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

Financial Statement Announcement for 3rd Quarter ended 30 September 2011

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 3rd quarter and nine months ended 30 September 2011.

	Group					
	3rd Qtr 2011	3rd Qtr 2010	Increase / (Decrease)	Jan to Sep 2011	Jan to Sep 2010	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Revenue	**33,257**	**36,794**	(9.6%)	102,447	62,119	64.9%
Cost of sales	**(25,350)**	(8,669)	192.4%	(68,399)	(16,942)	303.7%
Gross profit	**7,907**	**28,125**	(71.9%)	**34,048**	**45,177**	(24.6%)
Other income	505	14,638	(96.6%)	5,007	16,755	(70.1%)
Selling expenses	(4,912)	(1,772)	177.2%	(12,156)	(4,048)	200.3%
Administrative expenses - Normal recurring	(12,222)	(9,255)	32.1%	(40,114)	(29,500)	36.0%
Administrative expenses - CB related exp/forex	-	-	-	-	(5,008)	n.m.
Administrative expenses - Land Appreciation Tax	-	-	-	(12,100)	-	n.m.
Finance costs	(3,785)	(18,959)	(80.0%)	(11,812)	(45,192)	(73.9%)
(Loss) / Profit before Income Tax	**(12,507)**	**12,777**	(197.9%)	**(37,127)**	**(21,816)**	70.2%
Taxation - Current	(874)	(4,844)	(82.0%)	(3,925)	(6,863)	(42.8%)
- Deferred	2,815	(1,341)	n.m.	7,619	55	13,752.7%
(Loss) / Profit for the period	**(10,566)**	**6,592**	(260.3%)	**(33,433)**	**(28,624)**	n.m.
Foreign currency translation differences(at nil tax)	51,211	(4,079)	n.m.	37,534	(2,604)	n.m.
Total comprehensive income for the period	**40,645**	**2,513**	1,517.4%	**4,101**	**(31,228)**	n.m.
(Loss) / Profit attributable to:						
Owners of the parent	(10,366)	5,767	n.m.	(31,235)	(29,115)	7.3%
Non-Controlling Interest (NCI)	(200)	825	n.m.	(2,198)	491	n.m.
	(10,566)	**6,592**	n.m.	**(33,433)**	**(28,624)**	n.m.
Total comprehensive income attributable to:						
Owners of the parent	40,845	1,688	2,319.7%	6,299	(31,719)	n.m.
Non-Controlling Interest (NCI)	(200)	825	n.m.	(2,198)	491	n.m.
	40,645	**2,513**	1,517.4%	**4,101**	**(31,228)**	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-Sep-11 RMB ('000)	31-Dec-10 RMB ('000)	30-Sep-11 RMB ('000)	31-Dec-10 RMB ('000)
ASSETS				
Non-current assets:				
Property, plant and equipment	10,909	18,502	71	117
Investment in subsidiaries	-	-	2,827,186	2,826,991
Investment properties	2,195,918	2,243,571	-	-
Prepayment	1,333	1,708	-	-
Total non-current assets	**2,208,160**	**2,263,781**	**2,827,257**	**2,827,108**
Current assets:				
Land for development	7,418	7,418	-	-
Development properties	2,784,500	2,271,277	58,525	-
Trade and other receivables	28,657	59,897	833	864
Amount due from subsidiaries	-	-	1,624,028	1,538,878
Amount due from shareholder	-	4	-	4
Cash at bank - restricted	48,467	22,209	-	-
Cash and cash equivalents	222,633	596,150	49,233	259,585
Total current assets	**3,091,675**	**2,956,955**	**1,732,619**	**1,799,331**
Total assets	**5,299,835**	**5,220,736**	**4,559,876**	**4,626,439**
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	12,644	12,644	-	-
Convertible bonds (equity component)	49,444	49,444	49,444	49,444
Exchange flunctuation reserve	24,716	(12,818)	(4,138)	25,626
Retained profits	882,366	913,601	(100,708)	(79,634)
	2,503,033	**2,496,734**	**3,472,172**	**3,523,010**
Non-Controlling Interest	**51,850**	**54,048**	**-**	**-**
Total equity	**2,554,883**	**2,550,782**	**3,472,172**	**3,523,010**
Non-current liabilities:				
Deferred taxation	299,959	307,579	-	-
Convertible bonds (liability component)	941,461	979,594	941,703	979,594
Total non-current liabilities	**1,241,420**	**1,287,173**	**941,703**	**979,594**
Current liabilities:				
Trade and other payables	687,172	646,847	4,318	123,835
Amount owing to subsidiaries	-	-	119,037	-
Provision for taxation	60,019	70,074	-	-
Bank borrowings - secured	756,341	665,860	22,646	-
Total current liabilities	**1,503,532**	**1,382,781**	**146,001**	**123,835**
Total equity and liabilities	**5,299,835**	**5,220,736**	**4,559,876**	**4,626,439**

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-Sep-11 RMB ('000)	31-Dec-10 RMB ('000)	30-Sep-11 RMB ('000)	31-Dec-10 RMB ('000)
Trade receivables	2,263	18,259	-	-
Other receivables:				
- Rental deposits	525	548	506	527
- Prepayments	4,682	2,168	290	306
- Staff advances and allowances	923	40	-	-
- Advance to sub-contractors	10,679	31,674	-	-
- Advance to management agents	3,600	3,600	-	-
- Advance to legal services	500	500	-	-
- Refundable deposits	2,146	-	-	-
- Others	3,339	3,108	37	31
	28,657	59,897	833	864

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

	Group			
	30-Sep-11		31-Dec-10	
	Secured RMB ('000)	Unsecured RMB ('000)	Secured RMB ('000)	Unsecured RMB ('000)
Amount repayable in one year or less, or on demand				
- Banks	733,695	-	665,860	-
- Others	22,646	-	-	-
	756,341	-	665,860	-
Amount repayable after one year	-	941,461	-	979,594
	756,341	941,461	665,860	979,594

Details of any collateral

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

Secured bank borrowings have a weighted average effective interest rate of 8.18% (2010: 7.73%) 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. It includes callable bank borrowings that are repayable between 1 year to 10 years from the balance sheet date.

In Aug 2011, additional other borrowing of RMB22.6 million was used to fund the buying back of S$5 million convertible bonds and are secured against S$5 million cash deposit. The said borrowing is repayable on demand and interest are charged at 0.25% plus the cost of fund of JP Morgan Chase Bank.

Unsecured borrowing of RMB941.5 million after offsetting the buyback of RMB23.5 million relates to S$200 million 4% convertible bonds (the "Bonds") issued on the 3rd March 2010 to fund the acquisition of new development sites, possible strategic investments, joint ventures, offer acquisitions and strategic alliances when appropriate opportunities arise. The Bonds matures on 3rd March 2015.

Utilization of proceeds which was announced as at 30 September 2011

Description	SGD (mil)	SGD (mil)
Net proceeds		191.82
Repayment to Mr Fang Ming	4.58	
Payment of the outstanding consideration and the lease tax in respect of the acquisition of the Da Ping Project land bank	12.32	
Partial payment for the acquisition of the Wu Yi Road land parcel as announced	120.00	
Payment for initial cost for Lu Zu Temple project	6.00	
Working capital	1.00	
Total utilised		143.90
Balance to be utilised		47.92

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			
	3rd Qtr 2011	3rd Qtr 2010	Jan to Sep 2011	Jan to Sep 2010
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Operating activities				
(Loss)/Profit before taxation	(12,507)	12,777	(37,127)	(21,816)
Adjustments for:				
Depreciation of property, plant and equipment	455	406	1,429	1,111
Interest expense	3,784	18,960	11,812	45,192
Interest income	(66)	(1,129)	(1,035)	(1,698)
Loss on disposal of property, plant and equipment	38	-	55	78
Properties, plant and equipment written off	-	-	116	-
Unrealised exchange loss	28,423	46,736	24,621	39,286
Operating profit/(loss) before working capital charges	20,127	77,750	(129)	62,153
(Decrease)/increase in land for development	-	(134,540)	-	732,934
Increase in development properties	(187,288)	(159,050)	(380,993)	(1,109,016)
(Increase)/decrease in trade and other receivables	(3,125)	44,773	12,671	205,216
Increase/(decrease) in trade and other payables	34,641	17,733	59,431	(203,973)
Cash used in from used in operations	(135,645)	(153,334)	(309,020)	(312,686)
Interest paid	(7,506)	(11,917)	(35,443)	(28,132)
Interest received	66	1,129	1,035	1,698
Income tax paid	(844)	(262)	(13,980)	(15,368)
Net cash used in operating activities	(143,929)	(164,384)	(357,408)	(354,488)
Cash flow from investing activities				
Acquisition of property, plant and equipment	(365)	(2,653)	(575)	(3,687)
Investment in convertible bond	(23,484)	-	(23,484)	-
Proceed from disposal of property, plant and equipment	-	-	6,567	-
Net cash used in investing activities	(23,849)	(2,653)	(17,492)	(3,687)
Cash flow from financing activities				
New capital issued	-	-	-	-
Bank balance subject to restriction	(28,933)	(6)	(26,258)	4,269
Repayment to a director	-	(11,776)	-	(41,927)
Proceed from issuance of convertible bonds	-	-	-	936,911
Payment of interest expense on convertible bonds	(20,817)	(19,706)	(41,445)	(19,706)
Proceed from bank borrowings	-	150,000	-	250,000
Proceed from secured borrowings	22,646	-	96,646	-
Repayment of borrowings	(2,055)	(26,847)	(6,165)	(100,242)
Net cash (used in) / generated from financing activities	(29,159)	91,665	22,778	1,029,305
Net (decrease) / increase in cash and cash equivalent	(196,937)	(75,372)	(352,122)	671,130
Effects of exchange rate changes on cash and cash equivalents	(35,152)	(1,198)	(21,395)	1,180
Cash and cash equivalent at beginning of period	454,722	982,162	596,150	233,282
Cash and cash equivalent at end of period	222,633	905,592	222,633	905,592

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 September 2011

Group	Capital contribution	Reverse acquisition reserve	Statutory common reserve	Convertible bonds (equity component)	Translation reserve	Retained profits	Total attributable to equity holders of the Parent	Non-Controlling Interest	Total
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Balance at 1 January 2011	3,527,574	(1,993,711)	12,644	49,444	(12,818)	913,601	2,496,734	54,048	2,550,782
Total comprehensive income for the year	-	-	-	-	(8,569)	(4,195)	(12,764)	(326)	(13,090)
Balance at 31 March 2011	3,527,574	(1,993,711)	12,644	49,444	(21,387)	909,406	2,483,970	53,722	2,537,692
Total comprehensive income for the year	-	-	-	-	(5,108)	(16,674)	(21,782)	(1,672)	(23,454)
Balance at 30 June 2011	3,527,574	(1,993,711)	12,644	49,444	(26,495)	892,732	2,462,188	52,050	2,514,238
Total comprehensive income for the year	-	-	-	-	51,211	(10,366)	40,845	(200)	40,645
Balance at 30 September 2011	3,527,574	(1,993,711)	12,644	49,444	24,716	882,366	2,503,033	51,850	2,554,883
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 component 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
Total comprehensive income for the year	-	-	-	-	(4,079)	5,767	1,688	825	2,513
Balance at 30 September 2010	3,527,574	(1,993,711)	8,952	49,444	(11,259)	661,292	2,242,292	51,440	2,293,732

Statement of Changes in Equity of the Company for the period ended 30 September 2011

Company	Capital contribution	Convertible bonds (equity component)	Translation reserve	Retained profits	Total
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Balance at 1 January 2011	3,527,574	49,444	25,626	(79,634)	3,523,010
Total comprehensive income for the year	-	-	12,509	(6,937)	5,572
Balance at 31 March 2011	3,527,574	49,444	38,135	(86,571)	3,528,582
Total comprehensive income for the year	-	-	7,293	(7,188)	105
Balance at 30 June 2011	3,527,574	49,444	45,428	(93,759)	3,528,687
Total comprehensive income for the year	-	-	(49,566)	(6,949)	(56,515)
Balance at 30 September 2011	3,527,574	49,444	(4,138)	(100,708)	3,472,172
Balance at 1 January 2010	3,527,574	-	(4,793)	(6,591)	3,516,190
Total comprehensive income for the year	-	-	(9,869)	(14,730)	(24,599)
Equity component of convertible bonds	-	49,444	-	-	49,444
Balance at 31 March 2010	3,527,574	49,444	(14,662)	(21,321)	3,541,035
Total comprehensive income for the year	-	-	(6,307)	(22,527)	(28,834)
Issue of shares	-	-	-	-	-
Balance at 30 June 2010	3,527,574	49,444	(20,969)	(43,848)	3,512,201
Total comprehensive income for the year	-	-	40,516	(21,947)	18,569
Balance at 30 September 2010	3,527,574	49,444	19,547	(65,795)	3,530,770

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 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 Sep 2011	As at 30 Sep 2010
	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	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 September 2011 and as at 30 September 2010.

Subsequent to the period ended 30 September 2011, the Company allotted 454,545 new shares to Mr Lim Boon Ping pursuant to the letter of employment issued by the Company on 29 April 2008 and accepted by him on 26 September 2008 in relation to his appointment as the CFO.

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 September 2011 was 2,162,492,429. (31 December 2010: 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 September 2011 and 31 December 2010.

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 31 December 2010.

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			
	3rd Qtr 2011	3rd Qtr 2010	Jan to Sep 2011	Jan to Sep 2010
Earnings per ordinary share:				
(i) Based on weighted average no. of ordinary shares in issue (RMB per share)	(0.005)	0.003	(0.014)	(0.013)
(ii) On a fully diluted basis (RMB per share)*	NA	NA	NA	NA
Number of shares in issue:				
(i) Based on weighted ave no. of ordinary shares in issue ('000)	2,162,492	2,162,492	2,162,492	2,162,492
(ii) On a fully diluted basis ('000)	2,411,589	2,411,589	2,411,589	2,355,930

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

Earnings per ordinary share is calculated on the Group profit for the financial periods 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 and share data used in the basic and dilution earning per share computations:

	3rd Qtr 2011	3rd Qtr 2010	Jan to Sep 2011	Jan to Sep 2010
(Loss) / Profit attributable to equity holders of the parent	(10,366)	5,767	(31,235)	(29,115)
Less: Effect of dilutive potential ordinary shares				
- Interest on Convertible bonds	3,768	18,956	11,795	44,549
	(6,598)	24,723	(19,440)	15,434
Weighted average number of ordinary shares in issued	2,162,492	2,162,492	2,162,492	2,162,492
Add: Effect of dilutive potential ordinary shares				
- Convertible bonds	249,097	249,097	249,097	193,438
Number of ordinary shares used to calculate the diluted earning per share	2,411,589	2,411,589	2,411,589	2,355,930

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 Sep 2011	31 Dec 2010	30 Sep 2011	31 Dec 2010
Net Assets Value (RMB'000)	2,503,033	2,496,734	3,472,172	3,523,010
Based on existing issued share capital (RMB per share)	1.16	1.15	1.61	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

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

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					
	3rd Qtr 2011	3rd Qtr 2010	Increase / (Decrease)	Jan to Sep 2011	Jan to Sep 2010	Increase / (Decreas
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	22,082	25,701	(14.1%)	68,838	28,641	140.3%
Rental Income	11,175	11,093	0.7%	33,609	33,478	0.4%
	33,257	**36,794**	**(9.6%)**	**102,447**	**62,119**	**64.9%**

For the three months and nine months ended 30 September 2011

Group Revenue for the *three* months ended 30 September 2011 decreased by 9.6% to RMB33.3 million as compared to the same period last year mainly due to lower revenue recorded by the Sale of Properties segment.

However, Group Revenue for the *nine* months ended 30 September 2011 increased by 64.9% to RMB102.4 million as compared to the same period last year mainly due to higher revenue recorded by the Sale of Properties segment.

Sale of Properties for the *three* months ended 30 September 2011 decreased by 14.1% to RMB22.1 million as compared to same period last year mainly due to lower sale unit value of investment properties. The higher sales value achieved at same period last year was we sold a retail unit (as opposed to other type of commercial units) from Future International (premium building) which commands a higher selling price.

Sale of Properties for the *nine* months ended 30 September 2011 increased by 140.3% to RMB68.8 million as compared to same period last year mainly due to more units of investment properties sold.

Rental Income remained the same for the three months and nine months ended 30 September 2011 as compared to same period last year.

Gross profit	Group					
	3rd Qtr 2011	3rd Qtr 2010		Jan to Sep 2011	Jan to Sep 2010	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	624	20,700	-97.0%	10,905	22,088	-50.6%
Rental Income	7,283	7,425	-1.9%	23,143	23,089	0.2%
	7,907	**28,125**	**-71.9%**	**34,048**	**45,177**	**-24.6%**

The Group's gross profit for the three months and nine months ended 30 September 2011 decreased by 71.9% to RMB7.9 million and 24.6% to RMB34.0 million, respectively, as compared to the same period last year. The decline in gross profit was due to lower gross profit from the Sale of Properties segment.

The gross profit of the Sale of Properties segment, for the three months and nine months ended 30 September 2011, decreased by 97% to RMB0.6 million and 50.6% to RMB10.9 million, respectively, as compared to the same period last year. Margins are low because of the accounting policies used. Our investment properties are revalued and any profit or loss is immediately taken to our statement of financial performance. As a consequence, the cost of such investment property is now at the revalued fair value price. Consequently, and unless property prices have risen significantly since the last valuation, the gross profit from such sales is necessarily modest.

The gross profit from rental income for the three months and nine months remained stable as compared to the same period last year.

Gross profit and margin	Group							
	3rd Qtr 2011		3rd Qtr 2010		Jan to Sep 2011		Jan to Sep 2010	
	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%
Sale of Properties	624	2.8%	20,700	80.5%	10,905	15.8%	22,088	77.1%
Rental Income	7,283	65.2%	7,425	66.9%	23,143	68.9%	23,089	69.0%
	7,907	**23.8%**	**28,125**	**76.4%**	**34,048**	**33.2%**	**45,177**	**72.7%**

The Group gross profit margin for the three months and nine months ended 30 September 2011 decreased by 52.6 percentage point to 23.8% and 39.5 percentage point to 33.2%, respectively. This was due to the low gross profit margin achieved from the Sale of Properties segment. This is turn is due to the fact that our investment properties are revalued and any profit or loss is immediately taken to our statement of financial performance. Thus, the cost of such investment property is now at the revalued fair value price depressing margins when the property is then sold.

The gross profit margin from the Sale of Properties segment for the three months and nine months ended 30 September 2011 decreased by 77.7 percentage point to 2.8% and 61.3 percentage point to 15.8%, respectively, as compared to the same period last year.

Other income

	Group			
	3rd Qtr 2011	3rd Qtr 2010	Jan to Sep 2011	Jan to Sep 2010
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Subletting fee	284	274	853	808
Consultancy income	-	10,000	-	10,000
Interest income	66	1,122	1,035	1,698
Advertisement income	82	-	162	-
Infrastructure subsidy from local government	-	1,960	2,390	2,960
Short term rental income	73	1,282	457	1,282
Others	-	-	110	7
	505	14,638	5,007	16,755

Infrastructure subsidy from local government relates to Phase 1 of Sanyawan. The subsidy is calculated based on certain percentage of taxes collected from Phase 1 of Sanyawan by the local tax authority. The subsidy is given for four years. This year is the year two.

Selling expenses

During the period under review, selling expenses increased by 177.2% to RMB4.9 million as compared to same period last year and was mainly due to higher advertising, sale and marketing expenses for IFC and staff cost. Higher staff cost comprises new recruitment of sale and property management staff, higher staff replacement cost and PRC wage inflation.

Administrative expenses – Normal recurring

During the period under review, administrative expenses increased by 32.1% to RMB12.2 million as compared to same period last year and was due to higher staff cost, travelling and related expenses, provision for bad debts, tree planting donation which was partially offset by lower stamp duties expenses. Higher staff cost comprises new recruitment of management and administrative staff and also higher staff replacement cost.

Finance costs

During the period under review, finance cost decreased by 80.0% to RMB3.8 million as compared to same period last year mainly due to interest expense being capitalized as it arose on borrowings for our Wu Yi Road, Daping and Lu Zu projects. In addition, interest income received from the bonds buyback was used to offset against the bonds interest expense.

Taxation

	Group					
	3rd Qtr 2011	3rd Qtr 2010		Jan to Sep 2011	Jan to Sep 2010	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Income tax	(874)	(4,844)	(82.0%)	(3,925)	(6,863)	(42.8%)
Deferred tax	2,815	(1,341)	n.m.	7,619	55	13,752.7%
	1,941	**(6,185)**	**n.m.**	**3,694**	**(6,808)**	**n.m.**

n.m. - not meaningful

During the period under review, RMB1.9 million tax write back was recorded. The write back was due to a provision of income tax of RMB0.9 million and a deferred tax of RMB2.8 million. The RMB0.9 million provision despite group losses was due to expenses incurred by corporate as well as subsidiaries incorporated in tax free countries which are not tax deductible.

During the period under review, deferred tax benefits of RMB2.8 million was derived from: (i) tax benefit on the fair value portion of the investment properties disposed of; and (ii) losses which can be carried forward to offset future taxable profits.

(Loss) / Profit attributable to owners of the parent

	Group					
	3rd Qtr 2011	3rd Qtr 2010	Increase / (Decrease)	Jan to Sep 2011	Jan to Sep 2010	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
(Loss) / Profit attributable to:						
Owners of the parent	(10,366)	5,767	n.m.	(31,235)	(29,115)	7.3%
Non-Controlling Interest (NCI)	(200)	825	n.m.	(2,198)	491	n.m.
	(10,566)	**6,592**	**(260.3%)**	**(33,433)**	**(28,624)**	**n.m.**

n.m. - not meaningful

STATEMENT OF FINANCIAL POSITION

The Group's total assets increased by RMB79.1 million to RMB5,299.8 million during the period under review. The increase was mainly due to increase in development cost of RMB513.2 million; offset by (i) the disposal of an office unit for own use, motor vehicle, office equipment and investment properties of RMB55.2 million; (ii) decrease in debtors due to more collection and utilization of prepayment of RMB31.6 million; and (iii) cash used of RMB347.3 million.

The Group's total liabilities increased by RMB75.0 million to RMB2,744.9 million during the period under review. The net increase was mainly due to: (i) increase in new bank loan of RMB96.6 million which was used to finance the IFC project and for the bonds buyback; (ii) increase in trade and other payables of RMB40.3 million, partially offset by decrease in deferred and income tax of RMB17.7 million and repayment of borrowings of RMB6.1 million; and (iii) decrease in the liability component of the convertible bonds of RMB38.1 million.

The Group's total equity increased by RMB4.1 million to RMB2,554.9 million despite net losses due to translation exchange gain caused by the strengthening of the exchange rate of Renminbi against Singapore Dollars.

STATEMENT OF CASH FLOW

The decrease in cash and cash equivalent of RMB196.9 million for the period under review was mainly due to:
(i) cash used in operating activities of RMB143.9 million;
(ii) cash used in investing activities of RMB23.8 million; and
(iii) cash used in financing activities of RMB29.2 million.

The net cash used in operating activities arose mainly from the: (i) payment of land and project cost of RMB187.3 million; (ii) payment of interest and tax expenses of RMB8.2 million; partially offset by (iii) decrease in working capital of RMB31.5 million and cash generated from operating profit of RMB20.1 million.

Cash used in investing activities of RMB23.5 million was for the buyback of convertible bonds and the balance of RMB0.3 million was for the purchase of office equipment.

Net cash used in financing activities mainly from the: (i) increase in restricted cash of RMB28.9 million; (ii) repayment of borrowings of RMB2.1 million; (iii) payment of convertible interest of RMB20.8 million and partially offset by an increased in other borrowing of RMB22.6 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 previous result announcement, until the development of IFC is completed, the Group's revenue and operating profits are expected to be muted. IFC is expected to be substantially completed (ready for handover) in 4Q2011. In such an event, property sale revenue and property profit will be booked in 4Q2011, while the bulk of rental revenue and rental profit will be booked from 2012 onwards.

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 demonstrate strong growth rate for the first 3 quarters of 2011 (Jan – Sep). In the latest GDP figures released by Chongqing Statistics Bureau and NSB (National Statistics Bureau), Chongqing's GDP was RMB 700.4 billion, an increase of 16.5% year-on-year. This strong growth rate places Chongqing as the fastest growing city in China. Chongqing's foreign direct investment (FDI) growth rate also ranked first in China after surging 79.6% year-on-year to USD 4.2 billion.

The consumer retail market in Chongqing remains strong in 2011. Chongqing Commerce Commission announced that total retail sales of the consumer goods in Chongqing for the first 3 quarters of 2011 reached RMB249.6 billion, an increase of 18.5% year-on-year, ranking Chongqing fourth in China and second in Western China.

The Group continues to see optimism in China's commercial real estate sector. According to China Real Estate Report Q4 2011 by Business Monitor International, China's commercial real estate sector remains robust and buoyant, aided by the receipt of investment funds from the increasingly restricted residential marketplace. Rents and capital prices are increasing and show no signs of abating in the near future. The residential sector is the anomaly in an otherwise buoyant and expanding real estate sector.

In Western China, commercial real estate showed strong growth with active prime office leasing and continuing rental increases despite China clamp down on development according to CBRE's China Real Estate Review for 3Q2011. The prime retail market was stable and tenants are actively seeking new space and opening new stores. Thus, retail rental rates are expected to continue to growth in the following months.

Given that the Group is focused on development of commercial properties and our clients are primarily corporations, the Group believes that these trends will continue to benefit the company and the segment of the market.

Barring any unforeseen circumstances and the expectation of booking of property sale revenue and property sale profit from the IFC and a fair value valuation gain, the Directors expect the Group to book a net profit after tax in FY2011. However, and as mentioned in our results announcement for 2Q2011, until the development of IFC is completed.

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 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 September 2011 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Fang Ming
Chairman and CEO
12 November 2011

Yang Xiao Yu
Executive Director