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

Financial Statement Announcement for 1st Quarter ended 31 March 2012

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 and three months ended 31st March 2012.

	Group					
	1st Qtr 2012	1st Qtr 2011	Increase / (Decrease)	Jan to Mar 2012	Jan to Mar 2011	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Revenue	**121,021**	**30,060**	302.6%	121,021	30,060	302.6%
Cost of sales	**(70,509)**	(14,232)	395.4%	(70,509)	(14,232)	395.4%
Gross profit	**50,512**	**15,828**	**219.1%**	**50,512**	**15,828**	**219.1%**
Other income	761	1,048	(27.4%)	761	1,048	(27.4%)
Selling expenses	(9,899)	(2,761)	258.5%	(9,899)	(2,761)	258.5%
Administrative expenses - Normal recurring	(12,806)	(13,230)	(3.2%)	(12,806)	(13,230)	(3.2%)
Administrative expenses - Non-recurring	(11,818)	-	n.m.	(11,818)	-	n.m.
Finance costs	(8,022)	(4,170)	92.4%	(8,022)	(4,170)	92.4%
Profit/(Loss) before Income Tax	**8,728**	**(3,285)**	**(365.7%)**	**8,728**	**(3,285)**	**(365.7%)**
Taxation - Current	(9,558)	(2,468)	287.3%	(9,558)	(2,468)	287.3%
- Deferred	4,447	1,232	261.0%	4,447	1,232	261.0%
Profit/(Loss) for the period	**3,617**	**(4,521)**	**(180.0%)**	**3,617**	**(4,521)**	**(180.0%)**
Foreign currency translation differences(at nil tax)	(28,018)	(8,569)	227.0%	(28,018)	(8,569)	227.0%
Total comprehensive income for the period	**(24,401)**	**(13,090)**	**86.4%**	**(24,401)**	**(13,090)**	**86.4%**
Profit/(Loss) attributable to:						
Owners of the parent	5,540	(4,195)	n.m.	5,540	(4,195)	n.m.
Non-Controlling Interest (NCI)	(1,923)	(326)	489.9%	(1,923)	(326)	489.9%
	3,617	**(4,521)**	n.m.	**3,617**	**(4,521)**	n.m.
Total comprehensive income attributable to:						
Owners of the parent	(22,478)	(12,764)	76.1%	(22,478)	(12,764)	76.1%
Non-Controlling Interest (NCI)	(1,923)	(326)	489.9%	(1,923)	(326)	489.9%
	(24,401)	**(13,090)**	**86.4%**	**(24,401)**	**(13,090)**	**86.4%**

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-12 RMB ('000)	31-Dec-11 RMB ('000)	31-Mar-12 RMB ('000)	31-Dec-11 RMB ('000)
ASSETS				
Non-current assets:				
Property, plant and equipment	9,370	9,755	30	49
Investment in subsidiaries	-	-	2,827,186	2,827,186
Investment properties	2,561,414	2,571,700	-	-
Prepayment	1,083	1,208	-	-
Total non-current assets	**2,571,867**	**2,582,663**	**2,827,216**	**2,827,235**
Current assets:				
Land for development	7,418	7,418	-	-
Development properties	2,910,908	2,830,149	91,805	72,584
Trade and other receivables	196,582	171,750	776	1,019
Amount due from subsidiaries	-	-	1,652,684	1,625,108
Cash and cash equivalents	285,073	342,845	29,428	25,775
Total current assets	**3,399,981**	**3,352,162**	**1,774,693**	**1,724,486**
Total assets	**5,971,848**	**5,934,825**	**4,601,909**	**4,551,721**
EQUITY AND LIABILITIES				
Capital and reserves:				
Capital contribution	3,528,339	3,528,339	3,528,339	3,528,339
Reverse acquisition reserve	(1,993,711)	(1,993,711)	-	-
Statutory common reserve	13,139	13,139	-	-
Convertible bonds (equity component)	49,444	49,444	49,444	49,444
Exchange flunctuation reserve	6,591	34,609	11,511	(12,484)
Retained profits	1,195,676	1,190,136	(116,930)	(109,514)
	2,799,478	**2,821,956**	**3,472,364**	**3,455,785**
Non-Controlling Interest	**53,124**	**55,048**	**-**	**-**
Total equity	**2,852,602**	**2,877,004**	**3,472,364**	**3,455,785**
Non-current liabilities:				
Deferred taxation	344,188	348,635	-	-
Other borrowings - unsecured	12,384	19,477	-	-
Convertible bonds (liability component)	983,182	951,366	983,182	951,366
Total non-current liabilities	**1,339,754**	**1,319,478**	**983,182**	**951,366**
Current liabilities:				
Trade and other payables	652,010	664,164	4,270	3,196
Amount owing to subsidiaries	-	-	118,982	118,982
Provision for taxation	112,537	108,360	-	-
Other borrowings - unsecured	75,384	73,038	-	-
Bank borrowings - secured	939,561	892,781	23,111	22,392
Total current liabilities	**1,779,492**	**1,738,343**	**146,363**	**144,570**
Total equity and liabilities	**5,971,848**	**5,934,825**	**4,601,909**	**4,551,721**

Notes to Statement of Financial Position

Trade and other receivables comprises of:

	Group		Company	
	31-Mar-12 RMB ('000)	31-Dec-11 RMB ('000)	31-Mar-12 RMB ('000)	31-Dec-11 RMB ('000)
Trade receivables	159,346	128,653	-	-
Other receivables:				
- Rental deposits	535	519	517	501
- Prepayments	6,101	4,095	201	244
- Staff advances and allowances	1,025	221	-	-
- Advance to sub-contractors	14,670	24,260	-	-
- Advance to management agents	3,600	3,600	-	-
- Advance to legal services	500	500	-	-
- Refundable deposits	9,398	8,322	-	-
- Others	1,407	1,580	58	274
	196,582	171,750	776	1,019

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

	Group			
	31-Mar-12		31-Dec-11	
	Secured RMB ('000)	Unsecured RMB ('000)	Secured RMB ('000)	Unsecured RMB ('000)
Amount repayable in one year or less, or on demand				
- Banks	939,561	-	892,781	-
- Others	-	75,384	-	73,038
	939,561	75,384	892,781	73,038
Amount repayable after one year	-	995,566	-	970,843
	939,561	1,070,950	892,781	1,043,881

Details of any collateral

Secured bank borrowings are generally secured against Companies' construction-in-progress, investment properties and cash deposit.

Current bank borrowings have repayment periods between 1 and 9 years from the balance sheet date, and a repayable-upon-demand clause in the loan agreement.

Of the RMB995.6 million unsecured borrowings, RMB983.2 million is related to the S$200 million 4% convertible bonds (the "Bonds") issued on the 3rd March 2010, for acquiring of new development sites, making potential strategic investments and forming potential joint ventures. The Bonds will mature on 3rd March 2015.

Utilization of proceeds which was announced as at 31 March 2012

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	
Payment for initial cost for Wei Yuan land parcel	8.00	
Working capital	1.00	
Total utilised		151.90
Balance to be utilised		39.92

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			
	1st Qtr 2012	1st Qtr 2011	Jan to Mar 2012	Jan to Mar 2011
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Operating activities				
Profit/(Loss) before taxation	8,728	(3,285)	8,728	(3,285)
Adjustments for:				
Depreciation of property, plant and equipment	522	509	522	509
Interest expense	8,022	4,170	8,022	4,170
Interest income	(133)	(388)	(133)	(388)
Loss on disposal of property, plant and equipment	-	116	-	116
Unrealised exchange loss	(2)	(2,193)	(2)	(2,193)
Operating profit/(loss) before working capital charges	17,137	(1,071)	17,137	(1,071)
Decrease in investment properties	10,286	-	10,286	-
Increase in development properties	(44,870)	(63,720)	(44,870)	(63,720)
(Increase)/decrease in trade and other receivables	(24,708)	6,597	(24,706)	6,597
Decrease in trade and other payables	(17,641)	(102,901)	(17,643)	(102,901)
Cash used in operations	(59,796)	(161,095)	(59,796)	(161,095)
Interest paid	(17,063)	(15,636)	(17,063)	(15,636)
Interest received	133	388	133	388
Income tax paid	(5,381)	(25)	(5,381)	(25)
Net cash used in operating activities	(82,107)	(176,368)	(82,107)	(176,368)
Cash flow from investing activities				
Acquisition of property, plant and equipment	(135)	-	(135)	-
Proceed from disposal of property, plant and equipment	-	6,567	-	6,567
Net cash (used in) / generated from investing activities	(135)	6,567	(135)	6,567
Cash flow from financing activities				
Payment of interest expense on convertible bonds	(20,102)	(20,628)	(20,102)	(20,628)
Proceed from secured borrowings	66,481	74,000	66,481	74,000
Repayment of borrowings	(28,120)	(2,055)	(28,120)	(2,055)
Net cash generated from financing activities	18,259	51,317	18,259	51,317
Net decrease in cash and cash equivalent	(63,983)	(118,484)	(63,983)	(118,484)
Effects of exchange rate changes on cash and cash equivalents	6,211	8,692	6,211	8,692
Cash and cash equivalent at beginning of period	342,845	596,139	342,845	596,139
Cash and cash equivalent at end of period	285,073	486,347	285,073	486,347

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 2012

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 2012	3,528,339	(1,993,711)	13,139	49,444	34,609	1,190,135	2,821,955	55,048	2,877,003
Total comprehensive income for the year	-	-	-	-	(28,018)	5,541	(22,477)	(1,924)	(24,401)
Balance at 31 March 2012	3,528,339	(1,993,711)	13,139	49,444	6,591	1,195,676	2,799,478	53,124	2,852,602
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

Statement of Changes in Equity of the Company for the period ended 31 March 2012

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 2012	3,528,339	49,444	(12,484)	(109,514)	3,455,785
Total comprehensive income for the year	-	-	23,995	(7,416)	16,579
Balance at 31 March 2012	3,528,339	49,444	11,511	(116,930)	3,472,364
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

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 31 Mar 2012	As at 31 Mar 2011
	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

No Bonds has been converted since the date of issuance.

Except for the disclosure above, the Company had no other outstanding convertibles as at 31 March 2012 and as at 31 March 2011.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares as at 31 March 2012 was 2,162,946,974. (31 December 2011: 2,162,946,974).

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 did not hold any treasury shares as at 31 March 2012 and 31 December 2011.

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 had adopted the same accounting policies and method of computation in the financial statements for the current financial period compared to the audited financial statements for the year ended 31 December 2011.

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 2012	1st Qtr 2011	Jan to Mar 2012	Jan to Mar 2011
Earnings per ordinary share:				
(i) Based on weighted average no. of ordinary shares in issue (RMB per share)	0.003	(0.002)	0.003	(0.002)
(ii) On a fully diluted basis (RMB per share)*	0.003	(0.002)	0.003	(0.002)
Number of shares in issue:				
(i) Based on weighted ave no. of ordinary shares in issue ('000)	2,162,947	2,162,492	2,162,947	2,162,492
(ii) On a fully diluted basis ('000)	2,412,044	2,411,589	2,412,044	2,411,589

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

Earnings per ordinary share equals to the Group's profit for the financial periods attributable to the shareholders of the Company divided by the weighted average number of ordinary shares issued during the period under review.

Diluted earnings per ordinary share is calculated based on the similar basis as the earnings per share, except by applying weighted average number of ordinary shares and the number of shares deemed issued upon conversion of the outstanding convertible bonds in the respective reporting periods.

The following table indicates the profit / (loss) and share numbers used in the basic and dilution earning per share computations:

	1st Qtr 2012	1st Qtr 2011	Jan to Mar 2012	Jan to Mar 2011
Profit attributable to equity holders of the parent	5,540	(4,195)	5,540	(4,195)
Less: Effect of dilutive potential ordinary shares				
- Interest on Convertible bonds	4,244	4,170	4,244	4,170
	9,784	(25)	9,784	(25)
Weighted average number of ordinary shares in issued	2,162,947	2,162,492	2,162,947	2,162,492
Add: Effect of dilutive potential ordinary shares				
- Convertible bonds	249,097	249,097	249,097	249,097
Number of ordinary shares used to calculate the diluted earning per share	2,412,044	2,411,589	2,412,044	2,411,589

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 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
Net Assets Value (RMB'000)	2,799,478	2,821,956	3,472,364	3,455,785
Based on existing issued share capital (RMB per share)	1.29	1.30	1.61	1.60
Net Assets Value has been computed based on the number of share issued (000')	2,162,947	2,162,947	2,162,947	2,162,947

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

STATEMENT OF COMPREHENSIVE INCOME

Due to the nature of our industry, recognition of properties sales is driven by project hand-over. Consequently, quarterly results may not be a good indication of profitability trend.

Revenue	Group					
	1st Qtr 2012	1st Qtr 2011	Increase / (Decrease)	Jan to Mar 2012	Jan to Mar 2011	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	107,615	18,869	470.3%	107,615	18,869	470.3%
Rental Income	13,406	11,191	19.8%	13,406	11,191	19.8%
	121,021	**30,060**	**302.6%**	**121,021**	**30,060**	**302.6%**

For the three months and quarter ended 31 March 2012

Group Revenue for 1Q 2012 increased by RMB91.0 million (302.6%) to RMB121.0 million as compared with same period last year. This was mainly due to higher revenue recorded under Sale of Properties segment. Compared with the same period last year, Revenue for the Group Sale of Properties increased by RMB88.8 million (470.3%) to RMB107.6 million, primarily from the sale of IFC office units. Rental income for the Group increased by RMB2.2 million (19.8%) to RMB13.4 million, mainly from IFC, though most of the areas leased were in the rent free period, and increased in annual rental rates.

Gross profit	Group					
	1st Qtr 2012	1st Qtr 2011		Jan to Mar 2012	Jan to Mar 2011	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	40,771	8,043	406.9%	40,771	8,043	406.9%
Rental Income	9,741	7,785	25.1%	9,741	7,785	25.1%
	50,512	**15,828**	**219.1%**	**50,512**	**15,828**	**219.1%**

The Group's gross profit for 1Q 2012 increased by RMB34.7 million (219.1%) to RMB50.5 million as compared with the same period last year. This was mainly due to higher sales achieved from the Sale of Properties segment.

Gross profit from the Sale of Properties segment for 1Q 2012 increased by RMB32.7 million (406.9%) to RMB40.8 million. The increase was mainly due to sales of IFC office units.

Gross profit from rental income for 1Q 2012 increased by RMB2.0 million (25.1%) to RMB9.7 million. The increase was mainly due to contribution from IFC.

Gross profit and margin	Group							
	1st Qtr 2012		1st Qtr 2011		Jan to Mar 2012		Jan to Mar 2011	
	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%
Sale of Properties	40,771	37.9%	8,043	42.6%	40,771	37.9%	8,043	42.6%
Rental Income	9,741	72.7%	7,785	69.6%	9,741	72.7%	7,785	69.6%
	50,512	**41.7%**	**15,828**	**52.7%**	**50,512**	**41.7%**	**15,828**	**52.7%**

The Group's gross profit margin for 1Q 2012 decreased by 11 percentage points to 41.7%. This is due to higher Land Appreciation Tax ("LAT") rate applicable for IFC office units.

The gross profit margin for Rental income increased by 3.1 percentage points was due to higher margin contributed from the IFC mall.

Other income

	Group			
	1st Qtr 2012	1st Qtr 2011	Jan to Mar 2012	Jan to Mar 2011
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Subletting fee	268	282	268	282
Interest income	133	388	133	388
Advertisement income	281	80	281	80
Short term rental income	74	288	74	288
Others	5	10	5	10
	761	1,048	761	1,048

Selling expenses

During the quarter under review, Selling expenses was RMB7.1 million (258.5%) higher as compared to 1Q 2011. The increase was mainly due to higher and new advertising, sale and marketing cost incurred for IFC and Ying Li International Plaza respectively, as well as new operating expenses of IFC mall such as renovation, utilities and staff cost.

Administrative expenses

During the quarter under review, normal recurring administration expenses was RMB0.4 million (3.2%) lower as compared to 1Q 2011. However, there was a non-recurring administrative expenses of RMB11.8 million in 1Q 2012, due to the demolition charge incurred at Sanyawan in anticipation of the change in allowable land usage. This demolition had resulted in a dropped in short term rental income for the quarter under review from RMB288k to RMB74k as compared to 1Q 2011.

Finance costs

During the current quarter under review, finance expenses was RMB3.9 million (92.4%) higher as compared to 1Q 2011. The increase was mainly due increase borrowings, include drawdown of construction loans for Ying Li International Plaza.

Taxation

	Group					
	1st Qtr 2012	1st Qtr 2011		Jan to Mar 2012	Jan to Mar 2011	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Income tax	(9,558)	(2,468)	287.3%	(9,558)	(2,468)	287.3%
Deferred tax	4,447	1,232	261.0%	4,447	1,232	261.0%
	(5,111)	**(1,236)**	**313.5%**	**(5,111)**	**(1,236)**	**313.5%**

During the quarter under review, current income tax expense increased by RMB7.1 million (287.3%) to RMB9.6 million as compared with 1Q 2011 mainly due to higher taxable profit generated from the Sale of Properties.

Profit/(Loss) attributable to owners of the parent

	Group					
	1st Qtr 2012	1st Qtr 2011	Increase / (Decrease)	Jan to Mar 2012	Jan to Mar 2011	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Profit attributable to:						
Owners of the parent	5,540	(4,195)	**n.m.**	5,540	(4,195)	**n.m.**
Non-Controlling Interest (NCI)	(1,923)	(326)	**489.9%**	(1,923)	(326)	**489.9%**
	3,617	**(4,521)**	**n.m.**	**3,617**	**(4,521)**	**n.m.**

n.m. - not meaningful

Overall, net profit attributable to the Owners of the parent was RMB5.5 million, a reversal from loss of RMB4.2 million in 1Q 2011.

STATEMENT OF FINANCIAL POSITION

The Group total assets increased by RMB37.0 million to RMB5,971.8 million during the quarter under review. The increase was mainly due to: (i) development cost incurred for Ying Li International Plaza, Wu Yi Road and IFC of RMB80.8 million and (ii) increase in trade and other receivable of RMB24.8 million due to the sale of IFC office units and prepayment of Land Appreciation Tax and reversal of advance payment to sub-contractors. These were offset by: (i) the demolition of structure at Sanyawan in anticipation of the change in allowable land usage; (ii) amortization of long term prepayment expense and depreciation charge of RMB0.6 million; and (iii) cash usage.

The Group total liabilities increased by RMB61.4 million to RMB3,119.2 million during the quarter under review. The increase was mainly due to: (i) net borrowings of RMB42.0 million which make up of new borrowings for Ying Li International Plaza project and repayment of other borrowings; and (ii) liability component of the convertible bonds of RMB31.8 million. These were offset by a decrease in trade and other payables, and taxation of RMB12.4 million.

The Group total equity decreased by RMB24.4 million to RMB2,852.6 million during the quarter under review. The net decrease was due to translation losses, losses attributable to Non-Controlling Interest and cushioned by profit achieved for the current quarter under review.

STATEMENT OF CASH FLOW

The decreased in cash and cash equivalent of RMB64.0 million for the quarter under review was mainly due to:
(i) net cash outflow of RMB82.1 million from operating activities;
(ii) cash outflow of RMB0.1 million from investing activities; and
(iii) net cash inflow of RMB18.3 million from financing activities.

The net cash used in operating activities of RMB82.1 million include cash generated from operating profit of RMB28.9 million, plus sales and pre-sales proceeds, and trade receivables collected from IFC and Ying Li International Plaza amounting to RMB159.9 million, offset by (i) RMB44.9 million development cost incurred mainly at IFC and Ying Li International Plaza amounting; (ii) net increase in working capital such as trade receivables/payables and others by RMB203.7 million; and (iii) interest and income tax payment of RMB22.3 million.

Cash used in investing activities of RMB0.1 million was for the purchase of property, plant and equipment.

Net cash generated from financing activities of RMB18.3 million mainly include: (i) increase in borrowing by RMB66.5 million for the development cost of Ying Li International Plaza project; offset by (ii) payment of convertible bonds interest of RMB20.1 million; and (iii) repayment of borrowings amounting to RMB28.1 million.

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

In line with the Group's announcement made on 27 February 2012 with respect to the 4Q2011 results announcement, the Directors expect the Group to remain profitable in FY 2012.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

According to the latest Chongqing Statistics Bureau and NSB (National Statistic Bureau), Chongqing's nominal GDP reached RMB 253.39 billion in the first quarter of 2012, an increase of 14.4% year-on-year. The strong growth rate was the third fastest recorded among all cities in China and was 6.3 percentage points higher than the national average.

Chongqing Commerce Commission announced that Chongqing 1Q 2012 total retail sales of consumer goods grew the fastest nationwide to achieve RMB 97.26 billion or 16.7% year-on-year, 1.9 percentage point higher than the national average. Total import and export volume reached RMB 8.99 billion, up 120% year-on-year, the fastest growth rate in China.

Despite the recent reshuffling of Chongqing's party secretary, many foreign and local enterprises expressed their optimism over Chongqing's local economic prospects. Based on reports from China Daily, various International companies, including Hewlett-Parkard (HP), PayPal, TNT Express and Foxconn consider Chongqing as a strategic location for its China business operations and have expressed their willingness to continue investing in the city. Acer plans to make its base in Chongqing the world's largest communication technology research and manufacturing centre in two to three years. Aktis Group, an investment management group with interests in Chongqing says it is undeterred on the current political change and will continue to invest aggressively in the central mainland city. In 1Q 2012, Foreign Direct Investment into Chongqing increased 38.6% year-on-year to USD 1.77 billion.

Foreign companies operating in Chongqing said business was so far unaffected. Vice Premier Zhang Dejiang, whom replaced Mr. Bo Xilai as Chongqing's new party secretary, affirmed that Chongqing would ensure "continuity and stability" in its reform and opening-up policies. Mr. Zhang, who holds an economics degree, became a member of the Political Bureau of the CPC Central Committee in 2002 and began serving as vice premier of the State Council, China's Cabinet, from 2008. Mr. Zhang had previously served as Party Secretary in Jilin, Zhejiang and Guangdong provinces between 1995 and 2007. In 2011, Jilin, Zhejiang and Guangdong provinces were ranked 21st, 4th and 1st respectively in terms of GDP size in China.

During a meeting with representatives of Hong Kong based Wharf (Holdings) Limited, Mr. Zhang said the city will further improve its policies to optimize the investment environment and improve its service level so as to create more favourable conditions for overseas companies investing in Chongqing. Mr. Zhang also met with Prince Alwaleed bin Talal Alsaud, Chairman of Saudi Arabian Basic Industries Corporation, further emphasized that Chongqing's development is at a critical stage and will continue to promote opening-up policies and improve its business environment to attract foreign investments.

According to Vice-Premier Li Keqiang and a Ministry of Commerce think tank report, expanding domestic consumption is a strategic point for China's economic growth in 2012. The Chinese government plans to continue initiating policies to spur domestic consumption

demand, increase household incomes and control inflation. In the China Real Estate Report Q2 2012 by Business Monitor International, retail rates remain robust which in turn support the industrial growth.

The Group continues to be optimistic on the outlook for Chongqing's commercial real estate sector. According to the latest DTZ Chongqing property report, Grade A office Availability ratio decreased 2.19 percentage points with rental rates increasing 3.08 percentage points. Also, grade A office average prices increased 2.3 percentage points to reach RMB 27,000 per square metre. Chongqing's retail market absorption continues to be positive with more global retailers extending their footprint in the city. CBRE reported that vacancy rate of Chongqing retail property market dropped by 1.1 percentage points to 8.5%.

Given that the Group focuses on development of commercial properties, the Group believes it will continue to benefit from these positive trends.

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable in 2012.

11 Dividend

(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?

No dividend was declared or recommended.

(b) Corresponding Period of the Immediately Preceding Financial year
Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend has been declared or recommended

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

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

No dividend has been declared or recommended for the period.

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

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

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

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results of the Company for the financial period ended 31 March 2012 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Fang Ming
Chairman and CEO
14 May 2012

Yang Xiao Yu
Executive Director