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

Financial Statement Announcement for the 2nd Quarter ended 30 June 2013

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 30 June 2013.

	Group					
	2nd Qtr 2013	2nd Qtr 2012	Increase / (Decrease)	Jan to Jun 2013	Jan to Jun 2012	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Revenue	**89,430**	**145,331**	**(38.5%)**	**192,964**	**266,352**	(27.6%)
Cost of sales	(46,222)	(62,497)	(26.0%)	(89,064)	(133,006)	(33.0%)
Gross profit	**43,208**	**82,834**	**(47.8%)**	**103,900**	**133,346**	**(22.1%)**
Other income	1,269	8,676	(85.4%)	1,910	9,437	(79.8%)
Selling expenses	(5,539)	(8,104)	(31.7%)	(13,761)	(18,003)	(23.6%)
Administrative expenses - Normal recurring	(34,533)	(13,117)	163.3%	(49,714)	(25,923)	91.8%
Administrative expenses - Non-recurring	-	-	n.m.	-	(11,818)	n.m.
Administrative expenses - Share based payment expense	(6,909)	(6,810)	1.5%	(13,818)	(6,810)	102.9%
Finance costs	(12,006)	(4,332)	177.1%	(32,900)	(12,354)	166.3%
Profit before Income Tax	**(14,510)**	**59,147**	**n.m.**	**(4,383)**	**67,875**	**n.m.**
Taxation - Current	(12,120)	(17,609)	(31.2%)	(14,674)	(27,167)	(46.0%)
- Deferred	9,360	(838)	n.m.	9,360	3,609	159.4%
Profit for the period	**(17,270)**	**40,700**	**n.m.**	**(9,697)**	**44,317**	**n.m.**
Foreign currency translation differences(at nil tax)	(30,098)	(2,649)	1,036.2%	(42,786)	(30,667)	39.5%
Total comprehensive income for the period	**(47,368)**	**38,051**	**n.m.**	**(52,483)**	**13,650**	**n.m.**
Profit/(Loss) attributable to:						
Owners of the parent	(17,191)	39,602	n.m.	(9,483)	45,142	n.m.
Non-Controlling Interest (NCI)	(79)	1,098	n.m.	(214)	(825)	(74.1%)
	(17,270)	**40,700**	**n.m.**	**(9,697)**	**44,317**	**n.m**
Total comprehensive income attributable to:						
Owners of the parent	(47,289)	36,953	n.m.	(52,269)	14,475	n.m.
Non-Controlling Interest (NCI)	(79)	1,098	n.m.	(214)	(825)	(74.1%)
	(47,368)	**38,051**	**n.m.**	**(52,483)**	**13,650**	**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-13 RMB ('000)	31-Dec-12 RMB ('000)	30-Jun-13 RMB ('000)	31-Dec-12 RMB ('000)
ASSETS				
Non-current assets:				
Property, plant and equipment	8,630	9,549	58	55
Investment in subsidiaries	-	-	2,827,257	2,827,186
Investment properties	3,144,514	3,115,951	-	-
Prepayment	458	708	-	-
Total non-current assets	**3,153,602**	**3,126,208**	**2,827,315**	**2,827,241**
Current assets:				
Land for development	7,418	7,418	-	-
Development properties	3,402,322	3,055,431	155,448	149,207
Trade and other receivables	473,694	427,088	14,042	8,834
Amount due from subsidiaries	-	-	1,558,258	1,637,288
Cash and cash equivalents	783,746	758,974	22,591	17,412
Total current assets	**4,667,180**	**4,248,911**	**1,750,339**	**1,812,741**
Total assets	**7,820,782**	**7,375,119**	**4,577,654**	**4,639,982**
EQUITY AND LIABILITIES				
Capital and reserves:				
Capital contribution	3,536,776	3,528,339	3,536,776	3,528,339
Reverse acquisition reserve	(1,993,711)	(1,993,711)	-	-
Statutory common reserve	13,138	13,138	-	-
Convertible bonds (equity component)	-	49,444	-	49,444
Share-based compensation reserve	25,903	20,728	25,903	20,728
Exchange flunctuation reserve	35,414	(7,373)	(10,987)	22,861
Retained profits	1,557,836	1,567,320	(185,451)	(156,671)
	3,175,356	**3,177,885**	**3,366,241**	**3,464,701**
Non-Controlling Interest	**55,259**	**55,473**	**-**	**-**
Total equity	**3,230,615**	**3,233,358**	**3,366,241**	**3,464,701**
Non-current liabilities:				
Deferred taxation	426,138	430,541	-	-
Convertible bonds (liability component)	-	1,044,199	-	1,044,199
Total non-current liabilities	**426,138**	**1,474,740**	**-**	**1,044,199**
Current liabilities:				
Trade and other payables	1,691,238	1,052,790	9,609	3,862
Amount owing to subsidiaries	-	-	714,634	118,982
Provision for taxation	133,851	136,213	-	-
Other borrowings - unsecured	-	8,238	-	8,238
Borrowings-secured	2,338,940	1,469,780	487,170	-
Total current liabilities	**4,164,029**	**2,667,021**	**1,211,413**	**131,082**
Total equity and liabilities	**7,820,782**	**7,375,119**	**4,577,654**	**4,639,982**

Notes to Statement of Financial Position

Trade and other receivables comprise of the following:

	Group		Company	
	30-Jun-13 RMB ('000)	31-Dec-12 RMB ('000)	30-Jun-13 RMB ('000)	31-Dec-12 RMB ('000)
Trade receivables	248,293	261,783	-	-
Other receivables:				
- Rental deposits	520	543	501	524
- Prepayments	98,052	67,838	307	65
- Staff advances and allowances	724	477	-	-
- Advance to sub-contractors	30,551	5,674	-	-
- Advance to management agents	3,600	3,600	-	-
- Advance to legal services	13,477	8,152	12,977	7,652
- Refundable deposits	75,337	76,418	-	-
- Reimbursement expenses	512	924	-	-
- Others	2,628	1,679	257	593
	473,694	427,088	14,042	8,834

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

	Group			
	30-Jun-13		31-Dec-12	
	Secured RMB ('000)	Unsecured RMB ('000)	Secured RMB ('000)	Unsecured RMB ('000)
Borrowings				
Amount repayable in one year or less, or on demand	2,338,940	-	1,469,780	8,238
	2,338,940	-	1,469,780	8,238
Amount repayable after one year	-	-	-	1,044,199
	2,338,940	-	1,469,780	1,052,437

Details of any collateral

Secured borrowings are generally secured against the subsidiaries' development properties under construction, completed development properties for sale, investment properties and cash deposits.

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.

Included under unsecured borrowings was an S$200 million 4% convertible bonds (the “Bonds”) issued on 3rd March 2010 amounting to RMB1,044.2 million. The purpose of the convertible bonds was for the acquisition of new development sites, making potential strategic investments and forming potential joint ventures.

On 3 March 2013, the Company had, at the option of the Bondholders, redeemed all of the outstanding Convertible Bonds in accordance with the subscription agreement.

Utilization of proceeds from the Bonds which had been previously announced up to 30 June 2013:

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 2013	2nd Qtr 2012	Jan to Jun 2013	Jan to Jun 2012
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Operating activities				
(Loss)/profit before taxation	(34,340)	59,147	(24,213)	67,875
Adjustments for:				
Depreciation of property, plant and equipment	538	517	1,072	1,039
Amortisation of other non-current assets	648	-	1,471	-
Interest expense	12,006	4,332	32,900	12,354
Interest income	(507)	(221)	(876)	(354)
Share based payment expense	6,909	6,810	13,819	6,810
Loss on disposal of property, plant and equipment	-	19	-	19
Unrealised exchange loss	1	(52)	2	(54)
Operating (loss)/ profit before working capital charges	(14,745)	70,552	24,175	87,689
Decrease in investment properties	1,863	4,380	1,863	14,666
Decrease/(increase) in development properties	(165,118)	(104,241)	(314,618)	(149,111)
Decrease/(increase) in trade and other receivables	46,200	(32,116)	(78,253)	(56,822)
Increase/(decrease) in trade and other payables	169,754	151,325	629,273	133,682
Cash from operations	37,954	89,900	262,440	30,104
Interest paid	(29,778)	(20,542)	(55,996)	(37,605)
Interest received	507	221	876	354
Income tax paid	(5,405)	(11,336)	7,750	(16,717)
Net cash from/(used in) operating activities	3,278	58,243	215,070	(23,864)
Cash flow from investing activities				
Acquisition of property, plant and equipment	(148)	(54)	(155)	(189)
Net cash used in investing activities	(148)	(54)	(155)	(189)
Cash flow from financing activities				
Payment of interest expense on convertible bonds	-	-	(49,444)	(20,102)
Proceed from loans and borrowings	31,639	76,277	926,451	142,758
Repayment of loan from a shareholder	-	-	(8,298)	-
Repayment of borrowings	(17,500)	(2,420)	(1,095,799)	(30,540)
Net cash generated from/(used in) financing activities	14,139	73,857	(227,090)	92,116
Net increase/(decrease) in cash and cash equivalent	17,269	132,046	(12,175)	68,063
Effects of exchange rate changes on cash and cash equivalents	25,640	425	36,947	6,636
Cash and cash equivalent at beginning of period	740,837	285,073	758,974	342,845
Cash and cash equivalent at end of period	783,746	417,544	783,746	417,544

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 2013

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 2013	3,528,339	(1,993,711)	13,138	49,444	20,728	(7,373)	1,567,320	3,177,885	55,473	3,233,358
Total comprehensive income for the year	-	-	-	-	-	12,687	7,707	20,394	(135)	20,259
Equity-settled share-based payment transact	-	-	-	-	6,910	-	-	6,910	-	6,910
Equity component of convertible bonds	-	-	-	(49,444)	-	-	-	(49,444)	-	(49,444)
Balance at 31 March 2013	3,528,339	(1,993,711)	13,138	-	27,638	5,314	1,575,027	3,155,745	55,338	3,211,083
Total comprehensive income for the year	-	-	-	-	-	30,100	(17,191)	12,909	(79)	12,830
Transfer to statutory common reserve	-	-	-	-		-	-	-	-	-
Equity-settled share-based payment transact	8,437	-	-	-	(1,735)	-	-	6,702	-	6,702
Balance at 30 June 2013	3,536,776	(1,993,711)	13,138	-	25,903	35,414	1,557,836	3,175,356	55,259	3,230,615
Balance at 1 January 2012	3,528,339	(1,993,711)	13,138	49,444	-	34,609	1,190,136	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)	13,138	49,444	-	6,591	1,195,677	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)	13,138	49,444	6,810	3,941	1,235,278	2,843,239	54,223	2,897,462

Statement of Changes in Equity of the Company for the period ended 30 June 2013

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 2013	3,528,339	49,444	20,728	22,861	(156,671)	3,464,701
Total comprehensive income for the year	-	-	-	(13,085)	(10,662)	(23,747)
Equity-settled share-based payment transactions	-	-	6,910	-	-	6,910
Equity component of convertible bonds	-	(49,444)		-	-	(49,444)
Balance at 31 March 2013	3,528,339	-	27,638	9,776	(167,333)	3,398,420
Total comprehensive income for the year	-	-	-	(20,763)	(18,118)	(38,881)
Transfer to statutory common reserve	-	-		-	-	-
Equity-settled share-based payment transactions	8,437	-	(1,735)	-	-	6,702
Balance at 30 June 2013	3,536,776	-	25,903	(10,987)	(185,451)	3,366,241
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

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 the outstanding Bonds at the end of the period:

	As at 30 June 2013	As at 31 December 2012
	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

No conversion of Bonds into Shares has taken place since the date of issuance. The Exercise Price of the Convertible Bonds is S$0.8029 per Share.

On 3 March 2013, the Company had, at the option of the Bondholders, redeemed all of the outstanding Convertible Bonds in accordance with the subscription agreement.

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

As at 31 December 2012, the number of outstanding share options under the Ying Li ESOS was 30,281,257 (31 December 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 June 2013
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 31 December 2012, the number of conditional shares granted and outstanding under the Ying Li PSP was 45,421,886 (31 December 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 31 December 2012	Vested on 1 April 2013	Balance at 30 June 2013
2 Apr 2012	-	43,150,886	43,150,886	5,530,119	37,620,767
23 Apr 2012	-	2,271,000	2,271,000	567,774	1,703,226
	-	45,421,886	45,421,886	6,097,893	39,323,993

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.

On 26 April 2013, the Company has issued and allotted an aggregate of 6,097,893 fully paid-up ordinary shares in the capital of the Company pursuant to the vesting of the share awards to selected employees who have fulfilled certain conditions in accordance with the terms of the grant under the Ying Li Performance Share Plan.

The total number of issued shares as at 30 June 2013 was 2,169,044,869 (31 December 2012: 2,162,946,974).

The Company did not hold any treasury shares as at 30 June 2013 (31 December 2012: 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 nor reviewed by the Company's 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 year compared to the audited financial statements for the year ended 31 December 2012.

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 2013	2nd Qtr 2012	Jan to Jun 2013	Jan to Jun 2012
Earnings per ordinary share:				
(i) Based on weighted average no. of ordinary shares in issue (RMB per share)	(0.008)	0.018	(0.004)	0.021
(ii) On a fully diluted basis (RMB per share)*	(0.008)	0.018	(0.004)	0.021
Number of shares in issue:				
(i) Based on weighted ave no. of ordinary shares in issue ('000)	2,167,370	2,162,947	2,165,171	2,162,947
(ii) On a fully diluted basis ('000)	2,238,650	2,486,042	2,238,650	2,449,043

* 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 that the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options granted under the Ying Li ESOS and conditional shares granted under the Ying Li PSP.

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

	2nd Qtr 2013 RMB ('000)	2nd Qtr 2012 RMB ('000)	Jan to Jun 2013 RMB ('000)	Jan to Jun 2012 RMB ('000)
Profit attributable to equity holders of the parent	(17,191)	39,602	(9,483)	45,142
Add: Effect of dilutive potential ordinary shares				
- Interest on Convertible bonds	-	4,288	(13,306)	8,532
- Share based payment expense	(6,909)	6,810	(13,819)	6,810
	(24,100)	50,700	(36,608)	60,484
Weighted average number of ordinary shares in issued	2,167,370	2,162,947	2,165,170	2,162,947
Add: Effect of dilutive potential ordinary shares				
- Convertible bonds	-	249,097	-	249,097
- Share based compensation reserve	71,280	73,998	73,480	36,999
Number of ordinary shares used to calculate the diluted earning per share	2,238,650	2,486,042	2,238,650	2,449,043

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 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
Net Assets Value (RMB'000)	3,175,356	3,177,885	3,366,241	3,464,701
Based on existing issued share capital (RMB per share)	1.46	1.47	1.55	1.60
Net Assets Value has been computed based on the number of share issued (000')	2,169,045	2,162,947	2,169,045	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 the industry that the Company operates in, recognition of revenue from the sale of properties is driven by project hand-over. Consequently, quarterly results may not be a good indication of profitability trend.

Revenue	Group					
	2nd Qtr 2013	2nd Qtr 2012	Increase / (Decrease)	Jan to Jun 2013	Jan to Jun 2012	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	62,303	125,064	(50.2%)	139,029	232,679	(40.2%)
Rental Income	27,127	20,267	33.8%	53,935	33,673	60.2%
	89,430	**145,331**	**(38.5%)**	**192,964**	**266,352**	**(27.6%)**

For the six months and quarter ended 30 June 2013

Revenue of the Group for 2Q2013 decreased by RMB55.9 million (38.5%) to RMB89.4 million as compared with same period last year. The decrease was mainly attributable to lower revenue from the Sale of Properties segment. The decline is mainly due to two main reasons:

a. we had fewer properties being available for sale as the bulk of our completed projects were sold in prior periods. The profile of booked property sales being experienced is common with an initial surge, a more constant streaming and as the number of unit available declines, sales start tapering off; and

b. we are unable to recognise revenue from sales of the Ying Li International Plaza as the project is not yet complete.

Rental income for the Group increased by RMB6.9 million (33.8%) to RMB27.1 million. The increase is mainly attributable to increased leasing income as the IFC mall enters into its second year of operations and more IFC office space are being leased out as compared with the same period in 2012.

Gross profit	**Group**					
	2nd Qtr 2013	2nd Qtr 2012		Jan to Jun 2013	Jan to Jun 2012	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Sale of Properties	22,044	66,867	(67.0%)	60,710	107,638	(43.6%)
Rental Income	21,164	15,967	32.5%	43,190	25,708	68.0%
	43,208	**82,834**	**(47.8%)**	**103,900**	**133,346**	**(22.1%)**

Gross profit of the Group for 2Q2013 decreased by RMB39.6 million (47.8%) to RMB43.2 million as compared with the same period last year which was due to:

a. A sharp decline in gross profit from the Sale of Properties segment for 2Q2013 by RMB44.8 million (67.0%) to RMB22.0 million on the back of a sharp decline in Revenue, which in turn were due to reasons mentioned earlier under the Revenue section; and

b. In spite of a rise in gross profit from rental income for 2Q2013 by RMB5.2 million (32.5%) to RMB21.2 million which was mainly due to the contribution from the IFC mall.

Gross profit and margin	**Group**							
	2nd Qtr 2013		2nd Qtr 2012		Jan to Jun 2013		Jan to Jun 2012	
	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%	RMB ('000)	%
Sale of Properties	22,044	35.4%	66,867	37.9%	60,710	43.7%	107,638	46.3%
Rental Income	21,164	78.0%	15,967	72.7%	43,190	80.1%	25,708	76.3%
	43,208	**48.3%**	**82,834**	**41.7%**	**103,900**	**53.8%**	**133,346**	**50.1%**

Gross profit margin from the Sale of Properties segment for 2Q2013 decreased by 2.5 percentage points compared to the same period in 2012 due to sale of less prime space. Gross profit margin from the Rental Income segment for 2Q2013 increased by 5.3 percentage points as compared to the same period in 2012 due to an increase in the area of IFC space being rented out that enjoys a higher margin. The Group's overall gross profit margin for the six months ended 30 June 2013 increased by 6.6 percentage points to 48.3%. The gross profit margin rose mainly due to gross profit from Rental Income. Rental Income gross profit is higher than Sale of Properties gross profit. Thus as Rental Income as a percentage of total Revenue rises, so thus will gross profit.

Other income

	Group			
	2nd Qtr 2013	2nd Qtr 2012	Jan to Jun 2013	Jan to Jun 2012
	RMB ('000)	RMB ('000)	RMB ('000)	RMB ('000)
Interest income	507	221	878	354
Government grant	466	8,300	466	8,300
Others	296	155	566	783
	1,269	8,676	1,910	9,437

Other Income declined largely due to the absence of a significant Government Grant received in 2Q2012.

Selling expenses

During the quarter under review, selling expenses was RMB2.6 million (31.7%) lower than in 2Q2012. This was mainly due to the absence of the initial operating expenses such as renovation, utilities and staff recruitment and training cost that was associated with the opening of the IFC mall (in late 2011).

Administrative expenses

During the quarter under review, Administrative expenses – Normal recurring was RMB21.4million (163.3%) higher than 2Q2012. The increase was mainly due to administrative fees paid to a financial institution for a loan facility amounting to RMB8 million, donations to the Sichuan Ya'an earthquake relief efforts amounting to RMB2 million and an increase in translation losses amounting to RMB11.4 million compared to the same period last year.

Finance costs

For the quarter under review, finance expenses was RMB7.7 million higher than 2Q 2012. The higher interest expense was due to the accounting treatment for interest. Prior to the IFC project being completed (end 2012), most of the interest expense was capitalized. Now that the construction of the IFC is completed, all the interest associated with the construction of IFC is expensed off in the profit & loss statement.

Taxation

	Group					
	2nd Qtr 2013	2nd Qtr 2012		Jan to Jun 2013	Jan to Jun 2012	
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
Income tax	(12,120)	(17,609)	(31.2%)	(14,674)	(27,167)	(46.0%)
Deferred tax	9,360	(838)	n.m.	9,360	3,609	159.4%
	(2,760)	**(18,447)**	**n.m.**	**(5,314)**	**(23,558)**	**(77.4%)**

n.m. - not meaningful

During the quarter under review, current income tax expense decreased by RMB5.5 million (31.2%) to RMB12.1 million as compared with 2Q2012 mainly due to lower taxable profits generated from the sale of properties in 2Q2013.

Profit / (Loss) attributable to owners of the parent

	Group					
	2nd Qtr 2013	2nd Qtr 2012	Increase / (Decrease)	Jan to Jun 2013	Jan to Jun 2012	Increase / (Decrease)
	RMB ('000)	RMB ('000)	%	RMB ('000)	RMB ('000)	%
(Loss)/profit attributable to:						
Owners of the parent	(17,191)	39,602	n.m.	(9,483)	45,142	n.m.
Non-Controlling Interest (NCI)	(79)	1,098	n.m.	(214)	(825)	(74.1%)
	(17,270)	**40,700**	**n.m.**	**(9,697)**	**44,317**	**n.m.**

n.m. - not meaningful

Largely and as a result of the tapering off of sales at the IFC and inability to recognize sale elsewhere, the Group recorded a loss in 2Q2013.

STATEMENT OF FINANCIAL POSITION

Total Assets of the Group increased by RMB445.7 million to RMB7,820.8 million during the period under review. The increase in assets was mainly due to: (i) capitalisation of construction costs incurred on both Ying Li International Plaza and Chongqing Financial Street projects; and (ii) increase in trade and other receivables from the sale of IFC office units and the Ying Li International Plaza residential units.

The Group's total liabilities increased by RMB448.4 million to RMB4,590.2 million during the period under review. The increase in liabilities was mainly due to increase in trade and other payables due to advance payments received from the pre-sales of residential units at Ying Li International Plaza. This was offset by repayment of bank borrowings during the period under review.

The Group's total equity decreased by RMB2.7 million to RMB3,230.6 million during the period under review. The net decrease was due to i) the redemption of the Convertible Bond in March 2013 and ii) loss attributable to owners recorded for the current quarter under review.

STATEMENT OF CASH FLOW

The increase in cash and cash equivalent of RMB17.3 million for the quarter under review was mainly due to:

(i) net cash inflow of RMB3.3 million from operating activities; and
(ii) net cash inflow of RMB14.1 million from financing activities.

The net cash used in operating activities of RMB3.3 million included i) cash incurred from the operating loss of RMB14.7 million; ii) RMB165.1 million development costs incurred mainly on Ying Li International Plaza and iii) interest and income tax payments amounting to RMB34.7 million. This was offset by the net increase in receivables and payables of RMB216.0 million which was mainly due to payments received from the pre-sales of residential units at Ying Li International Plaza.

Net cash inflow from financing activities of RMB14.1 million includes: (i) drawdown of borrowing amounting to RMB31.6 million mainly for the development cost of Ying Li International Plaza project and redemption of the convertible bond which was offset by (ii) repayment of borrowings amounting to RMB17.5 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 2013 with respect to the 1Q2013 results announcement, barring any unforeseen circumstances, the Directors expect the Group to remain profitable for the whole of FY 2013.

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 in first half of 2013. According to the latest figures released by the Chongqing Statistics Bureau and the National Bureau of Statistics, Chongqing achieved a nominal GDP of RMB584.1 billion in the first half of 2013, an increase of 12.4% year-on-year ("y-o-y") and 4.9 percentage points higher than the national average level of 7.5%. This strong growth rate places Chongqing second at the national provincial level. Foreign Direct Investment accelerated 20.0% y-o-y to US$4.2 billion. Total retail sales achieved a 13.5% increase y-o-y to RMB219.0 billion.

Chongqing Office Market

Only one new project came on stream in 2Q 2013, adding 54,000 sqm of office space. On the demand side, it appears demand for office space has slowed down as tenants became more cautious about expansion. Trading and consulting services industries were the key contributors to the quarter absorption, totalling 34,000 sqm. As a result, overall market vacancy rates rose by 0.4 percentage points to 27.4% and average rental for office space slipped 1.2% to RMB91.7 per sqm per month.
(Source: CBRE 2Q 2013)

In 2Q 2013, the Grade A office market was more active than last quarter. With its established ancillary facilities and a mature business environment, rental in the Yuzhong district remain the highest in Chongqing at RMB 99.23 per sqm. Rental rate are expected to remain stable as owners will tend to extend the rent-free period rather than reduce rents to attract good tenants. Competition is fierce within the Grade A office market. Given that significant new supply is anticipated, selling prices are expected to fluctuate.
(Source: DTZ 2Q 2013)

Chongqing Retail Mall Market

With a lack of new retail space supply, overall vacancy rates decreased 0.3 percentage points to 4.8%. Prime retail ground level rental rate grew by 1% q-o-q to RMB23.4 psm per day. Retailers remain keen to penetrate into core CBD areas, whereas shopping malls in emerging areas are struggling to attract quality tenants. Four new shopping malls are scheduled to be completed in the second half of 2013. These new shopping malls will attract more new international luxury brands to Chongqing. However, these projects are expected to experience a slower pre-leasing pace, leading to higher vacancy rates and weaker asking rents.
(Source: CBRE 2Q 2013)

In line with more high quality projects in the core submarket areas like Jiefangbei and Guanyinqiao entering the market, luxury brands will enhance their presence in these core submarkets. Likewise, fast fashion brands will also speed up their expansion into traditional submarkets but adopting a cautious approach towards expansion into emerging submarkets. Over 400,000sqm of new retail space will be delivered in 2H2013 with about 270,000sqm and 160,000sqm coming into the traditional and emerging submarket respectively. Overall vacancy rate is likely to be driven up due to the large amount of new supply enter into the market. However, market absorption is expected to remain strong as retailers remained optimistic about the Chongqing market.
(Source: Jones Lang LaSalle 2Q 2013)

Given that the Group focuses on development of integrated properties in Chongqing, particularly in the Yuzhong district, the Group believes it will continue to benefit from the strong fundamentals and rapid urbanisation of Chongqing.

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable for the whole of FY2013.

11 Dividend

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

No dividend was declared or recommended. As previously explained, the Company is currently in its growth phase and thus has need for and can generate significant returns on the cash it retains. However, the Company is committed to start paying dividends once such a situation changes.

(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 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Fang Ming
Executive Chairman
14 August 2013

Ko Kheng Hwa
Executive Director and Chief Executive Officer