

WEIYE HOLDINGS LIMITED
(Company Reg No. 198402850E)
Three months ended 31 March 2016 Financial Statement and Dividend Announcement

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
 HALF-YEAR AND FULL YEAR RESULTS**

- 1(a) **An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

CONSOLIDATED INCOME STATEMENT

	GROUP		
	1Q2016 RMB'000	1Q2015 RMB'000	% change +/(-)
Revenue			
- Sales of development properties	96,692	203,774	-53%
- Housing construction	182	29,563	-99%
- Sales of goods	18,791	10,955	72%
	<u>115,665</u>	<u>244,292</u>	
Cost of sales			
- Sales of development properties	(46,653)	(150,612)	-69%
- Housing construction	(350)	(28,325)	-99%
- Sales of goods	(13,002)	(7,618)	71%
	<u>(60,005)</u>	<u>(186,555)</u>	
Gross profit	<u>55,660</u>	<u>57,737</u>	-4%
Other income	716	2,560	-72%
Selling and distribution expenses	(5,031)	(7,812)	-36%
Administrative expenses	(27,057)	(23,309)	16%
Finance costs, net	(1,799)	(3,579)	-50%
Other operating expenses	(268)	(414)	-35%
	<u>22,221</u>	<u>25,183</u>	
Results from operations	<u>22,221</u>	<u>25,183</u>	
Share of loss of investment in joint venture	(819)	-	100%
	<u>21,402</u>	<u>25,183</u>	
Profit before taxation	<u>21,402</u>	<u>25,183</u>	
Taxation	(12,892)	(13,580)	-5%
	<u>8,510</u>	<u>11,603</u>	
Profit for the period	<u>8,510</u>	<u>11,603</u>	
Profit/(Loss) attributable to:			
Owners of the Company	8,479	5,571	
Non-controlling interests	31	6,032	
	<u>8,510</u>	<u>11,603</u>	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP		
	1Q2016 RMB'000	1Q2015 RMB'000	% change + / (-)
Profit for the period	8,510	11,603	
Other comprehensive (loss)/income			
Foreign currency translation differences - foreign operations	(2,624)	4,282	-161%
Net change in fair value of financial assets available-for-sale	-	28	-100%
Net change in fair value of financial assets available-for-sale reclassified to profit or loss	-	(563)	100%
Total other comprehensive (loss)/ income for the period, net of tax	(2,624)	3,747	
Total comprehensive income for the period	5,886	15,350	
Total comprehensive income/(loss) attributable to:			
Owners of the Company	5,855	9,318	
Non-controlling interests	31	6,032	
	5,886	15,350	

Note:

n.m: Not meaningful

**Profit before taxation is stated
after charging/(crediting):**

	GROUP		
	1Q2016 RMB'000	1Q2015 RMB'000	% change + / (-)
Amortisation of intangible assets	249	45	453%
Depreciation of property, plant and equipment	974	1,288	-24%
Interest income	(9,066)	(1,173)	673%
Finance costs	10,865	4,752	129%
Fair value loss on quoted investments	89	-	100%
Property, plant and equipment written off	-	5	-100%
Gain on disposal of property, plant and equipment	-	(26)	100%
Net gain on disposal of financial asset available-for-sale reclassified from equity	-	(563)	100%
Listing expenses	6,042	-	100%

Note:

n.m: Not meaningful

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

	GROUP		COMPANY	
	31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	44,469	43,850	14	14
Investments in subsidiaries	-	-	1,669,975	1,669,975
Investment in joint venture	131,758	132,576	-	-
Investment properties	331,000	331,000	-	-
Investment properties - under development	55,000	55,000	-	-
Amount due from non-controlling interests (non-trade)	99,160	99,160	-	-
Amount due from a joint venture partner (non-trade)	108,584	105,440	-	-
Trade and other receivables	35,000	35,000	-	-
Intangible assets	3,004	2,725	-	-
Club memberships	417	400	417	400
Deferred tax assets	16,242	17,654	-	-
	824,634	822,805	1,670,406	1,670,389
Current assets				
Properties held for sale and development	1,196,266	1,082,606	-	-
Inventories	12,384	10,997	-	-
Trade and other receivables	2,350,212	2,128,182	182	61
Amount due from a joint venture partner (non-trade)	18,928	18,498	-	-
Amount due from joint venture (non-trade)	10,263	27,263	-	-
Amount due from subsidiaries (non-trade)	-	-	22,042	23,131
Prepaid tax	13,815	5,901	67	66
Other financial assets	4,054	-	-	-
Cash and cash equivalents	1,249,711	883,610	7,827	10,406
Assets classified as held for sale	150,000	150,000	-	-
	5,005,633	4,307,057	30,118	33,664
Current liabilities				
Trade and other payables	566,938	795,755	2,416	2,167
Advance receipts from sale of properties	371,702	343,786	-	-
Amount due to subsidiaries (non-trade)	-	-	35,706	34,221
Loans and borrowings	920,527	755,292	-	-
Finance lease liabilities	81	110	-	-
Income tax payable	227,106	235,223	-	-
	2,086,354	2,130,166	38,122	36,388
Net current assets/(liabilities)	2,919,279	2,176,891	(8,004)	(2,724)
Non-current liabilities				
Finance lease liabilities	139	124	-	-
Loans and borrowings	2,203,806	1,499,391	-	-
Deferred tax liabilities	229,976	221,889	-	-
	2,433,921	1,721,404	-	-
Net assets	1,309,992	1,278,292	1,662,402	1,667,665
Equity				
Share capital	359,700	359,700	1,737,554	1,737,554
Reserves	811,992	780,323	(75,152)	(69,889)
Equity attributable to owners of the Company	1,171,692	1,140,023	1,662,402	1,667,665
Non-controlling interests	138,300	138,269	-	-
Total equity	1,309,992	1,278,292	1,662,402	1,667,665

1(b)(i) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:—

Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 March 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
RMB '000	RMB '000	RMB '000	RMB '000
920,527	81	755,292	110

Amount repayable after one year

As at 31 March 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
RMB '000	RMB '000	RMB '000	RMB '000
2,203,806	139	1,499,391	124

Details of any collateral

The bank borrowings for the Group include banker's acceptance, finance lease liabilities, bank overdrafts and bank loans of its subsidiaries. The bank borrowings, exclusive of finance lease liabilities, are secured by:

- (i) Legal mortgage of the assets of subsidiaries and property development units; and
- (ii) Corporate guarantee from the Company.

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

	GROUP	
	1Q2016	1Q2015
	RMB'000	RMB'000
Cash flows from operating activities:		
Profit before taxation	21,402	25,183
Adjustments for:		
Amortisation of intangible assets	249	45
Depreciation of property, plant and equipment	974	1,288
Interest income	(9,066)	(1,173)
Finance expense	10,865	4,752
Property, plant and equipment written off	-	5
Gain on disposal of property, plant and equipment	-	(26)
Net gain on disposal of financial asset available-for-sale reclassified from equity	-	(563)
Fair value/loss on quoted equity investments	89	-
Share of loss of investment in joint venture	819	-
Listing expenses	6,042	-
Effects of exchange rate changes	(4,347)	(136)
Cash flows from operating activities before working capital changes	27,027	29,375
(Increase)/Decrease in properties held for sale and development	(95,359)	32,524
(Increase)/Decrease in inventories	(1,387)	129
(Increase)/Decrease in trade and other receivables	(154,608)	55,359
(Decrease)/Increase in trade and other payables	(200,901)	16,315
Cash flows (used in)/generated from operations	(425,228)	133,702
Income tax paid	(19,424)	(13,988)
Net cash flows (used in)/from operating activities	(444,652)	119,714
Cash flows from investing activities:		
Purchase of property, plant and equipment	(12)	(545)
Proceeds from disposal of property, plant and equipment	-	27
Interest received	2,792	1,173
Additions to intangible assets	(249)	(166)
Purchase of quoted equity investment	(4,143)	-
Proceeds from disposal of financial assets available-for-sale	-	7,071
Net cash flows (used in)/from investing activities	(1,612)	7,560
Cash flows from financing activities:		
Decrease in amount due to directors (non-trade)	-	(1,780)
Decrease/(Increase) in restricted cash	34,839	(41,810)
Repayment of finance leases	(93)	-
Interest paid	(51,076)	(61,047)
Repayment of bank borrowings	(62,635)	(384,437)
Payment of listing expenses	(6,042)	-
Proceeds from bank borrowings	934,883	272,500
Net cash flows from/(used in) financing activities	849,876	(216,574)
Net increase/(decrease) in cash and cash equivalents	403,612	(89,300)
Cash and cash equivalents at the beginning of financial period	305,595	375,186
Effects of exchange rate changes on opening balances of cash and cash equivalents	196	(742)
Cash and cash equivalents at the end of financial period	709,403	285,144
Additional information:		
Cash and cash equivalents	1,249,711	544,998
Less: restricted cash	(540,222)	(259,854)
Less: bank overdrafts	(86)	-
Total cash and cash equivalents in cash flow statement	709,403	285,144

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.

GROUP	<-----Attributable to owners of the Company----->									
	Share capital RMB'000	Merger reserve RMB'000	Capital reserves RMB'000	Foreign currency translation reserve RMB'000	Fair value adjustment reserve RMB'000	Statutory and other reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016	359,700	(59,669)	(550)	(12,235)	-	80,627	772,150	1,140,023	138,269	1,278,292
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	8,479	8,479	31	8,510
Other comprehensive loss										
Foreign currency translation differences – foreign operations	-	-	-	(2,624)	-	-	-	(2,624)	-	(2,624)
Total other comprehensive income/(loss)	-	-	-	(2,624)	-	-	-	(2,624)	-	(2,624)
Total comprehensive income/(loss) for the period	-	-	-	(2,624)	-	-	8,479	5,855	31	5,886
Contributions by and distributions to owners										
Transfer to statutory reserves	-	-	-	-	-	3,327	(3,327)	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	3,327	(3,327)	-	-	-
Changes in ownership interests in subsidiary										
Issuance of share to non-controlling interest	-	-	-	-	-	25,814	-	25,814	-	25,814
Total changes in ownership interests in subsidiary	-	-	-	-	-	25,814	-	25,814	-	25,814
Total transactions with owners	-	-	-	-	-	29,141	(3,327)	25,814	-	25,814
At 31 March 2016	359,700	(59,669)	(550)	(14,859)	-	109,768	777,302	1,171,692	138,300	1,309,992

GROUP	-----Attributable to owners of the Company----->							Total	Non-controlling interests	Total equity
	Share capital	Merger reserve	Capital reserves	Foreign currency translation reserve	Fair value adjustment reserve	Statutory and other reserve	Retained earnings			
At 1 January 2015	359,700	(59,669)	(550)	(11,383)	535	64,814	693,845	1,047,292	125,795	1,173,087
Total comprehensive income/(loss) for the period										
Profit for the period	-	-	-	-	-	-	5,571	5,571	6,032	11,603
Other comprehensive income/(loss)										
Foreign currency translation differences – foreign operations	-	-	-	4,282	-	-	-	4,282	-	4,282
Net change in fair value of financial assets available-for-sale	-	-	-	-	28	-	-	28	-	28
Net change in fair value of financial assets available-for-sale reclassified to profit or loss	-	-	-	-	(563)	-	-	(563)	-	(563)
Total other comprehensive income/(loss)	-	-	-	4,282	(535)	-	-	3,747	-	3,747
Total comprehensive income/(loss) for the period	-	-	-	4,282	(535)	-	5,571	9,318	6,032	15,350
Contributions by and distributions to owners										
Transfer to statutory reserves	-	-	-	-	-	3,243	(3,243)	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	3,243	(3,243)	-	-	-
At 31 March 2015	359,700	(59,669)	(550)	(7,101)	-	68,057	696,173	1,056,610	131,827	1,188,437

Company	<-----Attributable to owners of the Company----->					Total equity RMB'000
	Share capital RMB'000	Accumulated losses RMB'000	Foreign currency translation reserve RMB'000	Employee share option reserve RMB'000	Fair value reserves RMB'000	
Balance as at 1 January 2016	1,737,554	(77,733)	7,262	582	-	1,667,665
Total comprehensive loss for the period						
Loss for the period	-	(5,053)	-	-	-	(5,053)
Other comprehensive loss						
- Foreign currency translation loss	-	-	(210)	-	-	(210)
Total other comprehensive loss	-	-	(210)	-	-	(210)
Total comprehensive loss	-	(5,053)	(210)	-	-	(5,263)
Balance as at 31 March 2016	1,737,554	(82,786)	7,052	582	-	1,662,402
Balance as at 1 January 2015	1,737,554	(80,028)	8,479	582	48	1,666,635
Total comprehensive loss for the period						
Loss for the period	-	(1,682)	-	-	-	(1,682)
Other comprehensive loss						
- Foreign currency translation loss	-	-	(1,334)	-	-	(1,334)
Total other comprehensive loss	-	-	(1,334)	-	-	(1,334)
Total comprehensive loss	-	(1,682)	(1,334)	-	-	(3,016)
Balance as at 31 March 2015	1,737,554	(81,710)	7,145	582	48	1,663,619

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 for 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

Shares

	Company	
	No of shares issued	Share Capital RMB'000
Issued and fully paid:		
As at 1 January and 31 March 2016	196,133,152	1,737,554

Share Options

As at 31 March 2016, there were no share options under the Kyodo-Allied Employees' Share Option Scheme ("Scheme").

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.

	GROUP	
	31-Mar-16	31-Dec-15
Total number of issued shares (in thousand)	196,133	196,133
Less: Treasury shares (in thousand)	-	-
Total number of issued shares excluding treasury shares (in thousand)	196,133	196,133

There were no treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

1(d)(iv) A statement showing all sales, transfers, 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.

These figures have not been audited or reviewed by the auditors.

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

Except as disclosed in Note 5, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 31 December 2015.

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

The Group has adopted the new and revised Singapore Financial Reporting Standards (“SFRS”) that are mandatory for the financial year beginning on or after 1 January 2016, where applicable. The adoption of these standards did not result in substantial changes to the Group’s accounting policies, and there is no material impact on the accumulated profits of the Group as at 1 January 2016.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	GROUP	
	1st Quarter ended	
	31-Mar-16	31-Mar-15 Restated*
Profit attributable to owners of the Company (RMB'000)	8,479	5,571
Weighted average number of ordinary shares in issue (in thousand)	196,133	196,133
Earning per ordinary share:		
(i) Based on weighted average number of ordinary shares in issue (RMB cents)	4.32	2.84
(ii) On a fully diluted basis (RMB cents)	4.32	2.84

Restated* - Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue of 196,133,152 (after share consolidation exercise on 8 December 2015).

Diluted earnings per ordinary share is calculated on the same basis as basic earnings per ordinary share as there were no potential dilutive ordinary shares as at 31 March 2016 and 31 March 2015.

- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer is as follows:-

	GROUP		COMPANY	
	31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15
Net assets attributable to owners of the Company (RMB'000)	1,171,692	1,140,023	1,662,402	1,667,665
Number of ordinary shares (in thousand)	196,133	196,133	196,133	196,133
Net asset value per ordinary share based on issued share capital of the issuer at the end of the financial year (RMB)	5.97	5.81	8.48	8.50

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

A. Review of Results of Operations

	GROUP		% change + / (-)
	1Q2016 RMB'000	1Q2015 RMB'000	

Property Development

Sales	96,692	203,774	-53%
Cost of sales	(46,653)	(150,612)	-69%
Gross profit	<u>50,039</u>	<u>53,162</u>	

Gross Profit Margin 52% 26%

Housing Construction

Sales	182	29,563	-99%
Cost of sales	(350)	(28,325)	-99%
Gross profit	<u>(168)</u>	<u>1,238</u>	

Gross Profit Margin -92% 4%

Equipment

Sales	18,791	10,955	72%
Cost of sales	(13,002)	(7,618)	71%
Gross profit	<u>5,789</u>	<u>3,337</u>	

Gross Profit Margin 31% 30%

Revenue and Gross Profit Margin (“GP Margin”)

Property development business

Property development sales approximating RMB96.7 million was 53% lower for 1Q2016 as compared to 1Q2015. The lower sales was mainly due to smaller total net saleable floor area (“NSFA”) handover of approximately 11,121.3 sqm (1Q2015: 36,032.1 sqm).

Revenue from property development sales for 1Q2016 was mainly from the following projects, namely Weiye Central Park Phase II, III & IV, Weiye Tiandao International and Weiye Oxygen Cube A Phase I & II, which contributed approximately RMB66.0 million, RMB19.5 million and RMB5.1 million, respectively.

The GP margin of property development business for 1Q2016 was 26% higher than 1Q2015 mainly due to higher sales of parking lots from Weiye Central Park Phase III & IV, where the cost of the construction has been apportioned according to the total NSFA.

Housing construction business

As part of the Henan local government’s urbanisation plan, the Group was contracted by the former to build resettlement houses. As of 31 December 2014, the construction of the resettlement houses phase I has been completed in accordance with the construction agreement. Revenue recognised for 1Q2016 and 1Q2015 was mainly from construction of additional ancillary facilities as requested by the local government.

The GP margin of housing construction business for 1Q2016 was 96% lower than 1Q2015 mainly due to certain construction ancillary costs incurred during the period under review that were not claimable from the Henan local government.

Equipment business

The sales of equipment comprised mainly sales of clean room equipment, air purifier, grilles, diffuser and marine damper products. Sales in 1Q2016 was 72% higher as compared to the same period of last year mainly due to sales of new product – Air Purifier “AiJiaBao” in the quarter under review.

The GP margin for equipment business for 1Q2016 was relatively consistent with the same period of last year.

Selling and distribution expenses

The lower selling and distribution expenses for 1Q2016 was in line with the lower sales during the period under review.

Administrative expenses

Administrative expenses for 1Q2016 was higher as compared to the same period of last year mainly due to listing expenses recognised during the period under review in relation to the Company seeking dual primary listing on the Hong Kong Stock Exchange of approximately RMB6.0 million. Other than this, administrative expenses for 1Q2016 was lower as compared to that of last year mainly due to lower travelling and office administrative expense incurred in the current period under review.

Finance expenses

Finance expenses (net) for 1Q2016 was lower as compared to 1Q2015 mainly due to higher deposit interest income earned during the period under review. Total finance expense for 1Q2016 was higher than 1Q2015 due to increase in loans and borrowings.

Share of loss of investment in joint venture

Share of loss of investment in joint venture was mainly due to the share of loss in the operation of Daimashi Shiye Co., Ltd (“Daimashi”). Daimashi has commenced business in 2Q2015.

Taxation

The decrease in taxation for 1Q2016 was mainly due to lower provision of corporate income tax of approximately RMB 2.7 million as a result of lower net profit before tax during the period under review. This was partially offset by higher provision of land appreciation tax of approximately RMB 1.1 million as a result of higher average selling price of certain development properties.

B. Review of Financial Position

Daimashi is a joint venture between the Group and Zhengzhou Century CITIC Real Estate Co., Ltd whereby both the Group and Zhengzhou Century CITIC Real Estate Co., Ltd intend to develop the land held by Daimashi. The decrease was mainly due to the sharing of the loss incurred by the joint venture during the period under review. To date, Daimashi project is still under construction and has yet to recognise any sales.

The increase in the amount due from joint venture partner was mainly due to the interest accrued during the period under review.

The decrease in properties held for sale of approximately RMB113.7 million was mainly due to the sales of property development projects, such as Weiye Xinxiang Central Park Phase II, III&IV, Weiye Tiandao International and Weiye Oxygen Cube A Phase I & II, partially offset by progressive completion of property development projects in this quarter, such as Weiye Xinxiang Central Park Phase V.

The increase in trade and other receivables of approximately RMB222.0 million was mainly due to increase in pre-development costs of approximately RMB 187.4 million on a plot of land that the Group had on 3 March 2016 obtained from the local government in Zhengzhou City, PRC. These costs were incurred for the demolition of existing buildings within the vicinity and resettlement of the residents, and would be reclassified to properties held for sale and development upon the issuance of construction permit that was expected by 2Q2016.

The amount due from joint venture represents the advances to Daimashi, which were unsecured and non-interest bearing. The decrease was due to partial repayment of advances from Daimashi.

Other financial assets represent quoted equity investments made during the period under review.

The decrease in trade and other payables was mainly due to repayment made for a loan from third party of approximately RMB 215.0 million.

The increase in advance receipts from sale of properties was mainly due advance receipts from pre-sale of Weiye Central Park Phase V during the period under review.

The increase in loans and borrowings was mainly due to additional long term loans obtained to finance the development of property projects.

The decrease in tax payables was mainly due to lower provision of income tax for the current financial period.

The increase in the deferred tax liabilities was mainly due to the provision of deferred tax liability relating to the withholding tax on undistributed profits of approximately RMB1.8 million and other temporary timing of tax differences.

Cash flow statement

Cash flows from operating activities before changes in working capital amounted to approximately RMB27.0 million. Cash used in working capital amounted to approximately RMB452.3 million mainly due to increase in trade and other receivables of approximately RMB154.6 million, decrease in trade and other payables of approximately RMB200.9 million and increase in properties held for sales of approximately RMB95.4 million. After changes in working capital and payment for income tax of approximately RMB19.4 million, net cash flow used in operating activities amounted to approximately RMB444.7 million.

Net cash used in investing activities amounted to approximately RMB1.6 million mainly due to purchase of quoted investments of approximately RMB4.1 million, partially offset by the interest received of approximately RMB2.8 million.

Net cash generated from financing activities amounted to approximately RMB849.9 million mainly due to proceeds from bank borrowings of approximately RMB934.9 million and decrease in restricted cash of approximately RMB34.8 million, partly offset by, interest payment of approximately RMB51.1 million and repayment of bank borrowings of approximately RMB62.6 million.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, the issuer must explain any variance between the forecast or prospect statement and the actual results.**

Not applicable.

10 A commentary at the date of this announcement of the 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

China recorded a 6.7% year-on-year (“y-o-y”) gross domestic product (“GDP”) growth in first three months of 2016, with a real domestic disposable income growth of 6.5% y-o-y. Total investments in China property market increase by 6.2% y-o-y (excluding price factor the increase was 9.1%). The growth was driven by the rebound in sales of commercial property market. Overall, it is a good start for the first quarter of 2016, with further structural adjustments and new momentum speeding up, signaling steady growth trend.

Henan province, being the Group’s primary market, recorded a GDP growth of 8.2% in first three months of 2016, being 1.2% higher as compared to last year. Its total real estate investment grew 15.3% y-o-y (excluding price factor the increase was 19.7%). Meanwhile, Hainan province, another region where the Group operates, recorded a GDP growth of 9.7% in 2015, with a total real estate investment growth of 15.7% y-o-y. The growth of the economies in both provinces had outperformed the national average, with the property sectors in both provinces demonstrating stable growth. Therefore, the Group remains optimistic of its property development business.

11 Dividend

(a) Current Financial Period Reported On

Nil

(b) Corresponding Period of the immediately Preceding Financial Year

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

Nil

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

No dividend has been declared or recommended.

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 does not have any existing general mandate from shareholders for IPTs pursuant to Rule 920(1)(a)(ii) of the Listing Manual.

14 Negative confirmation pursuant to Rule 705(5)

The directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the 1st quarter ended 31 March 2016 to be false or misleading in any material aspect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

On Behalf of the Board of Directors

Zhang Wei
Executive Chairman
13 May 2016

Chen Zhi Yong
Executive Director
13 May 2016