



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

Financial Statement Announcement for 2nd Quarter and Half Year ended 30 June 2010

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 half year ended 30 June 2010.

	Group					
	2nd Qtr	2nd Qtr	Increase / (Decrease)	Jan to June	Jan to June	Increase / (Decrease)
	2010	2009		2010	2009	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Revenue	13,728	34,443	(60.1%)	25,325	62,275	(59.3%)
Cost of sales	(4,656)	(21,065)	(77.9%)	(8,273)	(36,813)	(77.5%)
Gross profit	9,072	13,378	(32.2%)	17,052	25,462	(33.0%)
Other income	759	296	156.4%	2,117	438	383.3%
Selling expenses	(955)	(1,280)	(25.4%)	(2,276)	(1,621)	40.4%
Administrative expenses - Normal recurring	(10,933)	(6,808)	60.6%	(20,246)	(15,408)	31.4%
Administrative expenses - CB related exp/forex	-	-	n.m	(5,008)	-	n.m
Finance costs	(19,241)	(3,581)	437.3%	(26,232)	(5,998)	337.3%
Other operating expenses	-	-	n.m	-	(23)	n.m
(Loss)/profit before Income Tax	(21,298)	2,005	n.m	(34,593)	2,850	n.m
Taxation - Current	(1,061)	(1,808)	(41.3%)	(2,019)	(2,640)	(23.5%)
- Deferred	886	-	n.m	1,396	-	n.m
(Loss)/profit for the period	(21,473)	197	n.m	(35,216)	210	n.m
Foreign currency translation differences(at nil tax)	1,140	(2,659)	n.m	1,474	(2,835)	n.m
Total comprehensive income for the period	(20,333)	(2,462)	n.m	(33,742)	(2,625)	n.m
Profit attributable to:						
Owners of the parent	(21,387)	278	n.m	(34,883)	751	n.m
Minority interests (MI)	(86)	(81)	6.2%	(333)	(541)	(38.4%)
	(21,473)	197	n.m	(35,216)	210	n.m
Total comprehensive income attributable to:						
Owners of the parent	(20,247)	(2,381)	750.4%	(33,409)	(2,084)	n.m
Minority interests (MI)	(86)	(81)	6.2%	(333)	(541)	(38.4%)
	(20,333)	(2,462)	725.9%	(33,742)	(2,625)	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	
	30-Jun-10 RMB ('000)	31-Dec-09 RMB ('000)	30-Jun-10 RMB ('000)	31-Dec-09 RMB ('000)
ASSETS				
Non-current assets:				
Property, plant and equipment	16,054	15,803	150	169
Investment in subsidiaries	-	-	2,826,991	2,826,787
Investment properties	1,449,400	1,449,400	-	-
Total non-current assets	1,465,454	1,465,203	2,827,141	2,826,956
Current assets:				
Land for development	115,999	967,521	-	-
Development properties	1,527,511	577,545	-	-
Refundable deposit	-	173,671	-	146,071
Trade and other receivables	85,275	71,968	1,002	999
Amount due from subsidiaries	-	-	1,450,239	682,658
Cash at bank - restricted	17,609	21,885	-	-
Cash and cash equivalents	982,163	233,282	277,335	30,098
Total current assets	2,728,557	2,045,872	1,728,576	859,826
Total assets	4,194,011	3,511,075	4,555,717	3,686,782
EQUITY AND LIABILITIES				
Capital and reserves:				
Capital contribution	3,527,574	3,527,574	3,527,574	3,527,574
Reverse acquisition reserve	(1,993,711)	(1,993,711)	-	-
Statutory common reserve	8,952	8,952	-	-
Convertible bonds equity reserve	49,444	-	49,444	-
Exchange fluctuation reserve	(7,180)	(8,654)	(20,969)	(4,793)
Retained profits	655,525	690,408	(43,848)	(6,591)
	2,240,604	2,224,569	3,512,201	3,516,190
Minority interests	50,615	50,948	-	-
Total equity	2,291,219	2,275,517	3,512,201	3,516,190
Non-current liabilities:				
Deferred taxation	217,724	219,120	-	-
Bank borrowings - secured	511,750	415,860	-	-
Convertible bonds	905,893	-	905,893	-
Total non-current liabilities	1,635,367	634,980	905,893	-
Current liabilities:				
Trade and other payables	152,751	373,383	7,363	140,551
Amount due to a director - non interest bearing	11,777	11,886	-	-
Amount due to a director - interest bearing	-	30,041	-	30,041
Amount owing to subsidiaries	-	-	130,260	-
Borrowing - unsecured	-	21,700	-	-
Provision for taxation	67,092	80,178	-	-
Bank borrowings - secured	35,805	83,390	-	-
Total current liabilities	267,425	600,578	137,623	170,592
Total equity and liabilities	4,194,011	3,511,075	4,555,717	3,686,782

Notes to Statement of Financial Position

1) Cash at bank - restricted

This relates to money restricted by bank from withdrawals in case of default payment by customers.

2) Trade and other receivable comprises of:

	Group		Company	
	30-Jun-10 RMB ('000)	31-Dec-09 RMB ('000)	30-Jun-10 RMB ('000)	31-Dec-09 RMB ('000)
Trade receivables	6,881	20,276	-	-
Other receivables:				
- Rental deposits	494	497	494	497
- Prepayments	3,186	4,175	393	452
- Staff advances and allowances	503	157	-	-
- Advance to sub-contractors	69,410	41,505	-	-
- Advance to management agents	3,600	4,600	-	-
- Refundable deposits	401	21	-	-
- Others	800	737	115	50
	85,275	71,968	1,002	999

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

	Group			
	30-Jun-10		31-Dec-09	
	Secured RMB ('000)	Unsecured RMB ('000)	Secured RMB ('000)	Unsecured RMB ('000)
Amount repayable in one year or less, or on demand	35,805	11,777	83,390	63,627
Amount repayable after one year	511,750	905,893	415,860	-
	547,555	917,670	499,250	63,627

Details of any collateral

Secured bank borrowings are generally secured by the legal mortgage of the Group's investment properties.

Secured bank borrowings have an weighted average effective interest rate of 7.78% (2009: 8.12%) per annum at the reporting date. Interest on bank borrowings with variable rate is re-priced every 12 months.

Current bank borrowings are repayable within 12 months from the balance sheet date and non-current bank borrowings are repayable between more than 1 year to 11 years from the balance sheet date.

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

	Group			
	2nd Qtr 2010	2nd Qtr 2009	Jan to June 2010	Jan to June 2009
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Operating activities				
(Loss)/profit before taxation	(21,298)	2,005	(34,593)	2,850
Adjustments for:				
Depreciation of property, plant and equipment	367	357	705	589
Interest expense	19,241	3,961	26,232	6,438
Interest income	(485)	(9)	(569)	(9)
Loss on disposal of property, plant and equipment	78	-	78	-
Unrealised exchange loss/(gain)	(5,840)	(3,230)	(7,450)	(2,696)
Operating (loss)/profit before working capital charges	(7,937)	3,084	(15,597)	7,172
Decrease/(increase) in land for development	7,636	(11,796)	867,474	(23,250)
(Increase)/decrease in development properties	(54,728)	10,200	(949,966)	20,927
Decrease/(increase) in trade and other receivables	(33,221)	(24,819)	160,443	(34,221)
Decrease in trade and other payables	(180,610)	23,596	(221,706)	(28,047)
Cash generated from/(used in) operations	(268,860)	265	(159,352)	(57,419)
Interest paid	(7,636)	(7,641)	(16,215)	(14,269)
Interest received	485	9	569	9
Income tax paid	(15,106)	-	(15,106)	(212)
Net cash generated from/(used in) operating activities	(291,117)	(7,367)	(190,104)	(71,891)
Cash flow from investing activities				
Acquisition of property, plant and equipment	(408)	(746)	(1,033)	(1,041)
Net cash used in investing activities	(408)	(746)	(1,033)	(1,041)
Cash flow from financing activities				
Bank balance subject to restriction	(7)	(31,928)	4,275	(22,136)
Advances from a director	(948)	(7)	(30,151)	(6)
Proceed from issuance of convertible bonds	-	-	936,911	-
Proceed from bank borrowings	100,000	-	100,000	58,493
Repayment of borrowings	(4,348)	(24,425)	(73,395)	(29,717)
Net cash generated from financing activities	94,697	(56,360)	937,640	6,634
Net increase / (decrease) in cash and cash equivalent	(196,828)	(64,473)	746,503	(66,298)
Effects of exchange rate changes on cash and cash equivalents	(261)	1,325	2,378	(236)
Cash and cash equivalent at beginning of period	1,179,252	78,596	233,282	81,982
Cash and cash equivalent at end of period	982,163	15,448	982,163	15,448

- 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 2010

Group	Capital contribution	Reverse acquisition reserve	Statutory common reserve	Convertible bonds equity reserve	Translation reserve	Retained profits	Total attributable to equity holders of the Parent	Minority Interest	Total
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Balance at 1 January 2010	3,527,574	(1,993,711)	8,952	-	(8,654)	690,408	2,224,569	50,948	2,275,517
Total comprehensive income for the year	-	-	-	-	334	(13,496)	(13,162)	(247)	(13,409)
Equity components of convertible bonds	-	-	-	49,444	-	-	49,444	-	49,444
Balance at 31 March 2010	3,527,574	(1,993,711)	8,952	49,444	(8,320)	676,912	2,260,851	50,701	2,311,552
Total comprehensive income for the year	-	-	-	-	1,140	(21,387)	(20,247)	(86)	(20,333)
Balance at 30 June 2010	3,527,574	(1,993,711)	8,952	49,444	(7,180)	655,525	2,240,604	50,615	2,291,219
Balance at 1 January 2009	2,637,682	(1,993,711)	6,232	-	9,890	626,179	1,286,272	23,254	1,309,526
Total comprehensive income for the year	-	-	-	-	(177)	473	296	(459)	(163)
Adjustment from minority interest	-	-	-	-	-	134	134	(134)	-
Equity-settled share-based payment transactions	60	-	-	-	-	-	60	-	60
Balance at 31 March 2009	2,637,742	(1,993,711)	6,232	-	9,713	626,786	1,286,762	22,661	1,309,423
Total comprehensive income for the year	-	-	-	-	(2,659)	278	(2,381)	(81)	(2,462)
Adjustment from minority interest	-	-	-	-	-	(133)	(133)	133	-
Equity-settled share-based payment transactions	380	-	-	-	-	-	380	-	380
Balance at 30 June 2009	2,638,122	(1,993,711)	6,232	-	7,054	626,931	1,284,628	22,713	1,307,341

Statement of Changes in Equity of the Company for the period ended 30 June 2010

Company	Capital contribution	Convertible bonds equity reserve	Translation reserve	Retained profits	Total attributable to equity holders of the Parent	Minority Interest	Total
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Balance at 1 January 2010	3,527,574	-	(4,793)	(6,591)	3,516,190	-	3,516,190
Total comprehensive income for the year	-	-	(9,869)	(14,730)	(24,599)	-	(24,599)
Equity components of convertible bonds	-	49,444	-	-	49,444	-	49,444
Balance at 31 March 2010	3,527,574	49,444	(14,662)	(21,321)	3,541,035	-	3,541,035
Total comprehensive income for the year	-	-	(6,307)	(22,527)	(28,834)	-	(28,834)
Balance at 30 June 2010	3,527,574	49,444	(20,969)	(43,848)	3,512,201	-	3,512,201
Balance at 1 January 2009	2,637,682	-	428	4,000	2,642,110	-	2,642,110
Total comprehensive income for the year	-	-	20	(2,431)	(2,411)	-	(2,411)
Equity-settled share-based payment transactions	60	-	-	-	60	-	60
Balance at 31 March 2009	2,637,742	-	448	1,569	2,639,759	-	2,639,759
Total comprehensive income for the year	-	-	(2,592)	6,058	3,466	-	3,466
Equity-settled share-based payment transactions	380	-	-	-	380	-	380
Balance at 30 June 2009	2,638,122	-	(2,144)	7,627	2,643,605	-	2,643,605

- 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.**

There was no change in the Company's issued share capital since the end of the previous period reported on.

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

	As at 30 June 2010	As at 30 June 2009
	No. of shares	No. of shares
The number of shares that may be issued on conversion of outstanding Bonds at the end of the period	249,097,023	-

There has been no conversion of the Bonds since the date of issuance.

Except as disclosed above, the Company had no other outstanding convertibles as at 30 June 2010 and as at 30 June 2009.

- 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 (there being no treasury shares) as at 30 June 2010 and as at 31 December 2009 was 2,162,492,429.

- 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.**

The Company does not hold any treasury shares as at 30 June 2010 and 31 December 2009.

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

The figures have not been audited or reviewed by the auditors of the Company.

- 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 has adopted the same accounting policies and method of computation in the financial statements for the current financial period compared with the audited financial statements for the year ended 31 December 2009.

- 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 2010	2nd Qtr 2009	Jan to June 2010	Jan to June 2009
Earnings per ordinary share:				
(i) Based on weighted average no. of ordinary shares in issue (RMB per share)	(0.010)	-	(0.016)	-
(ii) On a fully diluted basis (RMB per share)*	NA	-	NA	-
Number of shares in issue:				
(i) Based on weighted ave no. of ordinary shares in issue ('000)	2,162,492	1,782,149	2,162,492	1,782,149
(ii) On a fully diluted basis ('000)	2,411,589	1,783,697	2,327,640	1,782,997

* Diluted earnings per ordinary share have not been computed as it is anti-dilutive

Earnings per ordinary share is calculated based on the Group's profit/(loss) for the financial period attributable to the shareholders of the Company divided by the weighted average number of ordinary shares in issue during the period under review.

Diluted earnings per ordinary share is calculated based on the same basis as earnings per share by applying the weighted average number of ordinary shares and adjusted to include the outstanding conversion of the convertible bonds deemed converted up to the respective reporting periods.

The following reflects the (loss)/profit and share data used in the basic and dilution earning per share computations:

	2nd Qtr 2010	2nd Qtr 2009	Jan to June 2010	Jan to June 2009
(Loss)/Profit attributable to equity holders of the parent	(21,387)	278	(34,883)	(751)
Less: Effect of dilutive potential ordinary shares				
- Interest on Convertible bonds	19,239	-	25,593	-
	<u>(2,148)</u>	<u>278</u>	<u>(9,290)</u>	<u>(751)</u>
Weighted average number of ordinary shares in issued	2,162,492	1,782,149	2,162,492	1,782,149
Add: Effect of dilutive potential ordinary shares				
- Convertible bonds	249,097	-	165,147	-
- Share option	-	1,547	-	848
Number of ordinary shares used to calculate the diluted earning per share	<u>2,411,589</u>	<u>1,783,697</u>	<u>2,327,640</u>	<u>1,782,997</u>

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

	Group		Company	
	30 June 2010	31 Dec 2009	30 June 2010	31 Dec 2009
Net Assets Value (RMB'000)	2,240,604	2,224,569	3,512,201	3,516,190
Based on existing issued share capital (RMB per share)	1.04	1.03	1.62	1.63
Net Assets Value has been computed based on the number of share issued (000')	2,162,492	2,162,492	2,162,492	2,162,492
Revised Net Assets Value (RMB'000) (Note 1)	4,241,438	4,225,403	3,512,201	3,516,190
Based on existing issued share capital (RMB per share)	1.96	1.95	1.62	1.63

Note 1:

Included in the revised calculation is the land revaluation of Sanyawan and land for development of RMB 186.4 million and RMB 1,814.4 million respectively used for the purpose of Net Assets Value (NAV) calculation.

- 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:-
- 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
 - 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

In our industry, the recognition of sales of properties is project driven. Consequently, quarterly results may not be a good indication of the trend of profitability.

Revenue	Group					
	2nd Qtr 2010	2nd Qtr 2009	Increase / (Decrease)	Jan to June 2010	Jan to June 2009	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	2,558	24,016	(89.3%)	2,940	41,233	(92.9%)
Rental Income	11,170	10,427	7.1%	22,385	21,042	6.4%
	<u>13,728</u>	<u>34,443</u>	<u>(60.1%)</u>	<u>25,325</u>	<u>62,275</u>	<u>(59.3%)</u>

For the 3 months and 6 months ended 30 June 2010

Group Revenue for the three months and six months ended 30 June 2010 decreased by 60.1% to RMB13.7 million and 59.3% to RMB25.3 million, respectively, as compared to same period last year mainly due to lower revenue recorded by the Sale of Properties segment.

Sale of Properties for the three months and six months ended 30 June 2010 decreased by 89.3% to RMB2.5 million and 92.9% to RMB2.9 million, respectively, as compared to same period last year. The sharp decline was largely due to the absence of any sales from Future International. This is because the Group has decided to keep all remaining units for rent unless the Group is offered prices above valuation.

Rental Income increased by 7.1% to RMB11.2 million and 6.4% to RMB22.4 million for the three months and six months ended 30 June 2010, respectively, as compared to same period last year mainly due to higher Rental Income from Future International.

Gross profit	Group					
	2nd Qtr 2010	2nd Qtr 2009		Jan to June 2010	Jan to June 2009	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	1,145	5,446	-79.0%	1,388	10,121	-86.3%
Rental Income	7,927	7,932	-0.1%	15,664	15,341	2.1%
	<u>9,072</u>	<u>13,378</u>	<u>-32.2%</u>	<u>17,052</u>	<u>25,462</u>	<u>-33.0%</u>

During the current period under review, the Group gross profit decreased by 32.2% to RMB9.1 million as compared to same period last year. The lower gross profit achieved for the current period mainly due to lower Sale of Properties segment.

Gross profit and margin	Group							
	2nd Qtr 2010		2nd Qtr 2009		Jan to June 2010		Jan to June 2009	
	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%
Sale of Properties	1,145	44.8%	5,446	22.7%	1,388	47.2%	10,121	24.5%
Rental Income	7,927	71.0%	7,932	76.1%	15,664	70.0%	15,341	72.9%
	<u>9,072</u>	<u>66.1%</u>	<u>13,378</u>	<u>38.8%</u>	<u>17,052</u>	<u>67.3%</u>	<u>25,462</u>	<u>40.9%</u>

The Group Gross profit margin improved by 27.3 percentage point to 66.1% during the period under review. Sale of Property of Phase 1 of San Ya Wan enjoyed a higher margin as compared to Sale of Property of Future International made in 2Q09. Gross profit margin for Rental Income decreased by 5.1 percentage point to 71.0% during the period under review mainly due to an under provision of property tax of RMB0.9 million in 2Q09 which was accrued for in 3Q09 and 4Q09.

Other income

	Group			
	2nd Qtr	2nd Qtr	Jan to June	Jan to June
	2010	2009	2010	2009
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Subletting fee	268	252	533	294
Interest income	488	9	576	9
Advertisement income	-	-	-	100
Infrastructure subsidy from local government	-	-	1,000	-
Gain on disposal of property, plant and equipment	-	28	-	28
Others	3	7	8	7
	759	296	2,117	438

Selling expenses

Selling expenses decreased by 25.4% to RMB1.0 million as compared to the same period last year mainly due to lower sale and marketing expenses.

Administrative expenses

Administrative expenses increased by 60.6% to RMB10.9 million as compared to the same period last year mainly due to back pay, and new staff employed by RMB1.3 million, a donation of RMB0.5 million to a charitable organization and provision for contract discrepancies of RMB1.9 million. The back pay arose from a 2010 salary adjustment. The contract discrepancies occur when the floor space in the contract is less than the actual measurement.

Finance Cost

Finance cost increased by RMB15.7 million to RMB19.2 million as compared to the same period last year mainly due to higher interest expense incurred from the convertible bonds of RMB19.2 million. The bank loans related to interest expense of RMB3.5 million incurred in 2Q09 were fully paid in 2009.

Taxation

Current income tax expense decreased by 41.3% to RMB1.1 million as compared to the same period last year mainly due to the lower Sale of Properties. Deferred tax benefits derived mainly from the provision of contract discrepancies of RMB1.9 million and temporary timing differences on interest and depreciation expenses.

STATEMENT OF FINANCIAL POSITION

The Group's total assets increased by RMB682.9 million to RMB4,194.0 million during the period under review. The increased was mainly due to (i) proceeds from the issuance of convertible bonds on 3 March 2010; and (ii) reduction of the refundable deposit.

The Group's total liabilities increased by RMB667.2 million to RMB1,902.8 million during the period under review. The net increase was mainly due to the increase in the liability component of the convertible bonds of RMB905.9 million, additional bank loan of RMB100.0 million, repayment of secured and unsecured borrowings of RMB103.5 million and reduction in trade and other payables of RMB221.7 million.

The Group's total equity increased by RMB15.7 million to RMB2,291.2 million mainly due to the allocation of equity component of the convertible bonds less losses incurred for the six months ended 30 June 2010.

Profit attributable to owners of the parent

	Group					
	2nd Qtr 2010	2nd Qtr 2009	Increase / (Decrease)	Jan to June 2010	Jan to June 2009	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Profit attributable to:						
Owners of the parent	(21,387)	278	n.m	(34,883)	751	n.m
Minority interests (MI)	(86)	(81)	6.2%	(333)	(541)	(38.4%)
	(21,473)	197	n.m	(35,216)	210	n.m

n.m - not meaningful

The loss attributable to the Owner of the parent during the period under review was mainly due to lower revenue from Sale of Properties and higher interest expenses incurred.

STATEMENT OF CASH FLOW

For the period under review, the decrease in cash and bank balances of RMB197.1 million to RMB982.2 million was mainly due to:

- Payment of development cost of RMB54.7 million;
- Advance payment of construction material of RMB36.6 million;
- Payment to trade and other creditors of RMB180.6 million;
- Interest payment of RMB7.6 million;
- Payment of income tax of RMB15.1 million; and
- Proceed from bank borrowing of RMB100.0 million.

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

As mentioned in our last results announcement, until the development of IFC is completed, the Group's revenues and profits are expected to be muted. The results announced today are muted.

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.

The Liangjiang New Area project (两江新区) was formally adopted and announced on 18 June 2010 to coincide with the 14th anniversary of the founding of Chongqing municipality, though it had already been approved by the State Council as early as May 7.

The Liangjiang New Area is China's third sub-provincial level economic development zone after Shanghai's Pudong New Area and Tianjin's Binhai. With a planned area of 1,200 square kilometers, the Liangjiang New Area will enjoy the same policy privileges in land, finance, taxation and investment, and government support for certain important and "bold" reform measures.

This sub-province will take the lead in new reforms notably: building innovation, housing systems and household registration. The government considers it a landmark move with respect to the development of Western China. It is designed to boost the economy and narrow the gap between the eastern part of China and the western part of China. It will support the development of five strategic industries: railways, electrical equipment, new-energy vehicles, national defense and electronic information.

By 2020, Liangjiang New Area's GDP is expected to reach over 600 billion yuan, accounting for 25 percent of Chongqing's GDP, while its gross industrial output value should stand at more than 1 trillion yuan, based on the development schedule for the new area.

The LiangJiang New Area boasts the only river port bonded zone and airport bonded zone in the western region.

The Liangjiang New Area project should provide additional new growth initiatives for Chongqing City and ourselves.

Given the expected booking of a fair value revaluation gains and barring any unforeseen circumstances, the Directors expect the Group to remain profitable in FY2010. However, and as mentioned in our results announcement for 1Q10, until the development of IFC is completed, the Group's revenues and profits are expected to be muted.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(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 Negative assurance confirmation on interim financial results under SGX Listing Rule 705(4) 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 2010 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Fang Ming
Chairman and CEO
13 August 2010

Xu Li
Executive Director