



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

Financial Statement Announcement for 2nd Quarter ended 30 June 2011

Part 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

The Board of Directors announces the unaudited results of the Group for the 2nd quarter and six months ended 30th June 2011.

| | Group | | | | | |
|--|-----------------|-----------------|--------------------------|-----------------|-----------------|--------------------------|
| | 2nd Qtr | 2nd Qtr | Increase / (Decrease) | Jan to Jun | Jan to Jun | Increase / (Decrease) |
| | 2011 | 2010 | | 2011 | 2010 | |
| | RMB ('000) | RMB ('000) | % | RMB ('000) | RMB ('000) | % |
| Revenue | 39,130 | 13,728 | 185.0% | 69,190 | 25,325 | 173.2% |
| Cost of sales | (28,817) | (4,656) | 518.9% | (43,049) | (8,273) | 420.4% |
| Gross profit | 10,313 | 9,072 | 13.7% | 26,141 | 17,052 | 53.3% |
| Other income | 3,454 | 759 | 355.1% | 4,502 | 2,117 | 112.7% |
| Selling expenses | (4,483) | (955) | 369.4% | (7,244) | (2,276) | 218.3% |
| Administrative expenses - Normal recurring | (14,662) | (10,933) | 34.1% | (27,892) | (20,246) | 37.8% |
| Administrative expenses - CB related exp/forex | - | - | n.m. | - | (5,008) | n.m. |
| Administrative expenses - Land Appreciation Tax | (12,100) | - | n.m. | (12,100) | - | n.m. |
| Finance costs | (3,857) | (19,241) | (80.0%) | (8,028) | (26,232) | (69.4%) |
| Loss before Income Tax | (21,335) | (21,298) | 0.2% | (24,621) | (34,593) | (28.8%) |
| Taxation - Current | (582) | (1,061) | (45.1%) | (3,051) | (2,019) | 51.1% |
| - Deferred | 3,571 | 886 | 303.0% | 4,804 | 1,396 | 244.1% |
| Loss for the period | (18,346) | (21,473) | (14.6%) | (22,868) | (35,216) | (35.1%) |
| Foreign currency translation differences(at nil tax) | (5,108) | 1,140 | n.m. | (13,678) | 1,474 | n.m. |
| Total comprehensive income for the period | (23,454) | (20,333) | 15.3% | (36,546) | (33,742) | 8.3% |
| Loss attributable to: | | | | | | |
| Owners of the parent | (16,674) | (21,387) | (22.0%) | (20,869) | (34,883) | (40.2%) |
| Non-Controlling Interest (NCI) | (1,672) | (86) | 1,844.2% | (1,999) | (333) | 500.3% |
| | (18,346) | (21,473) | (14.6%) | (22,868) | (35,216) | (35.1%) |
| Total comprehensive income attributable to: | | | | | | |
| Owners of the parent | (21,782) | (20,247) | 7.6% | (34,547) | (33,409) | 3.4% |
| Non-Controlling Interest (NCI) | (1,672) | (86) | 1,844.2% | (1,999) | (333) | 500.3% |
| | (23,454) | (20,333) | 15.3% | (36,546) | (33,742) | 8.3% |

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-11 RMB ('000) | 31-Dec-10 RMB ('000) | 30-Jun-11 RMB ('000) | 31-Dec-10 RMB ('000) |
| ASSETS | | | | |
| Non-current assets: | | | | |
| Property, plant and equipment | 11,040 | 18,502 | 82 | 117 |
| Investment in subsidiaries | - | - | 2,827,186 | 2,826,991 |
| Investment properties | 2,213,776 | 2,243,571 | - | - |
| Prepayment | 1,458 | 1,708 | - | - |
| Total non-current assets | 2,226,274 | 2,263,781 | 2,827,268 | 2,827,108 |
| Current assets: | | | | |
| Land for development | 7,418 | 7,418 | - | - |
| Development properties | 2,557,648 | 2,271,277 | 44,409 | - |
| Trade and other receivables | 25,461 | 59,897 | 1,003 | 864 |
| Amount due from subsidiaries | - | - | 1,703,271 | 1,538,878 |
| Amount due from shareholder | - | 4 | - | 4 |
| Cash at bank - restricted | 19,535 | 22,209 | - | - |
| Cash and cash equivalents | 454,722 | 596,150 | 102,123 | 259,585 |
| Total current assets | 3,064,784 | 2,956,955 | 1,850,806 | 1,799,331 |
| Total assets | 5,291,058 | 5,220,736 | 4,678,074 | 4,626,439 |
| EQUITY AND LIABILITIES | | | | |
| Capital and reserves: | | | | |
| Capital contribution | 3,527,574 | 3,527,574 | 3,527,574 | 3,527,574 |
| Reverse acquisition reserve | (1,993,711) | (1,993,711) | - | - |
| Statutory common reserve | 12,644 | 12,644 | - | - |
| Convertible bonds (equity component) | 49,444 | 49,444 | 49,444 | 49,444 |
| Exchange fluctuation reserve | (26,495) | (12,818) | 45,428 | 25,626 |
| Retained profits | 892,732 | 913,601 | (93,759) | (79,634) |
| | 2,462,188 | 2,496,734 | 3,528,687 | 3,523,010 |
| Non-Controlling Interest | 52,050 | 54,048 | - | - |
| Total equity | 2,514,238 | 2,550,782 | 3,528,687 | 3,523,010 |
| Non-current liabilities: | | | | |
| Deferred taxation | 302,774 | 307,579 | - | - |
| Convertible bonds (liability component) | 1,025,459 | 979,594 | 1,025,459 | 979,594 |
| Total non-current liabilities | 1,328,233 | 1,287,173 | 1,025,459 | 979,594 |
| Current liabilities: | | | | |
| Trade and other payables | 652,848 | 646,847 | 4,878 | 123,835 |
| Amount owing to subsidiaries | - | - | 119,050 | - |
| Provision for taxation | 59,989 | 70,074 | - | - |
| Bank borrowings - secured | 735,750 | 665,860 | - | - |
| Total current liabilities | 1,448,587 | 1,382,781 | 123,928 | 123,835 |
| Total equity and liabilities | 5,291,058 | 5,220,736 | 4,678,074 | 4,626,439 |

Notes to Statement of Financial Position

1) Cash at bank - restricted

This relates to money restricted by bank from withdrawals in case of default payment by customers.

2) Trade and other receivable comprises of:

| | Group | | Company | |
|---------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 30-Jun-11 RMB ('000) | 31-Dec-10 RMB ('000) | 30-Jun-11 RMB ('000) | 31-Dec-10 RMB ('000) |
| Trade receivables | 1,553 | 18,259 | - | - |
| Other receivables: | | | | |
| - Rental deposits | 559 | 548 | 539 | 527 |
| - Prepayments | 2,448 | 2,167 | 368 | 306 |
| - Staff advances and allowances | 532 | 40 | - | - |
| - Advance to sub-contractors | 10,455 | 31,674 | - | - |
| - Advance to management agents | 3,600 | 3,600 | - | - |
| - Advance to legal services | 500 | 500 | - | - |
| - Refundable deposits | 1,824 | - | - | - |
| - Others | 3,990 | 3,109 | 96 | 31 |
| | <u>25,461</u> | <u>59,897</u> | <u>1,003</u> | <u>864</u> |

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

| | Group | | | |
|--|-----------------------|-------------------------|-----------------------|-------------------------|
| | 30-Jun-11 | | 31-Dec-10 | |
| | Secured RMB ('000) | Unsecured RMB ('000) | Secured RMB ('000) | Unsecured RMB ('000) |
| Amount repayable in one year or less, or on demand | 735,750 | - | 665,860 | - |
| Amount repayable after one year | - | 1,025,459 | - | 979,594 |
| | <u>735,750</u> | <u>1,025,459</u> | <u>665,860</u> | <u>979,594</u> |

Details of any collateral

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

Secured bank borrowings have a weighted average effective interest rate of 8.03% (2010: 7.73%) per annum at the reporting date. Interest on bank borrowings with variable rate is re-priced every 12 months.

Current bank borrowings are repayable within 12 months from the balance sheet date and non-current bank borrowings are repayable between more than 1 year to 10 years from the balance sheet date.

Unsecured borrowing of RMB1,025.5 million relates to S\$200 million 4% convertible bonds (the "Bonds") issued on the 3rd March 2010 to fund the acquisition of new development sites, possible strategic investments, joint ventures, offer acquisitions and strategic alliances when appropriate opportunities arise. The Bonds matures on 3rd March 2015.

Utilization of proceeds as at 30 June 2011

| Description | SGD (mil) | SGD (mil) |
|-------------------------------------|-----------|-----------|
| Net proceeds | | 191.82 |
| Repayment to Mr Fang Ming | 4.58 | |
| Capital injection into subsidiaries | 102.32 | |
| Total utilised | | 106.90 |
| Balance to be utilised | | 84.92 |

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 | | | |
|---|-----------------|-----------------|--------------------|--------------------|
| | 2nd Qtr 2011 | 2nd Qtr 2010 | Jan to Jun 2011 | Jan to Jun 2010 |
| | RMB ('000) | RMB ('000) | RMB ('000) | RMB ('000) |
| Operating activities | | | | |
| Loss before taxation | (21,335) | (21,298) | (24,621) | (34,593) |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 466 | 367 | 974 | 705 |
| Interest expense | 3,858 | 19,241 | 8,028 | 26,232 |
| Interest income | (581) | (485) | (969) | (569) |
| Loss on disposal of property, plant and equipment | 17 | 78 | 17 | 78 |
| Properties, plant and equipment written off | - | - | 116 | - |
| Unrealised exchange loss | (1,609) | (5,840) | (3,802) | (7,450) |
| Operating loss before working capital charges | (19,184) | (7,937) | (20,257) | (15,597) |
| Decrease in land for development | - | 7,636 | - | 867,474 |
| (Increase) in development properties | (129,985) | (54,728) | (193,705) | (949,966) |
| Decrease / (Increase) in trade and other receivables | 9,199 | (33,221) | 15,797 | 160,443 |
| Increase / (Decrease) in trade and other payables | 127,692 | (180,610) | 24,791 | (221,706) |
| Cash (used in) / generated from used in operations | (12,278) | (268,860) | (173,374) | (159,352) |
| Interest paid | (12,302) | (7,636) | (27,938) | (16,215) |
| Interest received | 581 | 485 | 969 | 569 |
| Income tax paid | (13,111) | (15,106) | (13,136) | (15,106) |
| Net cash (used in) / generated from operating activities | (37,110) | (291,117) | (213,479) | (190,104) |
| Cash flow from investing activities | | | | |
| Acquisition of property, plant and equipment | (210) | (408) | (210) | (1,033) |
| Proceed from disposal of property, plant and equipment | - | - | 6,567 | - |
| Net cash generated from / (used in) investing activities | (210) | (408) | 6,357 | (1,033) |
| Cash flow from financing activities | | | | |
| Bank balance subject to restriction | 2,685 | (7) | 2,675 | 4,275 |
| Advances from a director | - | (948) | - | (30,151) |
| Proceed from issuance of convertible bonds | - | - | - | 936,911 |
| Payment of interest expense on convertible bonds | - | - | (20,628) | - |
| Proceed from secured loan | - | 100,000 | 74,000 | 100,000 |
| Repayment of borrowings | (2,055) | (4,348) | (4,110) | (73,395) |
| Net cash generated from financing activities | 630 | 94,697 | 51,937 | 937,640 |
| Net (decrease) / increase in cash and cash equivalent | (36,690) | (196,828) | (155,185) | 746,503 |
| Effects of exchange rate changes on cash and cash equivalents | 5,065 | (261) | 13,757 | 2,378 |
| Cash and cash equivalent at beginning of period | 486,347 | 1,179,252 | 596,150 | 233,282 |
| Cash and cash equivalent at end of period | 454,722 | 982,163 | 454,722 | 982,163 |

- 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 2011

| Group | Capital contribution | Reverse acquisition reserve | Statutory common reserve | Convertible bonds (equity component) | Translation reserve | Retained profits | Total attributable to equity holders of the Parent | Non-Controlling Interest | Total |
|---|----------------------|-----------------------------|--------------------------|--------------------------------------|---------------------|------------------|--|--------------------------|------------|
| | RMB ('000) | RMB ('000) | RMB ('000) | RMB ('000) | RMB ('000) | RMB ('000) | RMB ('000) | RMB ('000) | RMB ('000) |
| Balance at 1 January 2011 | 3,527,574 | (1,993,711) | 12,644 | 49,444 | (12,818) | 913,601 | 2,496,734 | 54,048 | 2,550,782 |
| Total comprehensive income for the year | - | - | - | - | (8,569) | (4,195) | (12,764) | (326) | (13,090) |
| Balance at 31 March 2011 | 3,527,574 | (1,993,711) | 12,644 | 49,444 | (21,387) | 909,406 | 2,483,970 | 53,722 | 2,537,692 |
| Total comprehensive income for the year | - | - | - | - | (5,108) | (16,674) | (21,782) | (1,672) | (23,454) |
| Balance at 30 June 2011 | 3,527,574 | (1,993,711) | 12,644 | 49,444 | (26,495) | 892,732 | 2,462,188 | 52,050 | 2,514,238 |
| Balance at 1 January 2010 | 3,527,574 | (1,993,711) | 8,952 | - | (8,654) | 690,408 | 2,224,569 | 50,948 | 2,275,517 |
| Total comprehensive income for the year | - | - | - | - | 334 | (13,496) | (13,162) | (247) | (13,409) |
| Equity component of convertible bonds | - | - | - | 49,444 | - | - | 49,444 | - | 49,444 |
| Balance at 31 March 2010 | 3,527,574 | (1,993,711) | 8,952 | 49,444 | (8,320) | 676,912 | 2,260,851 | 50,701 | 2,311,552 |
| Total comprehensive income for the year | - | - | - | - | 1,140 | (21,387) | (20,247) | (86) | (20,333) |
| Balance at 30 June 2010 | 3,527,574 | (1,993,711) | 8,952 | 49,444 | (7,180) | 655,525 | 2,240,604 | 50,615 | 2,291,219 |

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

| Company | Capital contribution | Convertible bonds (equity component) | Translation reserve | Retained profits | Total |
|---|----------------------|--------------------------------------|---------------------|------------------|------------|
| | RMB ('000) | RMB ('000) | RMB ('000) | RMB ('000) | RMB ('000) |
| Balance at 1 January 2011 | 3,527,574 | 49,444 | 25,626 | (79,634) | 3,523,010 |
| Total comprehensive income for the year | - | - | 12,509 | (6,937) | 5,572 |
| Balance at 31 March 2010 | 3,527,574 | 49,444 | 38,135 | (86,571) | 3,528,582 |
| Transfer to statutory common reserve | - | - | 7,293 | (7,188) | 105 |
| Issue of shares | - | - | - | - | - |
| Balance at 31 June 2011 | 3,527,574 | 49,444 | 45,428 | (93,759) | 3,528,687 |
| Balance at 1 January 2010 | 3,527,574 | - | (4,793) | (6,591) | 3,516,190 |
| Total comprehensive income for the year | - | - | (9,869) | (14,730) | (24,599) |
| Equity component of convertible bonds | - | 49,444 | - | - | 49,444 |
| Issue of shares | - | - | - | - | - |
| Balance at 31 March 2010 | 3,527,574 | 49,444 | (14,662) | (21,321) | 3,541,035 |
| Total comprehensive income for the year | - | - | (6,307) | (22,527) | (28,834) |
| Issue of shares | - | - | - | - | - |
| Balance at 30 June 2010 | 3,527,574 | 49,444 | (20,969) | (43,848) | 3,512,201 |

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

There was no change in the Company's issued share capital since the end of the previous period reported on.

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

| | As at 30 June 2011 | As at 30 June 2010 |
|---|-----------------------|-----------------------|
| | No. of shares | No. of shares |
| The number of shares that may be issued on conversion of outstanding Bonds at the end of the period | 249,097,023 | 249,097,023 |

There has been no conversion of the Bonds since the date of issuance.

Except as disclosed above, the Company had no other outstanding convertibles as at 30 June 2011 and as at 30 June 2010.

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

The total number of issued shares (there being no treasury shares) as at 30 June 2011 was 2,162,492,429. (31 December 2010: 2,162,492,429).

- 1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company does not hold any treasury shares as at 30 June 2011 and 31 December 2010.

- 2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not Applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and method of computation in the financial statements for the current financial period compared with the audited financial statements for the year ended 31 December 2010.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not Applicable.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

- (a) Based on the weighted average number of ordinary shares on issue; and
 (b) On a fully diluted basis (detailing any adjustments made to the earnings).

| | Group | | | |
|---|-----------------|-----------------|--------------------|--------------------|
| | 2nd Qtr 2011 | 2nd Qtr 2010 | Jan to Jun 2011 | Jan to Jun 2010 |
| Earnings per ordinary share: | | | | |
| (i) Based on weighted average no. of ordinary shares in issue (RMB per share) | (0.008) | (0.010) | (0.010) | (0.016) |
| (ii) On a fully diluted basis (RMB per share)* | (0.008) | (0.010) | (0.010) | (0.016) |
| Number of shares in issue: | | | | |
| (i) Based on weighted ave no. of ordinary shares in issue ('000) | 2,162,492 | 2,162,492 | 2,162,492 | 2,162,492 |
| (ii) On a fully diluted basis ('000) | 2,411,589 | 2,411,589 | 2,411,589 | 2,327,640 |

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

Earnings per ordinary share is calculated on the Group profit for the financial periods attributable to the shareholders of the Company divided by the weighted average number of ordinary shares in issue during the period under review.

Diluted earnings per ordinary share is calculated based on the same basis as earnings per share by applying the weighted average number of ordinary shares and adjusted to include the outstanding conversion of the convertible bonds deemed converted up to the respective reporting periods.

The following reflects the loss and share data used in the basic and dilution earning per share computations:

| | 2nd Qtr 2011 | 2nd Qtr 2010 | Jan to Jun 2011 | Jan to Jun 2010 |
|---|------------------|------------------|--------------------|--------------------|
| Loss attributable to equity holders of the parent | (16,674) | (21,387) | (20,869) | (34,883) |
| Less: | | | | |
| | 3,857 | 19,239 | 8,028 | 25,593 |
| | <u>(12,817)</u> | <u>(2,148)</u> | <u>(12,841)</u> | <u>(9,290)</u> |
| Weighted average number of ordinary shares in issued | 2,162,492 | 2,162,492 | 2,162,492 | 2,162,492 |
| Add: | | | | |
| | 249,097 | 249,097 | 249,097 | 165,147 |
| Number of ordinary shares used to calculate the diluted earning per share | <u>2,411,589</u> | <u>2,411,589</u> | <u>2,411,589</u> | <u>2,327,639</u> |

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

| | Group | | Company | |
|---|--------------|-------------|----------------|-------------|
| | 30 June 2011 | 31 Dec 2010 | 30 June 2011 | 31 Dec 2010 |
| Net Assets Value (RMB'000) | 2,462,188 | 2,496,734 | 3,528,687 | 3,523,010 |
| Based on existing issued share capital (RMB per share) | 1.14 | 1.15 | 1.63 | 1.63 |
| Net Assets Value has been computed based on the number of share issued (000') | 2,162,492 | 2,162,492 | 2,162,492 | 2,162,492 |

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
 (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

STATEMENT OF COMPREHENSIVE INCOME

In our industry, the recognition of sales of properties is project driven. Consequently, quarterly results may not be a good indication of the trend of profitability.

| Revenue | Group | | | | | |
|--------------------|-----------------|-----------------|--------------------------|--------------------|--------------------|--------------------------|
| | 2nd Qtr 2011 | 2nd Qtr 2010 | Increase / (Decrease) | Jan to Jun 2011 | Jan to Jun 2010 | Increase / (Decrease) |
| | RMB ('000) | RMB ('000) | % | RMB ('000) | RMB ('000) | % |
| Sale of Properties | 27,888 | 2,558 | 990.2% | 46,757 | 2,940 | 1,490.6% |
| Rental Income | 11,242 | 11,170 | 0.6% | 22,433 | 22,385 | 0.2% |
| | 39,130 | 13,728 | 185.0% | 69,190 | 25,325 | 173.2% |

For the six months and quarter ended 30 June 2011

Group Revenue for the three months and six months ended 30 June 2011 increased by 185.0% to RMB39.1 million and 173.2% to RMB69.2 million, respectively, as compared to same period last year mainly due to higher Revenue recorded by the Sale of Properties segment.

Sale of Properties for the three months and six months ended 30 June 2011 increased by 990.2% to RMB27.9 million and 1,490.6% to RMB46.8 million, respectively, as compared to same period last year. The sharp increase was largely due to higher sale from Phase 1 of Sanyawan and the sale of investment properties from New York New York.

Rental Income remains stable for the three months and six months ended 30 June 2011 as compared to the same period last year.

| Gross profit | Group | | | | | |
|--------------------|---------------|--------------|--------------|---------------|---------------|--------------|
| | 2nd Qtr | | 2nd Qtr | | Jan to Jun | |
| | 2011 | | 2010 | | 2011 | |
| | RMB ('000) | | RMB ('000) | | RMB ('000) | |
| | | | % | | | % |
| Sale of Properties | 2,237 | 1,145 | 95.4% | 10,281 | 1,388 | 640.7% |
| Rental Income | 8,076 | 7,927 | 1.9% | 15,860 | 15,664 | 1.3% |
| | 10,313 | 9,072 | 13.7% | 26,141 | 17,052 | 53.3% |

Group gross profit for the three months and six months ended 30 June 2011 increased by 13.7% to RMB10.3 million and 53.3% to RMB26.1 million, respectively, as compared to same period last year mainly due to higher profit contributed from the Sale of Properties segment.

Gross profit from rental income remained stable for the three months and six months ended 30 June 2011 as compared to same period last year.

| Gross profit and margin | Group | | | | | | | |
|-------------------------|---------------|--------------|--------------|--------------|---------------|--------------|---------------|--------------|
| | 2nd Qtr | | 2nd Qtr | | Jan to Jun | | Jan to Jun | |
| | 2011 | | 2010 | | 2011 | | 2010 | |
| | RMB ('000) | % | RMB ('000) | % | RMB ('000) | % | RMB ('000) | % |
| Sale of Properties | 2,237 | 8.0% | 1,145 | 44.8% | 10,281 | 22.0% | 1,388 | 47.2% |
| Rental Income | 8,076 | 71.8% | 7,927 | 71.0% | 15,860 | 70.7% | 15,664 | 70.0% |
| | 10,313 | 26.4% | 9,072 | 66.1% | 26,141 | 37.8% | 17,052 | 67.3% |

The Group gross profit margin for the three months and six months ended 30 June 2011 decreased by 39.7 percentage points to 26.4% and 29.5 percentage points to 37.8%, respectively, was caused by the lower gross profit margin achieved from the Sale of Properties segment.

The Sale of Properties for the period under review comprises sale from investment and development properties. Approximately, 85.0% or RMB23.7 million contributed from the sale of investment properties which was sold at approximately the valuation of the fair value. Where else, the gross profit margin for the sale of development properties was 45.8%, a 1.0 percentage point higher as compared to same period last year.

Gross profit margin from rental income remained stable for the three months and six months ended 30 June 2011 as compared to same period last year.

Other income

| | Group | | | |
|--|--------------|------------|--------------|--------------|
| | 2nd Qtr | 2nd Qtr | Jan to Jun | Jan to Jun |
| | 2011 | 2010 | 2011 | 2010 |
| | RMB ('000) | RMB ('000) | RMB ('000) | RMB ('000) |
| Subletting fee | 287 | 268 | 569 | 533 |
| Interest income | 581 | 488 | 969 | 576 |
| Advertisement income | - | - | 80 | - |
| Infrastructure subsidy from local government | 2,390 | - | 2,390 | 1,000 |
| Short term rental income | 96 | - | 384 | - |
| Others | 100 | 3 | 110 | 8 |
| | 3,454 | 759 | 4,502 | 2,117 |

Infrastructure subsidy from local government relates to Phase 1 of Sanyawan. The subsidy is calculated based on certain percentage on taxes collected from Phase 1 of Sanyawan by the local tax authority. The subsidy is given for four years and this year is the 2nd year.

Selling expenses

During the period under review, selling expenses increase by 369.4% to RMB4.5 million as compared to same period last year and was mainly due to higher advertising, sale and marketing expenses for IFC and staff cost. Higher staff cost comprises new recruitment of sale and property management staff and also higher staff replacement cost.

Administrative expenses – Normal recurring

During the period under review, administrative expenses increased by 34.1% to RMB14.7 million as compared to same period last year and was due to higher (i) legal & professional fee, stamp duty, land use right, donation of RMB1.5 million; (ii) staff cost of RMB0.8 million; (iii) expenses related to payment of land use right and corporate tax of RMB2.2 million; (iii) provision for bad debts of RMB0.4 million; and (iv) miscellaneous expense of RMB0.7 million and was partly offset by the absence of provision for contract discrepancies of RMB1.9 million.

Administrative expenses – Land Appreciation Tax (“LAT”)

During the period under review, the local Tax Authority of Chongqing Municipality issued a notice informing all the real estate developers of its intention to carry out an operation to reassess the LAT. Basically, LAT is a form of tax only on the profit of properties sold. The LAT reassessment operation covers properties sold in previous year which LAT submission has yet to be finalized.

The LAT has been finalized for all the existing Group completed projects except the Sanyawan project. As a result of the reassessment, the subsidiary has to pay an additional LAT tax of RMB12.1 million.

Finance costs

During the period under review, finance cost decreased by 80% to RMB3.9 million as compared to same period last year mainly due to lower interest expense incurred from the convertible bonds. Interest expense would be capitalised as part of the project cost when funds are utilised.

Taxation

| | Group | | | | | |
|--------------|--------------|--------------|------------|--------------|--------------|------------|
| | 2nd Qtr | 2nd Qtr | % | Jan to Jun | Jan to Jun | % |
| | 2011 | 2010 | | 2011 | 2010 | |
| | RMB ('000) | RMB ('000) | RMB ('000) | RMB ('000) | RMB ('000) | |
| Income tax | (582) | (1,061) | (45.1%) | (3,051) | (2,019) | 51.1% |
| Deferred tax | 3,571 | 886 | 303.0% | 4,804 | 1,396 | 244.1% |
| | 2,989 | (175) | n.m | 1,753 | (623) | n.m |

n.m - not meaningful

During the period under review, income tax expense decreased by 45.1% to RMB0.6 million as compared to same period last year and was mainly due to lower operating profit achieved from taxable subsidiaries.

During the period under review, deferred tax benefits increased by 303.0% to RMB3.6 million as compared to the same period last year mainly due to: (i) tax benefit on the fair value portion of the investment properties disposed of; and (ii) losses which can be carried forward to offset future taxable profits.

Loss attributable to owners of the parent

| | Group | | | | | |
|--------------------------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|
| | 2nd Qtr | 2nd Qtr | Increase / | Jan to Jun | Jan to Jun | Increase / |
| | 2011 | 2010 | (Decrease) | 2011 | 2010 | (Decrease) |
| | RMB ('000) | RMB ('000) | % | RMB ('000) | RMB ('000) | % |
| Loss attributable to: | | | | | | |
| Owners of the parent | (16,674) | (21,387) | (22.0%) | (20,869) | (34,883) | (40.2%) |
| Non-Controlling Interest (NCI) | (1,672) | (86) | 1,844.2% | (1,999) | (333) | 500.3% |
| | (18,346) | (21,473) | (14.6%) | (22,868) | (35,216) | (35.1%) |

During the period under review, loss attributable to the Owner of the parent decreased by 22.0% to RMB16.7 million as compared to same period last year was mainly due to: (i) lower gross profit as a result of additional LAT expense incurred; (ii) breakeven gross profit from the disposal of investment properties; and (iii) higher operating expenses partly offset by saving in interest expense.

STATEMENT OF FINANCIAL POSITION

The Group's total assets increased by RMB70.3 million to RMB5,291.1 million during the period under review. The increase was mainly due to increase in development cost of RMB286.4 million; offset by (i) the disposal of an office unit for own use, motor vehicle and office equipment and investment properties of RMB37.3 million; (ii) decrease in debtors and prepayment of RMB34.7 million; and (iii) cash used of RMB144.1 million.

The Group's total liabilities increased by RMB106.9 million to RMB2,776.8 million during the period under review. The net increase was mainly due to: (i) increase in the liability component of the convertible bonds of RMB45.9 million; (ii) increase in new bank loan of RMB74.0 million; (iii) increase in trade and other payables of RMB6.0 million, partially offset by decrease in deferred and income tax of RMB14.9 million and repayment of borrowings of RMB4.1 million.

The Group's total equity decreased by RMB36.6 million to RMB2,514.2 million mainly due to the net loss incurred and higher translation exchange loss.

STATEMENT OF CASH FLOW

The decrease in cash and cash equivalent of RMB36.7 million for the period under review was mainly due to:

- (i) cash used in operating activities of (RMB37.1) million;
- (ii) cash used in investing activities of (RMB0.2) million; and
- (iii) cash generated from financing activities of RMB0.6 million.

The net cash used in operating activities arose mainly from the (i) payment of project cost of RMB130.1 million; (ii) payment of interest and tax expenses of RMB24.6 million; (iii) funding the operating loss of RMB19.2 million; partially offset by an increase in working capital of RMB136.8 million.

Cash used in investing activities was for the purchase of office equipment.

Net cash generated from the financing activities was restricted cash of RMB2.7 million being unlocked and was partially offset by the repayment of borrowings of RMB2.1 million.

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

As mentioned in our previous result announcement, until the development of IFC is completed, the Group's revenue and operating profits are expected to be muted. IFC is expected to be physically completed in 4Q2011. In such an event, sale revenue and profit will be booked in 2011 while the bulk of rental revenue and operating profit will be booked from 2012 onwards.

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

Growth in Chongqing's GDP continued to remain strong for the first half of 2011. In the latest GDP figures released by Chongqing Statistics Bureau and NSB (National Statistics Bureau), Chongqing's 1H 2011 GDP was RMB 445.0 billion, an increase of 16.5% year-on-year and 6.9 percentage points higher than the national average level of 9.6%. This strong growth rate places Chongqing second at the national level and the fastest growing city in Western China.

Demand for Grade A office in Chongqing continues to accelerate with more Fortune 500 companies establishing their presences in Chongqing. Also, affected by the Home Purchase Restrictions (HPR), more investors are shifting their attention to commercial real estate. Grade A offices equipped with better facilities and management are becoming more favored, hence driving both office prices and rental rate upwards.

The consumer market in Chongqing remained robust. Chongqing Commerce Commission announced that total retail sales of the consumer goods in Chongqing for 1H 2011 reached RMB 166.5 billion, an increase of 18.3% year-on-year, ranking Chongqing fourth in China and second in Western China.

On June 20, People's Bank of China (PBOC) increased the banks' required reserve ratio by 50 basis points for the sixth time in 2011. The latest hike would mean that banks have to set aside a record high of 21.5 percent of their capital in reserves. At the same time, PBOC has also raised the benchmark lending and deposit rates by 25 basis points, the third time this year. Effective from July 7, the one-year yuan lending rate and deposit rate was increased to 6.56% and 3.50% respectively. These credit tightening measures are aimed to tame high inflation rate and curb residential property speculation.

China may continue to implement more tightening measures to cool the residential property sector especially on cities with excessive gains in residential prices. Local governments are fully accountable for implementing the measures set by the Central Government in terms of social-welfare housing construction, increasing land supply for private residential projects while safeguarding land plot for social welfare housing, ensuring residential prices are at reasonable level, and implementing HPR.

However, the Group continues to see optimism in China's commercial real estate sector. According to China Real Estate Report Q3 2011 by Business Monitor International, the commercial property market is heading towards a period of rising rentals and prices, especially in the office sector. The office sector has seen increasing occupancy rate and net absorption, resulting from growing demand and expansions of both international and domestic companies with generally insufficient supply. Rental rates are increasing especially among first-tier cities, with Shanghai office rents growing at the third highest rate in the world.

Given that the Group is focused on development of commercial properties and our clients are primarily corporations, the Group believes that these trends will have significant beneficial impact to our segment of the market despite further policies and credit tightening.

The Group expects IFC to complete in 4Q2011. The Group expects contracts to be completed and approved by 4Q2011. Given this, the Group expects to remain profitable in 2011.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend was declared or recommended.

(b) Corresponding Period of the Immediately Preceding Financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend has been declared or recommended

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

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

No dividend has been declared or recommended for the period.

13 Negative assurance confirmation on interim financial results under SGX Listing Rule 705(4) of the Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results of the Company for the financial period ended 30 June 2011 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Fang Ming
Chairman and CEO
12 August 2011

Yang Xiao Yu
Executive Director