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

Financial Statement Announcement for 2nd Quarter and six months ended 30 June 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 2nd quarter and six months ended 30th June 2012.

	Group					
	2nd Qtr 2012	2nd Qtr 2011	Increase / (Decrease)	Jan to Jun 2012	Jan to Jun 2011	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Revenue	**145,331**	**39,130**	271.4%	**266,352**	**69,190**	285.0%
Cost of sales	(62,497)	(28,817)	116.9%	(133,006)	(43,049)	209.0%
Gross profit	**82,834**	**10,313**	**703.2%**	**133,346**	**26,141**	**410.1%**
Other income	8,676	3,454	151.2%	9,437	4,502	109.6%
Selling expenses	(8,104)	(4,483)	80.8%	(18,003)	(7,244)	148.5%
Administrative expenses - Normal recurring	(13,117)	(14,662)	(10.5%)	(25,923)	(27,892)	(7.1%)
Administrative expenses - Non-recurring	-	-	-	(11,818)	-	n.m.
Administrative expenses - Land Appreciation Tax	-	(12,100)	n.m.	-	(12,100)	n.m.
Administrative expenses - Share based payment expense	(6,810)	-	n.m.	(6,810)	-	n.m.
Finance costs	(4,332)	(3,857)	12.3%	(12,354)	(8,028)	53.9%
Profit/(Loss) before Income Tax	**59,147**	**(21,335)**	n.m.	**67,875**	**(24,621)**	**n.m.**
Taxation - Current	(17,609)	(582)	2,925.6%	(27,167)	(3,051)	790.4%
- Deferred	(838)	3,571	n.m.	3,609	4,804	(24.9%)
Profit/(Loss) for the period	**40,700**	**(18,346)**	n.m.	**44,317**	**(22,868)**	**n.m.**
Foreign currency translation differences(at nil tax)	(2,649)	(5,108)	(48.1%)	(30,667)	(13,678)	124.2%
Total comprehensive income for the period	**38,051**	**(23,454)**	n.m.	**13,650**	**(36,546)**	**n.m.**
Profit/(Loss) attributable to:						
Owners of the parent	39,602	(16,674)	n.m.	45,142	(20,869)	n.m.
Non-Controlling Interest (NCI)	1,098	(1,672)	n.m.	(825)	(1,999)	(58.7%)
	40,700	**(18,346)**	n.m.	**44,317**	**(22,868)**	n.m.
Total comprehensive income attributable to:						
Owners of the parent	36,953	(21,782)	n.m.	14,475	(34,547)	n.m.
Non-Controlling Interest (NCI)	1,098	(1,672)	n.m.	(825)	(1,999)	(58.7%)
	38,051	**(23,454)**	n.m.	**13,650**	**(36,546)**	**n.m.**

n.m. - not meaningful

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

	Group		Company	
	30-Jun-12 RMB ('000)	31-Dec-11 RMB ('000)	30-Jun-12 RMB ('000)	31-Dec-11 RMB ('000)
ASSETS				
Non-current assets:				
Property, plant and equipment	8,940	9,755	68	49
Investment in subsidiaries	-	-	2,827,186	2,827,186
Investment properties	2,557,034	2,571,700	-	-
Prepayment	958	1,208	-	-
Total non-current assets	**2,566,932**	**2,582,663**	**2,827,254**	**2,827,235**
Current assets:				
Land for development	7,418	7,418	-	-
Development properties	3,055,660	2,830,149	109,203	72,584
Trade and other receivables	228,824	171,750	1,273	1,019
Amount due from subsidiaries	-	-	1,655,112	1,625,108
Cash and cash equivalents	417,544	342,845	26,692	25,775
Total current assets	**3,709,446**	**3,352,162**	**1,792,280**	**1,724,486**
Total assets	**6,276,378**	**5,934,825**	**4,619,534**	**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	-	-
Share-based compensation reserve	6,810	-	6,810	-
Convertible bonds (equity component)	49,444	49,444	49,444	49,444
Exchange flunctuation reserve	3,941	34,609	13,736	(12,484)
Retained profits	1,235,277	1,190,136	(131,331)	(109,514)
	2,843,239	**2,821,956**	**3,466,998**	**3,455,785**
Non-Controlling Interest	**54,223**	**55,048**	**-**	**-**
Total equity	**2,897,462**	**2,877,004**	**3,466,998**	**3,455,785**
Non-current liabilities:				
Deferred taxation	345,026	348,635	-	-
Other borrowings	12,420	19,477	-	-
Convertible bonds (liability component)	1,007,705	951,366	1,007,705	951,366
Total non-current liabilities	**1,365,151**	**1,319,478**	**1,007,705**	**951,366**
Current liabilities:				
Trade and other payables	805,867	664,164	2,670	3,196
Amount owing to subsidiaries	-	-	118,983	118,982
Provision for taxation	118,810	108,360	-	-
Borrowings	1,089,088	965,819	23,178	22,392
Total current liabilities	**2,013,765**	**1,738,343**	**144,831**	**144,570**
Total equity and liabilities	**6,276,378**	**5,934,825**	**4,619,534**	**4,551,721**

Notes to Statement of Financial Position

Trade and other receivables comprises of:

	Group		Company	
	30-Jun-12 RMB ('000)	31-Dec-11 RMB ('000)	30-Jun-12 RMB ('000)	31-Dec-11 RMB ('000)
Trade receivables	181,488	128,653	-	-
Other receivables:				
- Rental deposits	537	519	518	501
- Prepayments	19,197	4,095	361	244
- Staff advances and allowances	1,735	221	-	-
- Advance to sub-contractors	10,165	24,260	-	-
- Advance to management agents	3,600	3,600	-	-
- Advance to legal services	500	500	-	-
- Refundable deposits	9,203	8,322	-	-
- Others	2,399	1,580	394	274
	228,824	171,750	1,273	1,019

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

	Group			
	30-Jun-12		31-Dec-11	
	Secured RMB ('000)	Unsecured RMB ('000)	Secured RMB ('000)	Unsecured RMB ('000)
Borrowings				
Amount repayable in one year or less, or on demand	1,013,485	75,603	892,781	73,038
	1,013,485	75,603	892,781	73,038
Amount repayable after one year	-	1,020,125	-	970,843
	1,013,485	1,095,728	892,781	1,043,881

Details of any collateral

Secured 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. They are all classified under current liabilities, including those without a repayable-upon-demand clause in the loan agreement.

Of the RMB1,020.1 million unsecured borrowings, RMB1,007.7 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 30 June 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	10.11	
Working capital	1.00	
Total utilised		154.01
Balance to be utilised		37.81

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

	Group			
	2nd Qtr 2012	2nd Qtr 2011	Jan to Jun 2012	Jan to Jun 2011
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Operating activities				
Profit/(Loss) before taxation	59,147	(21,335)	67,875	(24,621)
Adjustments for:				
Depreciation of property, plant and equipment	517	465	1,039	974
Interest expense	4,332	3,858	12,354	8,028
Interest income	(221)	(581)	(354)	(969)
Share based payment expense	6,810		6,810	-
Loss on disposal of property, plant and equipment	19	17	19	17
Properties, plant and equipment written off	-	-	-	116
Unrealised exchange loss	(52)	(1,609)	(54)	(3,802)
Operating profit/(loss) before working capital charges	70,552	(19,185)	87,689	(20,257)
Decrease in investment properties	4,380	-	14,666	-
Increase in development properties	(104,241)	(182,585)	(149,111)	(193,705)
(Increase)/decrease in trade and other receivables	(32,116)	9,199	(56,822)	15,796
Increase in trade and other payables	151,325	180,291	133,682	24,791
Cash generated from/(used in) operations	89,900	(12,280)	30,104	(173,375)
Interest paid	(20,542)	(12,301)	(37,605)	(27,937)
Interest received	221	581	354	969
Income tax paid	(11,336)	(13,111)	(16,717)	(13,136)
Net cash generated from/ (used in) operating activities	58,243	(37,111)	(23,864)	(213,479)
Cash flow from investing activities				
Acquisition of property, plant and equipment	(54)	(210)	(189)	(210)
Property, plant and equipment written off	-	-	-	6,567
Net cash used in investing activities	(54)	(210)	(189)	6,357
Cash flow from financing activities				
Payment of interest expense on convertible bonds	-	-	(20,102)	(20,628)
Proceed from secured borrowings	76,277	-	142,758	74,000
Repayment of borrowings	(2,420)	(2,055)	(30,540)	(4,110)
Net cash generated from/(used in) financing activities	73,857	(2,055)	92,116	49,262
Net increase/(decrease) in cash and cash equivalent	132,046	(39,376)	68,063	(157,860)
Effects of exchange rate changes on cash and cash equivalents	425	13,757	6,636	13,757
Cash and cash equivalent at beginning of period	285,073	480,341	342,845	598,825
Cash and cash equivalent at end of period	417,544	454,722	417,544	454,722

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

Consolidated Statement of Changes in Equity for the period ended 30 June 2012

Group	Capital contribution	Reverse acquisition reserve	Statutory common reserve	Convertible bonds (equity component)	Share-based compensation reserve	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)	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
Total comprehensive income for the year	-	-	-	-	-	(2,650)	39,601	36,951	1,099	38,050
Share-based compensation	-	-	-	-	6,810	-	-	6,810	-	6,810
Balance at 30 June 2012	3,528,339	(1,993,711)	13,139	49,444	6,810	3,941	1,235,277	2,843,239	54,223	2,897,462
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

Statement of Changes in Equity of the Company for the period ended 30 June 2012

Company	Capital contribution	Convertible bonds (equity component)	Share-based compensation reserve	Translation reserve	Retained profits	Total
	RMB ('000)	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
Total comprehensive income for the year	-	-	-	2,225	(14,401)	(12,176)
Share-based compensation	-	-	6,810	-	-	6,810
Balance at 30 June 2012	3,528,339	49,444	6,810	13,736	(131,331)	3,466,998
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

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.

Convertible Bonds

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

	As at 30 June 2012	As at 30 June 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.

Share Options - Ying Li Employee Share Option Scheme ("Ying Li ESOS")

As at 30 June 2012, the number of outstanding share options under the Ying Li ESOS was 30,281,257 (30 June 2011: Nil). Details of the options granted under the Ying Li ESOS on the un-issued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 Apr 2012	Number of options granted	Options outstanding at 30 Jun 2012
2 Apr 2012	S$0.278	-	28,767,257	28,767,257
23 Apr 2012	S$0.263	-	1,514,000	1,514,000
		-	30,281,257	30,281,257

Performance Shares - Ying Li Performance Share Plan ("Ying Li PSP")

At the extraordinary general meeting of the Company held on 28 April 2010, the Company's shareholders approved the adoption of the Ying Li Performance Share Plan ("Ying Li PSP").

As at 30 June 2012, the number of conditional shares granted and outstanding under the Ying Li PSP was 45,421,886 (30 June 2011: Nil). Movements in the number of performance shares during the current quarter are as follows:

Date of grant	Balance at 1 Apr 2012 / date of grant	Granted	Balance at 30 Jun 2012
2 Apr 2012	-	43,150,886	43,150,886
23 Apr 2012	-	2,271,000	2,271,000
	-	45,421,886	45,421,886

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 30 June 2012 was 2,162,946,974 (31 December 2011: 2,162,946,974).

The Company did not hold any treasury shares as at 30 June 2012 (31 December 2011: Nil).

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.

Not applicable.

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			
	2nd Qtr 2012	2nd Qtr 2011	Jan to Jun 2012	Jan to Jun 2011
Earnings per ordinary share:				
(i) Based on weighted average no. of ordinary shares in issue (RMB per share)	0.018	(0.008)	0.021	(0.010)
(ii) On a fully diluted basis (RMB per share)*	0.018	(0.008)	0.021	(0.010)
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)	2,486,042	2,411,589	2,449,043	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:

	2nd Qtr 2012	2nd Qtr 2011	Jan to Jun 2012	Jan to Jun 2011
Profit attributable to equity holders of the parent	39,602	(16,674)	45,142	(20,869)
Less: Effect of dilutive potential ordinary shares				
- Interest on Convertible bonds	4,288	3,858	8,532	8,028
- Share based payment expense	6,810	-	6,810	-
	50,700	(12,816)	60,484	(12,841)
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
- Share based compensation reserve	73,998	-	36,999	-
Number of ordinary shares used to calculate the diluted earning per share	2,486,042	2,411,589	2,449,043	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	
	30 Jun 2012	31 Dec 2011	30 Jun 2012	31 Dec 2011
Net Assets Value (RMB'000)	2,843,239	2,821,956	3,466,998	3,455,785
Based on existing issued share capital (RMB per share)	1.31	1.30	1.60	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					
	2nd Qtr 2012	2nd Qtr 2011	Increase / (Decrease)	Jan to Jun 2012	Jan to Jun 2011	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	125,064	27,888	348.5%	232,679	46,757	397.6%
Rental Income	20,267	11,242	80.3%	33,673	22,433	50.1%
	145,331	**39,130**	**271.4%**	**266,352**	**69,190**	**285.0%**

For the three months and six months ended 30 June 2012

Group Revenue for 2Q 2012 and 1H 2012 increased by RMB 106.2 million (271.4 %) and RMB 197.2 million (285.0%) to RMB 145.3 million and RMB 266.4 million respectively, as compared with the 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 RMB 97.2 million (348.5%) and RMB 185.9 million (397.6%) to RMB 125.1 million and RMB 232.7 million respectively, primarily from the sale of IFC units. No IFC units were booked in the corresponding periods in 2011. Compared with the same period last year, rental income for the Group increased by RMB 9.1 million (80.3%) and RMB 11.2 million (50.1%) to RMB 20.3 million respectively, mainly from IFC leasing income.

Gross profit	Group					
	2nd Qtr 2012	2nd Qtr 2011		Jan to Jun 2012	Jan to Jun 2011	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	66,867	2,237	2889.1%	107,638	10,281	947.0%
Rental Income	15,967	8,076	97.7%	25,708	15,860	62.1%
	82,834	**10,313**	703.2%	**133,346**	**26,141**	**410.1%**

n.m. - not meaningful

The Group's gross profit for 2Q 2012 and 1H 2012 increased by RMB 72.5 million (703.2%) and RMB 107.2 million (410.1%) to RMB 82.8 and RMB 133.3 million respectively, 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 2Q 2012 and 1H 2012 increased by RMB 64.6 million (2,889.1%) and RMB 97.4 million (947.0%) to RMB 66.9 million and RMB 107.6 million respectively. The increase was mainly due to sales of IFC units.

Gross profit from rental income for 2Q 2012 and 1H 2012 increased by RMB 7.9 million (97.7%) and RMB 9.8 million (62.1%) to RMB 16 million and RMB 25.7 million respectively. The increase was mainly due to the contribution from IFC.

Gross profit and margin	Group							
	2nd Qtr 2012		2nd Qtr 2011		Jan to Jun 2012		Jan to Jun 2011	
	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%
Sale of Properties	66,867	53.5%	2,237	8.0%	107,638	46.3%	10,281	22.0%
Rental Income	15,967	78.8%	8,076	71.8%	25,708	76.3%	15,860	70.7%
	82,834	**57.0%**	**10,313**	**26.4%**	**133,346**	**50.1%**	**26,141**	**37.8%**

The Group's gross profit margin for sale of properties 2Q 2012 and 1H 2012 increased by 45.5 percentage points and 24.3 percentage points respectively. This is due to sales of IFC units. The higher gross profit margin achieved in 2Q 2012 than that in 1H 2012 was due to different level sold in the quarter (i.e. different level will have different average selling price per square meter). No IFC units were booked in the corresponding periods in 2011.

The gross profit margin for Rental income in 2Q 2012 and 1H 2012 increased by 7 percentage points and 5.6 percentage points respectively, as compared to the same period last year. This was due to higher margin contribution from the IFC.

Other income

	Group			
	2nd Qtr 2012	2nd Qtr 2011	Jan to Jun 2012	Jan to Jun 2011
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Interest income	221	581	354	969
Infrastructure subsidy from local government	8,300	2,390	8,300	2,390
Others	155	483	783	1,143
	8,676	3,454	9,437	4,502

Selling expenses

During the quarter under review, Selling expenses was RMB 3.6 million (80.8%) higher as compared to 2Q 2011. The increase was mainly due to higher sales from IFC, and new sale and marketing cost incurred on Ying Li International Plaza's pre-sales activities, as well as new operating expenses incurred on IFC mall.

Administrative expenses

During the quarter under review, administration expenses (normal recurring) was RMB 1.6 million (10.5%) lower compared with 2Q 2011. However, there was a maiden share based payment expense amounting to RMB 6.8m incurred in 2Q 2012, arose from the Employee Share Option Scheme and the Performance Share Plan granted on 2 Apr 2012 and 23 Apr 2012.

Finance costs

During the current quarter under review, finance expenses was RMB 0.4 million (12.3%) higher as compared to 2Q 2011. Interest expense directly attributable to projects would generally be capitalised as part of the project cost.

Taxation

	Group					
	2nd Qtr 2012	2nd Qtr 2011		Jan to Jun 2012	Jan to Jun 2011	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Income tax	(17,609)	(582)	2,925.6%	(27,167)	(3,051)	790.4%
Deferred tax	(838)	3,571	(123.5%)	3,609	4,804	(24.9%)
	(18,447)	**2,989**	**n.m.**	**(23,558)**	**1,753**	**n.m.**

n.m. - not meaningful

During the quarter under review, current income tax expense increased by RMB 17.0 million (2,925.6%) to RMB 17.6 million as compared with 2Q 2011 mainly due to higher taxable profit generated from the Sale of Properties. Expenses arose from share based payment were not tax deductible for the group.

Profit/(Loss) attributable to owners of the parent

	Group					
	2nd Qtr 2012	2nd Qtr 2011	Increase / (Decrease)	Jan to Jun 2012	Jan to Jun 2011	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Profit attributable to:						
Owners of the parent	39,602	(16,674)	**n.m.**	45,142	(20,869)	**n.m.**
Non-Controlling Interest (NCI)	1,098	(1,672)	**n.m.**	(825)	(1,999)	**(58.7%)**
	40,700	**(18,346)**	**n.m.**	**44,317**	**(22,868)**	**n.m.**

n.m. - not meaningful

Overall, net profit attributable to the Owners of the parent was RMB 39.6 million, a reversal from loss of RMB 16.7 million compare to 2Q 2011.

STATEMENT OF FINANCIAL POSITION

The Group total assets increased by RMB 341.6 million to RMB 6,276.4 million during the period under review. The increase in assets was mainly due to: (i) RMB 225.5 million development cost incurred mainly on Ying Li International Plaza, and (ii) increase in trade and other receivable of RMB 57.1 million arose from the sale of IFC office units, and advance payment relating to Daping activities, and (iii) increase in cash balance by RMB 74.7 million. 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 RMB 1 million; and disposal of IP.

The Group total liabilities increased by RMB 321.1 million to RMB 3,379.0 million during the period under review. The increase in liabilities was mainly due to: (i) net borrowings of RMB 116.2 million for Ying Li International Plaza project; and (ii) liability component of the convertible bonds of RMB 56.3 million, (iii) increase in trade and other payables, and taxation of RMB 148.5 million. The trade and other payables include advance payments received from pre-sales of residential units at Ying Li International Plaza and LAT tax provision for IFC office unit sales.

The Group total equity increased by RMB 20.5 million to RMB 2,897.4 million during the period under review. The net increase was due to translation gain, share-based compensation reserve and profit achieved for the current quarter under review.

STATEMENT OF CASH FLOW

The increased in cash and cash equivalent of RMB 132.1 million for the quarter under review was mainly due to:
(i) net cash inflow of RMB 58.2 million from operating activities;
(ii) net cash outflow of RMB 0.05 million from investing activities; and
(iii) net cash inflow of RMB 73.9 million from financing activities.

The net cash from operating activities of RMB 58.2 million include cash generated from operating profit of RMB 74.9 million (i.e. include changes in Investment Properties), net increase in receivables and payables by RMB 119.2 million, offset by (i) RMB 104.2 million development costs incurred mainly on Ying Li International Plaza; (ii) interest and income tax payment of RMB 31.7 million.

Net cash used in investing activities of RMB 0.05 million was for the purchase of property, plant and equipment.

Net cash generated from financing activities of RMB 73.9 million mainly include: (i) increase in borrowing by RMB 76.3 million for the development cost of Ying Li International Plaza project; offset by (ii) payment of convertible bonds interest of RMB 20.1 million; and (iii) repayment of borrowings amounting to RMB 2.4 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 14 May 2012 with respect to the 2Q 2012 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.

Chongqing's economy continues its robust GDP growth during the first half of 2012. According to the latest figures released by the Chongqing Statistics Bureau and National Statistics Bureau, Chongqing achieved a nominal GDP of RMB 530.7billion, an increase of 14.0% year-on-year and 6.4 percentage points higher than the national average level of 7.6%. This strong growth rate places Chongqing second at the national level and fastest growing city in Western China.

Chinese Central Government reaffirmed their position on maintaining stable economic growth by adhering to proactive fiscal policy and prudent monetary policy. On 7th June 2012, the People's Bank of China (PBOC) trimmed 25 basis points off both its benchmark lending and deposit rates to 6.31% and 3.25% respectively, followed by another 31 and 25 basis points off its lending and deposit rates to 6.00% and 3.00% respectively on 5th July 2012.

In addition, the Chinese Central Government has maintained its policies of expanding domestic demand and consumption, strengthening the non-public sector, as well as accelerating reforms in other key sectors. On 8th June 2012, the Chongqing Municipal Government held a General Assembly on the development of Chongqing private enterprises, where Vice Premier of the State Council, Chongqing Municipal Party Secretary Zhang Dejiang delivered a speech pointing out the importance and need to promote rapid development of Chongqing's private enterprises, as well as to create a favourable environment for the growth of the private enterprises.

The Chinese Central Government continues to show strong support for Chongqing's growth after the reshuffling of the municipal party secretary. A delegation team of more than thirty centrally-administrated state-owned enterprises, including China National Petroleum Corporation, Sinopec Group and China Mobile, has signed 72 contracts worth than RMB 350billion with the Chongqing municipal government to invest in sectors such as energy and hi-tech industry over a period.

Chongqing municipal government insistence with its stance on opening-up policy coupled with the city's friendly investment environment has also given investors a boost in confidence. In the recent concluded 15th Chongqing International Investment and Global Sourcing Fair hosted by the People's Republic of China Ministry of Commerce, a key platform for China western region to participate with economic and international trade co-operation, 216 of Fortune 500 companies signed more than 382 domestic and foreign projects to invest in advanced manufacturing, services, real estate, infrastructure and green energy industries.

The Group remains optimistic on the outlook for Chongqing's commercial real estate sector. According to the latest DTZ Chongqing property report, Chongqing's grade A office market continues to benefit from the continuous economic development and improvement in the infrastructure of Liangjiang New Area. The demand for high-quality grade A office spaces has pushed up both selling prices and rental rates significantly. The average office rental rate in Yuzhong District climbed 20.49% q-o-q to RMB 101.23 psm per month, partially driven up by the higher rental at Ying Li IFC office.

The Chinese retail market also showed strength amid the uncertainty as quoted from Business Monitor International China Real Estate Report Q3 2012. In Jones Lang LaSalle latest report, Chongqing retail mall rental rate increased 1.8% q-o-q as vacancy rate decreased 1.1 percentage points q-o-q to 8.6%.

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 30 June 2012 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Fang Ming
Chairman and CEO
13 August 2012

Yang Xiao Yu
Executive Director