5,011	5,002	0.2%	15,749	21,795	(27.7%)
Non-Controlling Interest (NCI)	1,214	3,300	(63.2%)	1,780	5,424	(67.2%)
	6,225	8,302	(25.0%)	17,529	27,219	(35.6%)

Overall, net profit attributable to the ordinary shareholders of the Company increased marginally in 2QFY2017.

STATEMENT OF FINANCIAL POSITION

Total Assets of the Group decreased by RMB283.1 million to RMB11.6 billion during the quarter mainly due to a decrease in cash and cash equivalents of RMB268.3 million mainly due to the repayment of loans, progress payments for the construction of the projects and distribution on perpetual convertible securities.

The Group's total liabilities decreased by RMB240.3 million to RMB6.6 billion during the period under review. The decrease in liabilities was mainly due to reduction in borrowings amounting to RMB112.1 million due to repayment of loans and a decrease in trade and other payables of RMB113.9 million that was mainly attributable to a decrease in advances received from customers as the units are handed over and the progress payment of construction costs.

The Group's total equity decreased by RMB42.9 million to RMB5.02 billion during the period under review, mainly due to a decrease in the Exchange fluctuation reserve because of RMB devaluation in 1HFY2017. The Exchange fluctuation reserve mainly comprises 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 decrease in unrestricted cash and cash equivalent of RMB37.7 million for the quarter under review was mainly due to:

- i) net cash outflow of RMB49.3 million from operating activities; and
- ii) net cash inflow of RMB87.2 million from financing activities.

The net cash outflow from operating activities of RMB49.3 million was mainly attributable to cash generated from operating profit of RMB28.3 million. This was off-set by i) a decrease in trade and other payables of RMB14.8 million mainly due to the payment made to suppliers and lower advance payment from customers; ii) an increase in trade and other receivables amounting to RMB74.9 million due to additional prepayment and amount on deposits for land tender; and iii) net interest and income tax paid of RMB50.3 million.

Net cash from financing activities of RMB87.2 million includes: (i) increase in borrowings of RMB250.0 million to fund the construction of the Group's ongoing projects; (ii) release of cash collaterals pledged to financial institutions upon the repayment of loans. This was off-set by the repayment of borrowings and distribution of perpetual convertible securities amounting to RMB332.7 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 posted a GDP growth of 10.5% Y-o-Y to RMB914.4 billion in 1H2017, outpacing the country's overall GDP growth of 6.9% Y-o-Y and upholding its position as the fastest-growing city in the People's Republic of China ("PRC"). In tandem, disposable income per capita rose by 8.6% Y-o-Y to RMB16,913 while total retail sales of consumer goods expanded by 11.7% Y-o-Y to RMB391.4 billion in 1H2017.

Chongqing Office Market

In 1H2017, office demand picked up with the increase in net absorption by 131.2% Y-o-Y to 231,400 sqm, driven by the finance and professional services sectors. The five districts of Jiefangbei, Jiangbeizui, Xinpaifang, Hualongqiao and Yangjiaping accounted for more than 90% of the total net absorption based on lettable floor area. As a testament to its prime location and the preferred choice for MNCs, Jiefangbei recorded the lowest vacancy rate in 1H2017 albeit at the highest rental of above RMB100 per sqm per month for its Grade A office amongst these five district. With the pickup in office demand, overall vacancy rate registered a slight improvement despite seven new office projects totaling 372,800 sqm concentrated in Jiangbeizui and Hualongqiao districts entering the market in 1H2017.

(Source: JLL Research, 1H17 Chongqing Property Market At-a-glance)

Chongqing Retail Market

In 1H2017, retail areas in core business district registered a sharp increase in net absorption areas of 13,200 sqm, a 119.0% y-o-y growth although a total new supply of 93,300 sqm was introduced within the core business district. As the retail market is experiencing an adjustment phase with repositioning and tenant-mix adjustments, vacancy rate in core business districts dropped slightly by 2.3 percentage points to 17.7% in 1H2017. Notwithstanding the current transition phase, apparel and F&B outlets remained as the key drivers of demand. Unique concept F&B outlets and those with good online reviews are consumers' preferred

choice for dining. As the pervasiveness of e-commerce has diversified retail options, a variety of service-related and entertainment outlets have opened in retail malls such as medical centres, beauty salons as well as karaoke centres and indoor laser game studios.

(Sources: CBRE Research, Chongqing Property Market Overview Q2 2017; JLL Research, 1H17 Chongqing Property Market At-a-glance)

Chongqing Residential Market

Although various banks have increased mortgage interest rates in 2Q2017, buying sentiment remained active in the quarter. Despite a new supply of 3,307 high-end residential units mainly concentrated in Nan'an and Yubei coming on stream in 1H2017, a total of 3,846 high-end residential units were sold during the period. With the positive demand, the average selling price of high-end residential projects rose by 27.8% Y-o-Y to RMB14,972 per sqm in 1H2017.

(Source: JLL Research, 1H17 Chongqing Property Market At-a-glance)

Beijing Market

The recent cooling measures have curbed demand and supply in Beijing's high-end residential market. In 2Q2017, sales volume fell 36.0% Y-o-Y and only one high-end residential project was launched in the market. Notwithstanding the property curbs, demand in Beijing is still strong with the average sales price continue to increase, albeit slightly by 1.1% Q-o-Q.

(Source: JLL Research, Beijing's Second Quarter Property Review)

Outlook

In Chongqing, the Group continues to focus on residential and bespoke projects at prime locations in the city. The construction of residential development Lion City Garden Phase 2A, 2B and 2C has been completed and handover is ongoing for the three phases. Likewise for build-to-order mixed-development Ying Li International Hardware and Electrical Centre, the handover for Phase 1A commenced in 4Q2016 and is still ongoing. Construction for Phase 2A is progressing as planned and on track for handover in 2017 and 2018.

For the Group's retail malls, Ying LI IMIX Park Jiefangbei and Ying Li IMIX Park Daping, repositioning and tenant-mix adjustments remain a priority to improve mall competitiveness and relevance to the needs of the consumers. Apart from drawing foot traffic with popular shopping and dining options, more service and experiential-concept stores, which include learning centres, fitness clubs and indoor entertainment parks, have progressively been introduced at the mall.

In Beijing Tongzhou, Phase 1 of our investment project, the New Everbright Centre has achieved strong pre-sales demand and construction is progressing as planned with handover set around late 2017 and 2018.

Given the present macro uncertainty and market volatility, the Group remains committed in enriching its presence in Chongqing and expanding to Tier 1 and fast-growing Tier 2 cities while maintaining a watchful eye on market conditions and risks.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend was declared or recommended.

(b) Corresponding Period of the Immediately Preceding Financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend has been declared or recommended

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the period.

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

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

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

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results of the Company for the financial period ended 30 June 2017 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 2017

Yang Xiao Yu
Executive Director