



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

Financial Statement Announcement for 1st Quarter ended 31 March 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 1st quarter ended 31 March 2010.

	Group					
	1st Qtr	1st Qtr	Increase /	Jan to Mar	Jan to Mar	Increase /
	2010	2009	(Decrease)	2010	2009	(Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Revenue	11,597	27,831	(58.3%)	11,597	27,831	(58.3%)
Cost of sales	(3,617)	(15,747)	(77.0%)	(3,617)	(15,747)	(77.0%)
Gross profit	7,980	12,084	(34.0%)	7,980	12,084	(34.0%)
Other income	1,358	142	856.3%	1,358	142	856.3%
Selling expenses	(1,321)	(342)	286.3%	(1,321)	(342)	286.3%
Administrative expenses - Normal recurring	(9,313)	(8,038)	15.9%	(9,313)	(8,038)	15.9%
Administrative expenses - CB related exp/forex	(5,008)	(561)	792.7%	(5,008)	(561)	792.7%
Finance costs	(6,991)	(2,416)	189.4%	(6,991)	(2,416)	189.4%
Other operating expenses	-	(23)	n.m	-	(23)	n.m
(Loss)/profit before Income Tax	(13,295)	846	n.m	(13,295)	846	n.m
Taxation - Current	(958)	(832)	15.1%	(958)	(832)	15.1%
- Deferred	510	-	n.m	510	-	n.m
(Loss)/profit for the period	(13,743)	14	n.m	(13,743)	14	n.m
Foreign currency translation differences(at nil tax)	334	(176)	n.m	334	(176)	n.m
Total comprehensive income for the period	(13,409)	(162)	n.m	(13,409)	(162)	n.m
Profit attributable to:						
Owners of the parent	(13,496)	473	n.m	(13,496)	473	n.m
Minority interests (MI)	(247)	(459)	(46.2%)	(247)	(459)	(46.2%)
	(13,743)	14	n.m	(13,743)	14	n.m
Total comprehensive income attributable to:						
Owners of the parent	(13,162)	297	n.m	(13,162)	297	n.m
Minority interests (MI)	(247)	(459)	(46.2%)	(247)	(459)	(46.2%)
	(13,409)	(162)	n.m	(13,409)	(162)	n.m

n.m - not meaningful

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

	Group		Company	
	31-Mar-10 RMB ('000)	31-Dec-09 RMB ('000)	31-Mar-10 RMB ('000)	31-Dec-09 RMB ('000)
ASSETS				
Non-current assets:				
Property, plant and equipment	16,091	15,803	157	169
Investment in subsidiaries	-	-	2,826,856	2,826,787
Investment properties	1,449,400	1,449,400	-	-
Total non-current assets	1,465,491	1,465,203	2,827,013	2,826,956
Current assets:				
Land for development	115,999	967,521	-	-
Development properties	1,472,783	577,545	-	-
Refundable deposit	-	173,671	-	146,071
Trade and other receivables	52,062	71,968	1,089	999
Amount due from subsidiaries	-	-	828,427	682,658
Cash at bank - restricted	17,603	21,885	-	-
Cash and cash equivalents	1,179,252	233,282	919,024	30,098
Total current assets	2,837,699	2,045,872	1,748,540	859,826
Total assets	4,303,190	3,511,075	4,575,553	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	(8,320)	(8,654)	(14,662)	(4,793)
Retained profits	676,912	690,408	(21,321)	(6,591)
	2,260,851	2,224,569	3,541,035	3,516,190
Minority interests	50,701	50,948	-	-
Total equity	2,311,552	2,275,517	3,541,035	3,516,190
Non-current liabilities:				
Deferred taxation	218,610	219,120	-	-
Bank borrowings - secured	413,805	415,860	-	-
Convertible bonds	893,821	-	893,821	-
Total non-current liabilities	1,526,236	634,980	893,821	-
Current liabilities:				
Trade and other payables	333,444	373,383	9,720	140,551
Amount due to a director - non interest bearing	11,868	11,886	-	-
Amount due to a director - interest bearing	856	30,041	856	30,041
Amount owing to subsidiaries	-	-	130,121	-
Borrowing - unsecured	-	21,700	-	-
Provision for taxation	81,136	80,178	-	-
Bank borrowings - secured	38,098	83,390	-	-
Total current liabilities	465,402	600,578	140,697	170,592
Total equity and liabilities	4,303,190	3,511,075	4,575,553	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	
	31-Mar-10 RMB ('000)	31-Dec-09 RMB ('000)	31-Mar-10 RMB ('000)	31-Dec-09 RMB ('000)
Trade receivables	8,307	20,276	-	-
Other receivables:				
- Rental deposits	498	497	498	497
- Prepayments	3,806	4,175	548	452
- Staff advances and allowances	867	157	-	-
- Advance to sub-contractors	32,784	41,505	-	-
- Advance to management agents	4,600	4,600	-	-
- Refundable deposits	21	21	-	-
- Others	1,179	737	43	50
	<u>52,062</u>	<u>71,968</u>	<u>1,089</u>	<u>999</u>

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

	Group			
	31-Mar-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	38,098	12,724	83,390	63,627
Amount repayable after one year	413,805	893,821	415,860	-
	<u>451,903</u>	<u>906,545</u>	<u>499,250</u>	<u>63,627</u>

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 7.80% (2009: 8.32%) 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.

Details of the convertible bonds are set out in paragraph 1(d)(ii).

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

	Group			
	1st Qtr 2010	1st Qtr 2009	March 2010	March 2009
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Operating activities				
(Loss)/profit before taxation	(13,295)	846	(13,295)	846
Adjustments for:				
Depreciation of property, plant and equipment	338	232	338	232
Interest expense	6,991	2,476	6,991	2,476
Interest income	(84)	-	(84)	-
Unrealised exchange loss/(gain)	(1,610)	534	(1,610)	534
Operating (loss)/profit before working capital charges	(7,660)	4,088	(7,660)	4,088
Decrease/(increase) in land for development	859,838	(11,454)	859,838	(11,454)
(Increase)/decrease in development properties	(895,238)	10,727	(895,238)	10,727
Decrease/(increase) in trade and other receivables	193,664	(9,401)	193,664	(9,401)
Decrease in trade and other payables	(41,096)	(51,645)	(41,096)	(51,645)
Cash generated from/(used in) operations	109,508	(57,685)	109,508	(57,685)
Interest paid	(8,579)	(6,628)	(8,579)	(6,628)
Interest received	84	-	84	-
Income tax paid	-	(212)	-	(212)
Net cash generated from/(used in) operating activities	101,013	(64,525)	101,013	(64,525)
Cash flow from investing activities				
Acquisition of property, plant and equipment	(625)	(294)	(625)	(294)
Net cash used in investing activities	(625)	(294)	(625)	(294)
Cash flow from financing activities				
Bank balance subject to restriction	4,282	9,793	4,282	9,793
Advances from a director	(29,203)	1	(29,203)	1
Proceed from issuance of convertible bonds	936,911	-	936,911	-
Proceed from bank borrowings	-	58,493	-	58,493
Repayment of borrowings	(69,047)	(5,292)	(69,047)	(5,292)
Net cash generated from financing activities	842,943	62,995	842,943	62,995
Net increase / (decrease) in cash and cash equivalent	943,331	(1,824)	943,331	(1,824)
Effects of exchange rate changes on cash and cash equivalents	2,639	(1,562)	2,639	(1,562)
Cash and cash equivalent at beginning of period	233,282	81,982	233,282	81,982
Cash and cash equivalent at end of period	1,179,252	78,596	1,179,252	78,596

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

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

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

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

There was no change in the Company's issued share capital.

Convertible Bonds

On 3rd March 2010, the Company issued principal amount of S\$200,000,000 4% convertible bonds (the "Bonds") due 3rd March 2015 (the "Maturity Date"). The Bonds may be converted into fully paid ordinary shares of the Company, at the option of the holders, at any time on or after 13th April 2010 up to the close of business on 21st February 2015.

The conversion price will initially be S\$0.8029 per share (the "Conversion Price") but will be subject to adjustment from time to time in the manner provided in the terms and conditions of the Bonds.

Base on the Conversion Price of S\$0.8029 for each conversion share, up to approximately 249,097,023 conversion shares (the "Conversion Shares") are expected to be issued and allotted to the holders of the Bonds (the "Bondholders") upon the full exercise of their right to convert the Bonds. The 249,097,023 Conversion Shares represent approximately 11.52% of the existing issued share capital of the Company as at 31st March 2010.

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Bond at 114.496% of its principal amount plus unpaid accrued interest thereon on the Maturity Date.

At any time on or after 3rd March 2013 and prior to the date falling 10 business days prior to the Maturity Date, the Company may, having given not less than 10 days and not more than 60 days notice of mandatory conversion (the "Mandatory Conversion Notice") to the Bondholders, the Trustee and the Principal Agent (the "Mandatory Conversion Notice Period"), mandatorily convert all but not some only of the Bonds outstanding into Shares provided that no such conversion may be made unless the Volume Weighted Average Price of the Shares for each of 30 consecutive trading days, the last of which occurs not more than 10 trading days prior to the date of Mandatory Conversion Notice, was at least 130 per cent. of the applicable conversion price then in effect.

If at any time the aggregate principal amount of the Bonds outstanding is less than 10% of the aggregate principal amount originally issued, the Company shall have the option to redeem such outstanding Bonds in whole but not in part at their early redemption amount together with accrued, but unpaid interest (calculated up to, but excluding, the date fixed for such redemption).

The Company will, at the option of the Bondholders of any Bonds redeem all or some only of such Bondholders' Bonds on 3rd March 2013 at 108.136 per cent. of their principal amount as at the relevant date fixed for redemption together with accrued but unpaid interest (calculate up to, but excluding, the date fixed for redemption).

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

	As at 31 March 2010	As at 31 December 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 31st March 2010 and as at 31st December 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 31st March 2010 and as at 31st 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 31st March 2010 and 31st 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.

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 31st 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			
	1st Qtr 2010	1st Qtr 2009	YTD 2010	YTD 2009
<i>Earnings per ordinary share:</i>				
(i) Based on weighted average no. of ordinary shares in issue (RMB per share)	(0.006)	-	(0.006)	-
(ii) On a fully diluted basis (RMB per share)	(0.003)	-	(0.003)	-
<i>Number of shares in issue:</i>				
(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)	2,242,757	1,785,261	2,242,757	1,785,261

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:

	1st Qtr 2010	1st Qtr 2009
(Loss)/Profit attributable to equity holders of the parent	(13,496)	473
Less: Effect of dilutive potential ordinary shares		
- Interest on Convertible bonds	6,354	-
	<u>(7,142)</u>	<u>473</u>
Weighted average number of ordinary shares in issued	2,162,492	1,782,149
Add: Effect of dilutive potential ordinary shares		
- Convertible bonds	80,265	-
- Share option	-	3,111
Number of ordinary shares used to calculate the diluted earning per share	<u>2,242,757</u>	<u>1,785,261</u>

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

	Group		Company	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
Net Assets Value (RMB'000)	<u>2,260,851</u>	<u>2,224,569</u>	<u>3,541,035</u>	<u>3,516,190</u>
Based on existing issued share capital (RMB per share)	<u>1.05</u>	<u>1.03</u>	<u>1.64</u>	<u>1.63</u>
Net Assets Value has been computed based on the number of share issued (000')	<u>2,162,492</u>	<u>2,162,492</u>	<u>2,162,492</u>	<u>2,162,492</u>
Revised Net Assets Value (RMB'000) (Note 1)	<u>4,261,685</u>	<u>4,225,403</u>	<u>3,541,035</u>	<u>3,516,190</u>
Based on existing issued share capital (RMB per share)	<u>1.97</u>	<u>1.95</u>	<u>1.64</u>	<u>1.63</u>

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					
	1st Qtr 2010	1st Qtr 2009	Increase / (Decrease)	Jan to Mar 2010	Jan to Mar 2009	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of properties	382	17,216	(97.8%)	382	17,216	(97.8%)
Rental income	11,215	10,615	5.7%	11,215	10,615	5.7%
	<u>11,597</u>	<u>27,831</u>	<u>(58.3%)</u>	<u>11,597</u>	<u>27,831</u>	<u>(58.3%)</u>

For the 3 months and quarter ended 31 March 2010

Total Group Revenue decreased by 58.3% to RMB11.6 million as compared to same period last year mainly due to lower revenue recorded in the Sale of properties segment.

Sale of properties in 1Q09 was primarily due to the sale of Future International units.

Sale of properties in 1Q10 decreased by 97.8% to RMB0.4 million 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 given the healthy indicative prospective rental rates. The Group anticipates a sharp rise in Sales of properties in the second half of FY2010. The Group expects such a sharp rise due to anticipated further sales of Phase 1 of San Ya Wan. However, given that San Ya Wan Phase I is significantly smaller than Future International, FY2010 Sale of properties is likely to be lower than FY2009 Sale of properties.

Rental income increased by 5.7% to RMB11.2 million as compared to same period last year and was mainly due to higher Rental income from Future International. The largest part of the income relates to a long term contract with New World Department Store China Ltd. This contract has an annual 3% escalation clause and is applied in October every year.

Gross profit	Group					
	1st Qtr 2010	1st Qtr 2009		Jan to Mar 2010	Jan to Mar 2009	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of properties	243	4,675	-94.8%	243	4,675	-94.8%
Rental income	7,737	7,409	4.4%	7,737	7,409	4.4%
	<u>7,980</u>	<u>12,084</u>	<u>-34.0%</u>	<u>7,980</u>	<u>12,084</u>	<u>-34.0%</u>

During the period under review, the Group managed to achieve gross profit of RMB8.0 million which is equivalent to 66.0% of gross profit achieved in the same period last year. The lower gross profit for the current period under review was mainly due to lower Sale of properties segment.

Gross profit and margin	Group							
	1st Qtr 2010		1st Qtr 2009		Jan to Mar 2010		Jan to Mar 2009	
	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%
Sale of properties	243	63.6%	4,675	27.2%	243	63.6%	4,675	27.2%
Rental income	7,737	69.0%	7,409	69.8%	7,737	69.0%	7,409	69.8%
	<u>7,980</u>	<u>68.8%</u>	<u>12,084</u>	<u>43.4%</u>	<u>7,980</u>	<u>68.8%</u>	<u>12,084</u>	<u>43.4%</u>

Gross profit margin improved during the period under review was mainly due to higher Rental income received from Future International.

Other income

	Group			
	1st Qtr	1st Qtr	Jan to Mar	Jan to Mar
	2010	2009	2010	2009
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Subletting fee	265	42	265	42
Interest income	88	-	88	-
Advertisement income	-	100	-	100
Infrastructure subsidy from local government	1,000	-	1,000	-
Others	5	-	5	-
	1,358	142	1,358	142

Selling expenses

Selling expenses increased by RMB0.98 million to RMB1.32 million as compared to same period last year and was mainly due to the sponsoring of a realty business exhibition and the provision of relocation expenses for the tenants of San Ya Wan. The provision of relocation expenses started in last quarter of 2009.

Administrative expenses

Administrative expenses increased by RMB5.72 million for the period under review and was mainly due to higher expenses incurred in relation to the issuance of convertible bonds being RMB2.5 million which are not allowed to be capitalised such as Goods and Services Tax ("GST"), out-of-pocket expenses, road show expenses etc.. Administrative expenses also increased due to foreign currency exchange losses being RMB2.5 million.

Finance Cost

Finance cost increased by RMB4.57 million for the period under review and was mainly due to higher interest expense incurred from the convertible bonds being RMB6.53 million.

Taxation

Income tax expense was RMB0.4 million lower as compared to same period last year mainly due to lower taxable profit from the operation units. Losses incurred by the holding company and profit made by companies incorporated in tax free countries will not be subject to tax.

STATEMENT OF FINANCIAL POSITION

The Group total assets increased by RMB792.1 million to RMB4,303.2 million during the period under review. The increase was mainly due to (i) proceeds from the issuance of convertible bonds on 3 March 2010; and (ii) reduction of the refundable deposit. The net proceed from the convertible bonds was approximately RMB936.9 million (S\$192.3 million).

The Group total liabilities increased by RMB756.1 million to RMB1,991.6 million during the period under review. The net increase was mainly due to the increase in the liability component of the convertible bonds of RMB893.8 million, repayment of secured and unsecured borrowings of RMB98.3 million and reduction in trade and other payables of RMB39.9 million.

The Group total equity increased by RMB36.0 million to RMB2,311.6 million mainly due to the allocation of equity component of the convertible bonds.

Profit attributable to owners of the parent

	Group					
	1st Qtr 2010	1st Qtr 2009	Increase / (Decrease)	Jan to Mar 2010	Jan to Mar 2009	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Profit attributable to:						
Owners of the parent	(13,496)	473	n.m	(13,496)	473	n.m
Minority interests (MI)	(247)	(459)	(46.2%)	(247)	(459)	(46.2%)
	(13,743)	14	n.m	(13,743)	14	n.m

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 increase in cash and bank balances of RMB946.0 million to RMB1,179.3 million was mainly due to:

- Refund of RMB173.7 million tender deposit;
- Proceeds from the issuance of convertible bonds of RMB936.9 million; and despite
- Repayment of secured and unsecured borrowings of RMB98.3 million; and despite
- Payment of development cost of RMB35.4 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, the Group's revenues and profit are expected to be muted.

On 3rd May 2010, the Group issued an announcement highlighting that whilst the Group expected to, and still expects to, be profitable for the whole of FY2010, given the nature of the Group's business one or two quarterly losses can and should be expected. The announcement was not meant to be negative and is not an indication that the Group views its prospects more dimly now than prior to 3rd May 2010.

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.

Growth in Chongqing's GDP continued to remain strong for the first quarter of 2010. This quarter recorded GDP growth of 19.3% year on year to RMB 170 billion, according to statistics released by the Chongqing Statistics Bureau, ranking Chongqing third in the country and the first in western China.

In the same period, we also saw policies introduced by the Chinese government to slow down the rise in residential property prices. In the month of January 2010, the Chinese government removed positive measures that were previously introduced and introduced tighter measures for the residential property sector during the month of April 2010.

Some of the new policies announced in April 2010 include:

- a. Raising the down payment requirement for 2nd home buyers to 50% from 40% and strictly implementing the 1.1x PBoC rate for such buyers. For the 1st time homebuyers acquiring homes of 90m² or larger, the down payment requirement is now 30% (up from a minimum 20%). If situation warrants, banks shall also stop lending to buyers buying their 3rd homes, as well as restricting non-resident home purchases in order to suppress speculative demand.
- b. Increasing land supply for ordinary/affordable housing. 71% of 2010 planned land supply is to be zoned for affordable housing.
- c. Local governments shall ensure that projects which have obtained pre-sale consents be launched as soon as possible. Once presale consent is released, developers will have to launch all their units within a certain time frame. No major deviation from the original price list will be allowed.

Given that we are developers of commercial properties and our clients are primarily businesses, we believe that the policies are unlikely to have a significant negative impact in our segment of the market. This is evident by the fact that we are likely to book fair value revaluation gain in FY2010.

Barring any unforeseen circumstances, the Group expects to be profitable for the whole of FY2010. However, and as mentioned in our results announcement for 4Q09, 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 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 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 which may render the first quarter 2010 financial results to be false or misleading.

BY ORDER OF THE BOARD

Fang Ming
Chairman and CEO
15 May 2010

Xu Li
Executive Director